FIRST QUARTER 2017

Report to Shareholders

For the period ended January 31, 2017

HIGHLIGHTS OF FIRST QUARTER 2017

- Adjusted return on common shareholders' equity [1] of 11.8% and 10.7% on a reported basis
- Adjusted net income [1] up 21% year-over-year, and reported net income up 14%
- Adjusted efficiency ratio of 67.4%, an improvement of 290 bps year-over-year
- Common Equity Tier 1 ratio at 8.2%
- Loans to business customers up 23% year-over-year
- Residential mortgage loans through independent brokers and advisors up 16% year-over-year
- Credit losses of $9.0 million, stable year-over-year

In millions of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2017	JANUARY 31 2016	VARIANCE
Reported basis			
Net income	$ **48.5**	$ 42.7	14 %
Diluted earnings per share	$ **1.30**	$ 1.36	(4)%
Return on common shareholders' equity	**10.7%**	11.6%	
Efficiency ratio	**69.4%**	70.3%	
Common Equity Tier I capital ratio – All-in basis	**8.2%**	7.7%	
Adjusted basis [1]			
Adjusted net income	$ **52.7**	$ 43.7	21 %
Adjusted diluted earnings per share	$ **1.43**	$ 1.39	3 %
Adjusted return on common shareholders' equity	**11.8%**	11.9%	
Adjusted efficiency ratio	**67.4%**	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.

Laurentian Bank of Canada (the "Bank") reported net income of $52.7 million on an adjusted basis or $1.43 diluted per share for the first quarter of 2017, up 21% and 3% respectively, compared with $43.7 million or $1.39 diluted per share for the same period in 2016. Adjusted return on common shareholders' equity was 11.8% for the first quarter of 2017, compared with 11.9% a year ago. On a reported basis, net income totalled $48.5 million or $1.30 diluted per share for the first quarter of 2017, compared with net income of $42.7 million or $1.36 diluted per share for the same period last year. On a reported basis, return on common shareholders' equity was 10.7% for the first quarter of 2017, compared with 11.6% for the first quarter of 2016. Reported results for the first quarter of 2017 and for the first quarter of 2016 included adjusting items, such as costs related to the integration of the Canadian equipment financing and corporate financing activities of CIT Group Inc. ("CIT Canada"), 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: "This quarter we made great progress on the effective integration of CIT Canada into LBC Capital and continued to focus on the optimization of our Retail activities. Furthermore, our efforts to improve execution and efficiency, as well as our low credit losses contributed to strengthening our financial position. We are actively working towards our 2019 financial goals and are progressing in key elements of our transformation plan."

HIGHLIGHTS

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2017	OCTOBER 31 2016	VARIANCE	JANUARY 31 2016	VARIANCE
Profitability					
Total revenue	**$ 241,633**	$ 236,369	2 %	$ 223,202	8 %
Net income	**$ 48,456**	$ 18,383	164 %	$ 42,676	14 %
Diluted earnings per share	**$ 1.30**	$ 0.45	189 %	$ 1.36	(4)%
Return on common shareholders' equity [1]	**10.7%**	3.7%		11.6%	
Net interest margin	**1.66%**	1.67%		1.78%	
Efficiency ratio	**69.4%**	85.5%		70.3%	
Operating leverage	**n. m.**	n. m.		n. m.	
Per common share					
Share price – Close	**$ 58.86**	$ 49.57	19 %	$ 47.70	23 %
Price / earnings ratio (trailing four quarters)	**13.0x**	10.9x		14.0x	
Book value	**$ 48.87**	$ 47.92	2 %	$ 46.32	6 %
Market to book value	**120%**	103%		103%	
Dividends declared	**$ 0.61**	$ 0.60	2 %	$ 0.58	5 %
Dividend yield	**4.1%**	4.8%		4.9%	
Dividend payout ratio	**46.7%**	143.5%		43.6%	
Adjusted financial measures					
Adjusted net income [1]	**$ 52,741**	$ 50,542	4 %	$ 43,708	21 %
Adjusted diluted earnings per share [1]	**$ 1.43**	$ 1.47	(3)%	$ 1.39	3 %
Adjusted return on common shareholders' equity [1]	**11.8%**	12.1%		11.9%	
Adjusted efficiency ratio [1]	**67.4%**	67.4%		70.3%	
Adjusted operating leverage [1]	**0.0%**	3.9%		0.6%	
Adjusted dividend payout ratio [1]	**42.6%**	43.8%		42.5%	
Financial position (in millions of Canadian dollars)					
Balance sheet assets	**$ 43,115**	$ 43,006	— %	$ 40,267	7 %
Loans and acceptances	**$ 33,739**	$ 33,379	1 %	$ 30,694	10 %
Deposits	**$ 26,699**	$ 27,573	(3)%	$ 26,781	— %
Average earning assets	**$ 36,769**	$ 35,473	4 %	$ 33,475	10 %
Key growth drivers (in millions of Canadian dollars)					
Loans to business customers	**$ 10,096**	$ 10,016	1 %	$ 8,178	23 %
Residential mortgage loans through independent brokers and advisors	**$ 7,305**	$ 7,046	4 %	$ 6,294	16 %
Mutual funds to retail clients	**$ 3,465**	$ 3,422	1 %	$ 3,229	7 %
Assets under management at Laurentian Bank Securities	**$ 3,722**	$ 3,458	8 %	$ 3,107	20 %
Basel III regulatory capital ratios — All-in basis					
Common Equity Tier I	**8.2%**	8.0%		7.7%	
Total	**11.6%**	11.5%		10.8%	
Leverage ratio	**4.2%**	4.1%		3.7%	
Other information					
Number of full-time equivalent employees	**3,668**	3,687		3,718	
Number of branches	**144**	145		150	
Number of automated banking machines	**395**	398		404	

(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 January 31, 2017 and how it performed during the three-month period then ended. This MD&A, dated February 28, 2017, should be read in conjunction with the condensed interim consolidated financial statements (unaudited) for the period ended January 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.

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 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

	FOR THE THREE MONTHS ENDED		
In thousands of Canadian dollars, except per share amounts (Unaudited)	**JANUARY 31 2017**	OCTOBER 31 2016	JANUARY 31 2016
Impact on net income			
Reported net income	**$ 48,456**	$ 18,383	$ 42,676
Adjusting items, net of income taxes			
Impairment and restructuring charges [1]			
Impairment of goodwill, software and intangible assets, and premises and equipment	**—**	16,178	—
Provisions related to lease contracts	**—**	8,675	—
Severance charges	**—**	3,200	—
Other restructuring charges	**692**	—	—
	692	28,053	—
Items related to business combinations			
Amortization of net premium on purchased financial instruments [2]	**758**	868	1,032
Amortization of acquisition-related intangible assets [3]	**178**	—	—
Costs related to business combinations [4]	**2,657**	3,238	—
	3,593	4,106	1,032
	4,285	32,159	1,032
Adjusted net income	**$ 52,741**	$ 50,542	$ 43,708
Impact on diluted earnings per share			
Reported diluted earnings per share	**$ 1.30**	$ 0.45	$ 1.36
Adjusting items			
Impairment and restructuring charges	**0.02**	0.89	—
Items related to business combinations	**0.11**	0.13	0.03
	0.13	1.02	0.03
Adjusted diluted earnings per share	**$ 1.43**	$ 1.47	$ 1.39

(1) Impairment and restructuring charges result from the realignment of strategic priorities of the Bank's retail activities. They are comprised of impairment of goodwill, software and intangible assets, and premises and equipment, as well as provisions related to lease contracts, severance charges and other restructuring charges. These charges 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.

