LAURENTIAN BANK

THIRD QUARTER 2017

Report to Shareholders

For the period ended July 31, 2017

HIGHLIGHTS OF THIRD QUARTER 2017

- Adjusted net income [1] up 30% year-over-year, and reported net income up 21%
- Adjusted return on common shareholders' equity [1] of 13.0% and 11.8% on a reported basis
- Adjusted efficiency ratio of 65.6%, an improvement of 450 bps year-over-year, and reported efficiency ratio of 67.9%
- Loan losses of $6.4 million, including favorable adjustments of $5.0 million in the quarter
- Common Equity Tier 1 (CET1) ratio at 7.9%
- Loans to business customers up 21% year-over-year, from both organic growth and the acquisition of CIT Canada [2]
- Residential mortgage loans through independent brokers and advisors up 17% year-over-year
- Acquisition of NCF [3] and concurrent common share issuance subsequent to quarter-end, which will add 8 basis points to the CET1 ratio

In millions of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2017	JULY 31 2016	VARIANCE	FOR THE NINE MONTHS ENDED JULY 31 2017	JULY 31 2016	VARIANCE
Reported basis						
Net income	**$ 54.8**	$ 45.1	21 %	**$ 147.8**	$ 133.5	11 %
Diluted earnings per share	**$ 1.48**	$ 1.34	10 %	**$ 3.97**	$ 4.13	(4)%
Return on common shareholders' equity	**11.8%**	11.2%		**10.8%**	11.7%	
Efficiency ratio	**67.9%**	70.1%		**69.3%**	70.3%	
Common Equity Tier I capital ratio – All-in basis	**7.9%**	7.9%				
Adjusted basis [1]						
Adjusted net income	**$ 59.9**	$ 46.1	30 %	**$ 164.3**	$ 136.5	20 %
Adjusted diluted earnings per share	**$ 1.63**	$ 1.37	19 %	**$ 4.46**	$ 4.23	5 %
Adjusted return on common shareholders' equity	**13.0%**	11.4%		**12.1%**	12.0%	
Adjusted efficiency ratio	**65.6%**	70.1%		**66.7%**	70.3%	

(1) Certain measures presented throughout this document exclude the effect of certain amounts designated as adjusting items due to their nature or significance. Refer to the Non-GAAP and Key Performance Measures section for further details.
(2) The Canadian equipment financing and corporate financing activities of CIT Group Inc. (3) Northpoint Commercial Finance, see page 6.

Laurentian Bank of Canada (the "Bank") reported net income of $54.8 million or $1.48 diluted per share for the third quarter of 2017, compared with net income of $45.1 million or $1.34 diluted per share for the same period last year. Return on common shareholders' equity was 11.8% for the third quarter of 2017, compared with 11.2% for the third quarter of 2016. On an adjusted basis, net income totalled $59.9 million or $1.63 diluted per share for the third quarter of 2017, up 30% and 19% respectively, compared with $46.1 million or $1.37 diluted per share for the same period in 2016. Adjusted return on common shareholders' equity was 13.0% for the third quarter of 2017, compared with 11.4% a year ago. Reported results included adjusting items, such as costs related to the Bank's branch mergers, the integration of CIT Canada and costs related to the acquisition of NCF, as detailed in the Non-GAAP and Key Performance Measures section.

For the nine months ended July 31, 2017, the Bank reported net income of $147.8 million or $3.97 diluted per share, compared with net income of $133.5 million or $4.13 diluted per share for the same period last year. Return on common shareholders' equity was 10.8% for the nine months ended July 31, 2017, compared with 11.7% for the nine months ended July 31, 2016. On an adjusted basis, net income totalled $164.3 million or $4.46 diluted per share for the nine months ended July 31, 2017, up 20% and 5% respectively, compared with $136.5 million or $4.23 diluted per share for the nine months ended July 31, 2016. Adjusted return on common shareholders' equity was 12.1% for the nine months ended July 31, 2017, compared with 12.0% for the same period a year ago. Reported results for the nine months ended July 31, 2017 and for the nine months ended July 31, 2016 included adjusting items, as detailed in the Non-GAAP and Key Performance Measures section.

François Desjardins, President and Chief Executive Officer, commented on the Bank's results and financial condition: "We delivered strong results in the third quarter with an adjusted ROE of 13.0%. Growth in Business Services, both organic and through acquisitions, has provided for revenue growth. I'm also pleased with the recent acquisition of NCF that closed earlier in August. Meanwhile, we remain focused on delivering our business plan. The implementation of our core banking system for B2B Bank and Business Services operations at the end of the year will provide us with the added flexibility to maneuver in the current environment and modernize our offering."

HIGHLIGHTS

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED					FOR THE NINE MONTHS ENDED		
	JULY 31 2017	APRIL 30 2017	VARIANCE	JULY 31 2016	VARIANCE	**JULY 31 2017**	JULY 31 2016	VARIANCE
Profitability								
Total revenue	**$ 248,002**	$ 238,807	4 %	$ 229,077	8%	**$ 728,442**	$ 679,082	7 %
Net income	**$ 54,798**	$ 44,572	23 %	$ 45,137	21%	**$ 147,826**	$ 133,527	11 %
Diluted earnings per share	**$ 1.48**	$ 1.19	24 %	$ 1.34	10%	**$ 3.97**	$ 4.13	(4)%
Return on common shareholders' equity [1]	**11.8%**	9.9 %		11.2%		**10.8 %**	11.7%	
Net interest margin	**1.63%**	1.67 %		1.69%		**1.65 %**	1.73%	
Efficiency ratio	**67.9%**	70.7 %		70.1%		**69.3 %**	70.3%	
Operating leverage	**4.2%**	(1.9)%		0.7%		**1.5 %**	2.7%	
Per common share								
Share price – Close	**$ 54.17**	$ 55.84	(3)%	$ 48.41	12%	**$ 54.17**	$ 48.41	12 %
Price / earnings ratio (trailing four quarters)	**12.3x**	13.0x		14.2x		**12.3x**	14.2x	
Book value	**$ 50.54**	$ 49.56	2 %	$ 48.23	5%	**$ 50.54**	$ 48.23	5 %
Market to book value	**107%**	113 %		100%		**107 %**	100%	
Dividends declared	**$ 0.62**	$ 0.61	2 %	$ 0.60	3%	**$ 1.84**	$ 1.76	5 %
Dividend yield	**4.6%**	4.4 %		5.0%		**4.5 %**	4.8%	
Dividend payout ratio	**41.8%**	51.4 %		44.6%		**46.3 %**	42.9%	
Adjusted financial measures								
Adjusted net income [1]	**$ 59,906**	$ 51,618	16 %	$ 46,067	30%	**$ 164,265**	$ 136,471	20 %
Adjusted diluted earnings per share [1]	**$ 1.63**	$ 1.39	17 %	$ 1.37	19%	**$ 4.46**	$ 4.23	5 %
Adjusted return on common shareholders' equity [1]	**13.0%**	11.7 %		11.4%		**12.1 %**	12.0%	
Adjusted efficiency ratio [1]	**65.6%**	67.2 %		70.1%		**66.7 %**	70.3%	
Adjusted operating leverage [1]	**2.5%**	0.2 %		0.7%		**5.5 %**	1.6%	
Adjusted dividend payout ratio [1]	**38.0%**	43.7 %		43.6%		**41.3 %**	41.9%	
Financial position (in millions of Canadian dollars)								
Balance sheet assets	**$ 45,212**	$ 45,396	— %	$ 40,298	12%			
Loans and acceptances	**$ 34,917**	$ 34,180	2 %	$ 32,043	9%			
Deposits	**$ 28,232**	$ 27,445	3 %	$ 26,903	5%			
Average earning assets	**$ 38,419**	$ 36,940	4 %	$ 34,818	10%	**$ 37,381**	$ 34,117	10 %
Key growth drivers (in millions of Canadian dollars)								
Loans to business customers	**$ 10,795**	$ 10,348	4 %	$ 8,922	21%			
Residential mortgage loans through independent brokers and advisors	**$ 8,087**	$ 7,648	6 %	$ 6,915	17%			
Mutual funds to retail clients	**$ 3,586**	$ 3,670	(2)%	$ 3,395	6%			
Assets under management at Laurentian Bank Securities	**$ 3,730**	$ 3,825	(2)%	$ 3,330	12%			
Basel III regulatory capital ratios — All-in basis								
Common Equity Tier I	**7.9%**	8.1 %		7.9%				
Total	**13.0%**	11.4 %		11.6%				
Leverage ratio	**4.1%**	4.1 %		4.0%				
Other information								
Number of full-time equivalent employees	**3,598**	3,663		3,631				
Number of branches	**104**	111		148				
Number of automated banking machines	**343**	350		399				

(1) Refer to the Non-GAAP and Key Performance Measures section.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) is a narrative explanation, through the eyes of management, of the Bank's financial condition as at July 31, 2017 and how it performed during the three-month and nine-month periods then ended. This MD&A, dated August 28, 2017, should be read in conjunction with the condensed interim consolidated financial statements (unaudited) for the period ended July 31, 2017, prepared in accordance with IAS 34 *Interim financial reporting*, as issued by the International Accounting Standards Board (IASB) and set out in the CPA Canada Handbook. Supplemental information on risk management, critical accounting policies and estimates, and off-balance sheet arrangements is also provided in the Bank's 2016 Annual Report.

Additional information about the Laurentian Bank of Canada, including the Annual Information Form for the year ended October 31, 2016, and the Management Proxy Circular, is available on the Bank's website at www.laurentianbank.ca and on SEDAR at www.sedar.com.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

In this document and in other documents filed with Canadian regulatory authorities or in other communications, Laurentian Bank of Canada (the "Bank") may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements include, but are not limited to, statements regarding the Bank's business plan and financial objectives. The forward-looking statements contained in this document are used to assist readers in obtaining a better understanding of the Bank's financial position and the results of operations as at and for the periods ended on the dates presented and may not be appropriate for other purposes. Forward-looking statements typically use the conditional, as well as words such as prospect, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the forecasts, projections and other forward-looking statements will not be achieved or will prove to be inaccurate. Although the Bank believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Certain important assumptions by the Bank in making forward-looking statements include, but are not limited to: the Bank's ability to execute its transformation plan and strategy; the expectation of regulatory stability; the continued favourable economic conditions; the Bank's ability to maintain sufficient liquidity and capital resources; the absence of material unfavorable changes in competition, market conditions or in government monetary, fiscal and economic policies; and the maintenance of credit ratings.

The Bank cautions readers against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ considerably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various material factors. Among other things, these factors include: changes in capital market conditions, changes in government monetary, fiscal and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, changes in competition, modifications to credit ratings, scarcity of human resources, as well as developments in the technological environment. Furthermore, these factors include the ability to execute the Bank's transformation plan and in particular the successful reorganization of retail branches, the modernization of the core banking system and the adoption of the Advanced Internal Ratings-Based Approach to credit risk (the AIRB Approach).

With respect to the anticipated benefits from the acquisition of Northpoint Commercial Finance ("NCF") and statements with regards to this transaction being accretive to earnings, such factors also include, but are not limited to: the ability to promptly and effectively integrate the businesses, reputational risks and the reaction of the Bank's and NCF's customers to the transaction; the failure to realize, in the timeframe anticipated or at all, the anticipated benefits and synergies of the acquisition of NCF; the Bank's limited experience in the U.S. market and in inventory financing; and diversion of management time on acquisition-related issues.

With respect to the anticipated benefits from the acquisition of CIT Canada and statements with regards to this transaction being accretive to earnings, such factors also include, but are not limited to: the ability to realize synergies in the anticipated time frame, the ability to promptly and effectively integrate the businesses, reputational risks and the reaction of the Bank's and CIT Canada's customers to the transaction, and diversion of management time on acquisition-related issues.

The Bank further cautions that the foregoing list of factors is not exhaustive. For more information on the risks, uncertainties and assumptions that would cause the Bank's actual results to differ from current expectations, please also refer to the "Risk Appetite and Risk Management Framework" on page 37 of the Bank's Management's Discussion and Analysis as contained in the Bank's 2016 Annual Report, as well as to other public filings available at www.sedar.com.

The Bank does not undertake to update any forward-looking statements, whether oral or written, made by itself or on its behalf, except to the extent required by securities regulations.

NON-GAAP AND KEY PERFORMANCE MEASURES

NON-GAAP MEASURES

Management uses both generally accepted accounting principles (GAAP) and certain non-GAAP measures to assess the Bank's performance. The Bank's non-GAAP measures presented throughout this document exclude the effect of certain amounts designated as adjusting items due to their nature or significance. These non-GAAP measures are considered useful to readers in obtaining a better understanding of how management analyzes the Bank's results and in assessing underlying business performance and related trends. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are unlikely to be comparable to any similar measures presented by other issuers.

The following table presents the impact of adjusting items on reported results.

IMPACT OF ADJUSTING ITEMS

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2017	APRIL 30 2017	JULY 31 2016	FOR THE NINE MONTHS ENDED JULY 31 2017	JULY 31 2016
Impact on net income					
Reported net income	**$ 54,798**	$ 44,572	$ 45,137	**$ 147,826**	$ 133,527
Adjusting items, net of income taxes					
Restructuring charges [1]	**1,584**	1,248	—	**3,524**	—
Items related to business combinations					
Amortization of net premium on purchased financial instruments [2]	**563**	647	930	**1,968**	2,944
Amortization of acquisition-related intangible assets [3]	**181**	186	—	**545**	—
Costs related to business combinations [4]	**2,780**	4,965	—	**10,402**	—
	3,524	5,798	930	**12,915**	2,944
	5,108	7,046	930	**16,439**	2,944
Adjusted net income	**$ 59,906**	$ 51,618	$ 46,067	**$ 164,265**	$ 136,471
Impact on diluted earnings per share					
Reported diluted earnings per share	**$ 1.48**	$ 1.19	$ 1.34	**$ 3.97**	$ 4.13
Adjusting items					
Restructuring charges	**0.05**	0.04	—	**0.10**	—
Items related to business combinations	**0.11**	0.18	0.03	**0.39**	0.10
	0.15	0.21	0.03	**0.48**	0.10
Adjusted diluted earnings per share [5]	**$ 1.63**	$ 1.39	$ 1.37	**$ 4.46**	$ 4.23

(1) Restructuring charges result from the realignment of strategic priorities of the Bank's retail activities and mostly relate to salaries, communication expenses and professional fees. They have been designated as adjusting items due to their nature and the significance of the amounts.
(2) The amortization of net premium on purchased financial instruments arose as a result of a one-time gain on acquisition and is considered an adjusting item since it represents, according to management, a significant non-cash and non-recurring adjustment.
(3) The amortization of intangible assets related to the acquisition of CIT Canada is considered an adjusting item since it represents, according to management, a significant non-cash and non-recurring adjustment. The amortization of acquisition-related intangible assets is included in the line item Other non-interest expenses in the Consolidated Statement of Income.
(4) Costs related to the integration of CIT Canada and transaction costs related to the acquisition of NCF.
(5) The impact of adjusting items on a per share basis does not add due to rounding for the three months and nine months ended July 31, 2017 and for the three months ended April 30, 2017.

