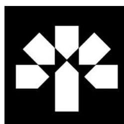

LAURENTIAN BANK

SECOND QUARTER 2017

Report to Shareholders

For the period ended April 30, 2017

HIGHLIGHTS OF SECOND QUARTER 2017

- Adjusted net income[1] up 11% year-over-year, and reported net income down 2%
- Adjusted return on common shareholders' equity[1] of 11.7% and 9.9% on a reported basis
- Adjusted efficiency ratio of 67.2%, an improvement of 340 bps year-over-year, and efficiency ratio of 70.7%
- Common Equity Tier 1 ratio at 8.1%
- Loans to business customers up 23% year-over-year, from both organic growth and the acquisition of CIT Canada
- Residential mortgage loans through independent brokers and advisors up 15% year-over-year
- Announcement of the proposed acquisition of Northpoint Commercial Finance and concurrent issuance of subscription receipts

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED		
In millions of Canadian dollars, except per share and percentage amounts (Unaudited)	**APRIL 30 2017**	APRIL 30 2016	VARIANCE	**APRIL 30 2017**	APRIL 30 2016	VARIANCE
Reported basis						
Net income	**$ 44.6**	$ 45.7	(2)%	**$ 93.0**	$ 88.4	5 %
Diluted earnings per share	**$ 1.19**	$ 1.43	(17)%	**$ 2.49**	$ 2.79	(11)%
Return on common shareholders' equity	**9.9%**	12.5%		**10.3%**	12.0%	
Efficiency ratio	**70.7%**	70.6%		**70.1%**	70.5%	
Common Equity Tier I capital ratio – All-in basis	**8.1%**	7.9%				
Adjusted basis [1]						
Adjusted net income	**$ 51.6**	$ 46.7	11 %	**$ 104.4**	$ 90.4	15 %
Adjusted diluted earnings per share	**$ 1.39**	$ 1.46	(5)%	**$ 2.82**	$ 2.86	(1.4)%
Adjusted return on common shareholders' equity	**11.7%**	12.8%		**11.7%**	12.3%	
Adjusted efficiency ratio	**67.2%**	70.6%		**67.3%**	70.5%	

(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 $44.6 million or $1.19 diluted per share for the second quarter of 2017, compared with net income of $45.7 million or $1.43 diluted per share for the same period last year. Return on common shareholders' equity was 9.9% for the second quarter of 2017, compared with 12.5% for the second quarter of 2016.

On an adjusted basis, net income totalled $51.6 million or $1.39 diluted per share for the second quarter of 2017, up 11% and down 5% respectively, compared with $46.7 million or $1.46 diluted per share for the same period in 2016. Adjusted return on common shareholders' equity was 11.7% for the second quarter of 2017, compared with 12.8% a year ago. Reported results included adjusting items, such as costs related to the Bank's branch mergers and 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.

For the six months ended April 30, 2017, the Bank reported net income of $93.0 million or $2.49 diluted per share, compared with net income of $88.4 million or $2.79 diluted per share for the same period last year. Return on common shareholders' equity was 10.3% for the six months ended April 30, 2017, compared with 12.0% for the six months ended April 30, 2016. On an adjusted basis, net income totalled $104.4 million or $2.82 diluted per share for the six months ended April 30, 2017, up 15% and down 1% respectively, compared with $90.4 million or $2.86 diluted per share for the six months ended April 30, 2016. Adjusted return on common shareholders' equity was 11.7% for the six months ended April 30, 2017, compared with 12.3% for the same period a year ago. Reported results for the six months ended April 30, 2017 and for the six months ended April 30, 2016 included adjusting items, as detailed in the Non-GAAP and Key Performance Measures section.

François Desjardins, President and Chief Executive Officer, commented on the Bank's results and financial condition: "We delivered good results in the second quarter with an adjusted ROE of 11.7%, reflecting the solid momentum in Business Services, improved operating efficiency and the overall strong credit quality of our loan portfolio. Most importantly, we made great progress toward implementing our new core banking system, the cornerstone of our transformation plan that will provide us with the ability to better address our customers' evolving needs." With regard to the recently announced proposed acquisition of Northpoint Commercial Finance, Mr. Desjardins added: "We are pleased with the acquisition as it is an excellent fit to further develop LBC Capital and further diversify our revenue streams."

HIGHLIGHTS

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED					FOR THE SIX MONTHS ENDED		
	APRIL 30 2017	JANUARY 31 2017	VARIANCE	APRIL 30 2016	VARIANCE	**APRIL 30 2017**	APRIL 30 2016	VARIANCE
Profitability								
Total revenue	**$ 238,807**	$ 241,633	(1)%	$ 226,803	5 %	**$ 480,440**	$ 450,005	7 %
Net income	**$ 44,572**	$ 48,456	(8)%	$ 45,714	(2)%	**$ 93,028**	$ 88,390	5 %
Diluted earnings per share	**$ 1.19**	$ 1.30	(8)%	$ 1.43	(17)%	**$ 2.49**	$ 2.79	(11)%
Return on common shareholders' equity [1]	**9.9 %**	10.7%		12.5 %		**10.3 %**	12.0%	
Net interest margin	**1.67 %**	1.66%		1.71 %		**1.66 %**	1.74%	
Efficiency ratio	**70.7 %**	69.4%		70.6 %		**70.1 %**	70.5%	
Operating leverage	**(1.9)%**	n. m.		(0.3)%		**0.6 %**	3.3%	
Per common share								
Share price – Close	**$ 55.84**	$ 58.86	(5)%	$ 49.78	12 %	**$ 55.84**	$ 49.78	12 %
Price / earnings ratio (trailing four quarters)	**13.0x**	13.0x		14.2x		**13.0x**	14.2x	
Book value	**$ 49.56**	$ 48.87	1 %	$ 47.34	5 %	**$ 49.56**	$ 47.34	5 %
Market to book value	**113 %**	120%		105 %		**113 %**	105%	
Dividends declared	**$ 0.61**	$ 0.61	— %	$ 0.58	5 %	**$ 1.22**	$ 1.16	5 %
Dividend yield	**4.4 %**	4.1%		4.7 %		**4.4 %**	4.7%	
Dividend payout ratio	**51.4 %**	46.7%		40.6 %		**48.9 %**	42.0%	
Adjusted financial measures								
Adjusted net income [1]	**$ 51,618**	$ 52,741	(2)%	$ 46,696	11 %	**$ 104,359**	$ 90,404	15 %
Adjusted diluted earnings per share [1]	**$ 1.39**	$ 1.43	(3)%	$ 1.46	(5)%	**$ 2.82**	$ 2.86	(1)%
Adjusted return on common shareholders' equity [1]	**11.7 %**	11.8%		12.8 %		**11.7 %**	12.3%	
Adjusted efficiency ratio [1]	**67.2 %**	67.4%		70.6 %		**67.3 %**	70.5%	
Adjusted operating leverage [1]	**0.2 %**	0.0%		(0.3)%		**4.7 %**	1.8%	
Adjusted dividend payout ratio [1]	**43.7 %**	42.6%		39.7 %		**43.2 %**	41.0%	
Financial position (in millions of Canadian dollars)								
Balance sheet assets	**$ 45,396**	$ 43,115	5 %	$ 41,024	11 %			
Loans and acceptances	**$ 34,180**	$ 33,739	1 %	$ 31,413	9 %			
Deposits	**$ 27,445**	$ 26,699	3 %	$ 27,285	1 %			
Average earning assets	**$ 36,940**	$ 36,769	— %	$ 34,058	8 %	**$ 36,853**	$ 33,763	9 %
Key growth drivers (in millions of Canadian dollars)								
Loans to business customers	**$ 10,348**	$ 10,096	2 %	$ 8,446	23 %			
Residential mortgage loans through independent brokers and advisors	**$ 7,648**	$ 7,305	5 %	$ 6,677	15 %			
Mutual funds to retail clients	**$ 3,670**	$ 3,465	6 %	$ 3,236	13 %			
Assets under management at Laurentian Bank Securities	**$ 3,825**	$ 3,722	3 %	$ 3,218	19 %			
Basel III regulatory capital ratios — All-in basis								
Common Equity Tier I	**8.1 %**	8.2%		7.9 %				
Total	**11.4 %**	11.6%		11.6 %				
Leverage ratio	**4.1 %**	4.2%		4.0 %				
Other information								
Number of full-time equivalent employees	**3,663**	3,698		3,627				
Number of branches	**111**	144		150				
Number of automated banking machines	**350**	395		402				

(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 April 30, 2017 and how it performed during the three-month and six-month periods then ended. This MD&A, dated May 30, 2017, should be read in conjunction with the condensed interim consolidated financial statements (unaudited) for the period ended April 30, 2017, prepared in accordance with IAS 34 *Interim financial reporting*, as issued by the International Accounting Standards Board (IASB) and set out in the CPA Canada Handbook. Supplemental information on risk management, critical accounting policies and estimates, and off-balance sheet arrangements is also provided in the Bank's 2016 Annual Report.

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

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

With respect to the proposed acquisition of NCF, the Bank also cautions readers regarding: the conditions in the acquisition agreement not being satisfied on a timely basis or at all; failure to receive regulatory approvals or other approvals on a timely basis or at all; and changes in the terms of the proposed transaction that may need to be modified to satisfy such approvals or conditions. With respect to the anticipated benefits from this acquisition and statements with regards to this transaction being accretive to earnings, such factors also include, but are not limited to: the ability to promptly and effectively integrate the businesses, reputational risks and the reaction of the Bank's and NCF's customers to the transaction; the failure to realize, in the timeframe anticipated or at all, the anticipated benefits and synergies of the acquisition of NCF; the Bank's limited experience in the U.S. market and in inventory financing; and diversion of management time on acquisition-related issues.