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		
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**JANUARY 31 2017**	OCTOBER 31 2016	JANUARY 31 2016
Reported net income available to common shareholders	**$ 44,184**	$ 14,113	$ 40,278
Adjusting items, net of income taxes	**4,285**	32,159	1,032
Adjusted net income available to common shareholders	**$ 48,469**	$ 46,272	$ 41,310
Average common shareholders' equity	**$ 1,633,653**	$ 1,522,530	$ 1,382,977
Return on common shareholders' equity	**10.7%**	3.7%	11.6%
Adjusted return on common shareholders' equity	**11.8%**	12.1%	11.9%

OUTLOOK

ECONOMIC OUTLOOK

The global economy shows signs of improvement but continues to expand at a subdued pace. Negotiations toward a new trade deal between the U.S., Canada and Mexico are expected to start this year. Although the outcome of the negotiations is difficult to predict, the Canadian economic outlook, particularly with regards to exports, business investment and the Canadian dollar, is sensitive to a rise in U.S. trade protectionism.

The Canadian economy, especially household spending and labour market conditions, has been strengthening since late 2016 and into 2017. The outlook for Alberta and Saskatchewan has also brightened with the rise in oil prices, the recent approval of pipeline projects by the Canadian federal government and the green light given to the Keystone XL project by the new U.S. federal administration. Meanwhile, services industries located in Central Canada maintain their strong positive momentum, although non-commodity goods exports show further signs of weakness.

In 2017 and 2018, the Canadian real Gross Domestic Product (GDP) is expected to grow moderately by 1.8% and 2.0%, respectively, mainly driven by U.S. growth underpinning the recovery of Canadian exports, the 2016 federal tax relief to the middle class and the revamped infrastructure program announced during the federal budget update last fall.

Interest rates have risen in the U.S. and other countries since late 2016. This is in part due to market expectations of additional fiscal stimulus in the U.S., higher inflation expectations south of the border and a gradual removal of monetary easing by the Federal Reserve. Despite the recent improvement in Canadian economic indicators, the Bank of Canada is expected to maintain its current accommodative stance to support the recovery. The overnight rate target rate stands at 0.50% and the Canadian dollar is currently trading around US$0.76.

OPTIMIZATION OF RETAIL ACTIVITIES

As part of the announcement in September 2016 to merge 50 of its branches, going from 150 to 100 branches over the next 18 months, the Bank has launched several initiatives to advance and accelerate the transformation. One branch was merged in December 2016, while 33 branches will be merged at the end of April 2017 and another 7 branches at the end of June 2017. In addition, 23 branches will become advice-only at the end of April 2017 to further optimize Retail activities. These actions are in line with customer preferences towards online banking over branch visits. The Bank's physical branch network is evolving and will be more focused on delivering financial advice to customers seeking to improve their overall financial health.

ANALYSIS OF CONSOLIDATED RESULTS

CONDENSED CONSOLIDATED RESULTS

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2017	OCTOBER 31 2016	JANUARY 31 2016
Net interest income	$ **153,687**	$ 148,727	$ 149,498
Other income	**87,946**	87,642	73,704
Total revenue	**241,633**	236,369	223,202
Amortization of net premium on purchased financial instruments	**1,032**	1,181	1,405
Provision for credit losses	**9,000**	10,300	9,100
Non-interest expenses [1]	**167,696**	201,998	157,011
Income before income taxes	**63,905**	22,890	55,686
Income taxes	**15,449**	4,507	13,010
Net income	$ **48,456**	$ 18,383	$ 42,676
Preferred share dividends, including applicable taxes	**4,272**	4,270	2,398
Net income available to common shareholders	$ **44,184**	$ 14,113	$ 40,278
Diluted earnings per share	$ **1.30**	$ 0.45	$ 1.36
Adjusted net income [2]	$ **52,741**	$ 50,542	$ 43,708
Adjusted diluted earnings per share [2]	$ **1.43**	$ 1.47	$ 1.39

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

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

Net income was $48.5 million or $1.30 diluted per share for the first quarter of 2017, compared with $42.7 million or $1.36 diluted per share for the first quarter of 2016. Adjusted net income was $52.7 million for the first quarter of 2017, up 21% from $43.7 million for the first quarter of 2016, while adjusted diluted earnings per share were $1.43, up 3% compared with $1.39 in the first quarter of 2016. Growth in adjusted diluted earnings per share compared with the first quarter of 2016 was impacted by the common share issuance at the end of fiscal 2016, as well as by higher dividends on the new series of preferred shares issued in March 2016.

Total revenue

Total revenue increased by $18.4 million or 8% to $241.6 million for the first quarter of 2017 from $223.2 million for the first quarter of 2016, mainly driven by growth in other income, as detailed below.

Net interest income increased by $4.2 million or 3% to $153.7 million for the first quarter of 2017, from $149.5 million for the first quarter of 2016. The increase was mainly due to strong volume growth in the 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 1.66% for the first quarter of 2017, a decrease of 12 basis points compared with the first quarter of 2016, due to the persistent pressure on lending rates and the higher proportion of lower-yielding residential mortgage loans, partly offset by strong organic growth in loans to business customers and by the newly acquired commercial loan and equipment financing portfolios.

Other income increased by $14.2 million amounting to $87.9 million for the first quarter of 2017, compared with $73.7 million for the first quarter of 2016. Income from brokerage operations increased by $6.6 million, reflecting growth in underwriting activities and improved market conditions compared with the first quarter of 2016. Income from treasury and financial markets operations increased by $3.4 million from $1.7 million in the first quarter of 2016, 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 $1.7 million, mainly driven by higher lending fees due to increased activity in the commercial portfolios compared with the first quarter of 2016. Other income in the first quarter of 2017 also included a $2.9 million contribution stemming from the newly acquired CIT Canada operations.

Amortization of net premium on purchased financial instruments

For the first quarter of 2017, the amortization of net premium on purchased financial instruments amounted to $1.0 million, compared with $1.4 million for the first quarter of 2016. Refer to Note 13 in the condensed interim consolidated financial statements (unaudited) for additional information.

Provision for credit losses

The provision for credit losses remained relatively stable at $9.0 million compared with $9.1 million for the first quarter of 2016. This low level of credit losses continues to reflect the overall underlying good credit quality of the loan portfolios. Refer to the Risk Management section below for additional information.

Non-interest expenses

Non-interest expenses amounted to $167.7 million for the first quarter of 2017, an increase of $10.7 million compared with the first quarter of 2016. Adjusted non-interest expenses increased by $5.9 million or 4% to $162.9 million for the first quarter of 2017, compared with $157.0 million for the first quarter of 2016, mainly as a result of the acquisition of CIT Canada.

Salaries and employee benefits increased by $4.8 million or 6% to $89.6 million for the first quarter of 2017, compared with the first quarter of 2016, due to regular annual salary increases, higher performance-based compensation, higher pension costs and the addition of employees from CIT Canada.

Premises and technology costs increased by $1.0 million to $46.3 million compared with the first quarter of 2016. The increase mostly stems from an increase in technology and rental costs from the CIT Canada acquisition, partly offset by the lower amortization expense resulting from impairment charges on assets recorded in the fourth quarter of 2016.