KEY PERFORMANCE MEASURES

Management also uses a number of financial metrics to assess the Bank's performance. Detailed information on return on common shareholders' equity is provided below. Other performance measures such as the efficiency ratio and the net interest margin are defined in the "Non-GAAP Financial Measures" section on page 17 of the Bank's 2016 Annual Report.

Return on common shareholders' equity

Return on common shareholders' equity is a profitability measure calculated as the net income available to common shareholders as a percentage of average common shareholders' equity. The Bank's common shareholders' equity is defined as the sum of the value of common shares, retained earnings and accumulated other comprehensive income (AOCI), excluding cash flow hedge reserves. The following table presents additional information about return on common shareholders' equity.

RETURN ON COMMON SHAREHOLDERS' EQUITY

	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**JULY 31 2017**	APRIL 30 2017	JULY 31 2016	**JULY 31 2017**	JULY 31 2016
Reported net income available to common shareholders	**$ 50,525**	$ 40,297	$ 40,891	**$ 135,006**	$ 124,484
Adjusting items, net of income taxes	**5,108**	7,046	930	**16,439**	2,944
Adjusted net income available to common shareholders	**$ 55,633**	$ 47,343	$ 41,821	**$ 151,445**	$ 127,428
Average common shareholders' equity	**$ 1,702,068**	$ 1,666,437	$ 1,454,580	**$ 1,667,397**	$ 1,416,379
Return on common shareholders' equity	**11.8%**	9.9%	11.2%	**10.8%**	11.7%
Adjusted return on common shareholders' equity	**13.0%**	11.7%	11.4%	**12.1%**	12.0%

OUTLOOK

ECONOMIC OUTLOOK

The economic recovery has strengthened and broadened globally. The improvement in U.S. economic conditions has led the Federal Reserve to raise its policy rate by 25 basis points three times since December 2016. Financial markets expect the gradual pace of increase in the fed funds rate target to continue in the medium-term, as well as the beginning of the reversal of quantitative easing. Negotiations toward a new trade deal between the U.S. and Canada have started. The U.S. federal administration has abandoned the idea of a cross border tax, a positive development for Canadian exporters. However, the competitiveness of Canadian companies could still be eroded by U.S. corporate tax cuts, though the current gridlock in U.S. Congress has reduced the chances of seeing major expansionary U.S. fiscal policies.

Canadian labour market conditions have continued to strengthen. Canada's unemployment rate notably stood at a nine-year low of 6.3% in July 2017. Particularly, Quebec's economy is at full-employment with a record low 5.8% unemployment rate in July 2017. Thus, housing market conditions remain generally healthy. The pace of homebuilding increased in line with household formation. Resale market conditions are more robust in all major markets, except in the Toronto and the surrounding areas where targeted housing policies announced this spring have curbed speculative activity. Since employment in Toronto is at an all-time high, potential homebuyers currently on the sidelines are expected to become more active before year-end.

Both the goods and services industries are showing stronger positive momentum since late 2016, particularly in Central Canada and British Columbia. Thus, Canadian real GDP is expected to grow at a robust pace of 2.7% in 2017 before moderating to 2.0% in 2018 and 1.9% in 2019.

With broadly-based economic momentum among various sectors and regions, Canadian interest rates increased and the Canadian dollar appreciated since mid-June. The Bank of Canada raised its policy rate by 25 basis points in mid-July for the first time in seven years. Market participants now expect a gradual removal of monetary easing in the medium-term, including a further 25 basis points increase this Fall. The Bank of Canada overnight rate stands at 0.75% and the Canadian dollar is currently trading around US$0.80.

OPTIMIZATION OF RETAIL ACTIVITIES

As part of the announcement in September 2016 to merge its branches over the next 18 months, the Bank has completed several initiatives related to its transformation. Since the beginning of the year 41 branches were merged, and 23 branches became advice-only in April 2017 to further optimize Retail activities. Management continues to monitor the impact of these actions. The initial response from customers and employees has been positive and the impact on operations and results are in line with expectations.

In order to simplify processes, improve efficiency and build on the strength of the relationship between advisors and their clients, as well as to further digitalize services, the branch model will transition to focus on delivering financial advice while migrating customers to electronic- and web-based platforms by December 2018. These actions are in line with customer preferences towards online banking over branch visits. In the same vein, as of November 1, Retail Services in Quebec will solely originate residential mortgages through the branch network and no longer through the mortgage broker channel.

ACQUISITION OF NORTHPOINT COMMERCIAL FINANCE AND ISSUANCE OF COMMON SHARES

On May 18, 2017, the Bank entered into a definitive agreement under which it agreed to acquire NCF, a U.S. based non-bank inventory finance lender with a portfolio of approximately USD$810 million (CDN$1,027 million). The transaction closed on August 11, 2017. The purchase price, subject to customary post-closing purchase price adjustments, is estimated at USD$250 million (CDN$326 million) and will be based on the book value of the net assets of NCF as at the closing date, including a premium of approximately USD$100 million (CDN$136 million). As part of the transaction, the Bank has also reimbursed previous credit facilities of NCF for approximately USD$670 million (CDN$850 million).

To support the Bank's balance sheet, considering this transaction, the Bank issued 4,171,000 subscription receipts on May 26, 2017, at a price of $51.70 per receipt. The proceeds of the offering were placed in escrow until the closing of the NCF acquisition. On August 11, 2017 the subscription receipts were automatically exchanged, on a one-for-one basis, for common shares of the Bank. This offering provided the Bank net proceeds of $206.3 million. The Bank had also entered into a subscription agreement with Caisse de dépôt et placement du Québec (Caisse), in which Caisse purchased 483,560 subscription receipts for net proceeds to the Bank of $23.9 million, which were also converted into common shares upon the closing of the transaction.

INDUSTRY DEVELOPMENTS

Over the past year, Canadian financial markets have been facing challenging conditions related to the housing sector, including new policy measures from the Federal Government. The new mortgage rules issued last fall by the CMHC have temporarily reduced the ability of potential buyers to qualify for the purchase of a home. In July, OSFI issued draft changes to its Guideline B-20 "Residential Mortgage Underwriting Practices and Procedures", which introduce more stringent mortgage loan origination requirements, and could further affect access to mortgage financing. These measures combined with concerns about overheated housing markets in the greater Toronto and Vancouver areas, have kept housing in the spotlight. Notwithstanding, the Bank's activities are well diversified, and its business plan strategically positions it to meet these challenges. It is very difficult to predict the extent of the impact on the market as the behavior of current and future home owners will probably adapt to the new regulations.

In addition, intensifying competition for funding through the brokered deposit network has gained attention. The Bank benefits from well diversified sources of deposits, including personal deposits sourced through its branch network and through independent advisors and brokers. As well, the expanding securitization activities and institutional funding program contribute to diversified, strong and stable funding. Furthermore, given current market conditions, the Bank continues to prudently manage the level of liquid assets and maintains an adequate level of liquidity to meet current obligations and support growth.

ANALYSIS OF CONSOLIDATED RESULTS

CONDENSED CONSOLIDATED RESULTS

	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
In thousands of Canadian dollars, except per share amounts (Unaudited)	**JULY 31 2017**	APRIL 30 2017	JULY 31 2016	**JULY 31 2017**	JULY 31 2016
Net interest income	**$ 157,707**	$ 150,476	$ 147,991	**$ 461,870**	$ 440,917
Other income	**90,295**	88,331	81,086	**266,572**	238,165
Total revenue	**248,002**	238,807	229,077	**728,442**	679,082
Amortization of net premium on purchased financial instruments	**766**	878	1,267	**2,676**	4,009
Provision for credit losses	**6,400**	10,100	8,200	**25,500**	23,050
Non-interest expenses [1]	**168,364**	168,934	160,474	**504,994**	477,551
Income before income taxes	**72,472**	58,895	59,136	**195,272**	174,472
Income taxes	**17,674**	14,323	13,999	**47,446**	40,945
Net income	**$ 54,798**	$ 44,572	$ 45,137	**$ 147,826**	$ 133,527
Preferred share dividends, including applicable taxes	**4,273**	4,275	4,246	**12,820**	9,043
Net income available to common shareholders	**$ 50,525**	$ 40,297	$ 40,891	**$ 135,006**	$ 124,484
Diluted earnings per share	**$ 1.48**	$ 1.19	$ 1.34	**$ 3.97**	$ 4.13
Adjusted net income [2]	**$ 59,906**	$ 51,618	$ 46,067	**$ 164,265**	$ 136,471
Adjusted diluted earnings per share [2]	**$ 1.63**	$ 1.39	$ 1.37	**$ 4.46**	$ 4.23

(1) Non-interest expenses include certain adjusting items, as detailed in the Non-GAAP and Key Performance Measures section.
(2) Refer to the Non-GAAP and Key Performance Measures section.

THREE MONTHS ENDED JULY 31, 2017 COMPARED WITH THREE MONTHS ENDED JULY 31, 2016

Net income was $54.8 million or $1.48 diluted per share for the third quarter of 2017, compared with $45.1 million or $1.34 diluted per share for the third quarter of 2016. Adjusted net income was $59.9 million for the third quarter of 2017, up 30% from $46.1 million for the third quarter of 2016, while adjusted diluted earnings per share were $1.63, up 19% compared with $1.37 in the third quarter of 2016.

Total revenue

Total revenue increased by $18.9 million or 8% to $248.0 million for the third quarter of 2017 from $229.1 million for the third quarter of 2016, mainly driven by the additional contribution from CIT Canada as further detailed below.

Net interest income increased by $9.7 million or 7% to $157.7 million for the third quarter of 2017, from $148.0 million for the third quarter of 2016. The increase was mainly due to strong volume growth in the commercial loan portfolios, both organic and from acquisitions, partly offset by tighter margins stemming from the very low interest rate environment. Net interest margin stood at 1.63% for the third quarter of 2017, a decrease of 6 basis points compared with the third quarter of 2016, due to the persistent pressure on lending rates, higher proportion of lower-yielding residential mortgage loans and higher liquidity held in relation to the acquisition of NCF. This decrease was partly offset by strong organic growth in loans to business customers and by the addition of the equipment financing portfolios.

Other income increased by $9.2 million amounting to $90.3 million for the third quarter of 2017, compared with $81.1 million for the third quarter of 2016. The recently acquired CIT Canada operations contributed $3.4 million to other income in the third quarter of 2017. Income from sales of mutual funds increased by $2.2 million compared with the third quarter of 2016, as a result of higher mutual fund volumes to retail clients driven by net sales and good market performance. Fees and commissions on loans and deposits increased by $3.4 million, mainly driven by higher lending fees due to increased activity in the commercial portfolios compared with the third quarter of 2016. These increases were partly offset by a decrease in income from investment accounts of $1.9 million mainly due to the loss of a large client at the beginning of the year.

Amortization of net premium on purchased financial instruments

For the third quarter of 2017, the amortization of net premium on purchased financial instruments amounted to $0.8 million, compared with $1.3 million for the third quarter of 2016. Refer to Note 14 in the condensed interim consolidated financial statements (unaudited) for additional information.

Provision for credit losses

The provision for credit losses amounted to $6.4 million for the third quarter of 2017 compared with $8.2 million for the third quarter of 2016. The completion and delivery of certain real estate development projects and improving economic indicators in Alberta prompted the release of allowances of approximately $2.0 million in the third quarter of 2017. In addition, as part of the Bank's ongoing project to implement the AIRB Approach to credit risk, the review of allowance models resulted in the release of approximately $3.0 million in provision for credit losses. Notwithstanding, the continued low level of credit losses reflects the overall underlying good credit quality of the loan portfolios. Refer to the Risk Management section for additional information.

Non-interest expenses

Non-interest expenses amounted to $168.4 million for the third quarter of 2017, an increase of $7.9 million compared with the third quarter of 2016. Adjusted non-interest expenses increased slightly to $162.7 million for the third quarter of 2017, compared with $160.5 million for the third quarter of 2016 and reflect the continued focus on cost control.

Salaries and employee benefits increased by $6.7 million or 8% to $89.2 million for the third quarter of 2017, compared with the third quarter of 2016, due to regular annual salary increases, cumulative adjustment to variable performance-based compensation, higher pension costs and the addition of employees from CIT Canada, partly offset by reductions in salaries related to the branch mergers.

Premises and technology costs decreased by $4.3 million to $45.0 million for the third quarter of 2017 compared with the third quarter of 2016. The decrease mostly stems from the lower amortization expense resulting from impairment charges on assets recorded in the fourth quarter of 2016 and the lower rental expenses related to branch mergers, as well as lower technology costs.

Other non-interest expenses amounted to $28.8 million for the third quarter of 2017, relatively unchanged compared with the third quarter of 2016.

Restructuring charges amounted to $2.2 million for the third quarter of 2017 and included salaries, communication expenses and professional fees related to the optimization of the Bank's Retail activities and branch mergers completed during the quarter, and as previously announced.

Costs related to business combinations amounted to $3.2 million for the third quarter of 2017 and included severance charges, technology costs and professional fees for the integration of CIT Canada's operations, in addition to costs of $1.6 million in relation to the acquisition of NCF which closed mid-August.

The adjusted efficiency ratio was 65.6% for the third quarter of 2017, compared with 70.1% for the third quarter of 2016. This efficiency ratio compares favorably to the performance target set two years ago. However, as the Bank invests in its transformation, this ratio may be subject to certain quarterly variations. The adjusted operating leverage was positive year-over-year, driven by both revenue growth and expense control.

Income taxes

For the quarter ended July 31, 2017, the income tax expense was $17.7 million and the effective tax rate was 24.4%. The lower tax rate, compared to the statutory rate, mainly resulted from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income, as well as the lower taxation level on revenues from insurance operations. For the quarter ended July 31, 2016, the income tax expense was $14.0 million and the effective tax rate was 23.7%. Year-over-year, the higher effective tax rate for the quarter ended July 31, 2017 mainly resulted from the higher level of domestic taxable income.