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

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

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

NON-GAAP AND KEY PERFORMANCE MEASURES

NON-GAAP MEASURES

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

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

IMPACT OF ADJUSTING ITEMS

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
In thousands of Canadian dollars, except per share amounts (Unaudited)	**APRIL 30 2017**	JANUARY 31 2017	APRIL 30 2016	**APRIL 30 2017**	APRIL 30 2016
Impact on net income					
Reported net income	**$ 44,572**	$ 48,456	$ 45,714	**$ 93,028**	$ 88,390
Adjusting items, net of income taxes					
Restructuring charges [1]	**1,248**	692	—	**1,940**	—
Items related to business combinations					
Amortization of net premium on purchased financial instruments [2]	**647**	758	982	**1,405**	2,014
Amortization of acquisition-related intangible assets [3]	**186**	178	—	**364**	—
Costs related to business combinations [4]	**4,965**	2,657	—	**7,622**	—
	5,798	3,593	982	**9,391**	2,014
	7,046	4,285	982	**11,331**	2,014
Adjusted net income	**$ 51,618**	$ 52,741	$ 46,696	**$ 104,359**	$ 90,404
Impact on diluted earnings per share					
Reported diluted earnings per share	**$ 1.19**	$ 1.30	$ 1.43	**$ 2.49**	$ 2.79
Adjusting items					
Restructuring charges	**0.04**	0.02	—	**0.06**	—
Items related to business combinations	**0.18**	0.11	0.03	**0.27**	0.07
	0.21	0.13	0.03	**0.33**	0.07
Adjusted diluted earnings per share [5]	**$ 1.39**	$ 1.43	$ 1.46	**$ 2.82**	$ 2.86

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

KEY PERFORMANCE MEASURES

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

Return on common shareholders' equity

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

RETURN ON COMMON SHAREHOLDERS' EQUITY

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**APRIL 30 2017**	JANUARY 31 2017	APRIL 30 2016	**APRIL 30 2017**	APRIL 30 2016
Reported net income available to common shareholders	**$ 40,297**	$ 44,184	$ 43,315	**$ 84,481**	$ 83,593
Adjusting items, net of income taxes	**7,046**	4,285	982	**11,331**	2,014
Adjusted net income available to common shareholders	**$ 47,343**	$ 48,469	$ 44,297	**$ 95,812**	$ 85,607
Average common shareholders' equity	**$ 1,666,437**	$ 1,633,653	$ 1,411,473	**$ 1,649,774**	$ 1,397,068
Return on common shareholders' equity	**9.9%**	10.7%	12.5%	**10.3%**	12.0%
Adjusted return on common shareholders' equity	**11.7%**	11.8%	12.8%	**11.7%**	12.3%

OUTLOOK

ECONOMIC OUTLOOK

The global economy has picked up speed. The strengthening in U.S. economic conditions has led the Federal Reserve to raise its policy rate twice since December 2016. In addition to a rise in U.S. trade protectionism, the Canadian economic outlook is subject to the anticipated U.S. tax reform and expansionary U.S. fiscal policies. Although the timing and the outcome of these policies are difficult to predict, this considerable uncertainty is contributing to slowly restrain economic activity in Canada, notably business investment.

Labour market conditions have continued to strengthen in 2017. Canada's unemployment rate notably stood at a nine-year low of 6.6% in April 2017. Housing market conditions remain healthy. Resale transactions are at record high levels and the pace of homebuilding increased so far this year. New targeted housing policies announced this spring have started to curb foreign speculative activity and the pace of growth in home prices in Toronto and the surrounding areas. Both the goods and services industries are showing stronger positive momentum since late 2016, particularly in Central Canada and BC.

Canadian real Gross Domestic Product is expected to grow moderately by 2.2% in 2017 and 1.9% in 2018, underpinned by the modest recovery of exports, stronger capital spending by local businesses, fiscal stimulus, accommodative monetary policy, and the rebound in commodity prices.

Canadian interest rates remain higher relative to last fall, reflecting the market expectations of expansionary fiscal policies from the new U.S. federal administration and a gradual removal of monetary easing by the Federal Reserve. Given the considerable uncertainty surrounding the outlook, the Bank of Canada is expected to maintain its current accommodative stance. The overnight rate target rate stands at 0.50% and the Canadian dollar is currently trading around US$0.74.

OPTIMIZATION OF RETAIL ACTIVITIES

As part of the announcement in September 2016 to merge its branches over the next 18 months, the Bank has launched several initiatives to advance and accelerate the transformation. The Bank merged one branch in December 2016 and 33 branches in April 2017, while another 7 branches will be merged at the end of June 2017. In addition, 23 branches became advice-only in 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.

PROPOSED ACQUISITION OF NORTHPOINT COMMERCIAL FINANCE AND ISSUANCE OF SUBSCRIPTION RECEIPTS

On May 18, 2017, the Bank entered into a definitive agreement under which it has agreed to acquire Northpoint Commercial Finance ("NCF"), a U.S. based non-bank inventory finance lender with a portfolio of approximately USD$0.9 billion (CDN$1.2 billion). The transaction is expected to close before the end of fiscal 2017, subject to customary closing conditions, including applicable regulatory notifications and approvals. The purchase price, currently estimated to be in the range of CDN$325 million to CDN$350 million, will be based on the book value of NCF as at the closing date plus a premium of approximately $130 million to $140 million, subject to customary post-closing purchase price adjustments.

To support the Bank's balance sheet, considering this transaction, the Bank issued 4,171,000 subscription receipts on May 26, 2017, at a price of $51.70 per receipt. The proceeds of the offering have been placed in escrow until closing of the NCF acquisition, at which point the subscription receipts will be automatically exchanged, on a one-for-one basis, for common shares of the Bank. This offering will provide net proceeds of $206.2 million. The Bank has also entered into a subscription agreement with Caisse de dépôt et placement du Québec (Caisse), in which Caisse purchased 483,560 subscription receipts for net proceeds to the Bank of $24.1 million.

INDUSTRY DEVELOPMENTS

The Canadian financial market has recently been impacted by concerns regarding brokered deposit funding, as well as the perceived risk of a housing correction and the related potential disruption in the alternative mortgage market. The Bank believes its current business model and prudent practices position it well to meet any potential challenge. Moreover, this situation creates, to some extent, an opportunity to further develop certain targeted markets.

The Bank originates prime and alternative residential mortgage loans; however with respect to the latter, it specifically targets the high end of this segment, with lower loan-to-value ratios and higher credit scores. Furthermore, for those loans, underwriting and administration is fully segregated from distribution and extensive controls have always been in place to validate supporting documentation. In addition, this portfolio is well diversified across Canada and accounts for 7% of the $17.5 billion mortgage loan portfolio and 4% of the the total loan portfolio. Furthermore, the Bank does not participate in the sub-prime mortgage market. As demonstrated over the past several years, credit underwriting has been among the Bank's strengths and key credit indicators have remained consistently strong for all asset classes, including all mortgage portfolios.

With regard to funding, the Bank benefits from well diversified sources of deposits and other funding alternatives. Of note, over the last 18 months, the Bank has increased its term funding through securitization conduits, improved its institutional funding program and reduced reliance on short-term high-interest savings accounts to optimize its mix. In addition, the Bank sources a significant portion of its deposits, both demand and term, from its own branch network. Nonetheless, deposits sourced through independent brokers and advisors have remained an important and stable component of the Bank's funding. Overall, the Bank continues to prudently manage the level of liquid assets to meet current obligations and to support anticipated growth.

ANALYSIS OF CONSOLIDATED RESULTS

CONDENSED CONSOLIDATED RESULTS

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
	APRIL 30 2017	JANUARY 31 2017	APRIL 30 2016	**APRIL 30 2017**	APRIL 30 2016
Net interest income	**$ 150,476**	$ 153,687	$ 143,428	**$ 304,163**	$ 292,926
Other income	**88,331**	87,946	83,375	**176,277**	157,079
Total revenue	**238,807**	241,633	226,803	**480,440**	450,005
Amortization of net premium on purchased financial instruments	**878**	1,032	1,337	**1,910**	2,742
Provision for credit losses	**10,100**	9,000	5,750	**19,100**	14,850
Non-interest expenses [1]	**168,934**	167,696	160,066	**336,630**	317,077
Income before income taxes	**58,895**	63,905	59,650	**122,800**	115,336
Income taxes	**14,323**	15,449	13,936	**29,772**	26,946
Net income	**$ 44,572**	$ 48,456	$ 45,714	**$ 93,028**	$ 88,390
Preferred share dividends, including applicable taxes	**4,275**	4,272	2,399	**8,547**	4,797
Net income available to common shareholders	**$ 40,297**	$ 44,184	$ 43,315	**$ 84,481**	$ 83,593
Diluted earnings per share	**$ 1.19**	$ 1.30	$ 1.43	**$ 2.49**	$ 2.79
Adjusted net income [2]	**$ 51,618**	$ 52,741	$ 46,696	**$ 104,359**	$ 90,404
Adjusted diluted earnings per share [2]	**$ 1.39**	$ 1.43	$ 1.46	**$ 2.82**	$ 2.86

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

THREE MONTHS ENDED APRIL 30, 2017 COMPARED WITH THREE MONTHS ENDED APRIL 30, 2016

Net income was $44.6 million or $1.19 diluted per share for the second quarter of 2017, compared with $45.7 million or $1.43 diluted per share for the second quarter of 2016. Adjusted net income was $51.6 million for the second quarter of 2017, up 11% from $46.7 million for the second quarter of 2016, while adjusted diluted earnings per share were $1.39, down 5% compared with $1.46 in the second quarter of 2016.