Other non-interest expenses slightly increased by $0.4 million to $27.2 million compared with the first quarter of 2016, as a result of continued focus on cost control.

Impairment and restructuring charges amounted to $0.9 million for the first quarter of 2017 and included salaries, communication expenses and professional fees related to the optimization of the Bank's Retail activities and planned branch mergers, as previously announced.

Costs related to business combinations amounted to $3.6 million for the first quarter of 2017 and included severance charges, technology costs and professional fees for the integration of CIT Canada operations.

The adjusted efficiency ratio was 67.4% for the first quarter of 2017, compared with 70.3% for the first quarter of 2016. The adjusted operating leverage was positive year-over-year, driven by both revenue growth and expense control.

Income taxes

For the quarter ended January 31, 2017, the income tax expense was $15.4 million and the effective tax rate was 24.2%. 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 January 31, 2016, the income tax expense was $13.0 million and the effective tax rate was 23.4%. Year-over-year, the higher effective tax rate for the quarter ended January 31, 2017 resulted from the higher level of domestic taxable income.

THREE MONTHS ENDED JANUARY 31, 2017 COMPARED WITH THREE MONTHS ENDED OCTOBER 31, 2016

Net income was $48.5 million or $1.30 diluted per share for the first quarter of 2017 compared with $18.4 million or $0.45 diluted per share for the fourth quarter of 2016. Results for the fourth quarter of 2016 were adversely impacted by impairment and restructuring charges of $38.3 million ($28.1 million after income taxes) or $0.89 diluted per share. Adjusted net income was $52.7 million or $1.43 diluted per share for the first quarter of 2017, compared with $50.5 million or $1.47 diluted per share for the fourth quarter of 2016. Adjusted diluted earnings per share for the first quarter of 2017 reflected the full dilution impact of the share issuance to support the acquisition of CIT Canada on October 1, 2016 whereas the full benefits from the acquisition will only gradually flow to the Bank over the next quarters as a result of synergies and future growth.

Total revenue increased by $5.3 million to $241.6 million for the first quarter of 2017, compared with $236.4 million for the previous quarter, driven by growth in net interest income. Net interest income increased by $5.0 million sequentially to $153.7 million, mainly due to the full quarter contribution of the newly acquired commercial loan and equipment financing portfolios, partly offset by compressed margins. Net interest margin remained relatively stable at 1.66% for the first quarter of 2017, compared with 1.67% for the fourth quarter of 2016, as the higher proportion of lower-yielding residential mortgage loans was partly offset by volume growth from the newly acquired portfolios.

Other income slightly increased by $0.3 million sequentially to $87.9 million for the first quarter of 2017. Income from CIT Canada's activities increased by $1.5 million due to a full quarter contribution and income from brokerage operations increased by $1.2 million resulting from good market conditions. This was offset by lower income from investment accounts, as the fourth quarter of 2016 included one-time net revenues of $3.1 million related to the termination of an agreement for the administration of investment accounts, and due to lower fees following this termination.

The line-item "Amortization of net premium on purchased financial instruments" amounted to $1.0 million for the first quarter of 2017, down from $1.2 million in the fourth quarter of 2016. Refer to Note 13 in the condensed interim consolidated financial statements (unaudited) for additional information.

Provision for credit losses totalled $9.0 million for the first quarter of 2017, a $1.3 million decrease compared with $10.3 million for the fourth quarter of 2016. As further detailed in the Risk Management section below, this low level of credit losses reflects the overall underlying good credit quality of the loan portfolios.

Non-interest expenses decreased to $167.7 million for the first quarter of 2017 from $202.0 million in the fourth quarter of 2016, mainly due to the $38.3 million impairment and restructuring charges recorded in the fourth quarter of 2016. Adjusted non-interest expenses amounted to $162.9 million and increased by 2% compared with the fourth quarter of 2016, as higher salaries from regular increases, the full quarter impact of CIT Canada, as well as higher employee benefits were partly offset by lower other expenses.

FINANCIAL CONDITION

CONDENSED BALANCE SHEET

In thousands of Canadian dollars (Unaudited)		**AS AT JANUARY 31 2017**		AS AT OCTOBER 31 2016		AS AT JANUARY 31 2016
ASSETS						
Cash and deposits with other banks	**$**	**256,036**	$	187,099	$	232,420
Securities		**5,565,456**		5,660,432		4,702,548
Securities purchased under reverse repurchase agreements		**2,846,065**		2,879,986		3,877,454
Loans and acceptances, net		**33,632,416**		33,273,714		30,584,273
Other assets		**814,983**		1,005,109		870,481
	$	**43,114,956**	$	43,006,340	$	40,267,176
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits	**$**	**26,698,845**	$	27,573,345	$	26,780,682
Other liabilities		**6,929,739**		6,013,890		5,706,302
Debt related to securitization activities		**7,278,714**		7,244,454		5,922,744
Subordinated debt		**199,864**		199,824		199,689
Shareholders' equity		**2,007,794**		1,974,827		1,657,759
	$	**43,114,956**	$	43,006,340	$	40,267,176

As at January 31, 2017, the Bank's total assets amounted to $43.1 billion, an increase of $0.1 billion compared with $43.0 billion as at October 31, 2016. The increase mainly reflects loan growth of $0.4 billion, partly offset by a decrease in other assets of $0.2 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 January 31, 2017, these assets totalled $8.7 billion, essentially unchanged compared with October 31, 2016.

Overall, the Bank continues to prudently manage the level of liquid assets and to hold sufficient cash resources from various 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 $33.6 billion as at January 31, 2017, up $0.4 billion or 1% from October 31, 2016.

Personal loans amounted to $6.4 billion and decreased by $0.2 billion since October 31, 2016, mainly due to net repayments in the investment loan portfolio, reflecting expected attrition.

Residential mortgage loans stood at $17.2 billion as at January 31, 2017, an increase of $0.4 billion or 3% since October 31, 2016. This reflected 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 $49.8 million or 1% since October 31, 2016, mainly due to increased volumes from syndication activities. Commercial mortgage loans increased by $30.1 million or 1% over the same period. When combined, these loans to business customers amounted to $10.1 billion as at January 31, 2017, up 23% year-over-year as a result of strong organic growth and due to the acquisition of CIT Canada's $0.9 billion net commercial loan portfolios in the fourth quarter of 2016.

OTHER ASSETS

Other assets decreased by $0.2 billion as at January 31, 2017, compared with October 31, 2016, primarily reflecting a decrease in cheques and other items in transit and lower derivatives.

LIABILITIES

Deposits decreased by $0.9 billion or 3.2% to $26.7 billion as at January 31, 2017, compared with October 31, 2016. During the quarter, the Bank actively worked to gradually reduce its excess liquidity levels and to optimize its funding mix. Personal deposits stood at $20.5 billion as at January 31, 2017, down $0.5 billion compared with October 31, 2016, mainly driven by lower term deposits sourced through independent brokers and advisors. Business and other deposits decreased by $0.4 billion to $6.2 billion over the same period. Personal deposits represented 77% of total deposits as at January 31, 2017, compared with 76% as at October 31, 2016, and contributed to the Bank's good liquidity position.

Debt related to securitization activities was essentially unchanged compared with October 31, 2016 and stood at $7.3 billion as at January 31, 2017. During the quarter, the Bank continued to optimize this preferred source of term funding for residential mortgages.

