

SCRIPT FOR THE Q1-2017 LAURENTIAN BANK CONFERENCE CALL

OPERATOR: Welcome to the Laurentian Bank conference call. Please note that this call is being recorded. I would now like to turn the meeting over to Ms. Susan Cohen. Please go ahead, Ms. Cohen.

MS. COHEN: Good afternoon and thank you for joining us.

This afternoon's review of the first quarter of 2017 results will be presented by François Desjardins, President and CEO, and François Laurin, CFO. All documents pertaining to the quarter, including Laurentian Bank's news release, investor presentation and financial supplement can be found on our website in the Investors section.

Following our formal comments, the senior management team will be available to answer questions.

Before we begin, let me remind you that during this conference call, forward-looking statements may be made, and it is possible that actual results may differ materially from those projected in such statements. For the complete cautionary note regarding forward-looking statements, please refer to our press release or to Slide 2 of the presentation.

I am now pleased to turn the call over to François Desjardins.

FRANÇOIS DESJARDINS SECTION

Thank you, Susan. Good afternoon everyone.

We are off to a good start in 2017. Adjusted net income increased by 21% compared to a year ago. Higher revenues and disciplined expense control contributed to an improvement in the adjusted efficiency ratio and positive operating leverage. Also, strong credit quality resulted in the continuation of relatively low credit losses. During the quarter, capital ratios strengthened significantly as we maintained a solid ROE.

(Slide 5)

Underlying these good financial results is our relentless focus. We are executing the transformation plan in order to achieve strategic objectives by 2022, or earlier, if possible. The Bank's goals are clear – to deliver an adjusted ROE that is comparable to the Canadian banking average, to double the size of our organization and; to build a solid strategic foundation.

Last December, we presented priorities for 2017. With the first quarter already behind us, we are pleased with the progress that is being made.

(Slide 6)

Having completed the acquisition of CIT's Canadian operations in the fourth quarter, integration became a priority. We merged CIT's equipment financing activities with our own and this has resulted in the creation of LBC Capital. The process has been seamless so far. Our clients' response has been very positive and employees are highly engaged. As well, we have secured a provider for a new technology platform that will improve efficiency and client experience. The pipeline is strong, the credit quality of the portfolio is performing according to expectations and we are beginning to work towards delivering synergies. LBC Capital is well positioned to contribute to growth objectives.

Optimizing Retail activities is another important priority. Last September, we announced that we would accelerate the plan to merge 50 branches, going from 150 to 100 locations over the next 18 months. During the first quarter, we communicated with customers and employees who are impacted by this change, hosted Open Houses and developed retention strategies to minimize attrition. The reaction from clients is positive. Given the progress, we are moving forward swiftly. In December, we merged one branch and plan to merge thirty-three more at the end of April, followed by another seven at the end of June. Also at the end of April, twenty-three locations will become advice-only branches. These actions are aligned with customers' preference towards on-line banking over branch visits. Our physical branch network is evolving. It is becoming more focused on delivering advice to customers seeking to improve their overall financial health. As such, we have intensified efforts to add financial advisors, either by retraining existing personnel or by recruiting externally, notably via social media. The network will become more efficient and cost savings will be realized in the second half of the year.

Simplifying and standardizing the Retail Services product line is another key initiative. We have been eliminating products that are no longer desired by customers or that are inefficient. For example, we are no longer offering Travellers Cheques, foreign currency other than US dollars or safety deposit boxes. We are also discontinuing partnerships with third parties where the volume of business and level of revenue does not justify the effort. The actions that we are taking have a very limited customer impact but contribute to improved efficiency.

(Slide 7)

Growth remains a priority and our strong momentum continued into the first quarter. Residential mortgage loans through independent brokers and advisors, and loans to business customers, increased by 16% and 23% year-over-year, respectively. We are well positioned in the market to sustain double digit growth rates.

While speaking of growth, Laurentian Bank Securities had their best year ever in 2016 and followed through with strong results in the first quarter of 2017, as they continue to focus on profitable niche markets.