Total revenue

Total revenue increased by $12.0 million or 5% to $238.8 million for the second quarter of 2017 from $226.8 million for the second quarter of 2016, mainly driven by the additional contribution from CIT Canada as further detailed below.

Net interest income increased by $7.0 million or 5% to $150.5 million for the second quarter of 2017, from $143.4 million for the second 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 1.67% for the second quarter of 2017, a decrease of 4 basis points compared with the second 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 addition of the equipment financing portfolios.

Other income increased by $5.0 million amounting to $88.3 million for the second quarter of 2017, compared with $83.4 million for the second quarter of 2016. Income from sales of mutual funds increased by $2.1 million compared with the second quarter of 2016, as a result of efforts to increase mutual funds to retail clients, as set out in the transformation plan. 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 second quarter of 2016. These increases were partly offset by a decrease in income from brokerage operations of $2.6 million. Other income in the second quarter of 2017 also included a $4.1 million contribution stemming from the recently acquired CIT Canada operations.

Amortization of net premium on purchased financial instruments

For the second quarter of 2017, the amortization of net premium on purchased financial instruments amounted to $0.9 million, compared with $1.3 million for the second 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 amounted to $10.1 million compared with $5.8 million for the second quarter of 2016. The second quarter of 2016 included a net favourable adjustment of $2.7 million resulting from the regular review of collective allowance models. The continued low level of credit losses reflects the overall underlying good credit quality of the loan portfolios. Refer to the Risk Management section for additional information.

Non-interest expenses

Non-interest expenses amounted to $168.9 million for the second quarter of 2017, an increase of $8.9 million compared with the second quarter of 2016. Adjusted non-interest expenses remained relatively stable at $160.6 million for the second quarter of 2017, compared with $160.1 million for the second quarter of 2016 and reflect the continued focus on cost control.

Salaries and employee benefits increased by $2.7 million or 3% to $88.1 million for the second quarter of 2017, compared with the second 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 decreased by $1.2 million to $45.6 million compared with the second quarter of 2016. The decrease mostly stems from the lower amortization expense resulting from impairment charges on assets recorded in the fourth quarter of 2016 and the lower rental expenses, partly offset by an increase in technology costs from the CIT Canada acquisition.

Other non-interest expenses amounted to $27.2 million a decrease of 3% compared with the second quarter of 2016, as higher professional fees and general expenses from CIT Canada were more than offset by lower taxes resulting from a favorable adjustment to sales tax stemming from the CIT Canada acquisition, as well as lower business development costs.

Restructuring charges amounted to $1.7 million for the second quarter of 2017 and included salaries, communication expenses and professional fees related to the optimization of the Bank's Retail activities and branch mergers completed during the quarter, and as previously announced.

Costs related to business combinations amounted to $6.4 million for the second quarter of 2017 and mainly included severance charges, as well as technology costs and professional fees for the integration of CIT Canada's operations.

The adjusted efficiency ratiowas 67.2% for the second quarter of 2017, compared with 70.6% for the second 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 April 30, 2017, the income tax expense was $14.3 million and the effective tax rate was 24.3%. The lower tax rate, compared to the statutory rate, mainly resulted from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income, as well as the lower taxation level on revenues from insurance operations. For the quarter ended April 30, 2016, the income tax expense was $13.9 million and the effective tax rate was 23.4%. Year-over-year, the higher effective tax rate for the quarter ended April 30, 2017 mainly resulted from the lower level of non-taxable dividend income.

SIX MONTHS ENDED APRIL 30, 2017 COMPARED WITH SIX MONTHS ENDED APRIL 30, 2016

Net income was $93.0 million or $2.49 diluted per share for the six months ended April 30, 2017, compared with $88.4 million or $2.79 diluted per share for the six months ended April 30, 2016. Adjusted net income was $104.4 million for the six months ended April 30, 2017, up 15% from $90.4 million for the six months ended April 30, 2016, while adjusted diluted earnings per share was $2.82 for the six months ended April 30, 2017, down from $2.86 for the six months ended April 30, 2016.

Total revenue

Total revenue increased by $30.4 million or 7% to $480.4 million for the six months ended April 30, 2017 from $450.0 million for the six months ended April 30, 2016, mainly due to the contribution from CIT Canada.

Net interest income increased by $11.2 million or 4% to $304.2 million for the six months ended April 30, 2017, from $292.9 million for the six months ended April 30, 2016. The increase was mainly generated by strong volume growth in loan portfolios, both organic and through acquisitions, partly offset by compressed margins. Net interest margin (as a percentage of average earning assets) stood at 1.66% for the six months ended April 30, 2017, a decrease of 8 basis points compared with the six months ended April 30, 2016, mainly due to tighter margins stemming from the very low interest rate environment as explained above.

Other income increased by $19.2 million to $176.3 million for the six months ended April 30, 2017, compared with $157.1 million for the six months ended April 30, 2016. Income from brokerage operations increased by $4.0 million, reflecting growth in underwriting activities and improved market conditions compared with the same period in 2016. Income from treasury and financial markets operations increased by $4.3 million for the six months ended April 30, 2017, mainly as a result of higher net securities gains, partly offset by a lower contribution from trading activities. Fees and commissions on loans and deposits increased by $3.4 million, mainly driven by higher lending fees due to increased activity in the commercial portfolios compared with the same period in 2016. Other income for the six months ended April 30, 2017 also included a $7.0 million contribution stemming from the recently acquired CIT Canada operations.

Amortization of net premium on purchased financial instruments

For the six months ended April 30, 2017, the amortization of net premium on purchased financial instruments amounted to $1.9 million, down from $2.7 million for the six months ended April 30, 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 increased by 29% to $19.1 million for the six months ended April 30, 2017 from $14.9 million for the six months ended April 30, 2016. Losses for both periods were favourably impacted by improvements on certain exposures in light of the continued favorable credit conditions and losses in the six months ended April 30, 2016 were favorably impacted by the regular review of collective allowance models. Notwithstanding, the overall low level of credit losses reflects the good overall underlying quality of the loan portfolios. Refer to the Risk Management section for additional information.

Non-interest expenses

Non-interest expenses increased by $19.6 million to $336.6 million for the six months ended April 30, 2017, compared with $317.1 million for the six months ended April 30, 2016. Adjusted non-interest expenses increased by $6.4 million or 2% to $323.5 million for the six months ended April 30, 2017, compared with $317.1 million for the six months ended April 30, 2016, mainly as a result of the acquisition of CIT Canada.

Salaries and employee benefits increased by $7.5 million or 4% to $177.6 million for the six months ended April 30, 2017, compared with the six months ended April 30, 2016. As noted above, this increase is due to the addition of employees from CIT Canada and higher pension costs.

Premises and technology costs slightly decreased by $0.2 million to $91.9 million compared with the six months ended April 30, 2016. The decrease mostly stems from the lower amortization expense resulting from impairment charges on assets recorded in the fourth quarter of 2016, partly offset by an increase in technology costs from the CIT Canada acquisition.

Other non-interest expenses decreased by $0.4 million to $54.4 million compared with the six months ended April 30, 2016, essentially due to a continued focus on cost control, as mentioned above.

Restructuring charges amounted to $2.6 million for the six months ended April 30, 2017 and, as mentioned above, included salaries, communication expenses and professional fees related to the optimization of the Bank's Retail activities and branch mergers.

Costs related to business combinations amounted to $10.0 million for the six months ended April 30, 2017 and included severance charges, technology costs and professional fees for the integration of CIT Canada's operations.

The adjusted efficiency ratio was 67.3% for the six months ended April 30, 2017, compared with 70.5% for the six months ended April 30, 2016. The adjusted operating leverage was positive year-over-year, mainly driven by total revenue growth.

Income taxes

For the six months ended April 30, 2017, the income tax expense was $29.8 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 and the lower taxation level on revenues from foreign insurance operations. For the six months ended April 30, 2016, the income tax expense was $26.9 million and the effective tax rate was 23.4%. Year-over-year, the higher effective tax rate for the six months ended April 30, 2017 resulted from the higher level of domestic taxable income.

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

Net income was $44.6 million or $1.19 diluted per share for the second quarter of 2017 compared with $48.5 million or $1.30 diluted per share for the first quarter of 2017. Adjusted net income was $51.6 million or $1.39 diluted per share for the second quarter of 2017, compared with $52.7 million or $1.43 diluted per share for the first quarter of 2017.

Total revenue decreased by $2.8 million to $238.8 million for the second quarter of 2017, compared with $241.6 million for the previous quarter. Net interest income decreased by $3.2 million sequentially to $150.5 million, essentially as a result of the negative impact of three fewer days in the second quarter. Net interest margin remained relatively stable at 1.67% for the second quarter of 2017, compared with 1.66% for the first quarter of 2017.

Other income slightly increased by $0.4 million sequentially to $88.3 million for the second quarter of 2017. Higher income from investment accounts of $0.5 million and higher income from sales of mutual funds of $0.9 million were partly offset by a decrease in income from brokerage operations of $1.3 million.