NINE MONTHS ENDED JULY 31, 2017 COMPARED WITH NINE MONTHS ENDED JULY 31, 2016

Net income was $147.8 million or $3.97 diluted per share for the nine months ended July 31, 2017, compared with $133.5 million or $4.13 diluted per share for the nine months ended July 31, 2016. Adjusted net income was $164.3 million for the nine months ended July 31, 2017, up 20% from $136.5 million for the nine months ended July 31, 2016, while adjusted diluted earnings per share was $4.46 for the nine months ended July 31, 2017, up from $4.23 for the nine months ended July 31, 2016. Diluted earnings for the nine months ended July 31, 2017, were also impacted, compared to the same period a year ago, by the higher dividend charge resulting from the issuance of the $125 million Series 15 Preferred shares in 2016.

Total revenue

Total revenue increased by $49.4 million or 7% to $728.4 million for the nine months ended July 31, 2017 from $679.1 million for the nine months ended July 31, 2016, mainly due to the contribution from CIT Canada.

Net interest income increased by $21.0 million or 5% to $461.9 million for the nine months ended July 31, 2017, from $440.9 million for the nine months ended July 31, 2016. The increase was mainly generated by strong volume growth in loan portfolios, both organic and through acquisitions, partly offset by compressed margins. Net interest margin stood at 1.65% for the nine months ended July 31, 2017, a decrease of 8 basis points compared with the nine months ended July 31, 2016, mainly as a result of market driven margin compression.

Other income increased by $28.4 million to $266.6 million for the nine months ended July 31, 2017, compared with $238.2 million for the nine months ended July 31, 2016. The overall good performance in other income, included a $10.5 million contribution stemming from the recently acquired CIT Canada operations. Income from treasury and financial markets operations increased by $6.6 million for the nine months ended July 31, 2017, mainly as a result of higher net securities gains, partly offset by a lower contribution from trading activities. Fees and commissions on loans and deposits increased by $6.7 million, mainly driven by higher lending fees due to increased activity in the commercial portfolios compared with the same period in 2016. This was partly offset by a decrease in income from investment accounts of $3.9 million mainly due to the loss of a large client at the beginning of the year.

Amortization of net premium on purchased financial instruments

For the nine months ended July 31, 2017, the amortization of net premium on purchased financial instruments amounted to $2.7 million, down from $4.0 million for the nine months ended July 31, 2016. Refer to Note 14 in the condensed interim consolidated financial statements (unaudited) for additional information.

Provision for credit losses

The provision for credit losses increased by 11% to $25.5 million for the nine months ended July 31, 2017 from $23.1 million for the nine months ended July 31, 2016. Losses for both periods were favourably impacted by improvements on certain exposures in light of the continued favorable credit conditions, and adjustments to risk allowance models, as further detailed in the Risk Management section below. Regardless, the overall low level of credit losses reflects the good underlying quality of the loan portfolios.

Non-interest expenses

Non-interest expenses increased by $27.4 million to $505.0 million for the nine months ended July 31, 2017, compared with $477.6 million for the nine months ended July 31, 2016. Adjusted non-interest expenses increased by $8.7 million or 2% to $486.2 million for the nine months ended July 31, 2017, compared with $477.6 million for the nine months ended July 31, 2016, mainly as a result of the acquisition of CIT Canada.

Salaries and employee benefits increased by $14.3 million or 6% to $266.8 million for the nine months ended July 31, 2017, compared with the nine months ended July 31, 2016. As noted above, this increase is mainly due to the addition of employees from CIT Canada, higher performance-based compensation and higher pension costs, partly offset by reductions in salaries related to the branch mergers.

Premises and technology costs slightly decreased by $4.5 million to $136.9 million for the nine months ended July 31, 2017, compared with the nine months ended July 31, 2016. The decrease mostly stems from the lower amortization expense resulting from impairment charges on assets recorded in the fourth quarter of 2016.

Other non-interest expenses decreased by $0.3 million to $83.2 million for the nine months ended July 31, 2017, compared with the nine months ended July 31, 2016, essentially due to a continued focus on cost control, as mentioned above.

Restructuring charges amounted to $4.8 million for the nine months ended July 31, 2017 and, as mentioned above, included salaries, communication expenses and professional fees related to the optimization of the Bank's Retail activities and branch mergers.

Costs related to business combinations amounted to $13.2 million for the nine months ended July 31, 2017 and included severance charges, technology costs and professional fees for the integration of CIT Canada's operations, in addition to costs related to the acquisition of NCF.

The adjusted efficiency ratio was 66.7% for the nine months ended July 31, 2017, compared with 70.3% for the nine months ended July 31, 2016. This efficiency ratio compares favorably to the performance target set two years ago. However, as the Bank invests in its transformation, this ratio may be subject to certain variations. The adjusted operating leverage was positive year-over-year, mainly driven by revenue growth.

Income taxes

For the nine months ended July 31, 2017, the income tax expense was $47.4 million and the effective tax rate was 24.3%. The lower tax rate, compared to the statutory rate, mainly resulted from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income and the lower taxation level on revenues from foreign insurance operations. For the nine months ended July 31, 2016, the income tax expense was $40.9 million and the effective tax rate was 23.5%. Year-over-year, the higher effective tax rate for the nine months ended July 31, 2017 resulted from the higher level of domestic taxable income.

THREE MONTHS ENDED JULY 31, 2017 COMPARED WITH THREE MONTHS ENDED APRIL 30, 2017

Net income was $54.8 million or $1.48 diluted per share for the third quarter of 2017 compared with $44.6 million or $1.19 diluted per share for the second quarter of 2017. Adjusted net income was $59.9 million or $1.63 diluted per share for the third quarter of 2017, compared with $51.6 million or $1.39 diluted per share for the second quarter of 2017.

Total revenue increased by $9.2 million to $248.0 million for the third quarter of 2017, compared with $238.8 million for the previous quarter. Net interest income increased by $7.2 million sequentially to $157.7 million, mainly due to the positive impact of three additional days in the third quarter and the seasonly higher level of prepayment penalties on residential mortgage loans. Net interest margin stood at 1.63% for the third quarter of 2017, a decrease of 4 basis points compared with 1.67% for the second quarter of 2017, essentially as a result of the higher level of liquid assets held for the acquisition of NCF.

Other income slightly increased by $2.0 million sequentially to $90.3 million for the third quarter of 2017, essentially as the result of higher fees and commissions on loans and deposits of $2.1 million.

The line-item "Amortization of net premium on purchased financial instruments" amounted to $0.8 million for the third quarter of 2017, down from $0.9 million in the second quarter of 2017. Refer to Note 14 in the condensed interim consolidated financial statements (unaudited) for additional information.

Provision for credit losses totalled $6.4 million for the third quarter of 2017, compared with $10.1 million for the second quarter of 2017. The decrease reflects adjustments related to the review of allowance models, as explained above. As further detailed in the Risk Management section, the continued low level of credit losses reflects the overall underlying good credit quality of the loan portfolios.

Non-interest expenses decreased slightly to $168.4 million for the third quarter of 2017 from $168.9 million in the second quarter of 2017. Adjusted non-interest expenses remained relatively stable and amounted to $162.7 million in the current quarter, compared with $160.6 million in the second quarter of 2017. The increase mainly results from cumulative adjustments to performance-based compensation, due to the Bank's overall performance in the nine months ended July 31, 2017.

FINANCIAL CONDITION

CONDENSED BALANCE SHEET

In thousands of Canadian dollars (Unaudited)	**AS AT JULY 31 2017**	AS AT OCTOBER 31 2016	AS AT JULY 31 2016
ASSETS			
Cash and deposits with other banks	**$ 260,280**	$ 187,099	$ 170,825
Securities	**5,969,125**	5,660,432	5,098,565
Securities purchased under reverse repurchase agreements	**3,291,871**	2,879,986	2,288,126
Loans and acceptances, net	**34,817,852**	33,273,714	31,937,914
Other assets	**872,780**	1,005,109	802,163
	$ 45,211,908	$ 43,006,340	$ 40,297,593
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits	**$ 28,232,129**	$ 27,573,345	$ 26,903,439
Other liabilities	**6,515,109**	6,013,890	5,321,611
Debt related to securitization activities	**7,863,984**	7,244,454	6,049,375
Subordinated debt	**548,842**	199,824	199,775
Shareholders' equity	**2,051,844**	1,974,827	1,823,393
	$ 45,211,908	$ 43,006,340	$ 40,297,593

As at July 31, 2017, the Bank's total assets amounted to $45.2 billion, an increase of $2.2 billion compared with $43.0 billion as at October 31, 2016. The increase mainly reflects an increase in liquid assets of $0.8 billion, and loan growth of $1.5 billion, partly offset by a decrease in other assets of $0.1 billion as explained below.

LIQUID ASSETS

Liquid assets consist of cash, deposits with other banks, securities and securities purchased under reverse repurchase agreements. As at July 31, 2017, these assets totalled $9.5 billion, an increase of $0.8 billion compared with October 31, 2016. Over the last nine months, the Bank had started to increase its liquid assets, in part to fund the anticipated NCF transaction. Overall, the Bank continues to prudently manage the level of liquid assets and to hold sufficient cash resources from diversified sources in order to meet its current and future financial obligations, under both normal and stressed conditions.

LOANS

Loans and bankers' acceptances, net of allowances, stood at $34.8 billion as at July 31, 2017, up $1.5 billion or 5% from October 31, 2016.

Personal loans amounted to $6.2 billion and decreased by $0.4 billion since October 31, 2016, mainly due to net repayments in the investment loan portfolio, reflecting expected attrition.

Residential mortgage loans stood at $17.9 billion as at July 31, 2017, an increase of $1.2 billion or 7% since October 31, 2016. This reflects continued growth in residential mortgage loans distributed through independent brokers and advisors, as well as the acquisition of insured mortgage loans originated by third-parties as part of a program initiated by the Bank in 2016 to optimize the usage of National Housing Act mortgage-backed securities (NHA MBS) allocations.

Commercial loans, including acceptances, increased by $0.3 billion or 6% since October 31, 2016, mainly due to growth in equipment financing loans through LBC Capital Inc., and increased volumes from syndication activities. Commercial mortgage loans increased by $0.5 billion or 10% over the same period. When combined, total loans to business customers amounted to $10.8 billion as at July 31, 2017, up 8% since October 31, 2016. Loans to business customers increased 21% year-over-year as a result of strong organic growth and due to the acquisition of CIT Canada's $0.9 billion commercial loan portfolios in the fourth quarter of 2016.

OTHER ASSETS

Other assets decreased by $0.1 billion as at July 31, 2017, compared with October 31, 2016, primarily reflecting a decrease in cheques and other items in transit and lower derivatives.

LIABILITIES

Deposits increased by $0.7 billion to $28.2 billion as at July 31, 2017, compared with October 31, 2016. Personal deposits stood at $20.6 billion as at July 31, 2017, down $0.4 billion compared with October 31, 2016, and essentially unchanged compared to April 30, 2017. The decrease compared to the beginning of the year was mainly driven by lower term deposits sourced through the branch network. Business and other deposits increased by $1.0 billion to $7.6 billion over the same period. Personal deposits represented 73% of total deposits as at July 31, 2017, compared with 76% as at October 31, 2016, and contributed to the Bank's good liquidity position.

Debt related to securitization activities increased by $0.6 billion compared with October 31, 2016 and stood at $7.9 billion as at July 31, 2017. Since the beginning of the year, the Bank continued to optimize this source of term funding for residential mortgages and also pursued its strategy to optimize the usage of its NHA MBS allocations by issuing $1.5 billion of NHA MBS for new financing. During the third quarter of 2017, the Bank also obtained funding of $0.2 billion by securitizing personal investment loans, a first in Canada.

Subordinated debt increased to $548.8 million as at July 31, 2017, from $199.8 million as at October 31, 2016. On June 22, 2017, the Bank issued $350.0 million of notes (Non-Viability Contingent Capital (NVCC)) (subordinated indebtedness). Refer to Note 7 in the condensed interim consolidated financial statements (unaudited) for additional information. Subordinated debt is an integral part of the Bank's regulatory capital and affords its depositors additional protection.

SHAREHOLDERS' EQUITY

Shareholders' equity stood at $2,051.8 million as at July 31, 2017, compared with $1,974.8 million as at October 31, 2016. This $77.0 million increase is mainly explained by the net income contribution for the nine-month period, net of declared dividends, and the issuance of common shares under the Shareholder Dividend Reinvestment and Share Purchase Plan.

As part of the acquisition of NCF, the Bank issued 4,171,000 subscription receipts on May 26, 2017, at a price of $51.70 per receipt. The proceeds of the offering were placed in escrow until the closing of the NCF acquisition. On August 11, 2017 the subscription receipts were automatically exchanged, on a one-for-one basis, for common shares of the Bank. This offering provided the Bank net proceeds of $206.3 million. The Bank had also entered into a subscription agreement with Caisse de dépôt et placement du Québec (Caisse), in which Caisse purchased 483,560 subscription receipts for net proceeds to the Bank of $23.9 million, which were also converted into common shares upon the closing of the transaction.

The Bank's book value per common share appreciated to $50.54 as at July 31, 2017 from $47.92 as at October 31, 2016. There were 34,190,583 common shares outstanding as at August 23, 2017.

CAPITAL MANAGEMENT

REGULATORY CAPITAL

The Office of the Superintendent of Financial Institutions Canada (OSFI) requires banks to meet minimum risk-based capital ratios drawn on the Basel Committee on Banking Supervision (BCBS) capital framework, commonly referred to as Basel III. Under OSFI's *Capital Adequacy Requirements* (CAR) Guideline, the Bank's minimum Common Equity Tier 1, Tier 1 and Total capital ratios are set at 7.0%, 8.5% and 10.5%, respectively, including capital conservation buffers. Refer to the section "Capital Management" on page 33 of the Bank's 2016 Annual Report for additional information on the Bank's regulatory capital.

As detailed in the table below, the Common Equity Tier 1 (CET1), Tier 1 and Total capital ratios stood at 7.9%, 9.7% and 13.0%, respectively, as at July 31, 2017. These ratios exceeded all current requirements.