Subordinated debt stood at $199.9 million as at January 31, 2017, compared with $199.8 million as at October 31, 2016. The subordinated debt is an integral part of the Bank's regulatory capital and affords its depositors additional protection.

SHAREHOLDERS' EQUITY

Shareholders' equity stood at $2,007.8 million as at January 31, 2017, compared with $1,974.8 million as at October 31, 2016. This $33.0 million increase is mainly explained by the net income contribution for the three-month period, net of declared dividends.

The Bank's book value per common share appreciated to $48.87 as at January 31, 2017 from $47.92 as at October 31, 2016. There were 33,941,531 common shares outstanding as at February 22, 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, Tier 1 and Total capital ratios stood at 8.2%, 10.1% and 11.6%, respectively, as at January 31, 2017. These ratios exceeded all current requirements.

REGULATORY CAPITAL [1]

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT JANUARY 31 2017**	AS AT OCTOBER 31 2016	AS AT JANUARY 31 2016
Regulatory capital			
Common Equity Tier 1 capital	**$ 1,473,844**	$ 1,439,376	$ 1,247,468
Tier 1 capital	**$ 1,815,444**	$ 1,780,976	$ 1,467,101
Total capital	**$ 2,087,615**	$ 2,056,180	$ 1,741,236
Total risk-weighted assets [2]	**$ 17,936,838**	$ 17,922,653	$ 16,140,839
Regulatory capital ratios			
Common Equity Tier 1 capital ratio	**8.2%**	8.0%	7.7%
Tier 1 capital ratio	**10.1%**	9.9%	9.1%
Total capital ratio	**11.6%**	11.5%	10.8%

(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 Common Equity Tier 1 capital ratio stood at 8.2% as at January 31, 2017, compared with 8.0% as at October 31, 2016 and 7.7% as at January 31, 2016. The increase compared with October 31, 2016 was mainly driven by internal capital generation, lower growth in risk-weighted exposures, as well as by actuarial gains on pension plans.

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 its industry peers, as larger Canadian financial institutions 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.

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 4.2% as at January 31, 2017 and exceeded current requirements.

BASEL III LEVERAGE RATIO

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT JANUARY 31 2017**	AS AT OCTOBER 31 2016	AS AT JANUARY 31 2016
Tier 1 capital	**$ 1,815,444**	$ 1,780,976	$ 1,467,101
Total exposures	**$ 42,829,962**	$ 43,094,642	$ 39,828,584
Basel III leverage ratio	**4.2%**	4.1%	3.7%

DIVIDENDS

On February 21, 2017, the Board of Directors declared the regular dividend on the various series of preferred shares to shareholders of record on March 7, 2017.

On February 28, 2017, the Board of Directors declared a quarterly dividend of $0.61 per common share, payable on May 1, 2017, to shareholders of record on April 3, 2017. This quarterly dividend is up 5% 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

	FOR THE THREE MONTHS ENDED			FOR THE YEARS ENDED		
In Canadian dollars, except payout ratios (Unaudited)	**JANUARY 31 2017**	OCTOBER 31 2016	JANUARY 31 2016	OCTOBER 31 2016	OCTOBER 31 2015	OCTOBER 31 2014
Dividends declared per common share	**$ 0.61**	$ 0.60	$ 0.58	$ 2.36	$ 2.20	$ 2.06
Dividend payout ratio	**46.7%**	143.5%	43.6%	53.1%	68.6%	45.7%
Adjusted dividend payout ratio [(1)]	**42.6%**	43.8%	42.5%	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

	FOR THE THREE MONTHS ENDED		
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**JANUARY 31 2017**	OCTOBER 31 2016	JANUARY 31 2016
Personal	**$ 8,574**	$ 5,093	$ 9,077
Residential mortgage	**906**	631	2,152
Commercial mortgage	**(3,051)**	521	(3,186)
Commercial and other [1]	**2,571**	4,055	1,057
	$ 9,000	$ 10,300	$ 9,100
As a % of average loans and acceptances	**0.11%**	0.13%	0.12%

(1) Including customers' liabilities under acceptances.

The provision for credit losses amounted to $9.0 million in the first quarter of 2017, decreasing by $0.1 million when compared with the same quarter a year ago and $1.3 million sequentially. 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 $0.5 million compared with the first quarter of 2016 and stood at $8.6 million in the first quarter of 2017. On a sequential basis, credit losses on personal loans increased by $3.5 million, but remain nonetheless within the expected range.

Residential mortgage loans

Credit losses on residential mortgage loans amounted to $0.9 million for the first quarter of 2017, down $1.2 million compared with the first quarter of 2016 and up $0.3 million sequentially. 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 $3.1 million in the first quarter of 2017, essentially unchanged compared with the same quarter last year and mainly as a result of further improvements on certain exposures in light of the continued favourable credit conditions.

Commercial loans

Credit losses on commercial loans remained low at $2.6 million in the first quarter of 2017, compared to $1.1 million in the first quarter of 2016. The increase of $1.5 million compared with the first quarter of 2016 was mainly due to higher losses on a single commercial loan exposure. On a sequential basis, credit losses in this portfolio decreased by $1.5 million. Credit losses on these portfolios tend to fluctuate more as they can relate, in part, to isolated larger exposures.

IMPAIRED LOANS

In thousands of Canadian dollars, except percentage amounts (Unaudited)	AS AT JANUARY 31 2017	AS AT OCTOBER 31 2016	AS AT JANUARY 31 2016
Gross impaired loans			
Personal	**$ 19,430**	$ 18,018	$ 17,234
Residential mortgages	**29,948**	31,549	33,476
Commercial mortgages	**16,991**	18,584	27,896
Commercial and other [1]	**67,014**	64,104	28,136
	133,383	132,255	106,742
Allowances for loan losses against impaired loans			
Individual allowances	**(20,938)**	(19,208)	(19,484)
Collective allowances	**(17,229)**	(15,977)	(21,528)
	(38,167)	(35,185)	(41,012)
Net impaired loans	**$ 95,216**	$ 97,070	$ 65,730
Impaired loans as a % of loans and acceptances			
Gross	**0.40%**	0.40%	0.35%
Net	**0.28%**	0.29%	0.21%

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

Gross impaired loans amounted to $133.4 million as at January 31, 2017, up $1.1 million or 1% compared with October 31, 2016. Impaired loans in the personal loan and residential mortgage loan portfolios were relatively unchanged and remained at a historically low level, as borrowers continue to benefit from the favourable low interest rate environment. Impaired commercial mortgages and commercial loans increased by a combined $1.3 million and remained relatively low.

Since the beginning of the year, individual allowances increased by $1.7 million to $20.9 million, in line with the increase in impaired commercial loans mentioned above. Collective allowances against impaired loans increased by $1.3 million over the same period, mainly for impaired investment loans. At 0.40% of loans and acceptances as at January 31, 2017, 0.40% as at October 31, 2016 and 0.35% a year ago, gross impaired loans continue to compare favourably to the Canadian banking industry.