The line-item "Amortization of net premium on purchased financial instruments" amounted to $0.9 million for the second quarter of 2017, down from $1.0 million in the first quarter of 2017. Refer to Note 13 in the condensed interim consolidated financial statements (unaudited) for additional information.

Provision for credit losses totalled $10.1 million for the second quarter of 2017, compared with $9.0 million for the first quarter of 2017. As further detailed in the Risk Management section, the continued low level of credit losses reflects the overall underlying good credit quality of the loan portfolios.

Non-interest expenses increased slightly to $168.9 million for the second quarter of 2017 from $167.7 million in the first quarter of 2017, mainly due to costs related to the integration of CIT Canada. Adjusted non-interest expenses amounted to $160.6 million in the current quarter, compared with $162.9 million in the first quarter of 2017, mainly as salaries decreased given the fewer number of days in the second quarter.

FINANCIAL CONDITION

CONDENSED BALANCE SHEET

In thousands of Canadian dollars (Unaudited)		**AS AT APRIL 30 2017**		AS AT OCTOBER 31 2016		AS AT APRIL 30 2016
ASSETS						
Cash and deposits with other banks	**$**	**304,034**	$	187,099	$	228,392
Securities		**5,545,070**		5,660,432		4,897,931
Securities purchased under reverse repurchase agreements		**4,649,721**		2,879,986		3,773,260
Loans and acceptances, net		**34,074,653**		33,273,714		31,307,117
Other assets		**822,469**		1,005,109		817,434
	$	**45,395,947**	$	43,006,340	$	41,024,134
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits	**$**	**27,444,926**	$	27,573,345	$	27,285,450
Other liabilities		**7,984,950**		6,013,890		5,585,886
Debt related to securitization activities		**7,729,744**		7,244,454		6,165,694
Subordinated debt		**199,911**		199,824		199,736
Shareholders' equity		**2,036,416**		1,974,827		1,787,368
	$	**45,395,947**	$	43,006,340	$	41,024,134

As at April 30, 2017, the Bank's total assets amounted to $45.4 billion, an increase of $2.3 billion compared with $43.0 billion as at October 31, 2016. The increase mainly reflects an increase in liquid assets of $1.8 billion, and loan growth of $0.8 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 April 30, 2017, these assets totalled $10.5 billion, an increase of $1.8 billion compared with October 31, 2016. During the latter part of the quarter, the Bank had started to increase its liquid assets in anticipation of the recently announced proposed acquisition of NCF. 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 $34.1 billion as at April 30, 2017, up $0.8 billion or 2% from October 31, 2016.

Personal loans amounted to $6.4 billion and decreased by $0.3 billion since October 31, 2016, mainly due to net repayments in the investment loan portfolio, reflecting expected attrition.

Residential mortgage loans stood at $17.5 billion as at April 30, 2017, an increase of $0.7 billion or 4% since October 31, 2016. This reflects continued growth in residential mortgage loans distributed through independent brokers and advisors, as well as the acquisition of insured mortgage loans originated by third-parties as part of a program initiated by the Bank in 2016 to optimize the usage of National Housing Act mortgage-backed securities (NHA MBS) allocations.

Commercial loans, including acceptances, increased by $0.1 billion or 2% since October 31, 2016, mainly due to growth in equipment financing loans through LBC Capital Inc., and increased volumes from syndication activities. Commercial mortgage loans increased by $0.2 billion or 5% over the same period. When combined, these loans to business customers amounted to $10.3 billion as at April 30, 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 April 30, 2017, compared with October 31, 2016, primarily reflecting a decrease in cheques and other items in transit and lower derivatives.

LIABILITIES

Deposits decreased by $0.1 billion to $27.4 billion as at April 30, 2017, compared with October 31, 2016. Since the beginning of the year, the Bank actively worked to optimize its funding mix. Personal deposits stood at $20.7 billion as at April 30, 2017, down $0.3 billion compared with October 31, 2016, mainly driven by lower term deposits sourced through independent brokers and advisors and through the branch network. Business and other deposits increased by $0.2 billion to $6.8 billion over the same period. Personal deposits represented 75% of total deposits as at April 30, 2017, compared with 76% as at October 31, 2016, and contributed to the Bank's good liquidity position.

Debt related to securitization activities increased by $0.5 billion compared with October 31, 2016 and stood at $7.7 billion as at April 30, 2017. During the first half of the year, the Bank continued to optimize this preferred source of term funding for residential mortgages and also pursued its strategy to optimize the usage of its NHA MBS allocations by issuing $1.2 billion of NHA MBS for new financing.

Subordinated debt stood at $199.9 million as at April 30, 2017, essentially unchanged compared with $199.8 million as at October 31, 2016. Subordinated debt is an integral part of the Bank's regulatory capital and affords its depositors additional protection.

SHAREHOLDERS' EQUITY

Shareholders' equity stood at $2,036.4 million as at April 30, 2017, compared with $1,974.8 million as at October 31, 2016. This $61.6 million increase is mainly explained by the net income contribution for the six-month period, net of declared dividends, and the issuance of common shares under the Shareholder Dividend Reinvestment and Share Purchase Plan.

As part of the proposed acquisition of NCF, the Bank issued 4,171,000 subscription receipts on May 26, 2017, at a price of $51.70 per receipt. The proceeds of the offering have been placed in escrow until closing of the NCF acquisition, at which point the subscription receipts will be automatically exchanged, on a one-for-one basis, for common shares of the Bank. This offering will provide net proceeds of $206.2 million. The Bank has also entered into a subscription agreement with Caisse de dépôt et placement du Québec (Caisse), in which Caisse purchased 483,560 subscription receipts for net proceeds to the Bank of $24.1 million.

The Bank's book value per common share appreciated to $49.56 as at April 30, 2017 from $47.92 as at October 31, 2016. There were 34,071,482 common shares and 4,654,560 subscription receipts outstanding as at May 26, 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 8.1%, 9.9% and 11.4%, respectively, as at April 30, 2017. These ratios exceeded all current requirements.

REGULATORY CAPITAL [1]

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT APRIL 30 2017**	AS AT OCTOBER 31 2016	AS AT APRIL 30 2016
Regulatory capital			
Common Equity Tier 1 capital	**$ 1,490,022**	$ 1,439,376	$ 1,289,189
Tier 1 capital	**$ 1,831,622**	$ 1,780,976	$ 1,629,714
Total capital	**$ 2,101,592**	$ 2,056,180	$ 1,900,320
Total risk-weighted assets [2]	**$ 18,457,839**	$ 17,922,653	$ 16,365,512
Regulatory capital ratios			
Common Equity Tier 1 capital ratio	**8.1%**	8.0%	7.9%
Tier 1 capital ratio	**9.9%**	9.9%	10.0%
Total capital ratio	**11.4%**	11.5%	11.6%

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

The Common Equity Tier 1 capital ratio stood at 8.1% as at April 30, 2017, compared with 8.2% as at January 31, 2017 and 8.0% as at October 31, 2016. The increase in the first quarter of 2017 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. The 0.1% sequential decrease in the second quarter of 2017 was mainly driven by a higher level of growth in risk-weighted assets given the slower first quarter growth, as well as by additional deductions to capital for intangible assets as the Bank progresses with the development of its new core banking system.

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.

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

BASEL III LEVERAGE RATIO

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

As detailed in the table below, the leverage ratio stood at 4.1% as at April 30, 2017 and exceeded current requirements.

BASEL III LEVERAGE RATIO

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT APRIL 30 2017**	AS AT OCTOBER 31 2016	AS AT APRIL 30 2016
Tier 1 capital	**$ 1,831,622**	$ 1,780,976	$ 1,629,714
Total exposures	**$ 45,011,109**	$ 43,094,642	$ 40,712,667
Basel III leverage ratio	**4.1%**	4.1%	4.0%

CREDIT RATINGS

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

DIVIDENDS

On May 16, 2017, the Board of Directors declared the regular dividend on the various series of preferred shares to shareholders of record on June 7, 2017.

On May 30, 2017, the Board of Directors declared a quarterly dividend of $0.62 per common share, payable on August 1, 2017, to shareholders of record on July 4, 2017. This quarterly dividend is up 7% 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)	**APRIL 30 2017**	JANUARY 31 2017	APRIL 30 2016	OCTOBER 31 2016	OCTOBER 31 2015	OCTOBER 31 2014
Dividends declared per common share	**$ 0.61**	$ 0.61	$ 0.58	$ 2.36	$ 2.20	$ 2.06
Dividend payout ratio	**51.4%**	46.7%	40.6%	53.1%	68.6%	45.7%
Adjusted dividend payout ratio [1]	**43.7%**	42.6%	39.7%	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			FOR THE SIX MONTHS ENDED	
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**APRIL 30 2017**	JANUARY 31 2017	APRIL 30 2016	**APRIL 30 2017**	APRIL 30 2016
Personal	**$ 7,874**	$ 8,574	$ 4,640	**$ 16,448**	$ 13,717
Residential mortgage	**1,294**	906	(583)	**2,199**	1,569
Commercial mortgage	**398**	(3,051)	1,480	**(2,652)**	(1,706)
Commercial and other [1]	**534**	2,571	213	**3,105**	1,270
	$ 10,100	$ 9,000	$ 5,750	**$ 19,100**	$ 14,850
As a % of average loans and acceptances	**0.12%**	0.11%	0.08%	**0.11%**	0.10%

(1) Including customers' liabilities under acceptances.