REGULATORY CAPITAL [1]

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT JULY 31 2017**	AS AT OCTOBER 31 2016	AS AT JULY 31 2016
Regulatory capital			
Common Equity Tier 1 capital	**$ 1,505,149**	$ 1,439,376	$ 1,311,150
Tier 1 capital	**$ 1,846,749**	$ 1,780,976	$ 1,651,644
Total capital	**$ 2,459,507**	$ 2,056,180	$ 1,924,991
Total risk-weighted assets [2]	**$ 18,972,055**	$ 17,922,653	$ 16,644,121
Regulatory capital ratios			
Common Equity Tier 1 capital ratio	**7.9%**	8.0%	7.9%
Tier 1 capital ratio	**9.7%**	9.9%	9.9%
Total capital ratio	**13.0%**	11.5%	11.6%

(1) The amounts and ratios are presented on an "all-in" basis.
(2) Using the Standardized Approach to determine credit risk and to account for operational risk.

The CET1 ratio stood at 7.9% as at July 31, 2017, compared with 8.1% as at April 30, 2017 and 8.0% as at October 31, 2016. At the beginning of the year, lower growth in risk-weighted exposures, as well as actuarial gains on pension plans provided for improvements in capital ratios. Stronger growth over the last six months, as well as additional deductions to capital for intangible assets, as the Bank progresses with the development of its new core banking system and its project to adopt the AIRB Approach to credit risk, have gradually driven the capital ratio lower. As mentioned above, following the closing of the NCF acquisition the outstanding subscription receipts were converted into common shares of the Bank on August 11, 2017. This share issuance, taking into account the NCF acquisition will provide an increase in the CET1 ratio of 8 basis points.

Regulatory capital developments

Revisions to the Standardised Approach for credit risk
The Bank uses the Standardized Approach to determine credit risk capital and to account for operational risk. Currently, the Bank's capital requirements for credit risk under the Standardized Approach are not calculated on the same basis as larger Canadian financial institutions which predominantly use the more favourable AIRB Approach.

In December 2015, the BCBS issued a second consultative document entitled Revisions to the Standardised Approach for credit risk providing new prudential proposals which, if implemented, will change how the Bank is calculating some elements of its regulatory capital. The BCBS has also proposed or announced a number of new requirements modifying the calculation of regulatory capital for banks. These changes include modifications to the AIRB Approach, the introduction of a new floor for the AIRB Approach and new methods to measure regulatory capital for sovereign exposure and operational risk. Management is closely monitoring these developments.

The implementation of the AIRB Approach remains a key initiative of the Bank's transformation plan that should strengthen its credit risk management, optimize regulatory capital and provide a level playing field for credit underwriting activities. As such, the Bank plans to transition to the AIRB Approach in fiscal 2020.

Revisions to the Pillar 3 disclosure
In March 2017, the BCBS issued the second phase of its review of the Pillar 3 disclosure framework to build on the revisions published in January 2015. The Pillar 3 disclosure framework seeks to promote market discipline through regulatory disclosure requirements. The Bank is currently reviewing the new framework and awaiting OSFI's related guidance.

BASEL III LEVERAGE RATIO

The Basel III capital reforms introduced a non-risk based leverage ratio requirement to act as a supplementary measure to the risk-based capital requirements. Under OSFI's Leverage Requirements Guideline, federally regulated deposit-taking institutions are expected to maintain a Basel III leverage ratio that meets or exceeds 3% at all times. The leverage ratio is defined as the Tier 1 capital divided by unweighted on-balance sheet assets and off-balance sheet commitments, derivatives and securities financing transactions, as defined within the requirements.

As detailed in the table below, the leverage ratio stood at 4.1% as at July 31, 2017 and exceeded current requirements.

BASEL III LEVERAGE RATIO

In thousands of Canadian dollars, except percentage amounts (Unaudited)		**AS AT JULY 31 2017**		AS AT OCTOBER 31 2016		AS AT JULY 31 2016
Tier 1 capital	**$**	**1,846,749**	$	1,780,976	$	1,651,644
Total exposures	**$**	**45,334,399**	$	43,094,642	$	40,793,659
Basel III leverage ratio		**4.1%**		4.1%		4.0%

CREDIT RATINGS

On May 12, 2017, Standard and Poor's affirmed the Bank's BBB rating on senior debt and deposits and revised its credit rating outlook to negative from stable. Management strives to optimize its business mix and its capital structure in order to produce an acceptable return for shareholders while endeavoring to maintain solid credit ratings. The revision of the outlook has had no significant impact on the Bank's funding costs and has had no effect on requirements with regard to guarantees and collateral.

During the quarter, the Bank issued new NVCC subordinated indebtedness, which was rated BBB (low) by DBRS and BB+ by Standard and Poor's.

DIVIDENDS

On August 15, 2017, the Board of Directors declared the regular dividend on the various series of preferred shares to shareholders of record on September 7, 2017.

On August 28, 2017, the Board of Directors declared a quarterly dividend of $0.62 per common share, payable on November 1, 2017, to shareholders of record on October 2, 2017. This quarterly dividend is up 3% compared with the dividend declared one year ago. The Board of Directors also determined that shares attributed under the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan will be made in common shares issued from treasury at a 2% discount.

COMMON SHARE DIVIDENDS AND PAYOUT RATIO

In Canadian dollars, except payout ratios (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2017	APRIL 30 2017	JULY 31 2016	FOR THE YEARS ENDED OCTOBER 31 2016	OCTOBER 31 2015	OCTOBER 31 2014
Dividends declared per common share	**$ 0.62**	$ 0.61	$ 0.60	$ 2.36	$ 2.20	$ 2.06
Dividend payout ratio	**41.8%**	51.4%	44.6%	53.1%	68.6%	45.7%
Adjusted dividend payout ratio [1]	**38.0%**	43.7%	43.6%	42.4%	39.2%	38.7%

(1) Refer to the Non-GAAP and Key Performance Measures section.

RISK MANAGEMENT

The Bank is exposed to various types of risks owing to the nature of its activities. These risks are mainly related to the use of financial instruments. In order to manage these risks, controls such as risk management policies and various risk limits have been implemented. These measures aim to optimize the risk/return ratio in all operating segments. Refer to the section "Risk Appetite and Risk Management Framework" on page 37 of the Bank's 2016 Annual Report for additional information.

CREDIT RISK

The following sections provide further details on the credit quality of the Bank's loan portfolios.

PROVISION FOR CREDIT LOSSES

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2017	APRIL 30 2017	JULY 31 2016	FOR THE NINE MONTHS ENDED JULY 31 2017	JULY 31 2016
Personal	**$ 4,524**	$ 7,874	$ 5,093	**$ 20,972**	$ 18,810
Residential mortgage	**40**	1,294	1,523	**2,239**	3,092
Commercial mortgage	**(665)**	398	145	**(3,317)**	(1,561)
Commercial and other [1]	**2,501**	534	1,439	**5,606**	2,709
	$ 6,400	$ 10,100	$ 8,200	**$ 25,500**	$ 23,050
As a % of average loans and acceptances	**0.07%**	0.12%	0.10%	**0.10%**	0.10%

(1) Including customers' liabilities under acceptances.

The provision for credit losses amounted to $6.4 million in the third quarter of 2017, decreasing by $1.8 million when compared with the same quarter a year ago and $3.7 million sequentially. For the nine months ended July 31, 2017, the provision for credit losses increased by $2.5 million and amounted to $25.5 million compared with $23.1 million for the same period in 2016. As noted above, losses for both periods were favourably impacted by improvements on certain exposures in light of the continued favorable credit conditions, including in this current quarter the release of allowances of approximately $2.0 million on certain real estate development projects in Alberta. In addition, as part of the Bank's ongoing project to implement the AIRB Approach to credit risk, the review of allowance models resulted in the release of approximately $3.0 million in provision for credit losses. Losses for the nine month ended July 31, 2016 were favorably impacted by the regular review of collective allowance models of $2.7 million. The current level of provisions continues to reflect the underlying good credit quality of the Bank's loan portfolios. Over time, provisions for credit losses are expected to trend higher as volumes increase and the portfolio mix evolves.

Personal loans

Credit losses on personal loans decreased by $0.6 million compared with the third quarter of 2016 and stood at $4.5 million in the third quarter of 2017. On a sequential basis, credit losses on personal loans decreased by $3.4 million. The decrease is mainly due to the net favourable impact of reviews to allowance models during the third quarter of 2017, as described above. For the nine months ended July 31, 2017, credit losses on personal loans increased by $2.2 million year-over-year.

Residential mortgage loans

Credit losses on residential mortgage loans amounted to $40.0 thousand for the third quarter of 2017, a decrease of $1.5 million compared with the third quarter of 2016. On a sequential basis, credit losses on residential mortgage loans decreased by $1.3 million. The decrease is mainly due to the improvement related to the Alberta portfolio and the net favourable impact of reviews to allowance models during the third quarter of 2017, as described above. For the nine months ended July 31, 2017, credit losses on residential mortgage loans decreased by $0.9 million year-over-year. The level of credit losses remains low and is a result of the favourable credit conditions and strong underwriting criteria.

Commercial mortgage loans

Credit losses on commercial mortgage loans amounted to negative $0.7 million in the third quarter of 2017, down $1.1 million sequentially. Compared with the third quarter of 2016, credit losses on commercial mortgage loans decreased $0.8 million. The decrease is mainly due to improvements on certain exposures in Alberta, as described above. For the nine months ended July 31, 2017, credit losses on commercial mortgage loans decreased slightly by $1.8 million year-over-year.

Commercial loans

Credit losses on commercial loans amounted to $2.5 million in the third quarter of 2017, compared to $1.4 million in the third quarter of 2016. On a sequential basis, credit losses in this portfolio increased by $2.0 million. For the nine months ended July 31, 2017, credit losses on commercial loans totalled $5.6 million, compared with $2.7 million for the same period in 2016. Credit losses on these portfolios tend to fluctuate more as they can relate, in part, to isolated larger exposures.

IMPAIRED LOANS [1]

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT JULY 31 2017**	AS AT OCTOBER 31 2016	AS AT JULY 31 2016
Gross impaired loans			
Personal	**$ 21,470**	$ 18,018	$ 18,101
Residential mortgages	**28,085**	31,549	33,887
Commercial mortgages	**24,709**	37,894	41,788
Commercial and other [2]	**44,235**	44,794	33,997
	118,499	132,255	127,773
Allowances for loan losses against impaired loans			
Individual allowances	**(19,146)**	(19,208)	(18,720)
Collective allowances	**(17,569)**	(15,977)	(16,883)
	(36,715)	(35,185)	(35,603)
Net impaired loans	**$ 81,784**	$ 97,070	$ 92,170
Impaired loans as a % of loans and acceptances			
Gross	**0.34%**	0.40%	0.40%
Net	**0.23%**	0.29%	0.29%
Collective allowances against other loans	**$ (62,023)**	$ (69,824)	$ (69,029)

(1) Comparative figures have been reclassified to conform to the current year presentation.
(2) Including customers' liabilities under acceptances and finance lease receivables.

Gross impaired loans amounted to $118.5 million as at July 31, 2017, down $13.8 million or 10% compared with October 31, 2016. This decrease was mainly due to the credit improvement of impaired residential mortgages and the settlement of impaired commercial mortgages.

Since the beginning of the year, individual allowances remained relatively stable at $19.1 million. Collective allowances against impaired loans increased by $1.6 million over the same period, mainly for personal loans.

Despite the lower loan loss provisions recorded in the quarter, the Bank remains well provisioned, as indicated by the 0.23% net impaired loan ratio as at July 31, 2017, down from 0.29% as at October 31, 2016.

LIQUIDITY AND FUNDING RISK

Liquidity and funding risk represents the possibility that the Bank may not be able to gather sufficient cash resources when required and on reasonable conditions, to meet its financial obligations. Financial obligations include obligations to depositors and suppliers, as well as lending commitments, investments and posting collateral. The Bank continues to maintain liquidity and funding that is appropriate for the execution of its strategy, with liquidity and funding risk remaining well within its approved limits.

Management monitors cash resources daily and ensures that liquidity indicators are within established limits. It pays particular attention to deposit and loan maturities, as well as to funding availability and demand when planning financing. A reserve of unencumbered liquid assets that are readily available to face contingencies is maintained and constitutes the Bank's liquidity buffer. This reserve does not factor in the availability of the central bank's emergency liquidity facilities. Cash requirements are based on scenarios evaluating required liquid assets necessary to cover predetermined rates of withdrawal of wholesale financing and retail deposits over specified periods.

Management maintains a stable volume of base deposits originating from the Bank's retail, commercial and broker clientele, as well as diversified wholesale financing sources. Limits on funding sources are monitored by the Executive Committee and the Board of Directors. Funding strategies also include loan securitization and the issuance of equity or debt instruments through capital markets.

A liquidity contingency plan is prepared and reviewed on a regular basis. It guides the Bank's actions and responses to potential liquidity crises.

Regulatory requirements concerning liquidity

The Bank also manages its liquidity to comply with the regulatory liquidity metrics in the OSFI domestic Liquidity Adequacy Requirements (LAR) Guideline. These regulatory metrics include the Liquidity Coverage Ratio (LCR), drawn on the BCBS international Basel III liquidity framework, and the OSFI-designed Net Cumulative Cash Flow (NCCF) supervisory tool. The LCR requires that banks maintain a sufficient stock of high-quality liquid assets to meet net short-term financial obligations over a thirty day period in an acute stress scenario.

The Bank remained compliant with the LAR Guideline throughout the nine months ended July 31, 2017.

The aforementioned Basel III liquidity framework also outlines the Net Stable Funding Ratio (NSFR) as a minimum regulatory standard with an effective date of January 2019. The NSFR measures the proportion of long-term assets which are funded by long-term, stable funding. The Bank monitors these developments as they unfold.

MARKET RISK

Market risk represents the financial losses that the Bank could incur following unfavourable fluctuations in the value of financial instruments subsequent to changes in the underlying factors used to measure them, such as interest rates, exchange rates or equity prices. This risk is inherent to the Bank’s financing, investment, trading and asset and liability management (ALM) activities.

The purpose of ALM activities is to control structural interest rate risk, which corresponds to the potential negative impact of interest rate movements on the Bank’s net interest income and economic value of its capital. Dynamic management of structural risk is intended to maximize the Bank’s profitability while preserving the economic value of common shareholders’ equity. As at July 31, 2017, the effect on the economic value of common shareholders' equity and on net interest income before taxes of a sudden and sustained 1% increase in interest rates was as follows.