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 three months ended January 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 2018. 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 January 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 JANUARY 31 2017**	AS AT OCTOBER 31 2016
Effect of a 1% increase in interest rates		
Increase (decrease) in net interest income before taxes over the next 12 months	**$ 23,885**	$ 13,040
Increase (decrease) in the economic value of common shareholders' equity (net of income taxes)	**$ (46,524)**	$ (51,837)

As shown above, the Bank's net interest income sensitivity to sudden changes in interest rates has increased and the corresponding negative impact on the economic value of common shareholders' equity has decreased as at January 31, 2017 compared with October 31, 2016. This reflects the Bank's effort 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)	**JANUARY 31 2017**	OCTOBER 31 2016	JULY 31 2016	APRIL 30 2016	JANUARY 31 2016	OCTOBER 31 2015	JULY 31 2015	APRIL 30 2015
Net interest income	**$ 153,687**	$ 148,727	$ 147,991	$ 143,428	$ 149,498	$ 150,667	$ 147,229	$ 137,691
Other income	**87,946**	87,642	81,086	83,375	73,704	80,982	79,409	82,988
Total revenue	**241,633**	236,369	229,077	226,803	223,202	231,649	226,638	220,679
Amortization of net premium on purchased financial instruments	**1,032**	1,181	1,267	1,337	1,405	1,465	1,531	1,531
Provision for credit losses	**9,000**	10,300	8,200	5,750	9,100	9,400	7,000	8,000
Non-interest expenses	**167,696**	201,998	160,474	160,066	157,011	242,340	161,037	158,750
Income (loss) before income taxes	**63,905**	22,890	59,136	59,650	55,686	(21,556)	57,070	52,398
Income taxes (recovery)	**15,449**	4,507	13,999	13,936	13,010	(2,837)	12,904	11,210
Net income (loss)	**$ 48,456**	$ 18,383	$ 45,137	$ 45,714	$ 42,676	$ (18,719)	$ 44,166	$ 41,188
Earnings (loss) per share								
Basic	**$ 1.30**	$ 0.45	$ 1.34	$ 1.43	$ 1.36	$ (0.73)	$ 1.44	$ 1.34
Diluted	**$ 1.30**	$ 0.45	$ 1.34	$ 1.43	$ 1.36	$ (0.73)	$ 1.44	$ 1.34

CORPORATE GOVERNANCE AND CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the first quarter ended January 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.

In accordance with Multilateral Instrument 52-109, which allows an issuer the exclusion of Internal Control over Financial Reporting (ICFR) and disclosure controls and procedures (DC&P) evaluation of businesses acquired not more than 365 days before its fiscal year-end, management has excluded the controls, policies and procedures of CIT Canada. CIT Canada was acquired on October 1, 2016 and accounts for approximately 3% of total assets, less than 1% of total liabilities and 4% of total revenue as at and for the quarter ended January 31, 2017.

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 first 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, and leases. 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).

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

As at and for the period ended January 31, 2017

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CONSOLIDATED BALANCE SHEET

In thousands of Canadian dollars (Unaudited)	NOTES	AS AT JANUARY 31 2017	AS AT OCTOBER 31 2016	AS AT JANUARY 31 2016
ASSETS				
Cash and non-interest-bearing deposits with other banks		$ 126,559	$ 123,716	$ 109,930
Interest-bearing deposits with other banks		129,477	63,383	122,490
Securities	4			
Available-for-sale		2,628,315	2,723,693	2,223,161
Held-to-maturity		330,176	502,232	331,074
Held-for-trading		2,606,965	2,434,507	2,148,313
		5,565,456	5,660,432	4,702,548
Securities purchased under reverse repurchase agreements		2,846,065	2,879,986	3,877,454
Loans	5 and 6			
Personal		6,449,831	6,613,392	6,968,211
Residential mortgage		17,192,986	16,749,387	15,548,403
Commercial mortgage		4,688,838	4,658,734	4,249,066
Commercial and other		4,869,975	4,727,385	3,536,587
Customers' liabilities under acceptances		537,033	629,825	392,171
		33,738,663	33,378,723	30,694,438
Allowances for loan losses		(106,247)	(105,009)	(110,165)
		33,632,416	33,273,714	30,584,273
Other				
Derivatives		167,481	232,791	348,805
Premises and equipment		31,304	32,989	43,530
Software and other intangible assets		154,828	150,490	142,737
Goodwill		55,812	55,812	34,853
Deferred tax assets		32,485	36,495	26,494
Other assets		373,073	496,532	274,062
		814,983	1,005,109	870,481
		$ 43,114,956	$ 43,006,340	$ 40,267,176
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		$ 20,523,425	$ 21,001,578	$ 20,087,751
Business, banks and other		6,175,420	6,571,767	6,692,931
		26,698,845	27,573,345	26,780,682
Other				
Obligations related to securities sold short		1,697,772	1,707,293	1,744,744
Obligations related to securities sold under repurchase agreements		3,696,779	2,525,441	2,613,472
Acceptances		537,033	629,825	392,171
Derivatives		133,997	150,499	177,958
Deferred tax liabilities		32,315	32,755	11,779
Other liabilities		831,843	968,077	766,178
		6,929,739	6,013,890	5,706,302
Debt related to securitization activities	6	7,278,714	7,244,454	5,922,744
Subordinated debt		199,864	199,824	199,689
Shareholders' equity				
Preferred shares	7	341,600	341,600	219,633
Common shares	7	702,262	696,493	532,243
Retained earnings		956,974	924,861	890,911
Accumulated other comprehensive income		6,958	11,873	14,972
		2,007,794	1,974,827	1,657,759
		$ 43,114,956	$ 43,006,340	$ 40,267,176

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

CONSOLIDATED STATEMENT OF INCOME

In thousands of Canadian dollars, except per share amounts (Unaudited)	NOTES	FOR THE THREE MONTHS ENDED JANUARY 31 2017	OCTOBER 31 2016	JANUARY 31 2016
Interest income				
Loans		$ **280,674**	$ 270,757	$ 264,781
Securities		**10,215**	8,624	8,804
Deposits with other banks		**126**	356	434
Other, including derivatives		**12,393**	16,592	17,399
		303,408	296,329	291,418
Interest expense				
Deposits		**114,823**	116,452	111,568
Debt related to securitization activities		**32,457**	29,164	28,296
Subordinated debt		**1,619**	1,623	1,640
Other		**822**	363	416
		149,721	147,602	141,920
Net interest income		**153,687**	148,727	149,498
Other income				
Fees and commissions on loans and deposits		**37,370**	37,467	35,672
Income from brokerage operations		**19,685**	18,518	13,061
Income from sales of mutual funds		**10,904**	10,646	9,948
Income from investment accounts		**5,669**	9,478	7,035
Insurance income, net		**4,580**	4,809	4,441
Income from treasury and financial market operations		**5,127**	4,237	1,695
Other		**4,611**	2,487	1,852
		87,946	87,642	73,704
Total revenue		**241,633**	236,369	223,202
Amortization of net premium on purchased financial instruments	13	**1,032**	1,181	1,405
Provision for credit losses	5	**9,000**	10,300	9,100
Non-interest expenses				
Salaries and employee benefits		**89,586**	82,356	84,809
Premises and technology		**46,306**	46,229	45,337
Other		**27,223**	30,660	26,865
Impairment and restructuring charges	12	**945**	38,344	—
Costs related to business combinations	13	**3,636**	4,409	—
		167,696	201,998	157,011
Income before income taxes		**63,905**	22,890	55,686
Income taxes		**15,449**	4,507	13,010
Net income		$ **48,456**	$ 18,383	$ 42,676
Preferred share dividends, including applicable taxes		**4,272**	4,270	2,398
Net income available to common shareholders		$ **44,184**	$ 14,113	$ 40,278
Average number of common shares outstanding (in thousands)				
Basic		**33,876**	31,553	29,623
Diluted		**33,876**	31,553	29,624
Earnings per share				
Basic		$ **1.30**	$ 0.45	$ 1.36
Diluted		$ **1.30**	$ 0.45	$ 1.36
Dividends declared per share				
Common share		$ **0.61**	$ 0.60	$ 0.58
Preferred share - Series 11		$ **0.25**	$ 0.25	$ 0.25
Preferred share - Series 13		$ **0.27**	$ 0.27	$ 0.27
Preferred share - Series 15		$ **0.37**	$ 0.37	n.a.

