

Laurentian Bank Clarifies Effect of Recent Review of Mortgages

MONTREAL, QUEBEC--(Marketwired - Dec. 11, 2017) - On December 5, 2017, Laurentian Bank of Canada (the "Bank") (TSX:LB) disclosed issues arising from a review of mortgages that it had sold to a third party purchaser. Those issues resulted in the Bank repurchasing some mortgages and enhancing its quality control functions and underwriting procedures, and may result in it being required to repurchase additional mortgages. Given recent reports in the media, the Bank wants to clarify why it does not believe these matters are material to its business, capital, operations and funding. Therefore, as a precaution, the Bank is issuing this press release and is filing a material change report to draw the market's attention to the effect these matters have on the business, capital, operations and funding of the Bank. The affected mortgages are performing in line with the Bank's overall residential mortgage portfolio, no employees were implicated in any misrepresentations, nor did the Bank find any significant concentration of mortgages with misrepresentations with any single broker. The estimated value of the mortgages that may be repurchased from the third party purchaser constitutes approximately 1.6% of the Bank's total residential mortgage portfolio and less than 1% of its total loan portfolio. The Bank has available liquidity on hand to repurchase the affected mortgages and the Bank's funding sources are diversified. For these and other reasons described in more detail in its material change report, the Bank does not believe that these matters are material to its business, capital, operations and funding.

Caution Regarding Forward-Looking Statements

While the Bank believes that its assumptions and expectations with respect to (i) the amounts of mortgages to be repurchased and the continued performance of the affected mortgages, (ii) the successful implementation of its enhanced quality control functions and underwriting procedures and (iii) the third party purchaser facility being unavailable for a limited period of time to be reasonable assumptions and expectations, these are subject to certain risks and uncertainties and may prove inaccurate. Specific risks and uncertainties which may cause these assumptions and expectations to be inaccurate and may adversely affect the Bank's business, results of operations and financial condition include (i) the results of the limited sample audit of mortgage on which these assumptions and expectations are based not being representative of the entire branch-underwritten portfolio sold to the third party purchaser, (ii) another third party purchaser requiring an audit or the repurchase of an amount of ineligible or problematic loans sold to it, (iii) the enhanced quality control functions and underwriting procedures the Bank is implementing not working as contemplated and (iv) the third party purchaser not being satisfied with the enhanced quality control functions and underwriting procedures and delaying the reopening or refusing to reopen the third party purchaser facility. Investors should also refer to the section Caution Regarding Forward Looking Statements in the Bank's Management Discussion and Analysis for the Year ended October 31, 2017.

About Laurentian Bank

Laurentian Bank of Canada is a financial institution whose activities extend mainly across Canada. Founded in 1846, its mission is to help customers improve their financial health and it is guided by values of proximity, simplicity and honesty. The Bank serves one and a half million clients throughout the country and employs more than 3,700 individuals, which makes it a major player in numerous market segments. The Bank caters to the needs of retail clients via its branch network based in Quebec. The Bank also stands out for its know-how among small and medium-sized enterprises and real estate developers owing to its specialized teams across Canada. Its subsidiary B2B Bank is, for its part, one of the major Canadian leaders in providing banking products and services and investment accounts through financial advisors and brokers. Laurentian Bank Securities offers integrated brokerage services to a clientele of institutional and retail investors. The Bank has \$47 billion in balance sheet assets and \$32 billion in assets under administration.

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