STRUCTURAL INTEREST RATE SENSITIVITY ANALYSIS

In thousands of Canadian dollars (Unaudited)	**AS AT JULY 31 2017**	AS AT OCTOBER 31 2016
Effect of a 1% increase in interest rates		
Increase in net interest income before taxes over the next 12 months	**$ 11,373**	$ 13,040
(Decrease) in the economic value of common shareholders' equity (net of income taxes)	**$ (51,515)**	$ (51,837)

As shown above, the Bank's net interest income sensitivity to sudden changes in interest rates has decreased and the corresponding negative impact on the economic value of common shareholders' equity remains relatively stable as at July 31, 2017 compared with October 31, 2016. This reflects the Bank's positioning to benefit from fluctuations in interest rates while maintaining the risk within approved limits. Management continues to expect that long term rates will remain within a narrow range for the foreseeable future.

ADDITIONAL FINANCIAL INFORMATION - QUARTERLY RESULTS

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	**JULY 31 2017**	APRIL 30 2017	JANUARY 31 2017	OCTOBER 31 2016	JULY 31 2016	APRIL 30 2016	JANUARY 31 2016	OCTOBER 31 2015
Net interest income	**$ 157,707**	$ 150,476	$ 153,687	$ 148,727	$ 147,991	$ 143,428	$ 149,498	$ 150,667
Other income	**90,295**	88,331	87,946	87,642	81,086	83,375	73,704	80,982
Total revenue	**248,002**	238,807	241,633	236,369	229,077	226,803	223,202	231,649
Amortization of net premium on purchased financial instruments	**766**	878	1,032	1,181	1,267	1,337	1,405	1,465
Provision for credit losses	**6,400**	10,100	9,000	10,300	8,200	5,750	9,100	9,400
Non-interest expenses	**168,364**	168,934	167,696	201,998	160,474	160,066	157,011	242,340
Income (loss) before income taxes	**72,472**	58,895	63,905	22,890	59,136	59,650	55,686	(21,556)
Income taxes (recovery)	**17,674**	14,323	15,449	4,507	13,999	13,936	13,010	(2,837)
Net income (loss)	**$ 54,798**	$ 44,572	$ 48,456	$ 18,383	$ 45,137	$ 45,714	$ 42,676	$ (18,719)
Earnings (loss) per share								
Basic	**$ 1.48**	$ 1.19	$ 1.30	$ 0.45	$ 1.34	$ 1.43	$ 1.36	$ (0.73)
Diluted	**$ 1.48**	$ 1.19	$ 1.30	$ 0.45	$ 1.34	$ 1.43	$ 1.36	$ (0.73)

CORPORATE GOVERNANCE AND CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the third quarter ended July 31, 2017, there have been no changes to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

The Board of Directors of Laurentian Bank approved this document prior to its release.

ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies and estimates followed by the Bank are outlined in Notes 2 and 3 of the 2016 annual consolidated financial statements. The condensed interim consolidated financial statements (unaudited) for the third quarter of 2017 have been prepared in accordance with these accounting policies.

Some of these accounting policies are deemed critical as they require management to apply judgement in order to make particularly significant estimates that, by their very nature, involve uncertainties. Changes in these estimates could materially affect the Bank's consolidated financial statements. Refer to the section "Critical Accounting Policies and Estimations" on pages 54 to 56 of the Bank's 2016 Annual Report for additional information.

FUTURE CHANGES TO ACCOUNTING POLICIES

The IASB has issued new standards and amendments to existing standards on financial instruments, revenue from contracts with customers, leases and insurance contracts. These future accounting changes will be applicable for the Bank in various annual periods beginning on November 1, 2018 at the earliest. Management is presently assessing the impact of the adoption of these standards on the Bank's financial statements. Additional information on the new standards and amendments to existing standards can be found in Note 3 to the condensed interim consolidated financial statements (unaudited).

LAURENTIAN BANK

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

As at and for the period ended July 31, 2017

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CONSOLIDATED BALANCE SHEET

In thousands of Canadian dollars (Unaudited)	NOTES	**AS AT JULY 31 2017**	AS AT OCTOBER 31 2016	AS AT JULY 31 2016
ASSETS				
Cash and non-interest-bearing deposits with other banks		**$ 140,128**	$ 123,716	$ 118,133
Interest-bearing deposits with other banks		**120,152**	63,383	52,692
Securities	4			
Available-for-sale		**3,658,586**	2,723,693	2,288,606
Held-to-maturity		**159,832**	502,232	276,829
Held-for-trading		**2,150,707**	2,434,507	2,533,130
		5,969,125	5,660,432	5,098,565
Securities purchased under reverse repurchase agreements		**3,291,871**	2,879,986	2,288,126
Loans	5 and 6			
Personal		**6,185,606**	6,613,392	6,764,038
Residential mortgage		**17,935,597**	16,749,387	16,356,056
Commercial mortgage		**5,129,483**	4,658,734	4,597,545
Commercial and other		**4,971,706**	4,727,385	3,851,250
Customers' liabilities under acceptances		**694,198**	629,825	473,657
		34,916,590	33,378,723	32,042,546
Allowances for loan losses		**(98,738)**	(105,009)	(104,632)
		34,817,852	33,273,714	31,937,914
Other				
Derivatives		**153,370**	232,791	241,247
Premises and equipment		**31,826**	32,989	39,636
Software and other intangible assets		**186,387**	150,490	148,690
Goodwill		**59,623**	55,812	34,853
Deferred tax assets		**31,947**	36,495	33,642
Other assets		**409,627**	496,532	304,095
		872,780	1,005,109	802,163
		$ 45,211,908	$ 43,006,340	$ 40,297,593
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		**$ 20,634,873**	$ 21,001,578	$ 20,467,577
Business, banks and other		**7,597,256**	6,571,767	6,435,862
		28,232,129	27,573,345	26,903,439
Other				
Obligations related to securities sold short		**1,541,405**	1,707,293	1,262,510
Obligations related to securities sold under repurchase agreements		**3,217,738**	2,525,441	2,648,898
Acceptances		**694,198**	629,825	473,657
Derivatives		**211,840**	150,499	129,872
Deferred tax liabilities		**28,521**	32,755	12,658
Other liabilities		**821,407**	968,077	794,016
		6,515,109	6,013,890	5,321,611
Debt related to securitization activities	6	**7,863,984**	7,244,454	6,049,375
Subordinated debt	7	**548,842**	199,824	199,775
Shareholders' equity				
Preferred shares	8	**341,600**	341,600	340,494
Common shares	8	**715,935**	696,493	540,669
Retained earnings		**1,011,629**	924,861	933,157
Accumulated other comprehensive income		**(17,320)**	11,873	9,073
		2,051,844	1,974,827	1,823,393
		$ 45,211,908	$ 43,006,340	$ 40,297,593

The accompanying notes are an integral part of the condensed interim consolidated financial statements (unaudited).

CONSOLIDATED STATEMENT OF INCOME

		FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
In thousands of Canadian dollars, except per share amounts (Unaudited)	NOTES	**JULY 31 2017**	APRIL 30 2017	JULY 31 2016	**JULY 31 2017**	JULY 31 2016
Interest income						
Loans		**$ 289,335**	$ 274,129	$ 270,618	**$ 844,138**	$ 795,488
Securities		**11,411**	9,252	9,272	**30,878**	26,641
Deposits with other banks		**232**	94	466	**452**	1,384
Other, including derivatives		**11,772**	10,529	13,904	**34,694**	47,038
		312,750	294,004	294,260	**910,162**	870,551
Interest expense						
Deposits		**116,039**	109,624	115,700	**340,486**	338,410
Debt related to securitization activities		**34,241**	31,422	28,571	**98,120**	85,182
Subordinated debt		**3,268**	1,575	1,583	**6,462**	4,810
Other		**1,495**	907	415	**3,224**	1,232
		155,043	143,528	146,269	**448,292**	429,634
Net interest income		**157,707**	150,476	147,991	**461,870**	440,917
Other income						
Fees and commissions on loans and deposits		**39,861**	37,713	36,504	**114,944**	108,223
Income from brokerage operations		**18,316**	18,396	18,836	**56,397**	52,917
Income from sales of mutual funds		**12,184**	11,758	10,019	**34,846**	29,653
Income from investment accounts		**5,060**	6,195	6,915	**16,924**	20,793
Insurance income, net		**4,523**	4,592	4,167	**13,695**	12,718
Income from treasury and financial market operations		**5,291**	4,751	2,950	**15,169**	8,545
Other		**5,060**	4,926	1,695	**14,597**	5,316
		90,295	88,331	81,086	**266,572**	238,165
Total revenue		**248,002**	238,807	229,077	**728,442**	679,082
Amortization of net premium on purchased financial instruments	14	**766**	878	1,267	**2,676**	4,009
Provision for credit losses	5	**6,400**	10,100	8,200	**25,500**	23,050
Non-interest expenses						
Salaries and employee benefits		**89,157**	88,055	82,414	**266,798**	252,547
Premises and technology		**45,017**	45,608	49,329	**136,931**	141,467
Other		**28,819**	27,182	28,731	**83,224**	83,537
Restructuring charges	13	**2,163**	1,704	—	**4,812**	—
Costs related to business combinations	14	**3,208**	6,385	—	**13,229**	—
		168,364	168,934	160,474	**504,994**	477,551
Income before income taxes		**72,472**	58,895	59,136	**195,272**	174,472
Income taxes		**17,674**	14,323	13,999	**47,446**	40,945
Net income		**$ 54,798**	$ 44,572	$ 45,137	**$ 147,826**	$ 133,527
Preferred share dividends, including applicable taxes		**4,273**	4,275	4,246	**12,820**	9,043
Net income available to common shareholders		**$ 50,525**	$ 40,297	$ 40,891	**$ 135,006**	$ 124,484
Average number of common shares outstanding (in thousands)						
Basic		**34,112**	33,985	30,428	**33,991**	30,130
Diluted		**34,112**	33,985	30,428	**33,991**	30,130
Earnings per share						
Basic		**$ 1.48**	$ 1.19	$ 1.34	**$ 3.97**	$ 4.13
Diluted		**$ 1.48**	$ 1.19	$ 1.34	**$ 3.97**	$ 4.13
Dividends declared per share						
Common share		**$ 0.62**	$ 0.61	$ 0.60	**$ 1.84**	$ 1.76
Preferred share - Series 11		**$ 0.25**	$ 0.25	$ 0.25	**$ 0.75**	$ 0.75
Preferred share - Series 13		**$ 0.27**	$ 0.27	$ 0.27	**$ 0.81**	$ 0.81
Preferred share - Series 15		**$ 0.37**	$ 0.37	$ 0.36	**$ 1.10**	$ 0.36

The accompanying notes are an integral part of the condensed interim consolidated financial statements (unaudited).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
	JULY 31 2017	APRIL 30 2017	JULY 31 2016	**JULY 31 2017**	JULY 31 2016
Net income	**$ 54,798**	$ 44,572	$ 45,137	**$ 147,826**	$ 133,527
Other comprehensive income, net of income taxes					
Items that may subsequently be reclassified to the statement of income					
Unrealized net gains (losses) on available-for-sale securities	**(2,174)**	5,586	5,626	**5,745**	5,299
Reclassification of net (gains) losses on available-for-sale securities to net income	**(759)**	(1,499)	(5)	**(5,410)**	3,178
Net change in value of derivatives designated as cash flow hedges (see Note 15)	**(24,112)**	(1,320)	3,837	**(29,528)**	(13,770)
	(27,045)	2,767	9,458	**(29,193)**	(5,293)
Items that may not subsequently be reclassified to the statement of income					
Remeasurement of gains (losses) on employee benefit plans	**6,768**	(1,105)	(979)	**14,238**	(24,609)
Comprehensive income	**$ 34,521**	$ 46,234	$ 53,616	**$ 132,871**	$ 103,625

INCOME TAXES — OTHER COMPREHENSIVE INCOME

The following table presents the income taxes for each component of other comprehensive income.

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
	JULY 31 2017	APRIL 30 2017	JULY 31 2016	**JULY 31 2017**	JULY 31 2016
Income tax expense (recovery) on:					
Unrealized net gains (losses) on available-for-sale securities	**$ (671)**	$ 2,006	$ 2,005	**$ 2,319**	$ 2,027
Reclassification of net (gains) losses on available-for-sale securities to net income	**(278)**	(549)	(2)	**(1,982)**	998
Net change in value of derivatives designated as cash flow hedges	**(4,567)**	(488)	1,393	**(6,532)**	(5,043)
Remeasurement of gains (losses) on employee benefit plans	**2,473**	(403)	(359)	**5,203**	(9,027)
	$ (3,043)	$ 566	$ 3,037	**$ (992)**	$ (11,045)

The accompanying notes are an integral part of the condensed interim consolidated financial statements (unaudited).

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED JULY 31, 2017

				ACCUMULATED OTHER COMPREHENSIVE INCOME				
In thousands of Canadian dollars (Unaudited)	**PREFERRED SHARES (Note 8)**	**COMMON SHARES (Note 8)**	**RETAINED EARNINGS**	**AVAILABLE-FOR-SALE SECURITIES**	**CASH FLOW HEDGES**	**TOTAL**	**SHARE-BASED PAYMENT RESERVE**	**TOTAL SHARE-HOLDERS' EQUITY**
Balance as at October 31, 2016	**$ 341,600**	**$ 696,493**	**$ 924,861**	**$ 203**	**$ 11,670**	**$ 11,873**	**$ —**	**$ 1,974,827**
Net income			**147,826**					**147,826**
Other comprehensive income (net of income taxes)								
Unrealized net gains on available-for-sale securities				**5,745**		**5,745**		**5,745**
Reclassification of net (gains) on available-for-sale securities to net income				**(5,410)**		**(5,410)**		**(5,410)**
Net change in value of derivatives designated as cash flow hedges					**(29,528)**	**(29,528)**		**(29,528)**
Remeasurement of gains on employee benefit plans			**14,238**					**14,238**
Comprehensive income			**162,064**	**335**	**(29,528)**	**(29,193)**		**132,871**
Issuance of share capital		**19,442**						**19,442**
Dividends								
Preferred shares, including applicable taxes			**(12,820)**					**(12,820)**
Common shares			**(62,476)**					**(62,476)**
Balance as at July 31, 2017	**$ 341,600**	**$ 715,935**	**$ 1,011,629**	**$ 538**	**$ (17,858)**	**$ (17,320)**	**$ —**	**$ 2,051,844**

FOR THE NINE MONTHS ENDED JULY 31, 2016

				ACCUMULATED OTHER COMPREHENSIVE INCOME				
In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES (Note 8)	COMMON SHARES (Note 8)	RETAINED EARNINGS	AVAILABLE-FOR-SALE SECURITIES	CASH FLOW HEDGES	TOTAL	SHARE-BASED PAYMENT RESERVE	TOTAL SHARE-HOLDERS' EQUITY
Balance as at October 31, 2015	$ 219,633	$ 466,336	$ 886,656	$ (11,391)	$ 25,757	$ 14,366	$ 36	$ 1,587,027
Net income			133,527					133,527
Other comprehensive income (net of income taxes)								
Unrealized net gains on available-for-sale securities				5,299		5,299		5,299
Reclassification of net losses on available-for-sale securities to net income				3,178		3,178		3,178
Net change in value of derivatives designated as cash flow hedges					(13,770)	(13,770)		(13,770)
Remeasurement of (losses) on employee benefit plans			(24,609)					(24,609)
Comprehensive income			108,918	8,477	(13,770)	(5,293)		103,625
Issuance of share capital	120,861	74,333					(36)	195,158
Dividends								
Preferred shares, including applicable taxes			(9,043)					(9,043)
Common shares			(53,374)					(53,374)
Balance as at July 31, 2016	$ 340,494	$ 540,669	$ 933,157	$ (2,914)	$ 11,987	$ 9,073	$ —	$ 1,823,393

The accompanying notes are an integral part of the condensed interim consolidated financial statements (unaudited).