(Slide 8)

Building a solid foundation remains essential to sustained growth. To this end, we are progressing well on the new core banking platform – the critical backbone to becoming a digital bank. We are on track to migrate activities of B2B Bank and a large portion of Business Services onto this new platform at the end of 2017. The remainder of the migration, namely Retail Services, will happen mid-2019.

In parallel, the teams are working diligently to ensure an on-budget and on-time delivery of the AIRB Approach initiative at the end of 2019, which benefits will be felt in fiscal 2020. This methodology is key to strengthening credit risk management, optimizing regulatory capital and providing a level playing field for commercial opportunities.

Our Board of Directors, management and all team members are confident that, as we implement initiatives and execute the transformation plan, we will move towards becoming a simpler, more profitable and relevant financial institution.

(Slide 9)

The market seems to support the plan. In the first quarter of 2017 and for the first time in the Bank's history, its market capitalization reached \$2 billion. As well, Laurentian Bank's 10 year total shareholders' return compares favorably to that of the major banks and the XFN.

I will now call upon François to provide a more in depth review of first quarter 2017 financial results.

François...

FRANÇOIS LAURIN SECTION

Thank you François.

Good afternoon everyone.

I would like to begin by turning to slide 12 which highlights the Bank's good core financial performance. Adjusted net income in the first quarter of 2017 grew 21%. Adjusted EPS was \$1.43, up 3% compared with a year earlier. First quarter EPS was impacted by the common share issuances in 2016 which increased outstanding shares by 14%, as well as \$1.9 million higher preferred share dividends compared to a year ago. Even as our capital position significantly strengthened, we still reported a solid ROE of 11.8%.

As outlined on slide 13, reported earnings for the first quarter were affected by adjusting items totalling \$4.3 million after tax or \$0.13 per share. This included \$2.7 million of costs related to the CIT Canada transaction and integration, as well as \$700,000 related to the optimization of Retail activities and planned branch mergers.

The drivers of our performance are presented on slide 14. Total revenue in the first quarter of 2017 totaled \$241.6 million, an increase of 8% compared to a year earlier. Net interest income increased by 3% mainly due to strong volume growth in the loan portfolios, both organic and from acquisitions, but was partly offset by a different mix and by tighter margins stemming from the continued low interest rate environment. Other income increased by 19%, supported by a better capital market environment.

Net interest margin, shown on slide 15, was 1.66%. The main factors contributing to the 12 basis point year over year decline was 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, as well as by the newly acquired equipment financing business. Sequentially, NIM was relatively stable as an increase in lower-yielding residential mortgage loans was largely offset by volume growth from the newly acquired commercial loan and equipment financing portfolios. Strong organic growth in loans to business customers of 13%, combined with the acquired equipment financing portfolio, contributed to increasing the proportion of wider margin loans to business customers from 27% of the Bank's total loans at the end of the first quarter of 2016 to 30% at the end of the first quarter of 2017. As well, growth in loans and mortgages generated through independent brokers and advisors contributed to the strong growth in average earning assets of 10% year-over-year. For the next few quarters, margins are expected to be relatively stable compared with the first quarter level.

Other income, as presented on Slide 16, totaled \$87.9 million and increased by \$14.2 million or 19% year-over-year. Improvements were broad-based and demonstrate the good diversification of activities. A strong increase in income from brokerage operations reflected growth across all business segments, including underwriting, as well as improved market conditions compared with a year ago, while income from treasury and financial market operations benefited from higher net securities gains. Fees and commissions on loans and deposits rose due to higher lending fees from increased activity in the commercial portfolios, while the other category of other income included revenue from the acquired equipment financing portfolio. Partly offsetting these higher revenues was lower income from investment accounts. As reported in the fourth quarter, an agreement to administer investment accounts was terminated and one-time net revenue of \$3.1 million was recorded at that time.

Slide 17 highlights that adjusted non-interest expenses rose by 4% year-over-year. This increase was mainly the result of higher performance-based and pension costs, as well as higher salary costs and rental expenses associated with the acquisition of CIT Canada. Overall, non-interest expenses continue to be very well controlled. The adjusted efficiency ratio in the first quarter was 67.4%, an improvement of 290 basis points compared to a year earlier. As well, adjusted operating leverage was positive year-over-year. While the efficiency ratio has been ahead of our 2019 target for the past two quarters, investment is required as the Bank transforms. This may result in some periods where expenses are higher. An efficiency ratio of below 68% on a sustainable basis by 2019 remains our objective.