The provision for credit losses amounted to $10.1 million in the second quarter of 2017, increasing by $4.4 million when compared with the same quarter a year ago and $1.1 million sequentially. For the six months ended April 30, 2017, the provision for credit losses increased by $4.3 million and amounted to $19.1 million compared with$14.9 million for the same period in 2016. 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 increased by $3.2 million compared with the second quarter of 2016 and stood at $7.9 million in the second quarter of 2017. The increase is mainly due to the net favourable impact of reviews to collective allowance models introduced during the second quarter of 2016. On a sequential basis, credit losses on personal loans decreased by $0.7 million. For the six months ended April 30, 2017, credit losses on personal loans increased by $2.7 million year-over-year.

Residential mortgage loans

Credit losses on residential mortgage loans amounted to $1.3 million for the second quarter of 2017, up $1.9 million compared with the second quarter of 2016, mainly due to the net favourable impact of the reviews to collective allowance models introduced in the second quarter of 2016. On a sequential basis, credit losses on residential mortgages loans increased slightly by $0.4 million. For the six months ended April 30, 2017, credit losses on residential mortgage loans increased slightly by $0.6 million year-over-year.

The level of credit losses remains low and is a result of the favourable credit conditions and strong underwriting criteria.

Commercial mortgage loans

Credit losses on commercial mortgage loans amounted to $0.4 million in the second quarter of 2017, up $3.4 million sequentially, due to prior quarter improvements on certain exposures in light of the continued favourable credit conditions. Compared with the second quarter of 2016, credit losses on commercial mortgage loans decreased $1.1 million. For the six months ended April 30, 2017, credit losses on commercial mortgage loans decreased slightly by $0.9 million year-over-year.

Commercial loans

Credit losses on commercial loans remained low at $0.5 million in the second quarter of 2017, compared to $0.2 million in the second quarter of 2016. On a sequential basis, credit losses in this portfolio decreased by $2.0 million, mainly due to higher losses on a single commercial loan exposure in the first quarter of 2017. For the six months ended April 30, 2017, credit losses on commercial loans totalled $3.1 million, compared with $1.3 million for the same period in 2016. Credit losses on these portfolios tend to fluctuate more as they can relate, in part, to isolated larger exposures.

IMPAIRED LOANS [1]

In thousands of Canadian dollars, except percentage amounts (Unaudited)		AS AT APRIL 30 2017		AS AT OCTOBER 31 2016		AS AT APRIL 30 2016
Gross impaired loans						
Personal	**$**	**22,336**	$	18,018	$	19,082
Residential mortgages		**26,469**		31,549		33,440
Commercial mortgages		**28,632**		37,894		32,548
Commercial and other [2]		**48,392**		44,794		29,697
		125,829		132,255		114,767
Allowances for loan losses against impaired loans						
Individual allowances		**(21,761)**		(19,208)		(22,220)
Collective allowances		**(17,839)**		(15,977)		(16,882)
		(39,600)		(35,185)		(39,102)
Net impaired loans	**$**	**86,229**	$	97,070	$	75,665
Impaired loans as a % of loans and acceptances						
Gross		**0.37%**		0.40%		0.37%
Net		**0.25%**		0.29%		0.24%

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

Gross impaired loans amounted to $125.8 million as at April 30, 2017, down $6.4 million or 5% compared with October 31, 2016. This decrease was mainly due to the credit improvement of impaired residential mortgages and the settlement of impaired commercial mortgages.

Since the beginning of the year, individual allowances increased by $2.6 million to $21.8 million, in line with the increase in commercial loans. Collective allowances against impaired loans increased by $1.9 million over the same period, mainly for personal loans. At 0.37% of loans and acceptances as at April 30, 2017, 0.40% as at October 31, 2016 and 0.37% 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 six months ended April 30, 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 April 30, 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 APRIL 30 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	**$ 21,302**	$ 13,040
Increase (decrease) in the economic value of common shareholders' equity (net of income taxes)	**$ (37,604)**	$ (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 April 30, 2017 compared with October 31, 2016. This reflects the Bank's positioning to benefit from fluctuations in interest rates while maintaining the risk within approved limits. Management continues to expect that long term rates will remain within a narrow range for the foreseeable future.

ADDITIONAL FINANCIAL INFORMATION - QUARTERLY RESULTS

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	**APRIL 30 2017**	JANUARY 31 2017	OCTOBER 31 2016	JULY 31 2016	APRIL 30 2016	JANUARY 31 2016	OCTOBER 31 2015	JULY 31 2015
Net interest income	**$ 150,476**	$ 153,687	$ 148,727	$ 147,991	$ 143,428	$ 149,498	$ 150,667	$ 147,229
Other income	**88,331**	87,946	87,642	81,086	83,375	73,704	80,982	79,409
Total revenue	**238,807**	241,633	236,369	229,077	226,803	223,202	231,649	226,638
Amortization of net premium on purchased financial instruments	**878**	1,032	1,181	1,267	1,337	1,405	1,465	1,531
Provision for credit losses	**10,100**	9,000	10,300	8,200	5,750	9,100	9,400	7,000
Non-interest expenses	**168,934**	167,696	201,998	160,474	160,066	157,011	242,340	161,037
Income (loss) before income taxes	**58,895**	63,905	22,890	59,136	59,650	55,686	(21,556)	57,070
Income taxes (recovery)	**14,323**	15,449	4,507	13,999	13,936	13,010	(2,837)	12,904
Net income (loss)	**$ 44,572**	$ 48,456	$ 18,383	$ 45,137	$ 45,714	$ 42,676	$ (18,719)	$ 44,166
Earnings (loss) per share								
Basic	**$ 1.19**	$ 1.30	$ 0.45	$ 1.34	$ 1.43	$ 1.36	$ (0.73)	$ 1.44
Diluted	**$ 1.19**	$ 1.30	$ 0.45	$ 1.34	$ 1.43	$ 1.36	$ (0.73)	$ 1.44

CORPORATE GOVERNANCE AND CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the second quarter ended April 30, 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 2.5% of total assets, less than 1% of total liabilities and 4.7% of total revenue as at and for the six months ended April 30, 2017.

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

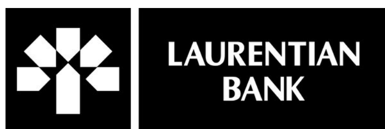
ACCOUNTING POLICIES AND ESTIMATES

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 second 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 April 30, 2017

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CONSOLIDATED BALANCE SHEET

In thousands of Canadian dollars (Unaudited)	NOTES	**AS AT APRIL 30 2017**	AS AT OCTOBER 31 2016	AS AT APRIL 30 2016
ASSETS				
Cash and non-interest-bearing deposits with other banks		**$ 107,366**	$ 123,716	$ 107,063
Interest-bearing deposits with other banks		**196,668**	63,383	121,329
Securities	4			
Available-for-sale		**3,026,296**	2,723,693	2,513,648
Held-to-maturity		**199,076**	502,232	337,590
Held-for-trading		**2,319,698**	2,434,507	2,046,693
		5,545,070	5,660,432	4,897,931
Securities purchased under reverse repurchase agreements		**4,649,721**	2,879,986	3,773,260
Loans	5 and 6			
Personal		**6,356,574**	6,613,392	6,931,274
Residential mortgage		**17,475,747**	16,749,387	16,036,050
Commercial mortgage		**4,892,714**	4,658,734	4,343,179
Commercial and other		**4,787,193**	4,727,385	3,598,455
Customers' liabilities under acceptances		**667,788**	629,825	504,158
		34,180,016	33,378,723	31,413,116
Allowances for loan losses		**(105,363)**	(105,009)	(105,999)
		34,074,653	33,273,714	31,307,117
Other				
Derivatives		**163,541**	232,791	267,472
Premises and equipment		**31,055**	32,989	41,602
Software and other intangible assets		**163,306**	150,490	138,298
Goodwill		**59,623**	55,812	34,853
Deferred tax assets		**32,581**	36,495	33,610
Other assets		**372,363**	496,532	301,599
		822,469	1,005,109	817,434
		$ 45,395,947	$ 43,006,340	$ 41,024,134
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		**$ 20,662,048**	$ 21,001,578	$ 20,589,373
Business, banks and other		**6,782,878**	6,571,767	6,696,077
		27,444,926	27,573,345	27,285,450
Other				
Obligations related to securities sold short		**1,737,069**	1,707,293	1,371,059
Obligations related to securities sold under repurchase agreements		**4,482,849**	2,525,441	2,752,816
Acceptances		**667,788**	629,825	504,158
Derivatives		**139,651**	150,499	171,188
Deferred tax liabilities		**29,557**	32,755	10,586
Other liabilities		**928,036**	968,077	776,079
		7,984,950	6,013,890	5,585,886
Debt related to securitization activities	6	**7,729,744**	7,244,454	6,165,694
Subordinated debt		**199,911**	199,824	199,736
Shareholders' equity				
Preferred shares	7	**341,600**	341,600	340,525
Common shares	7	**709,629**	696,493	535,747
Retained earnings		**975,462**	924,861	911,481
Accumulated other comprehensive income		**9,725**	11,873	(385)
		2,036,416	1,974,827	1,787,368
		$ 45,395,947	$ 43,006,340	$ 41,024,134