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 JANUARY 31 2017	OCTOBER 31 2016	JANUARY 31 2016
Net income	**$ 48,456**	$ 18,383	$ 42,676
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	**2,333**	4,113	(9,527)
Reclassification of net (gains) losses on available-for-sale securities to net income	**(3,152)**	(996)	2,246
Net change in value of derivatives designated as cash flow hedges	**(4,096)**	(317)	7,887
	(4,915)	2,800	606
Items that may not subsequently be reclassified to the statement of income			
Remeasurement of gains (losses) on employee benefit plans	**8,575**	(2,161)	(18,471)
Comprehensive income	**$ 52,116**	$ 19,022	$ 24,811

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 JANUARY 31 2017	OCTOBER 31 2016	JANUARY 31 2016
Income tax expense (recovery) on:			
Unrealized net gains (losses) on available-for-sale securities	**$ 984**	$ 1,412	$ (3,398)
Reclassification of net (gains) losses on available-for-sale securities to net income	**(1,155)**	(167)	837
Net change in value of derivatives designated as cash flow hedges	**(1,477)**	(115)	2,870
Remeasurement of gains (losses) on employee benefit plans	**3,133**	(707)	(6,775)
	$ 1,485	$ 423	$ (6,466)

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED JANUARY 31, 2017

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES (Note 7)	COMMON SHARES (Note 7)	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME: 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			48,456					48,456
Other comprehensive income (net of income taxes)								
Unrealized net gains on available-for-sale securities				2,333		2,333		2,333
Reclassification of net losses on available-for-sale securities to net income				(3,152)		(3,152)		(3,152)
Net change in value of derivatives designated as cash flow hedges					(4,096)	(4,096)		(4,096)
Remeasurement of gains (losses) on employee benefit plans			8,575					8,575
Comprehensive income			57,031	(819)	(4,096)	(4,915)		52,116
Issuance of share capital		5,769						5,769
Dividends								
Preferred shares, including applicable taxes			(4,272)					(4,272)
Common shares			(20,646)					(20,646)
Balance as at January 31, 2017	$ 341,600	$ 702,262	$ 956,974	$ (616)	$ 7,574	$ 6,958	$ —	$ 2,007,794

FOR THE THREE MONTHS ENDED JANUARY 31, 2016

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES (Note 7)	COMMON SHARES (Note 7)	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME: 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			42,676					42,676
Other comprehensive income (net of income taxes)								
Unrealized net losses on available-for-sale securities				(9,527)		(9,527)		(9,527)
Reclassification of net gains on available-for-sale securities to net income				2,246		2,246		2,246
Net change in value of derivatives designated as cash flow hedges					7,887	7,887		7,887
Remeasurement of gains (losses) on employee benefit plans			(18,471)					(18,471)
Comprehensive income			24,205	(7,281)	7,887	606		24,811
Issuance of share capital		65,907					(36)	65,871
Dividends								
Preferred shares, including applicable taxes			(2,398)					(2,398)
Common shares			(17,552)					(17,552)
Balance as at January 31, 2016	$ 219,633	$ 532,243	$ 890,911	$ (18,672)	$ 33,644	$ 14,972	$ —	$ 1,657,759

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 JANUARY 31 2017	OCTOBER 31 2016	JANUARY 31 2016
Cash flows relating to operating activities			
Net income	**$ 48,456**	$ 18,383	$ 42,676
Adjustments to determine net cash flows relating to operating activities:			
Provision for credit losses	**9,000**	10,300	9,100
Net (gains) losses on disposal of available-for-sale securities	**(4,306)**	(1,192)	2,490
Deferred income taxes	**1,939**	(6,073)	499
Impairment of goodwill, software and intangible assets, and premises and equipment	**—**	22,113	—
Depreciation of premises and equipment	**2,090**	2,316	2,572
Amortization of software and other intangible assets	**6,257**	7,736	7,069
Change in operating assets and liabilities:			
Loans	**(366,909)**	(422,795)	(610,961)
Change in acceptances	**(92,792)**	156,168	(81,373)
Securities at fair value through profit and loss	**(172,458)**	98,623	(422,935)
Securities purchased under reverse repurchase agreements	**33,921**	(591,860)	33,985
Accrued interest receivable	**197**	(7,452)	878
Derivative assets	**65,310**	14,192	(72,204)
Deposits	**(874,500)**	669,906	176,378
Obligations related to securities sold short	**(9,521)**	444,783	(95,093)
Obligations related to securities sold under repurchase agreements	**1,171,338**	(123,457)	316,582
Accrued interest payable	**(18,228)**	40,933	(19,158)
Derivative liabilities	**(16,502)**	20,627	52,275
Change in debt related to securitization activities	**34,260**	1,195,079	429,142
Other, net	**13,482**	(8,713)	270,083
	(168,966)	1,539,617	42,005
Cash flows relating to financing activities			
Repurchase of subordinated debt	**—**	—	(250,000)
Net proceeds from issuance of preferred shares	**—**	1,106	—
Net proceeds from issuance of common shares	**2**	151,061	64,645
Dividends	**(19,648)**	(4,097)	(17,299)
	(19,646)	148,070	(202,654)
Cash flows relating to investing activities			
Change in available-for-sale securities			
Acquisitions	**(708,147)**	(945,457)	(350,018)
Proceeds on sale and at maturity	**804,437**	515,288	483,286
Change in held-to-maturity securities			
Acquisitions	**(207,634)**	(227,023)	(235)
Proceeds at maturity	**379,893**	1,620	62,383
Additions to premises and equipment and intangible assets	**(11,000)**	(19,341)	(3,211)
Cash paid for business combinations	**—**	(996,500)	—
Change in interest-bearing deposits with other banks	**(66,094)**	(10,691)	(30,681)
	191,455	(1,682,104)	161,524
Net change in cash and non-interest-bearing deposits with other banks	**2,843**	5,583	875
Cash and non-interest-bearing deposits with other banks at beginning of period	**123,716**	118,133	109,055
Cash and non-interest-bearing deposits with other banks at end of period	**$ 126,559**	$ 123,716	$ 109,930
Supplemental disclosure about cash flows relating to operating activities:			
Interest paid during the period	**$ 172,177**	$ 104,909	$ 162,460
Interest received during the period	**$ 304,724**	$ 285,355	$ 296,024
Dividends received during the period	**$ 2,050**	$ 2,576	$ 3,206
Income taxes paid during the period	**$ 28,891**	$ 8,758	$ 11,163

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 January 31, 2017 were approved for issuance by the Board of Directors on February 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, the 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.

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.

3. FUTURE ACCOUNTING CHANGES (CONT'D)

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, amongst 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.