Slide 18 presents the CET1 ratio, under the Standardized Approach, of 8.2% at January 31, 2017. Compared to year-end 2016, this 20 basis points improvement was driven by internal capital generation, a steady level of risk-weighted assets, as well as by actuarial gains on pension plans. Our capital ratios are strong and support the Bank's growth objectives and our transformation plan.

Slide 19 highlights our well diversified sources of funds. In the first quarter of 2017 the Bank continued to optimize its funding mix. Personal term deposits sourced through independent brokers and advisors, as well as business and other deposits, declined slightly as the Bank actively worked to reduce its excess liquidity. Debt from securitizations totalled \$7.3 billion, essentially unchanged from the prior period as it remains a preferred term funding source for residential mortgages. The Bank continues to have a strong liquidity position.

Turning to slide 21, credit quality remained solid. The provision for credit losses at \$9.0 million was one hundred thousand dollars lower than a year earlier and \$1.3 million lower than the prior period.

The loss ratio remained at a very low level of 11 basis points in the first quarter of 2017. The underlying credit quality of the portfolios remains good. Furthermore, Laurentian Bank remains conservatively provisioned as shown on Slide 22. The total allowance covers the Bank's annual provision for loan losses by a multiple of 3.2X at the end of the first quarter of 2017.

Over the medium term, we expect the loss ratio to gradually move higher as our business mix changes but it should be more than offset by higher net interest income. Nonetheless, with our current portfolio mix, conservative provisioning and disciplined adjudication process, we expect that the loss ratio will remain well below other Canadian banks.

Turning to Slide 24, we continue to make steady progress towards meeting several of our mid-term financial objectives. We are particularly pleased with our efficiency ratio and positive operating leverage in the first quarter of 2017. Even with a much stronger capital position, we continue to work towards narrowing the ROE gap between Laurentian Bank and the major Canadian banks to 300 basis points in 2019. As well, despite the EPS impact of a larger number of shares outstanding, the medium-term objective for EPS growth remains 5-10% annually. With respect to the Bank's key growth drivers as presented on slide 25, we are advancing towards our 2019 targets.

To conclude, we are pleased with the core earnings performance in the first quarter of 2017 and the progress that we are making as our strategic plan continues to unfold.

Thank you for your attention and I will now turn the call back to Susan.

SUSAN COHEN SECTION

At this point, I would like to turn the call over to the conference operator for the question-and-answer session. Operator...

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you're using speaker equipment, please make sure that your mute function is turned off to allow your signal to reach our equipment. Again, press star one to ask a question. We'll pause for just a moment to allow everyone an opportunity to signal for questions.

And we'll take our first question from the line of Robert Sedran of CIBC. Please go ahead.

Robert Sedran: Hi, good afternoon. Just first just a numbers question, just the moving parts on the margin quarter on quarter. I know that the legacy book, I guess, the residential book would push the margin a bit lower, the new business pushed it higher. Can you quantify the impact of those two things and should we assume that they're relatively balanced going forward in terms of the margin outlook?

François Laurin: Thank you, Robert. Basically, it's a point or two on one side versus a basis point or two on the other side, so they're basically in equilibrium. And we expect that for the remainder of the year as well.

Robert Sedran: Okay, perfect. Thank you. And I just wanted to ask on the closure, the upcoming closure of the branches. I understand the long-term benefits that you're looking to accrue. I'm wondering if you're expecting or planning for any short-term dislocations to the financial statements, whether it's in terms of revenue or just in terms of expenses to support some of the activity that, you mentioned, that is, some of the heightened activity around managing the customer base and whether we should expect that to continue, and maybe there's a bit of an element within the adjusted earnings affecting the outlook.

François Desjardins : I'll ask Mr. Laurin to give some color on that, and maybe Stéphane if he has something to add.