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			FOR THE SIX MONTHS ENDED	
		APRIL 30 2017	JANUARY 31 2017	APRIL 30 2016	**APRIL 30 2017**	APRIL 30 2016
Interest income						
Loans		**$ 274,129**	$ 280,674	$ 260,089	**$ 554,803**	$ 524,870
Securities		**9,252**	10,215	8,565	**19,467**	17,369
Deposits with other banks		**94**	126	484	**220**	918
Other, including derivatives		**10,529**	12,393	15,735	**22,922**	33,134
		294,004	303,408	284,873	**597,412**	576,291
Interest expense						
Deposits		**109,624**	114,823	111,142	**224,447**	222,710
Debt related to securitization activities		**31,422**	32,457	28,315	**63,879**	56,611
Subordinated debt		**1,575**	1,619	1,587	**3,194**	3,227
Other		**907**	822	401	**1,729**	817
		143,528	149,721	141,445	**293,249**	283,365
Net interest income		**150,476**	153,687	143,428	**304,163**	292,926
Other income						
Fees and commissions on loans and deposits		**37,713**	37,370	36,047	**75,083**	71,719
Income from brokerage operations		**18,396**	19,685	21,020	**38,081**	34,081
Income from sales of mutual funds		**11,758**	10,904	9,686	**22,662**	19,634
Income from investment accounts		**6,195**	5,669	6,843	**11,864**	13,878
Insurance income, net		**4,592**	4,580	4,110	**9,172**	8,551
Income from treasury and financial market operations		**4,751**	5,127	3,900	**9,878**	5,595
Other		**4,926**	4,611	1,769	**9,537**	3,621
		88,331	87,946	83,375	**176,277**	157,079
Total revenue		**238,807**	241,633	226,803	**480,440**	450,005
Amortization of net premium on purchased financial instruments	13	**878**	1,032	1,337	**1,910**	2,742
Provision for credit losses	5	**10,100**	9,000	5,750	**19,100**	14,850
Non-interest expenses						
Salaries and employee benefits		**88,055**	89,586	85,324	**177,641**	170,133
Premises and technology		**45,608**	46,306	46,801	**91,914**	92,138
Other		**27,182**	27,223	27,941	**54,405**	54,806
Restructuring charges	12	**1,704**	945	—	**2,649**	—
Costs related to business combinations	13	**6,385**	3,636	—	**10,021**	—
		168,934	167,696	160,066	**336,630**	317,077
Income before income taxes		**58,895**	63,905	59,650	**122,800**	115,336
Income taxes		**14,323**	15,449	13,936	**29,772**	26,946
Net income		**$ 44,572**	$ 48,456	$ 45,714	**$ 93,028**	$ 88,390
Preferred share dividends, including applicable taxes		**4,275**	4,272	2,399	**8,547**	4,797
Net income available to common shareholders		**$ 40,297**	$ 44,184	$ 43,315	**$ 84,481**	$ 83,593
Average number of common shares outstanding (in thousands)						
Basic		**33,985**	33,876	30,344	**33,930**	29,980
Diluted		**33,985**	33,876	30,344	**33,930**	29,980
Earnings per share						
Basic		**$ 1.19**	$ 1.30	$ 1.43	**$ 2.49**	$ 2.79
Diluted		**$ 1.19**	$ 1.30	$ 1.43	**$ 2.49**	$ 2.79
Dividends declared per share						
Common share		**$ 0.61**	$ 0.61	$ 0.58	**$ 1.22**	$ 1.16
Preferred share - Series 11		**$ 0.25**	$ 0.25	$ 0.25	**$ 0.50**	$ 0.50
Preferred share - Series 13		**$ 0.27**	$ 0.27	$ 0.27	**$ 0.54**	$ 0.54
Preferred share - Series 15		**$ 0.37**	$ 0.37	n.a.	**$ 0.74**	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 APRIL 30 2017	FOR THE THREE MONTHS ENDED JANUARY 31 2017	FOR THE THREE MONTHS ENDED APRIL 30 2016	FOR THE SIX MONTHS ENDED APRIL 30 2017	FOR THE SIX MONTHS ENDED APRIL 30 2016
Net income	**$ 44,572**	$ 48,456	$ 45,714	**$ 93,028**	$ 88,390
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	**5,586**	2,333	9,200	**7,919**	(327)
Reclassification of net (gains) losses on available-for-sale securities to net income	**(1,499)**	(3,152)	937	**(4,651)**	3,183
Net change in value of derivatives designated as cash flow hedges	**(1,320)**	(4,096)	(25,494)	**(5,416)**	(17,607)
	2,767	(4,915)	(15,357)	**(2,148)**	(14,751)
Items that may not subsequently be reclassified to the statement of income					
Remeasurement of gains (losses) on employee benefit plans	**(1,105)**	8,575	(5,159)	**7,470**	(23,630)
Comprehensive income	**$ 46,234**	$ 52,116	$ 25,198	**$ 98,350**	$ 50,009

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 APRIL 30 2017	FOR THE THREE MONTHS ENDED JANUARY 31 2017	FOR THE THREE MONTHS ENDED APRIL 30 2016	FOR THE SIX MONTHS ENDED APRIL 30 2017	FOR THE SIX MONTHS ENDED APRIL 30 2016
Income tax expense (recovery) on:					
Unrealized net gains (losses) on available-for-sale securities	**$ 2,006**	$ 984	$ 3,420	**$ 2,990**	$ 22
Reclassification of net (gains) losses on available-for-sale securities to net income	**(549)**	(1,155)	163	**(1,704)**	1,000
Net change in value of derivatives designated as cash flow hedges	**(488)**	(1,477)	(9,306)	**(1,965)**	(6,436)
Remeasurement of gains (losses) on employee benefit plans	**(403)**	3,133	(1,893)	**2,730**	(8,668)
	$ 566	$ 1,485	$ (7,616)	**$ 2,051**	$ (14,082)

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED APRIL 30, 2017

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES (Note 7)	COMMON SHARES (Note 7)	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME			SHARE-BASED PAYMENT RESERVE	TOTAL SHARE-HOLDERS' EQUITY
				AVAILABLE-FOR-SALE SECURITIES	CASH FLOW HEDGES	TOTAL		
Balance as at October 31, 2016	**$ 341,600**	**$ 696,493**	**$ 924,861**	**$ 203**	**$ 11,670**	**$ 11,873**	**$ —**	**$ 1,974,827**
Net income			**93,028**					**93,028**
Other comprehensive income (net of income taxes)								
Unrealized net gains on available-for-sale securities				**7,919**		**7,919**		**7,919**
Reclassification of net losses on available-for-sale securities to net income				**(4,651)**		**(4,651)**		**(4,651)**
Net change in value of derivatives designated as cash flow hedges					**(5,416)**	**(5,416)**		**(5,416)**
Remeasurement of gains (losses) on employee benefit plans			**7,470**					**7,470**
Comprehensive income			**100,498**	**3,268**	**(5,416)**	**(2,148)**		**98,350**
Issuance of share capital		**13,136**						**13,136**
Dividends								
Preferred shares, including applicable taxes			**(8,547)**					**(8,547)**
Common shares			**(41,350)**					**(41,350)**
Balance as at April 30, 2017	**$ 341,600**	**$ 709,629**	**$ 975,462**	**$ 3,471**	**$ 6,254**	**$ 9,725**	**$ —**	**$ 2,036,416**

FOR THE SIX MONTHS ENDED APRIL 30, 2016

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES (Note 7)	COMMON SHARES (Note 7)	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME			SHARE-BASED PAYMENT RESERVE	TOTAL SHARE-HOLDERS' EQUITY
				AVAILABLE-FOR-SALE SECURITIES	CASH FLOW HEDGES	TOTAL		
Balance as at October 31, 2015	$ 219,633	$ 466,336	$ 886,656	$ (11,391)	$ 25,757	$ 14,366	$ 36	$ 1,587,027
Net income			88,390					88,390
Other comprehensive income (net of income taxes)								
Unrealized net losses on available-for-sale securities				(327)		(327)		(327)
Reclassification of net gains on available-for-sale securities to net income				3,183		3,183		3,183
Net change in value of derivatives designated as cash flow hedges					(17,607)	(17,607)		(17,607)
Remeasurement of gains (losses) on employee benefit plans			(23,630)					(23,630)
Comprehensive income			64,760	2,856	(17,607)	(14,751)		50,009
Issuance of share capital	120,892	69,411					(36)	190,267
Dividends								
Preferred shares, including applicable taxes			(4,797)					(4,797)
Common shares			(35,138)					(35,138)
Balance as at April 30, 2016	$ 340,525	$ 535,747	$ 911,481	$ (8,535)	$ 8,150	$ (385)	$ —	$ 1,787,368