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		
	JANUARY 31 2017	OCTOBER 31 2016	JANUARY 31 2016
Realized net gains (losses)	**$ 4,306**	$ 1,192	$ (2,490)
Write-downs for impairment	**—**	(29)	(593)
	$ 4,306	$ 1,163	$ (3,083)

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, and monitors these investments and market conditions on an ongoing basis.

				AS AT JANUARY 31, 2017
	AMORTIZED COST	**UNREALIZED GAINS**	**UNREALIZED LOSSES**	**FAIR VALUE**
Securities issued or guaranteed				
by Canada [1]	**$ 1,197,577**	**$ 428**	**$ 542**	**$ 1,197,463**
by provinces	**1,030,838**	**1,720**	**637**	**1,031,921**
by municipalities	**152,261**	**66**	**839**	**151,488**
Other debt securities	**112,589**	**2,317**	**444**	**114,462**
Asset-backed securities	**7,168**	**64**	**—**	**7,232**
Preferred shares	**110,755**	**2,668**	**4,163**	**109,260**
Common shares and other securities	**16,359**	**302**	**172**	**16,489**
	$ 2,627,547	**$ 7,565**	**$ 6,797**	**$ 2,628,315**

				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

				AS AT JANUARY 31, 2016
	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Securities issued or guaranteed				
by Canada [1]	$ 759,848	$ 380	$ 40	$ 760,188
by provinces	1,069,974	2,421	1,072	1,071,323
Other debt securities	147,673	3,847	214	151,306
Asset-backed securities	32,503	596	—	33,099
Preferred shares	115,593	30	23,237	92,386
Common shares and other securities	117,282	1,065	3,488	114,859
	$ 2,242,873	$ 8,339	$ 28,051	$ 2,223,161

(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 THREE MONTHS ENDED JANUARY 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	$ 8,574	$ (8,366)	$ 1,623	$ (169)	$ 38,114
Residential mortgage	11,018	906	(413)	(38)	(329)	11,144
Commercial mortgage	23,031	(3,051)	(102)	(7)	(128)	19,743
Commercial and other [1]	40,063	2,571	(916)	—	(166)	41,552
Total allowances for credit losses	$ 110,564	$ 9,000	$ (9,797)	$ 1,578	$ (792)	$ 110,553
Individual allowances	$ 19,208	$ 2,767	$ (938)	$ (7)	$ (92)	$ 20,938
Collective allowances against impaired loans	15,977	9,226	(8,859)	1,585	(700)	17,229
Collective allowances against other loans	69,824	(1,744)	—	—	—	68,080
Total allowances for loan losses	105,009	10,249	(9,797)	1,578	(792)	106,247
Allowances for off-balance sheet exposures [2]	5,555	(1,249)	—	—	—	4,306
Total allowances for credit losses	$ 110,564	$ 9,000	$ (9,797)	$ 1,578	$ (792)	$ 110,553

	FOR THE THREE MONTHS ENDED JANUARY 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	$ 9,077	$ (9,481)	$ 1,878	$ (170)	$ 42,770
Residential mortgage	11,995	2,152	(516)	(87)	(373)	13,171
Commercial mortgage	25,077	(3,186)	(11)	21	(323)	21,578
Commercial and other [1]	37,732	1,057	(347)	8	(154)	38,296
Total allowances for loan losses	$ 116,270	$ 9,100	$ (10,355)	$ 1,820	$ (1,020)	$ 115,815
Individual allowances	$ 23,690	$ (3,475)	$ (358)	$ 29	$ (402)	$ 19,484
Collective allowances against impaired loans	18,676	11,676	(9,997)	1,791	(618)	21,528
Collective allowances against other loans	68,787	366	—	—	—	69,153
Total allowances for loan losses	$ 111,153	$ 8,567	$ (10,355)	$ 1,820	$ (1,020)	$ 110,165
Allowances for off-balance sheet exposures [2]	5,117	533	—	—	—	5,650
Total allowances for credit losses	$ 116,270	$ 9,100	$ (10,355)	$ 1,820	$ (1,020)	$ 115,815

(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.

Impaired loans

	AS AT JANUARY 31, 2017			
	GROSS AMOUNT	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES AGAINST IMPAIRED LOANS	NET AMOUNT
Personal	$ 19,430	$ —	$ 11,834	$ 7,596
Residential mortgage	29,948	—	3,396	26,552
Commercial mortgage	16,991	4,037	458	12,496
Commercial and other [1]	67,014	16,901	1,541	48,572
	$ 133,383	$ 20,938	$ 17,229	$ 95,216

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

5. LOANS (CONT'D)

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		18,584		4,855		507		13,222
Commercial and other [1]		64,104		14,353		1,959		47,792
	$	132,255	$	19,208	$	15,977	$	97,070

AS AT JANUARY 31, 2016

		GROSS AMOUNT		INDIVIDUAL ALLOWANCES		COLLECTIVE ALLOWANCES AGAINST IMPAIRED LOANS		NET AMOUNT
Personal	$	17,234	$	—	$	11,572	$	5,662
Residential mortgage		33,476		—		5,614		27,862
Commercial mortgage		27,896		6,964		353		20,579
Commercial and other [1]		28,136		12,520		3,989		11,627
	$	106,742	$	19,484	$	21,528	$	65,730

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

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 JANUARY 31, 2017

		1 DAY-31 DAYS		**32 DAYS-90 DAYS**		**OVER 90 DAYS**		**TOTAL**
Personal	**$**	**90,077**	**$**	**34,994**	**$**	**8,061**	**$**	**133,132**
Residential mortgage		**255,813**		**49,771**		**21,969**		**327,553**
	$	**345,890**	**$**	**84,765**	**$**	**30,030**	**$**	**460,685**

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

AS AT JANUARY 31, 2016

		1 DAY-31 DAYS		32 DAYS-90 DAYS		OVER 90 DAYS		TOTAL
Personal	$	99,985	$	34,441	$	10,030	$	144,456
Residential mortgage		273,990		39,432		26,716		340,138
	$	373,975	$	73,873	$	36,746	$	484,594

Finance lease receivables

The Commercial and other line item includes net investment in leases of $709.4 million as at January 31, 2017 ($728.4 million as at October 31, 2016 and $84.8 million as at January 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 JANUARY 31 2017	AS AT OCTOBER 31 2016	AS AT JANUARY 31 2016
Residential mortgage loans	**$ 6,541,355**	$ 6,222,374	$ 5,189,654
Commercial loans and other [1]	**374,617**	419,743	—
Replacement Assets			
Cash and deposits with other banks	**2,760**	10,691	2,951
Securities purchased under reverse repurchase agreements	**45**	6,507	263,904
Other securities	**330,176**	502,231	331,074
Debt related to securitization activities	**$ (7,278,714)**	$ (7,244,454)	$ (5,922,744)

(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		
	JANUARY 31 2017	OCTOBER 31 2016	JANUARY 31 2016
Carrying amounts of mortgages transferred during the period related to new financing	**$ 635,390**	$ 961,547	$ 903,096
Carrying amounts of finance lease receivables transferred during the period related to new financing	**$ —**	$ 434,175	$ —
Carrying amounts of mortgages transferred during the period as Replacement Assets	**$ 155,560**	$ 154,447	$ 111,071

7. SHARE CAPITAL

Preferred shares

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

	FOR THE THREE MONTHS ENDED			
	JANUARY 31 2017		JANUARY 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 and end of period	**5,000,000**	**$ 121,967**	n.a.	n.a.
	14,000,000	**$ 341,600**	9,000,000	$ 219,633

There were no outstanding Non-Cumulative Class A Preferred Shares Series 12, Series 14 and Series 16 as at January 31, 2017 (no outstanding preferred shares Series 12 and Series 14 as at January 31, 2016).