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
	JULY 31 2017	APRIL 30 2017	JULY 31 2016	**JULY 31 2017**	JULY 31 2016
Cash flows relating to operating activities					
Net income	**$ 54,798**	$ 44,572	$ 45,137	**$ 147,826**	$ 133,527
Adjustments to determine net cash flows relating to operating activities:					
Provision for credit losses	**6,400**	10,100	8,200	**25,500**	23,050
Net (gains) losses on disposal of available-for-sale securities	**(1,037)**	(2,657)	(7)	**(8,000)**	3,583
Deferred income taxes	**2,181**	3,043	(549)	**7,163**	(368)
Depreciation of premises and equipment	**1,784**	1,712	2,385	**5,586**	7,482
Amortization of software and other intangible assets	**6,048**	6,345	6,900	**18,650**	21,035
Change in operating assets and liabilities:					
Loans	**(748,815)**	(463,583)	(638,200)	**(1,579,307)**	(1,976,819)
Change in acceptances	**26,410**	130,755	(30,501)	**64,373**	113
Securities at fair value through profit and loss	**168,991**	287,267	(486,437)	**283,800**	(807,752)
Securities purchased under reverse repurchase agreements	**1,357,850**	(1,803,656)	1,485,134	**(411,885)**	1,623,313
Accrued interest receivable	**4,828**	(4,940)	3,785	**85**	1,948
Derivative assets	**10,171**	3,940	26,225	**79,421**	35,354
Deposits	**787,203**	746,081	(382,011)	**658,784**	299,135
Obligations related to securities sold short	**(195,664)**	39,297	(108,549)	**(165,888)**	(577,327)
Obligations related to securities sold under repurchase agreements	**(1,265,111)**	786,070	(103,918)	**692,297**	352,008
Accrued interest payable	**(10,776)**	16,460	(31,343)	**(12,544)**	(25,186)
Derivative liabilities	**72,189**	5,654	(41,316)	**61,341**	4,189
Change in debt related to securitization activities	**134,240**	451,030	(116,319)	**619,530**	555,773
Other, net	**(157,313)**	62,239	44,795	**(81,592)**	233,548
	254,377	319,729	(316,589)	**405,140**	(93,394)
Cash flows relating to financing activities					
Net proceeds from issuance of subordinated debt	**348,871**	—	—	**348,871**	—
Repurchase of subordinated debt	**—**	—	—	**—**	(250,000)
Net proceeds from issuance of preferred shares	**—**	—	(31)	**—**	120,861
Net proceeds from issuance of common shares	**2**	12	13	**16**	64,572
Dividends	**(17,517)**	(19,055)	(17,474)	**(56,220)**	(51,112)
	331,356	(19,043)	(17,492)	**292,667**	(115,679)
Cash flows relating to investing activities					
Change in available-for-sale securities					
Acquisitions	**(1,458,244)**	(908,789)	(371,139)	**(3,075,180)**	(1,283,633)
Proceeds on sale and at maturity	**821,262**	518,995	604,653	**2,144,694**	1,370,482
Change in held-to-maturity securities					
Acquisitions	**(231,547)**	(64,341)	(64,379)	**(503,522)**	(80,331)
Proceeds at maturity	**270,791**	195,441	125,140	**846,125**	196,724
Proceeds on sale of commercial loans	**—**	12,487	—	**12,487**	—
Additions to premises and equipment and intangible assets	**(31,749)**	(16,286)	(17,761)	**(59,035)**	(24,208)
Cash received for business combinations	**—**	9,805	—	**9,805**	—
Change in interest-bearing deposits with other banks	**76,516**	(67,191)	68,637	**(56,769)**	39,117
	(552,971)	(319,879)	345,151	**(681,395)**	218,151
Net change in cash and non-interest-bearing deposits with other banks	**32,762**	(19,193)	11,070	**16,412**	9,078
Cash and non-interest-bearing deposits with other banks at beginning of period	**107,366**	126,559	107,063	**123,716**	109,055
Cash and non-interest-bearing deposits with other banks at end of period	**$ 140,128**	$ 107,366	$ 118,133	**$ 140,128**	$ 118,133
Supplemental disclosure about cash flows relating to operating activities:					
Interest paid during the period	**$ 173,566**	$ 121,811	$ 179,145	**$ 467,554**	$ 456,861
Interest received during the period	**$ 317,541**	$ 288,983	$ 300,966	**$ 911,248**	$ 876,164
Dividends received during the period	**$ 2,376**	$ 2,001	$ 3,150	**$ 6,427**	$ 8,860
Income taxes paid during the period	**$ 11,264**	$ 13,694	$ 6,366	**$ 53,849**	$ 26,803

The accompanying notes are an integral part of the condensed interim consolidated financial statements (unaudited).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

All tabular amounts are in thousands of Canadian dollars, unless otherwise indicated (Unaudited)

1. GENERAL INFORMATION

Laurentian Bank of Canada and its subsidiaries (the Bank) provide banking services to individuals and small and medium-sized enterprises, as well as to independent advisors across Canada, and operate as a full-service brokerage firm. The Bank is the ultimate parent of the group. The Bank is a chartered bank under Schedule 1 of the Bank Act (Canada) and has its head office in Montreal, Canada. The Bank's common shares (stock symbol: LB) are listed on the Toronto Stock Exchange.

The condensed interim consolidated financial statements (unaudited) for the period ended July 31, 2017 were approved for issuance by the Board of Directors on August 28, 2017.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with the Bank Act, which states that, except as otherwise specified by the Office of the Superintendent of Financial Institutions Canada (OSFI), financial statements are to be prepared in accordance with International Financial Reporting Standards (IFRS). These consolidated financial statements have been prepared under IFRS as issued by the International Accounting Standards Board (IASB) in accordance with IAS 34, *Interim Financial Reporting*.

These consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended October 31, 2016 prepared in accordance with IFRS. The accounting policies described in Note 3 to the audited annual consolidated financial statements have been applied consistently to all periods presented within these financial statements.

Use of estimates and judgment

The preparation of these consolidated financial statements in accordance with IFRS requires management to make complex judgments that affect the reported amounts of assets, liabilities, net income and other related disclosures. Management has established controls and procedures to ensure these estimates are controlled, reviewed and consistently applied over time. Management believes that the estimates of the value of the Bank's assets and liabilities are appropriate.

3. FUTURE ACCOUNTING CHANGES

The following section summarizes accounting standards which have been issued but are not yet effective.

IFRS 9: *Financial instruments*

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, which will be replacing IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 provides requirements for how an entity should classify and measure financial assets and liabilities, as well as a new expected credit loss impairment model. It also introduces certain modifications to the general hedge accounting model. The final version supersedes all previous versions of IFRS 9 and is effective for annual periods beginning on or after January 1, 2018, which will be November 1, 2018 for the Bank. Earlier application of IFRS 9 is permitted.

In January 2015, OSFI issued the final version of the Advisory on the Early Adoption of IFRS 9, *Financial Instruments* for Domestic Systemically Important Banks (D-SIBs). The Advisory outlines OSFI's expectation that D-SIBs will adopt IFRS 9 for their annual period beginning on November 1, 2017. All other Federally Regulated Entities (FRE) using an October 31 year-end are permitted to adopt IFRS 9 on November 1, 2017, but are not required to do so. As the Bank has not been designated as a D-SIB, the Bank decided not to early adopt IFRS 9.

In December 2015, the Basel Committee on Banking Supervision (BCBS) issued its final version of the Guidance on credit risk and accounting for expected credit losses. The guidance sets out supervisory expectations on sound credit risk practices associated with the implementation of expected credit loss accounting models as required under IFRS 9.

In June 2016, OSFI issued the final version of the IFRS 9 *Financial Instruments* and Disclosures Guideline, which reflects the aforementioned BCBS guidance and instructs FRE on the application of IFRS 9. The guideline will take effect when IFRS 9 is applicable to each FRE.

In March 2017, the BCBS issued a standard on the interim approach and transitional arrangement for the regulatory treatment of accounting provisions under IFRS 9, which applies to new provisions arising as a result of moving to expected credit loss accounting. The Bank is monitoring the evolution in this area and awaits OSFI's guidance on this standard.

3. FUTURE ACCOUNTING CHANGES (CONT'D)

Impairment
IFRS 9 introduces a new expected-loss impairment model that must be applied to all financial assets classified at amortized cost or fair value through other comprehensive income, with the most significant impact expected to be on loans and finance lease receivables. The model will also apply to loan commitments and financial guarantees that are not measured at fair value through profit or loss.

Specifically, IFRS 9 requires entities to recognize 12-month expected credit losses (ECL) from the date a financial asset is first recognized ("stage 1 loans") and to recognize lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition ("stage 2 loans"). In assessing whether credit risk has increased significantly, entities are required to compare the risk of a default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument as at the date of initial recognition. Currently, under the incurred loss methodology in IAS 39, allowances are provided for non-impaired loans for losses that are incurred but not yet identified.

The ECL model under IFRS 9 also requires that lifetime expected credit losses be recognized for financial assets that are assessed as credit impaired ("stage 3 loans").

Classification and Measurement
IFRS 9 requires all financial assets to be classified in three categories (amortized cost, fair value through profit or loss or fair value through other comprehensive income) based on the cash flow characteristics and the business model under which the assets are held. The classification and measurement of financial liabilities remain essentially unchanged from the current IAS 39 requirements, except for the measurement of financial liabilities elected to be measured at fair value. IFRS 9 requires changes in the fair value of an entity's own credit risk to be recognized in other comprehensive income rather than in profit or loss.

Hedge accounting
IFRS 9 introduces certain modifications for hedge accounting that aims to provide a better link between an entity's risk management strategy, the rationale for hedging and the impact of hedging on the financial statements. Accounting for macro hedging has been decoupled from IFRS 9 and may be issued as a separate standard. The current hedge accounting requirements under IAS 39 may continue to be applied until the IASB finalizes its macro hedge accounting project.

Transition
The impairment and classification and measurement requirements of IFRS 9 will be applied retrospectively by adjusting the opening balance sheet at November 1, 2018. There is no requirement to restate comparative periods. Hedge accounting, if adopted, will be applied prospectively, with limited exceptions. At this stage, it is not possible to quantify the potential financial effect of adoption of IFRS 9 to the Bank.

To coordinate and execute the adoption of IFRS 9, the Bank has established a project team. The Bank's conversion plan includes the following phases: (a) Preliminary Assessment; (b) Detailed Analysis; (c) Implementation, with work streams focused on each of the three required sections of IFRS 9 noted above. The Bank is on track with its project timelines. The Preliminary Assessment phase is completed and the Detailed Analysis phase is in progress.

IFRS 15: *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which establishes a comprehensive framework for the recognition, measurement and disclosure of revenues. IFRS 15 applies to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments) and replaces, among others, the previous revenue standard IAS 18, *Revenue* and the related interpretation on revenue recognition IFRIC 13, *Customer Loyalty Programmes*. The new standard also includes requirements for accounting for some costs that are related to a contract with a customer. In July 2015, the IASB decided to defer the effective date of IFRS 15 by one year. Accordingly, entities will apply IFRS 15 for annual periods beginning on or after January 1, 2018, which will be November 1, 2018 for the Bank. The Bank is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

IFRS 16: *Leases*

In January 2016, the IASB issued IFRS 16, *Leases*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces the previous leases standard, IAS 17 *Leases*, and related interpretations.

For lessees, the most significant effect of the new requirements will be an increase in lease assets and financial liabilities as IFRS 16 eliminates the classification of leases as either operating leases or finance leases. All leases are 'capitalized' by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligation to make future lease payments.

For lessors, IFRS 16 substantially carries forward the accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, which will be November 1, 2019 for the Bank. Early application is permitted for entities that also apply IFRS 15, Revenue from Contracts with Customers. The Bank is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

3. FUTURE ACCOUNTING CHANGES (CONT'D)

IFRS 17: Insurance Contracts

In May 2017, the IASB issued IFRS 17, *Insurance Contracts*, which sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 replaces the previous insurance contract standard, IFRS 4 *Insurance Contracts*. The standard is effective for annual periods beginning on or after January 1, 2021, which will be November 1, 2021 for the Bank. The Bank is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

4. SECURITIES

Gains and losses recognized in comprehensive income

Gains and losses recognized in income from treasury and financial market operations on the portfolio of available-for-sale securities

	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
	JULY 31 2017	APRIL 30 2017	JULY 31 2016	**JULY 31 2017**	JULY 31 2016
Realized net gains (losses)	**$ 1,037**	$ 2,657	$ 7	**$ 8,000**	$ (3,583)
Write-downs for impairment	**—**	(608)	—	**(608)**	(593)
	$ 1,037	$ 2,049	$ 7	**$ 7,392**	$ (4,176)

Accumulated unrealized gains and losses recognized in other comprehensive income on the portfolio of available-for-sale securities
Accumulated unrealized gains and losses on available-for-sale securities result mainly from fluctuations in market prices as well as changes in interest and exchange rates. The Bank considers that no objective evidence of impairment related to the securities in an unrealized loss position exists, based on the market conditions at the reporting date, except as noted above, and monitors these investments and market conditions on an ongoing basis.