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
In thousands of Canadian dollars (Unaudited)	**APRIL 30 2017**	JANUARY 31 2017	APRIL 30 2016	**APRIL 30 2017**	APRIL 30 2016
Cash flows relating to operating activities					
Net income	**$ 44,572**	$ 48,456	$ 45,714	**$ 93,028**	$ 88,390
Adjustments to determine net cash flows relating to operating activities:					
Provision for credit losses	**10,100**	9,000	5,750	**19,100**	14,850
Net (gains) losses on disposal of available-for-sale securities	**(2,657)**	(4,306)	1,100	**(6,963)**	3,590
Deferred income taxes	**3,043**	1,939	(318)	**4,982**	181
Depreciation of premises and equipment	**1,712**	2,090	2,525	**3,802**	5,097
Amortization of software and other intangible assets	**6,345**	6,257	7,066	**12,602**	14,135
Change in operating assets and liabilities:					
Loans	**(463,583)**	(366,909)	(727,658)	**(830,492)**	(1,338,619)
Change in acceptances	**130,755**	(92,792)	111,987	**37,963**	30,614
Securities at fair value through profit and loss	**287,267**	(172,458)	101,620	**114,809**	(321,315)
Securities purchased under reverse repurchase agreements	**(1,803,656)**	33,921	104,194	**(1,769,735)**	138,179
Accrued interest receivable	**(4,940)**	197	(2,715)	**(4,743)**	(1,837)
Derivative assets	**3,940**	65,310	81,333	**69,250**	9,129
Deposits	**746,081**	(874,500)	504,768	**(128,419)**	681,146
Obligations related to securities sold short	**39,297**	(9,521)	(373,685)	**29,776**	(468,778)
Obligations related to securities sold under repurchase agreements	**786,070**	1,171,338	139,344	**1,957,408**	455,926
Accrued interest payable	**16,460**	(18,228)	25,315	**(1,768)**	6,157
Derivative liabilities	**5,654**	(16,502)	(6,770)	**(10,848)**	45,505
Change in debt related to securitization activities	**451,030**	34,260	242,950	**485,290**	672,092
Other, net	**62,239**	13,482	(81,330)	**75,721**	188,753
	319,729	(168,966)	181,190	**150,763**	223,195
Cash flows relating to financing activities					
Repurchase of subordinated debt	**—**	—	—	**—**	(250,000)
Net proceeds from issuance of preferred shares	**—**	—	120,892	**—**	120,892
Net proceeds from issuance of common shares	**12**	2	(86)	**14**	64,559
Dividends	**(19,055)**	(19,648)	(16,339)	**(38,703)**	(33,638)
	(19,043)	(19,646)	104,467	**(38,689)**	(98,187)
Cash flows relating to investing activities					
Change in available-for-sale securities					
Acquisitions	**(908,789)**	(708,147)	(562,476)	**(1,616,936)**	(912,494)
Proceeds on sale and at maturity	**518,995**	804,437	282,543	**1,323,432**	765,829
Change in held-to-maturity securities					
Acquisitions	**(64,341)**	(207,634)	(15,717)	**(271,975)**	(15,952)
Proceeds at maturity	**195,441**	379,893	9,201	**575,334**	71,584
Proceeds on sale of commercial loans	**12,487**	—	—	**12,487**	—
Additions to premises and equipment and intangible assets	**(16,286)**	(11,000)	(3,236)	**(27,286)**	(6,447)
Cash received for business combinations	**9,805**	—	—	**9,805**	—
Change in interest-bearing deposits with other banks	**(67,191)**	(66,094)	1,161	**(133,285)**	(29,520)
	(319,879)	191,455	(288,524)	**(128,424)**	(127,000)
Net change in cash and non-interest-bearing deposits with other banks	**(19,193)**	2,843	(2,867)	**(16,350)**	(1,992)
Cash and non-interest-bearing deposits with other banks at beginning of period	**126,559**	123,716	109,930	**123,716**	109,055
Cash and non-interest-bearing deposits with other banks at end of period	**$ 107,366**	$ 126,559	$ 107,063	**$ 107,366**	$ 107,063
Supplemental disclosure about cash flows relating to operating activities:					
Interest paid during the period	**$ 121,811**	$ 172,177	$ 115,256	**$ 293,988**	$ 277,716
Interest received during the period	**$ 288,983**	$ 304,724	$ 279,174	**$ 593,707**	$ 575,198
Dividends received during the period	**$ 2,001**	$ 2,050	$ 2,504	**$ 4,051**	$ 5,710
Income taxes paid during the period	**$ 13,694**	$ 28,891	$ 9,274	**$ 42,585**	$ 20,437

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 April 30, 2017 were approved for issuance by the Board of Directors on May 30, 2017.

2. BASIS OF PRESENTATION

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

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

Use of estimates and judgment

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

3. FUTURE ACCOUNTING CHANGES

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

IFRS 9: *Financial instruments*

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

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

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

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

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

3. FUTURE ACCOUNTING CHANGES (CONT'D)

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

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

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

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

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

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

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

IFRS 15: *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which establishes a comprehensive framework for the recognition, measurement and disclosure of revenues. IFRS 15 applies to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments) and replaces, 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			FOR THE SIX MONTHS ENDED	
	APRIL 30 2017	JANUARY 31 2017	APRIL 30 2016	**APRIL 30 2017**	APRIL 30 2016
Realized net gains (losses)	**$ 2,657**	$ 4,306	$ (1,100)	**$ 6,963**	$ (3,590)
Write-downs for impairment	**(608)**	—	—	**(608)**	(593)
	$ 2,049	$ 4,306	$ (1,100)	**$ 6,355**	$ (4,183)

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

				AS AT APRIL 30, 2017
	AMORTIZED COST	**UNREALIZED GAINS**	**UNREALIZED LOSSES**	**FAIR VALUE**
Securities issued or guaranteed				
by Canada [1]	**$ 1,451,080**	**$ 648**	**$ 693**	**$ 1,451,035**
by provinces	**996,954**	**3,210**	**205**	**999,959**
by municipalities	**190,195**	**876**	**96**	**190,975**
Other debt securities	**217,639**	**2,382**	**243**	**219,778**
Asset-backed securities	**4,690**	**48**	**—**	**4,738**
Preferred shares	**128,354**	**2,973**	**2,805**	**128,522**
Common shares and other securities	**30,477**	**1,094**	**282**	**31,289**
	$ 3,019,389	**$ 11,231**	**$ 4,324**	**$ 3,026,296**

				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 APRIL 30, 2016
	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Securities issued or guaranteed				
by Canada [1]	$ 863,504	$ 127	$ 247	$ 863,384
by provinces	1,268,266	1,886	471	1,269,681
Other debt securities	157,757	3,967	231	161,493
Asset-backed securities	21,922	307	—	22,229
Preferred shares	110,892	900	15,559	96,233
Common shares and other securities	99,365	2,120	857	100,628
	$ 2,521,706	$ 9,307	$ 17,365	$ 2,513,648

(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 SIX MONTHS ENDED APRIL 30, 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	$ 16,448	$ (18,304)	$ 3,283	$ (345)	$ 37,534
Residential mortgage	11,018	2,199	(847)	(27)	(668)	11,675
Commercial mortgage	23,031	(2,652)	(108)	323	(208)	20,386
Commercial and other [1]	40,063	3,105	(2,985)	178	(296)	40,065
Total allowances for credit losses	$ 110,564	$ 19,100	$ (22,244)	$ 3,757	$ (1,517)	$ 109,660
Individual allowances	$ 19,208	$ 5,220	$ (2,992)	$ 498	$ (173)	$ 21,761
Collective allowances against impaired loans	15,977	19,199	(19,252)	3,259	(1,344)	17,839
Collective allowances against other loans	69,824	(4,061)	—	—	—	65,763
Total allowances for loan losses	105,009	20,358	(22,244)	3,757	(1,517)	105,363
Allowances for off-balance sheet exposures [2]	5,555	(1,258)	—	—	—	4,297
Total allowances for credit losses	$ 110,564	$ 19,100	$ (22,244)	$ 3,757	$ (1,517)	$ 109,660

FOR THE SIX MONTHS ENDED APRIL 30, 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	$ 13,717	$ (19,408)	$ 3,769	$ (340)	$ 39,204
Residential mortgage	11,995	1,569	(1,046)	(154)	(769)	11,595
Commercial mortgage	25,077	(1,706)	(120)	(33)	(554)	22,664
Commercial and other [1]	37,732	1,270	(1,150)	17	(293)	37,576
Total allowances for credit losses	$ 116,270	$ 14,850	$ (21,724)	$ 3,599	$ (1,956)	$ 111,039
Individual allowances	$ 23,690	$ 434	$ (1,259)	$ (16)	$ (629)	$ 22,220
Collective allowances against impaired loans	18,676	16,383	(20,465)	3,615	(1,327)	16,882
Collective allowances against other loans	68,787	(1,890)	—	—	—	66,897
Total allowances for loan losses	$ 111,153	$ 14,927	$ (21,724)	$ 3,599	$ (1,956)	$ 105,999
Allowances for off-balance sheet exposures [2]	5,117	(77)	—	—	—	5,040
Total allowances for credit losses	$ 116,270	$ 14,850	$ (21,724)	$ 3,599	$ (1,956)	$ 111,039

(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 APRIL 30, 2017	GROSS AMOUNT	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES AGAINST IMPAIRED LOANS	NET AMOUNT
Personal	$ 22,336	$ —	$ 13,488	$ 8,848
Residential mortgage	26,469	—	2,461	24,008
Commercial mortgage	28,632	6,385	257	21,990
Commercial and other [1]	48,392	15,376	1,633	31,383
	$ 125,829	$ 21,761	$ 17,839	$ 86,229

(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 [1]	37,894	7,437	507	29,950
Commercial and other [1], [2]	44,794	11,771	1,959	31,064
	$ 132,255	$ 19,208	$ 15,977	$ 97,070

AS AT APRIL 30, 2016

	GROSS AMOUNT	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES AGAINST IMPAIRED LOANS	NET AMOUNT
Personal	$ 19,082	$ —	$ 9,949	$ 9,133
Residential mortgage	33,440	—	4,756	28,684
Commercial mortgage [1]	32,548	10,814	445	21,289
Commercial and other [1], [2]	29,697	11,406	1,732	16,559
	$ 114,767	$ 22,220	$ 16,882	$ 75,665

(1) Comparative figures have been reclassified to conform to the current year presentation.
(2) 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 APRIL 30, 2017