7. SHARE CAPITAL (CONT'D)

Common shares

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

	FOR THE THREE MONTHS ENDED			
	JANUARY 31 2017		JANUARY 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	**99,184**	**5,785**	57,450	2,596
Net issuance costs	**n.a.**	**(16)**	n.a.	(4,416)
	33,941,354	**$ 702,262**	30,319,269	$ 532,243

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 February 21, 2017, the Board of Directors declared the regular dividend on the various series of preferred shares to shareholders of record on March 7, 2017.

On February 28, 2017, the Board of Directors declared a quarterly dividend of $0.61 per common share, payable on May 1, 2017, to shareholders of record on April 3, 2017.

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 three-month period ended January 31, 2017. Regulatory capital on an "all-in basis" is detailed below.

7. SHARE CAPITAL (CONT'D)

	AS AT JANUARY 31, 2017	AS AT OCTOBER 31, 2016
Common shares	$ 702,262	$ 696,493
Retained earnings	956,974	924,861
Accumulated other comprehensive income, excluding cash flow hedge reserve	(616)	203
Deductions from Common Equity Tier 1 capital [1]	(184,776)	(182,181)
Common Equity Tier 1 capital	1,473,844	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	1,815,444	1,780,976
Subordinated debt	199,864	199,824
Collective allowances	72,385	75,380
Tier 2 capital	272,171	275,204
Total capital	$ 2,087,615	$ 2,056,180

(1) Mainly comprised of deductions for software and other intangible assets, goodwill and pension plan assets.
(2) There is currently no deduction related to the non-qualifying capital instruments under Basel III as the phase-out is calculated on the outstanding balance as at January 1, 2013, which included the Preferred Shares Series 9 and Series 10 subsequently repurchased by the Bank.

8. SHARE-BASED COMPENSATION

Performance-based share unit plan

During the first quarter of 2017, under the performance-based share unit plan, the Bank granted 143,218 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.

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.

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.

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		
	JANUARY 31 2017	OCTOBER 31 2016	JANUARY 31 2016
Expense arising from cash-settled share-based compensation transactions	$ 9,990	$ 2,152	$ (2,736)
Effect of hedges	(8,062)	(1,426)	4,468
	$ 1,928	$ 726	$ 1,732

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 $40.6 million as at January 31, 2017 ($39.5 million as at October 31, 2016 and $35.9 million as at January 31, 2016). The intrinsic value of the total liability related to fully vested rights and units was $25.0 million as at January 31, 2017 ($18.9 million as at October 31, 2016 and $19.2 million as at January 31, 2016).

9. 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		
	JANUARY 31 2017	OCTOBER 31 2016	JANUARY 31 2016
Defined benefit pension plans	**$ 4,798**	$ 4,173	$ 3,710
Defined contribution pension plans	**1,873**	1,735	1,637
Other plans	**219**	552	250
	$ 6,890	$ 6,460	$ 5,597

10. 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 $234.0 million which are classified in Level 1 as at January 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.

11. 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.

12. IMPAIRMENT AND RESTRUCTURING CHARGES

The following table details the Impairment and restructuring charges line item.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2017	OCTOBER 31 2016	JANUARY 31 2016
Impairment of goodwill, software and intangible assets, and premises and equipment	**$ —**	$ 22,113	$ —
Provisions related to lease contracts	**—**	11,858	—
Severance charges	**—**	4,373	—
Other restructuring charges	**945**	—	—
	$ 945	$ 38,344	$ —

Impairment

During the fourth quarter of 2016, the announcement that the Bank will optimize its retail activities by merging 50 branches over the next 18 months was identified as an indicator of impairment of the software, other intangible assets and premises and equipment related to the Retail cash generating unit (CGU). As such, the carrying amount of these assets was reviewed for impairment at the Retail CGU level as they do not generate cash inflows that are largely independent from other assets or group of assets.

Based on forecasts, management determined that the carrying amount of the Retail CGU exceeded the estimate of its recoverable amount. As a result, impairment charges of $22.1 million were recorded for the fourth quarter of 2016 on the line item Impairment and restructuring charges. These charges were related to software for $16.7 million and to premises and equipment for $5.4 million.

12. IMPAIRMENT AND RESTRUCTURING CHARGES (CONT'D)

Restructuring charges

In September 2016, the Bank announced that it will merge 50 of its branches over the next 18 months. This decision resulted from the strategic analysis initiated in 2015, as well as to more recent 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 recorded on the line item Impairment and restructuring charges for the fourth quarter of 2016. In addition, other restructuring charges of $0.9 million including salaries, communication expenses and professional fees related to the optimization of the Bank's Retail activities and planned branch mergers were recorded for the first quarter of 2017.

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 THREE MONTHS ENDED JANUARY 31, 2017
Balance at beginning of the period	$	16,231
Restructuring charges		945
Payments made during the period		(1,981)
Balance at end of the period	$	15,195

13. 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 preliminary purchase price, based on the net book value of CIT Canada as at the closing date, is presently estimated at $985.4 million and remains subject to post-closing adjustments. 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 preliminary estimated fair value of the assets acquired and liabilities assumed on October 1, 2016 were as follows. The allocation of the purchase price for CIT Canada is subject to refinement as the Bank completes the valuation of the assets acquired and liabilities assumed.

		CIT Canada
Assets		
Loans [1]	$	922,454
Derivatives		5,736
Premises and equipment		351
Software and other intangible assets		9,765
Goodwill		20,959
Deferred tax assets and other		59,016
	$	1,018,281
Liabilities		
Deferred tax liabilities and other	$	32,914
Total identifiable net assets acquired	$	985,367
Cash paid	$	996,500
Estimated balance receivable - based on preliminary assessment		11,133
Total estimated purchase consideration	$	985,367

(1) Gross amount of acquired loans and finance lease receivables was $906.2 million.

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

13. BUSINESS COMBINATIONS (CONT'D)

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) from AGF Management Limited. The allocation of the purchase price of AGF Trust resulted in a gain of $24.3 million ($16.4 million net of income taxes) 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, partly offset by the initial estimated fair value of the contingent consideration. The unamortized portion of the gain resulting from the revaluation of the purchased financial instruments amounting to $7.1 million as at January 31, 2017 is being amortized in net income over the estimated remaining term of the purchased financial instruments. The amortization expense was $1.0 million for the first quarter of 2017 ($1.2 million for the fourth quarter of 2016 and $1.4 million for the first quarter of 2016).

SHAREHOLDER INFORMATION

Head office
Tour Banque Laurentienne
1981 McGill College Avenue
Montréal, Québec H3A 3K3
Tel.: 514 284-4500
www.laurentianbank.ca

Ombudsman's office
Laurentian Bank of Canada
1981 McGill College Avenue
Suite 1420
Montréal, Québec H3A 3K3
Tel.: 514 284-7192
or 1 800 479-1244
ombudsman@laurentianbank.ca

Transfer agent and registrar
Computershare
Investor Services Inc.
1500 Robert-Bourassa Blvd.,
Suite 700
Montréal, Québec H3A 3S8
Tel: 514 982-7888
or 1 800 564-6253

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