				AS AT JULY 31, 2017
	AMORTIZED COST	**UNREALIZED GAINS**	**UNREALIZED LOSSES**	**FAIR VALUE**
Securities issued or guaranteed				
by Canada [1]	**$ 1,904,101**	**$ 360**	**$ 1,627**	**$ 1,902,834**
by provinces	**1,052,315**	**2,581**	**766**	**1,054,130**
by municipalities	**195,319**	**—**	**1,374**	**193,945**
Other debt securities	**361,129**	**526**	**813**	**360,842**
Asset-backed securities	**3,980**	**17**	**—**	**3,997**
Preferred shares	**129,312**	**3,748**	**1,716**	**131,344**
Common shares and other securities	**11,253**	**345**	**104**	**11,494**
	$ 3,657,409	**$ 7,577**	**$ 6,400**	**$ 3,658,586**

				AS AT OCTOBER 31, 2016
	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Securities issued or guaranteed				
by Canada [1]	$ 922,152	$ 1,232	$ 62	$ 923,322
by provinces	1,389,637	2,630	97	1,392,170
by municipalities	59,220	96	37	59,279
Other debt securities	163,023	4,683	236	167,470
Asset-backed securities	8,165	77	—	8,242
Preferred shares	109,509	2,534	9,507	102,536
Common shares and other securities	67,824	3,122	272	70,674
	$ 2,719,530	$ 14,374	$ 10,211	$ 2,723,693

(1) Including mortgage-backed securities that are fully guaranteed by the Canada Mortgage and Housing Corporation pursuant to the National Housing Act.

4. SECURITIES (CONT'D)

				AS AT JULY 31, 2016
	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Securities issued or guaranteed				
by Canada [1]	$ 696,917	$ 697	$ 115	$ 697,499
by provinces	1,171,305	2,863	165	1,174,003
Other debt securities	196,544	4,738	222	201,060
Asset-backed securities	9,206	103	—	9,309
Preferred shares	109,333	1,644	13,047	97,930
Common shares and other securities	104,893	4,454	542	108,805
	$ 2,288,198	$ 14,499	$ 14,091	$ 2,288,606

(1) Including mortgage-backed securities that are fully guaranteed by the Canada Mortgage and Housing Corporation pursuant to the National Housing Act.

5. LOANS

Allowances for credit losses

						FOR THE NINE MONTHS ENDED JULY 31, 2017
	BALANCE AT BEGINNING OF PERIOD	PROVISION FOR CREDIT LOSSES	WRITE-OFFS	RECOVERIES	INTEREST ACCRUED ON IMPAIRED LOANS	BALANCE AT END OF PERIOD
Personal	$ 36,452	$ 20,972	$ (28,188)	$ 5,415	$ (514)	$ 34,137
Residential mortgage	11,018	2,239	(1,174)	(389)	(983)	10,711
Commercial mortgage	23,031	(3,317)	(2,464)	412	(296)	17,366
Commercial and other [1]	40,063	5,606	(4,500)	185	(511)	40,843
Total allowances for credit losses	$ 110,564	$ 25,500	$ (36,326)	$ 5,623	$ (2,304)	$ 103,057
Individual allowances	$ 19,208	$ 6,468	$ (6,863)	$ 594	$ (261)	$ 19,146
Collective allowances against impaired loans	15,977	28,069	(29,463)	5,029	(2,043)	17,569
Collective allowances against other loans	69,824	(7,801)	—	—	—	62,023
Total allowances for loan losses	105,009	26,736	(36,326)	5,623	(2,304)	98,738
Allowances for off-balance sheet exposures [2]	5,555	(1,236)	—	—	—	4,319
Total allowances for credit losses	$ 110,564	$ 25,500	$ (36,326)	$ 5,623	$ (2,304)	$ 103,057

						FOR THE NINE MONTHS ENDED JULY 31, 2016
	BALANCE AT BEGINNING OF PERIOD	PROVISION FOR CREDIT LOSSES	WRITE-OFFS	RECOVERIES	INTEREST ACCRUED ON IMPAIRED LOANS	BALANCE AT END OF PERIOD
Personal	$ 41,466	$ 18,810	$ (28,095)	$ 6,046	$ (518)	$ 37,709
Residential mortgage	11,995	3,092	(1,549)	(698)	(1,121)	11,719
Commercial mortgage	25,077	(1,561)	(119)	(64)	(675)	22,658
Commercial and other [1]	37,732	2,709	(1,866)	19	(439)	38,155
Total allowances for credit losses	$ 116,270	$ 23,050	$ (31,629)	$ 5,303	$ (2,753)	$ 110,241
Individual allowances	$ 23,690	$ (2,223)	$ (1,969)	$ (46)	$ (732)	$ 18,720
Collective allowances against impaired loans	18,676	24,539	(29,660)	5,349	(2,021)	16,883
Collective allowances against other loans	68,787	242	—	—	—	69,029
Total allowances for loan losses	$ 111,153	$ 22,558	$ (31,629)	$ 5,303	$ (2,753)	$ 104,632
Allowances for off-balance sheet exposures [2]	5,117	492	—	—	—	5,609
Total allowances for credit losses	$ 116,270	$ 23,050	$ (31,629)	$ 5,303	$ (2,753)	$ 110,241

(1) Including customers' liabilities under acceptances and finance lease receivables.
(2) The allowances for off-balance sheet exposures, such as letters of guarantee and certain undrawn amounts under approved credit facilities, are recognized in other liabilities.

5. LOANS (CONT'D)

Impaired loans

		AS AT JULY 31, 2017		
	GROSS AMOUNT	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES AGAINST IMPAIRED LOANS	NET AMOUNT
Personal	$ 21,470	$ —	$ 11,774	$ 9,696
Residential mortgage	28,085	—	2,225	25,860
Commercial mortgage	24,709	3,467	418	20,824
Commercial and other [1]	44,235	15,679	3,152	25,404
	$ 118,499	$ 19,146	$ 17,569	$ 81,784

		AS AT OCTOBER 31, 2016		
	GROSS AMOUNT	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES AGAINST IMPAIRED LOANS	NET AMOUNT
Personal	$ 18,018	$ —	$ 10,156	$ 7,862
Residential mortgage	31,549	—	3,355	28,194
Commercial mortgage [2]	37,894	7,437	507	29,950
Commercial and other [1], [2]	44,794	11,771	1,959	31,064
	$ 132,255	$ 19,208	$ 15,977	$ 97,070

		AS AT JULY 31, 2016		
	GROSS AMOUNT	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES AGAINST IMPAIRED LOANS	NET AMOUNT
Personal	$ 18,101	$ —	$ 9,948	$ 8,153
Residential mortgage	33,887	—	4,552	29,335
Commercial mortgage [2]	41,788	7,385	606	33,797
Commercial and other [1], [2]	33,997	11,335	1,777	20,885
	$ 127,773	$ 18,720	$ 16,883	$ 92,170

(1) Including customers' liabilities under acceptances and finance lease receivables.
(2) Comparative figures have been reclassified to conform to the current year presentation.

Loans past due but not impaired

Personal and residential mortgage loans past due shown in the table below are not classified as impaired because they are less than 90 days past due or they are secured such as to reasonably expect full recovery. Commercial loans past due but not impaired are not significant.

		AS AT JULY 31, 2017		
	1 DAY-31 DAYS	32 DAYS-90 DAYS	OVER 90 DAYS	TOTAL
Personal	$ 81,245	$ 24,243	$ 6,945	$ 112,433
Residential mortgage	265,917	40,298	17,668	323,883
	$ 347,162	$ 64,541	$ 24,613	$ 436,316

		AS AT OCTOBER 31, 2016		
	1 DAY-31 DAYS	32 DAYS-90 DAYS	OVER 90 DAYS	TOTAL
Personal	$ 88,434	$ 28,260	$ 6,815	$ 123,509
Residential mortgage	246,394	34,950	24,328	305,672
	$ 334,828	$ 63,210	$ 31,143	$ 429,181

5. LOANS (CONT'D)

				AS AT JULY 31, 2016
	1 DAY-31 DAYS	32 DAYS-90 DAYS	OVER 90 DAYS	TOTAL
Personal	$ 98,507	$ 24,991	$ 7,338	$ 130,836
Residential mortgage	285,485	38,694	24,119	348,298
	$ 383,992	$ 63,685	$ 31,457	$ 479,134

Finance lease receivables

The Commercial and other line item includes net investment in leases of $901.3 million as at July 31, 2017 ($728.4 million as at October 31, 2016 and $196.3 million as at July 31, 2016).

6. TRANSFER OF FINANCIAL ASSETS

Financial assets not qualifying for derecognition and associated financial liabilities

The following table summarizes the carrying amounts of financial assets that do not qualify for derecognition and their associated financial liabilities included in the consolidated balance sheet.

	AS AT JULY 31 2017	AS AT OCTOBER 31 2016	AS AT JULY 31 2016
Personal loans	**$ 977,804**	$ —	$ —
Residential mortgage loans	**7,172,931**	6,222,374	5,575,978
Commercial loans and other [1]	**280,957**	419,743	—
Replacement Assets			
Cash and deposits with other banks	**2,825**	10,691	2,714
Securities purchased under reverse repurchase agreements	**—**	6,507	44,298
Other securities	**159,832**	502,231	276,829
Debt related to securitization activities	**$ (7,863,984)**	$ (7,244,454)	$ (6,049,375)

(1) Including customers' liabilities under acceptances and finance lease receivables.

The following table summarizes the securitization activities carried out by the Bank.

	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
	JULY 31 2017	APRIL 30 2017	JULY 31 2016	**JULY 31 2017**	JULY 31 2016
Carrying amounts of mortgages transferred during the period related to new financing	**$ 673,449**	$ 601,739	$ 728,641	**$ 1,910,578**	$ 1,978,147
Carrying amounts of mortgages transferred during the period as Replacement Assets	**$ 276,751**	$ 131,204	$ 154,788	**$ 563,515**	$ 378,333
Carrying amounts of personal loans transferred during the period related to new financing	**$ 1,000,001**	$ —	$ —	**$ 1,000,001**	$ —

7. SUBORDINATED DEBT

On June 22, 2017, the Bank issued $350.0 million of notes (Non-Viability Contingent Capital (NVCC)) (subordinated indebtedness) (the "Notes"). The Notes will bear interest at a fixed rate of 4.25% per annum (paid semi-annually) until June 22, 2022, and, thereafter, at the three-month CDOR plus 2.73% per annum (paid quarterly) until maturity on June 22, 2027. The Bank may, at its option, with the prior approval of OSFI, redeem the Notes on or after June 22, 2022, at par, in whole at any time or in part from time to time, on not less than 30 days and not more than 60 days notice to registered holders. The NVCC provision is necessary for the Notes to qualify as Tier 2 Capital, as such, the Bank may be required to convert the Notes into a variable number of common shares upon the occurrence of a non-viability trigger event.

8. SHARE CAPITAL

Preferred shares

The variation and outstanding number and amounts of preferred shares were as follows.

	FOR THE NINE MONTHS ENDED					
			JULY 31 2017			JULY 31 2016
	NUMBER OF SHARES		**AMOUNT**	NUMBER OF SHARES		AMOUNT
Non-Cumulative Class A Preferred Shares						
Series 11						
Outstanding at beginning and end of period	**4,000,000**	**$**	**97,562**	4,000,000	$	97,562
Series 13						
Outstanding at beginning and end of period	**5,000,000**	**$**	**122,071**	5,000,000	$	122,071
Series 15						
Outstanding at beginning of period	**5,000,000**	**$**	**121,967**	—		—
Issuance of shares	**—**		**—**	5,000,000		125,000
Net issuance cost	**n.a.**		**—**	n.a.	$	(4,139)
Outstanding at end of period	**5,000,000**	**$**	**121,967**	5,000,000	$	120,861
	14,000,000	**$**	**341,600**	14,000,000	$	340,494

There were no outstanding Non-Cumulative Class A Preferred Shares Series 12, Series 14 and Series 16 as at July 31, 2017 and as at July 31, 2016.

Common shares

The variation and outstanding number and amounts of common shares were as follows.

	FOR THE NINE MONTHS ENDED					
			JULY 31 2017			JULY 31 2016
	NUMBER OF SHARES		**AMOUNT**	NUMBER OF SHARES		AMOUNT
Common shares						
Outstanding at beginning of period	**33,842,170**	**$**	**696,493**	28,956,619	$	466,336
Issuance under a common share offering	**—**		**—**	1,297,200		67,454
Issuance under the employee share purchase option plan	**—**		**—**	8,000		273
Issuance under the Shareholder Dividend Reinvestment and Share Purchase Plan	**348,311**		**19,487**	234,354		11,128
Net issuance costs	**n.a.**		**(45)**	n.a.		(4,522)
	34,190,481	**$**	**715,935**	30,496,173	$	540,669

Dividend reinvestment and share purchase plan

The Bank determined that as of December 6, 2016, reinvestments related to the dividend declared would be made in Common Shares issued from treasury at a 2% discount.

Dividends declared

On August 15, 2017, the Board of Directors declared the regular dividend on the various series of preferred shares to shareholders of record on September 7, 2017.

On August 28, 2017, the Board of Directors declared a quarterly dividend of $0.62 per common share, payable on November 1, 2017, to shareholders of record on October 2, 2017.

8. SHARE CAPITAL (CONT'D)

Capital management

Regulatory capital
OSFI requires banks to meet minimum risk-based capital ratios drawn on the BCBS capital framework, commonly referred to as Basel III. Under OSFI's Capital Adequacy Requirements guideline, minimum Common Equity Tier 1, Total Tier 1 and Total capital ratios were set at 5.75%, 7.25% and 9.25% respectively for 2017. These ratios include the phase-in of the capital conservation buffer and of certain regulatory adjustments through 2019 and phase-out of non-qualifying capital instruments through 2022 (the "transitional" basis). The guideline also provides for annual increases in minimum capital ratio requirements, which will reach 7.0%, 8.5% and 10.5% respectively in 2019, including the 2.5% capital conservation buffer.

Furthermore, OSFI expects deposit-taking institutions to maintain target capital ratios without transition arrangements equal to or greater than the 2019 minimum capital ratios plus a conservation buffer (the "all-in" basis), including a minimum 7.0% Common Equity Tier 1 ratio target. The "all-in" basis includes all of the regulatory adjustments that will be required by 2019 but retains the phase-out rules for non-qualifying capital instruments.