	1 DAY-31 DAYS	**32 DAYS-90 DAYS**	**OVER 90 DAYS**	**TOTAL**
Personal	**$ 96,401**	**$ 23,839**	**$ 7,126**	**$ 127,366**
Residential mortgage	**283,502**	**49,892**	**20,504**	**353,898**
	$ 379,903	**$ 73,731**	**$ 27,630**	**$ 481,264**

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 APRIL 30, 2016

	1 DAY-31 DAYS	32 DAYS-90 DAYS	OVER 90 DAYS	TOTAL
Personal	$ 91,656	$ 28,140	$ 8,676	$ 128,472
Residential mortgage	271,120	37,936	24,334	333,390
	$ 362,776	$ 66,076	$ 33,010	$ 461,862

Finance lease receivables

The Commercial and other line item includes net investment in leases of $772.5 million as at April 30, 2017 ($728.4 million as at October 31, 2016 and $150.2 million as at April 30, 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 APRIL 30 2017	AS AT OCTOBER 31 2016	AS AT APRIL 30 2016
Residential mortgage loans	$ 6,844,334	$ 6,222,374	$ 5,221,636
Commercial loans and other [1]	328,373	419,743	—
Replacement Assets			
Cash and deposits with other banks	10,370	10,691	11,494
Securities purchased under reverse repurchase agreements	296,709	6,507	476,762
Other securities	199,076	502,231	337,590
Debt related to securitization activities	$ (7,729,744)	$ (7,244,454)	$ (6,165,694)

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

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

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
	APRIL 30 2017	JANUARY 31 2017	APRIL 30 2016	APRIL 30 2017	APRIL 30 2016
Carrying amounts of mortgages transferred during the period related to new financing	$ 601,739	$ 635,390	$ 346,410	$ 1,237,129	$ 1,249,506
Carrying amounts of mortgages transferred during the period as Replacement Assets	$ 131,204	$ 155,560	$ 112,474	$ 286,764	$ 223,545

7. SHARE CAPITAL

Preferred shares

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

	FOR THE SIX MONTHS ENDED			
		APRIL 30 2017		APRIL 30 2016
	NUMBER OF SHARES	AMOUNT	NUMBER OF SHARES	AMOUNT
Non-Cumulative Class A Preferred Shares				
Series 11				
Outstanding at beginning and end of period	4,000,000	$ 97,562	4,000,000	$ 97,562
Series 13				
Outstanding at beginning and end of period	5,000,000	$ 122,071	5,000,000	$ 122,071
Series 15				
Outstanding at beginning of period	5,000,000	$ 121,967	—	—
Issuance of shares	—	—	5,000,000	125,000
Net issuance cost	n.a.	—	n.a.	$ (4,108)
Outstanding at end of period	5,000,000	$ 121,967	5,000,000	$ 120,892
	14,000,000	$ 341,600	14,000,000	$ 340,525

There were no outstanding Non-Cumulative Class A Preferred Shares Series 12, Series 14 and Series 16 as at April 30, 2017 (no outstanding preferred shares Series 12 and Series 14 as at April 30, 2016).

7. SHARE CAPITAL (CONT'D)

Common shares

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

	FOR THE SIX MONTHS ENDED			
	APRIL 30 2017		APRIL 30 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	**229,286**	**13,166**	130,758	6,194
Net issuance costs	**n.a.**	**(30)**	n.a.	(4,510)
	34,071,456	**$ 709,629**	30,392,577	$ 535,747

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 May 16, 2017, the Board of Directors declared the regular dividend on the various series of preferred shares to shareholders of record on June 7, 2017.

On May 30, 2017, the Board of Directors declared a quarterly dividend of $0.62 per common share, payable on August 1, 2017, to shareholders of record on July 4, 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 six-month period ended April 30, 2017. Regulatory capital on an "all-in basis" is detailed below.

7. SHARE CAPITAL (CONT'D)

	AS AT APRIL 30, 2017	AS AT OCTOBER 31, 2016
Common shares	$ **709,629**	$ 696,493
Retained earnings	**975,462**	924,861
Accumulated other comprehensive income, excluding cash flow hedge reserve	**3,471**	203
Deductions from Common Equity Tier 1 capital [1]	**(198,540)**	(182,181)
Common Equity Tier 1 capital	**1,490,022**	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	**1,831,622**	1,780,976
Subordinated debt	**199,911**	199,824
Collective allowances	**70,060**	75,380
Deductions from Tier 2 capital [1]	**(1)**	—
Tier 2 capital	**269,970**	275,204
Total capital	$ **2,101,592**	$ 2,056,180

(1) Comprised of deductions for software and other intangible assets, goodwill, pension plan assets and other.
(2) There is currently no deduction related to the non-qualifying capital instruments under Basel III 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 second quarter of 2017, the Bank granted 170 additional performance-based share units valued at $53.91 each, which will vest in December 2019 and upon meeting certain financial objectives.

During the first quarter of 2017, under the performance-based share unit plan, the Bank granted 172,669 performance-based share units valued at $53.91 each. The rights to these units will vest in December 2019 and upon meeting certain financial objectives.

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			FOR THE SIX MONTHS ENDED	
	APRIL 30 2017	JANUARY 31 2017	APRIL 30 2016	**APRIL 30 2017**	APRIL 30 2016
Expense arising from cash-settled share-based compensation transactions	$ **816**	$ 9,990	$ 2,794	$ **10,806**	$ 58
Effect of hedges	**1,739**	(8,062)	(1,935)	**(6,323)**	2,533
	$ **2,555**	$ 1,928	$ 859	$ **4,483**	$ 2,591

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 $41.0 million as at April 30, 2017 ($39.5 million as at October 31, 2016 and $38.0 million as at April 30, 2016). The intrinsic value of the total liability related to fully vested rights and units was $23.6 million as at April 30, 2017 ($18.9 million as at October 31, 2016 and $19.4 million as at April 30, 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			FOR THE SIX MONTHS ENDED	
	APRIL 30 2017	JANUARY 31 2017	APRIL 30 2016	**APRIL 30 2017**	APRIL 30 2016
Defined benefit pension plans	**$ 4,641**	$ 4,798	$ 3,586	**$ 9,439**	$ 7,296
Defined contribution pension plans	**1,881**	1,873	1,680	**3,754**	3,317
Other plans	**211**	219	244	**430**	494
	$ 6,733	$ 6,890	$ 5,510	**$ 13,623**	$ 11,107

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 $284.8 million which are classified in Level 1 as at April 30, 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. RESTRUCTURING CHARGES

The following table details the restructuring charges line item.

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
	APRIL 30 2017	JANUARY 31 2017	APRIL 30 2016	**APRIL 30 2017**	APRIL 30 2016
Restructuring charges	**$ 1,704**	$ 945	$ —	**$ 2,649**	$ —

Restructuring charges

In September 2016, the Bank announced that it will merge its branches over the next 18 months. This decision resulted from the strategic analysis initiated in 2015, as well as changes to the economic landscape. As part of the planned restructuring, provisions related to lease contracts of $11.9 million and severance charges of $4.4 million were recorded on the line item restructuring charges for the fourth quarter of 2016. In addition, other restructuring charges of $1.7 million were recorded for the second quarter of 2017 ($2.6 million for the six months ended April 30, 2017), including salaries, communication expenses and professional fees related to the optimization of the Bank's Retail activities and planned branch mergers.

12. RESTRUCTURING CHARGES (CONT'D)

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 SIX MONTHS ENDED APRIL 30, 2017
Balance at beginning of the period	$	16,231
Restructuring charges		2,649
Payments made during the period		(3,946)
Balance at end of the period	$	14,934

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 final purchase price, based on the net book value of CIT Canada as at the closing date, is valued at $986.7 million. The Bank acquired CIT Canada to increase the proportion of business loans in the Bank's loan portfolio, strengthen its position in the equipment financing market and expand the pan-Canadian footprint.

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

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

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

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 and second quarters 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.

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 $6.2 million as at April 30, 2017 is being amortized in net income over the estimated remaining term of the purchased financial instruments. The amortization expense was $0.9 million for the second quarter of 2017 ($1.0 million for the first quarter of 2017 and $1.3 million for the second quarter of 2016).

14. SUBSEQUENT EVENT

Proposed Acquisition of Northpoint Commercial Finance and Issuance of Subscription Receipts

On May 18, 2017, the Bank entered into a definitive agreement under which it has agreed to acquire Northpoint Commercial Finance ("NCF"), a U.S. based non-bank inventory finance lender with a portfolio of approximately USD$0.9 billion (CDN$1.2 billion). The transaction is expected to close before the end of fiscal 2017, subject to customary closing conditions, including applicable regulatory notifications and approvals. The purchase price, currently estimated to be in the range of CDN$325 million to CDN$350 million, will be based on the book value of NCF as at the closing date plus a premium of approximately $130 million to $140 million, subject to customary post-closing purchase price adjustments.

On May 26, 2017, the Bank issued 4,171,000 subscription receipts at a price of $51.70 per receipt. The proceeds of the offering have been placed in escrow until closing of the NCF acquisition, at which point the subscription receipts will be automatically exchanged, on a one-for-one basis, for common shares of the Bank. This offering will provide net proceeds of $206.2 million. The Bank has also entered into a subscription agreement with Caisse de dépôt et placement du Québec (Caisse), in which Caisse purchased 483,560 subscription receipts for net proceeds to the Bank of $24.1 million.

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SHAREHOLDER INFORMATION

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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
Subscription receipts	LB.N	—	—
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.