Under OSFI's Leverage Requirements Guideline, federally regulated deposit-taking institutions are expected to maintain a Basel III leverage ratio that meets or exceeds 3% at all times. The leverage ratio is defined as the Tier 1 capital divided by unweighted on-balance sheet assets and off-balance sheet commitments, derivatives and securities financing transactions, as defined within the requirements.

The Bank has complied with regulatory capital requirements throughout the nine-month period ended July 31, 2017. Regulatory capital on an "all-in basis" is detailed below.

	AS AT JULY 31, 2017	AS AT OCTOBER 31, 2016
Common shares	**$ 715,935**	$ 696,493
Retained earnings	**1,011,629**	924,861
Accumulated other comprehensive income, excluding cash flow hedge reserve	**538**	203
Deductions from Common Equity Tier 1 capital [1]	**(222,953)**	(182,181)
Common Equity Tier 1 capital	**1,505,149**	1,439,376
Non-qualifying preferred shares [2]	**97,562**	97,562
Qualifying preferred shares	**244,038**	244,038
Additional Tier 1 capital	**341,600**	341,600
Tier 1 capital	**1,846,749**	199,824
Non-qualifying subordinated debt [2]	**199,947**	199,824
Qualifying subordinated debt	**348,895**	—
Collective allowances	**66,342**	75,380
Deductions from Tier 2 capital [1]	**(2,426)**	—
Tier 2 capital	**612,758**	275,204
Total capital	**$ 2,459,507**	$ 2,056,180

(1) Comprised of deductions for software and other intangible assets, goodwill, pension plan assets and other.
(2) There is currently no deduction related to the non-qualifying capital instruments under Basel III.

9. SHARE-BASED COMPENSATION

Performance-based share unit plan

During the first quarter of 2017, under the performance-based share unit plan, the Bank granted 172,669 performance-based share units valued at $53.91 each. The rights to these units will vest in December 2019 and upon meeting certain financial objectives. During the second quarter of 2017, the Bank granted 170 additional performance-based share units valued at $53.91 each, which will vest in December 2019 and upon meeting certain financial objectives. There were no new grants during the third quarter of 2017.

Restricted share unit plans

During the first quarter of 2017, under the restricted share unit plan, annual bonuses for certain employees amounting to $2.5 million were converted into 46,079 entirely vested restricted share units. Simultaneously, the Bank also granted 44,697 additional restricted share units valued at $53.91 each that will vest in December 2019. There were no new grants during the second and third quarters of 2017.

9. SHARE-BASED COMPENSATION (CONT'D)

During the first quarter of 2017, under the restricted share unit plan for employees of the Capital Markets sector, annual bonuses for certain employees amounting to $2.1 million were converted into 39,564 entirely vested restricted share units. This plan does not provide for any employer contribution and a third of these restricted share units are redeemed in December at each of the first three anniversary dates of the grant. There were no new grants during the second and third quarters of 2017.

Share-based compensation plans expense and related liability

The following table presents the expense related to all share-based compensation plans, net of the effect of related hedging transactions.

	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
	JULY 31 2017	APRIL 30 2017	JULY 31 2016	**JULY 31 2017**	JULY 31 2016
Expense arising from cash-settled share-based compensation transactions	**$ 1,056**	$ 816	$ (84)	**$ 11,862**	$ (26)
Effect of hedges	**808**	1,739	782	**(5,515)**	3,315
	$ 1,864	$ 2,555	$ 698	**$ 6,347**	$ 3,289

With a view to reducing volatility in the share-based compensation plans expense, the Bank enters into total return swap contracts with third parties, the value of which is linked to the Bank's share price. Changes in fair value of these derivative instruments partially offset the share-based payment expense related to the share price variations over the period in which the swaps are in effect.

The carrying amount of the liability relating to the cash-settled plans was $42.4 million as at July 31, 2017 ($39.5 million as at October 31, 2016 and $37.5 million as at July 31, 2016). The intrinsic value of the total liability related to fully vested rights and units was $22.9 million as at July 31, 2017 ($18.9 million as at October 31, 2016 and $17.9 million as at July 31, 2016).

10. POST-EMPLOYMENT BENEFITS

Expense for post-employment benefits

The total expense recognized for post-employment benefit plans was as follows:

	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
	JULY 31 2017	APRIL 30 2017	JULY 31 2016	**JULY 31 2017**	JULY 31 2016
Defined benefit pension plans	**$ 4,798**	$ 4,641	$ 3,710	**$ 14,237**	$ 11,006
Defined contribution pension plans	**1,909**	1,881	1,687	**5,663**	5,004
Other plans	**218**	211	250	**648**	744
	$ 6,925	$ 6,733	$ 5,647	**$ 20,548**	$ 16,754

11. FINANCIAL INSTRUMENTS – FAIR VALUE

Determining fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of financial instruments is best evidenced by an independent quoted market price for the same instrument in an active market when available. Otherwise, fair value is measured using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of valuation inputs (Level 1, 2 or 3). Additional information on the fair value hierarchy and the valuation methodologies used by the Bank to measure the fair value of financial instruments can be found in Note 22 of the 2016 audited annual consolidated financial statements. There were no changes in fair value measurement methods in the period.

Financial instruments recorded at fair value in the financial statements are classified in Level 2 of the fair value hierarchy, except for securities of $266.4 million which are classified in Level 1 as at July 31, 2017. Financial instruments recorded at fair value classified in Level 3 are not significant. There were no significant transfers between Level 1 and Level 2 of the hierarchy in the period.

12. CONTINGENT LIABILITIES

In the ordinary course of business, the Bank and its subsidiaries are involved in various legal and regulatory actions and claims, relating to, among other matters, class actions, loan portfolios, portfolio administration by trustee and cross-claims further to recovery actions. Management considers that adequate provisions have been set aside to cover any potential losses and any amounts that might not be recoverable from insurance companies, as the case may be, in connection with these claims.

13. RESTRUCTURING CHARGES

The following table details the restructuring charges line item.

	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
	JULY 31 2017	APRIL 30 2017	JULY 31 2016	**JULY 31 2017**	JULY 31 2016
Restructuring charges	**$ 2,163**	$ 1,704	$ —	**$ 4,812**	$ —

Restructuring charges

In September 2016, the Bank announced that it would merge a number of its branches over the following 18 months. This decision resulted from the strategic analysis initiated in 2015, as well as changes to the economic landscape. As part of the planned restructuring, provisions related to lease contracts of $11.9 million and severance charges of $4.4 million were initially recorded on the line item restructuring charges in 2016. In addition, charges of $2.2 million were recorded for the third quarter of 2017 ($4.8 million for the nine months ended July 31, 2017), including salaries, communication expenses and professional fees related to the optimization of the Bank's Retail activities and branch mergers.

The following table presents the change in the provision for restructuring charges, included in the Other liabilities line item in the Consolidated Balance Sheet.

	FOR THE NINE MONTHS ENDED JULY 31, 2017
Balance at beginning of the period	**$ 16,231**
Additional restructuring charges incurred during the period	**4,812**
Payments made during the period	**(11,103)**
Balance at end of the period	**$ 9,940**

14. BUSINESS COMBINATIONS

Acquisition of CIT Canada

On June 29, 2016, the Bank and CIT Group Inc. ("CIT"), a U.S. company, entered into a definitive agreement under which the Bank agreed to acquire the Canadian equipment financing and corporate financing activities of CIT ("CIT Canada"). The transaction closed on October 1, 2016. The final purchase price, based on the net book value of CIT Canada as at the closing date, is valued at $986.7 million. The Bank acquired CIT Canada to increase the proportion of business loans in the Bank's loan portfolio, strengthen its position in the equipment financing market and expand the pan-Canadian footprint.

The final fair values of the assets acquired and liabilities assumed on October 1, 2016 were as follows. The final fair values did not change materially from the initial valuation, therefore comparative figures have not been restated.

	CIT Canada
Assets	
Loans [1]	**$ 919,407**
Derivatives	**5,736**
Premises and equipment	**326**
Software and other intangible assets	**9,927**
Goodwill	**24,770**
Other	**56,656**
	$ 1,016,822
Liabilities	
Other	**$ 30,127**
Total net assets acquired	**$ 986,695**
Total purchase consideration paid	**$ 986,695**

(1) Gross amount of acquired loans and finance lease receivables was $904.7 million.

14. BUSINESS COMBINATIONS (CONT'D)

Goodwill recognized is attributed to the expected synergies and other benefits from combining the assets and activities of CIT Canada with those of the Bank. Goodwill associated with this transaction was allocated to the Business Services unit. None of the recognized goodwill is deductible for income tax purposes.

In the fourth quarter of 2016 and in the first nine months of 2017, the Bank incurred salaries, professional fees and other expenses for the acquisition and integration of CIT Canada operations. These costs were recognized directly in net income, under Costs related to business combinations.

Acquisition of AGF Trust Company

Gain on acquisition and amortization of net premium on purchased financial instruments
On August 1, 2012, the Bank acquired 100% of the outstanding shares of AGF Trust Company (AGF Trust). The allocation of the purchase price of AGF Trust resulted in a gain of $24.3 million arising on acquisition as the estimated fair values of the net assets acquired exceeded the purchase price. The gain mainly represented the favourable effect of the discount or premium to reflect the then current market rates on purchased financial instruments. The unamortized portion of the gain resulting from the revaluation of the purchased financial instruments amounting to $5.4 million as at July 31, 2017 is being amortized in net income over the estimated remaining term of the purchased financial instruments. The amortization expense was $0.8 million for the third quarter of 2017 ($0.9 million for the second quarter of 2017 and $1.3 million for the third quarter of 2016).

Acquisition of Northpoint Commercial Finance

On August 11, 2017, the Bank acquired Northpoint Commercial Finance, for further details refer to Note 15.

15. SUBSEQUENT EVENT

Acquisition of Northpoint Commercial Finance and Issuance of Subscription Receipts

On May 18, 2017, the Bank entered into a definitive agreement under which it agreed to acquire Northpoint Commercial Finance ("NCF"), a U.S. based non-bank inventory finance lender with a portfolio of approximately USD$810 million (CDN$1,027 million). The transaction closed on August 11, 2017. The purchase price, subject to customary post-closing purchase price adjustments, is estimated at USD$250 million (CDN$326 million) and will be based on the book value of the net assets of NCF as at the closing date, including a premium of approximately USD$100 million (CDN$136 million). As part of the transaction, the Bank has also reimbursed previous credit facilities of NCF for approximately USD$670 million (CDN$850 million). The Bank acquired NCF to further develop its equipment financing business and diversify revenue streams.

On May 26, 2017, the Bank issued 4,171,000 subscription receipts at a price of $51.70 per receipt. The proceeds of the offering were placed in escrow until the closing of the NCF acquisition. On August 11, 2017 the subscription receipts were automatically exchanged, on a one-for-one basis, for common shares of the Bank. This offering provided the Bank net proceeds of $206.3 million. The Bank had also entered into a subscription agreement with Caisse de dépôt et placement du Québec (Caisse), in which Caisse purchased 483,560 subscription receipts for net proceeds to the Bank of $23.9 million, which were also converted into common shares upon the closing of the transaction.

The preliminary estimated fair value of the assets acquired and liabilities assumed on August 11, 2017 were as follows.

		NCF
Other net assets acquired	$	190,633
Goodwill and other intangible assets		135,300
Total identifiable net assets acquired	$	325,933
Cash paid	$	325,933
Total estimated purchase consideration	$	325,933

The allocation of the purchase price for NCF is subject to refinement as the Bank completes the valuation of the assets acquired and liabilities assumed, and is subject to customary post-closing purchase price adjustments.

The Bank incurred acquisition-related professional fees and other expenses of $1.1 million in the second quarter and $1.6 million in the third quarter of 2017. These costs were recognized directly in net income, under Costs related to business combinations.

In order to reduce the potential impact on the purchase price of variations in the exchange rate between the date of the definitive agreement (May 18) and the closing date (August 11), the Bank entered into a forward sale agreement to hedge a portion of the purchase price (USD$100 million). As at July 31, 2017, the negative fair value of the derivative of $11.5 million was recorded in other comprehensive income and is shown as part of the cash flow hedge reserve in equity. On August 11, 2017, the cumulative negative fair value of the derivative on that date of $8.8 million was reversed as an adjustment to the purchase price upon the closing of the transaction.

SHAREHOLDER INFORMATION

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Transfer agent and registrar
Computershare
Investor Services Inc.
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Montréal, Québec H3A 3S8
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Change of address and inquiries
Shareholders should notify the transfer agent of any change of address. Inquiries or requests may be directed to the Corporate Secretary's Office by calling 514 284-4500 ext. 7545.

Direct deposit service
Shareholders of the Bank may, by advising the transfer agent in writing, have their dividends deposited directly into an account held at any financial institution member of the Canadian Payments Association.

Investors and analysts
Investors and analysts may contact the Investor Relations Department by calling 514 284-4500 ext. 4926.

Media
Journalists may contact the Executive Office by calling 514 284-4500 ext. 4695.

Social media

Dividend reinvestment and share purchase plan
The Bank has a dividend reinvestment and share purchase plan for Canadian holders of its common and preferred shares under which they can acquire common shares of the Bank without paying commissions or administration fees. Participants acquire shares through the reinvestment of cash dividends paid on the shares they hold or through optional cash payments of a minimum amount of $500 per payment, up to an aggregate amount of $20,000 in each 12 month period ending October 31.

For more information, shareholders may contact the Bank's transfer agent and registrar, Computershare Trust Company of Canada, at 1 800 564-6253. To participate in the plan, the Bank's non-registered common and preferred shareholders must contact their financial institution or broker.

STOCK SYMBOL AND DIVIDEND RECORD AND PAYMENT DATES

The common and preferred shares indicated below are listed on the Toronto Stock Exchange.	CUSIP CODE / STOCK SYMBOL	RECORD DATE*	DIVIDEND PAYMENT DATE*
Common shares	51925D 10 6 LB	First business day of:	
		January	February 1
		April	May 1
		July	August 1
		October	November 1
Preferred shares			
Series 11	51925D 84 1 LB.PR.F	**	March 15
Series 13	51925D 82 5 LB.PR.H	**	June 15
Series 15	51925D 79 1 LB.PR.J	**	September 15
			December 15

* Subject to the approval of the Board of Directors.
** On such day (which shall not be more than 30 days preceding the date fixed for payment of such dividend) as may be determined from time to time by the Board of Directors of the Bank.

LAURENTIAN BANK