François Laurin: Thanks for the question – we expect minimal revenue loss. But we definitely expect less expenses going forward, so all in all it's a positive action that we're taking right now.

Robert Sedran: Thanks. And the expenses that, or, I guess, the activities that have been talked about, I guess those expenses are just in the run rate expenses. It's not really a meaningful increase one way or the other?

François Laurin: Robert, François here. Obviously, we expect to realize some cost savings in the second half of the year once these branch mergers occur. But we also, at the same time, know that our transformation plan calls for investment and several strategic initiatives, that will be deployed to ensure sustainable growth and improved profitability. So, all in all, the best guidance that we have related to the expenses and the optimization of retail activity is that it will contribute to achieving our various financial objectives, i.e., ROE, EPS growth and efficiency ratio.

Robert Sedran: Thank you.

François Desjardins: You're welcome. Thank you.

Operator: Thank you. And we will move to our next question from the line of Meny Grauman of Cormark Securities. Please go ahead.

Meny Grauman: Hi. Just a question on capital. Risk-related assets growth's pretty flat quarter on quarter. I'm wondering what you're doing to actively manage risk-related assets, and what we can expect going forward? Do you expect to continue to be aggressive in terms of how you're managing risk-related assets and do you have any levers in order to keep the growth there, flat or slower than what we've seen in the past?

François Desjardins: I'll ask François Desjardins to speak about growth in the financial sector and retail.

Stéphane Therrien: In terms of the growth, there's been a slower growth quarter in Business Services. Keep in mind that obviously we're busy integrating the new portfolio for CIT. That being said, the pipeline in Business Services right now is very strong and we still expect to grow by double digits per year and our guidance is still \$13 billion by the end of 2019.

Meny Grauman: And in terms of risk-related assets specifically and how you're managing that? Is there anything unusual that you did this quarter to help manage that?

François Laurin: François here, Meny. Nothing unusual. I think it's not unusual. What we've seen when we look at the numbers from our three reports in the first two months that were available, that we didn't feel that we were out of whack with the market in terms of growth in various loan portfolios.

François Desjardins: I think that – Meny, if I may add, this is François Desjardins. In both Business Services and the bank our pipelines are quite strong and we expect to continue double-digit growth targets throughout the year.

Meny Grauman: And if you could just comment on the funding side in terms of personal term deposits, the sequential decline and what you're seeing in terms of the competitive environment for deposits, specifically on the personal side.

François Laurin: I'll answer that. As you know, funding is something that we have as a common goal within the bank. So we, on personal deposits versus other forms of funding, are managed as a whole in

treasury. So, depending on what is available and the cost of different funding sources we make some choices, you know, to have the best possible funding costs. So we had higher liquidity in the last quarter which came down during the quarter, and that's where we netted out. But from a competitive perspective there's nothing to read into it.

Meny Grauman: Thank you.

Operator: Thank you. We'll move to our next question from Sohrab Movahedi of BMO Capital Markets. Please go ahead.

Sohrab Movahedi : Okay, thank you. As you accelerate the branch closures or as you work through the branch closures do you expect to take more restructuring charges that you're going to call out as adjusting items?

François Laurin: François here, François Laurin. As mentioned, in the last quarter we took, in Q4 we took a charge and we expected and we published that we would have basically around \$6 million of additional charges that we would take going through this initiative. And we basically recorded less than a million in this quarter so we should expect more – and \$6 million is still our best estimate at this time.

Sohrab Movahedi: So, another \$5 million.

François Laurin: Yeah.

Sohrab Movahedi: Okay. And then, François, you talked about the impact of the business acquired, on the NIM. Can you also talk about the impact of the business acquired on the PCL ratio.

François Laurin: Negligible.

Sohrab Movahedi: No impact.

François Laurin: No impact.

Sohrab Movahedi : And you've taken the performance of that into consideration when you've given us your outlook that you think it's, you are going to continue to be relatively low, I guess?

François Laurin: Yes.

Sohrab Movahedi: Okay. And that business is the business that has caused the geographic remix, if you will, away from Quebec into Ontario as far as the loan portfolio is concerned?

François Laurin: Clearly, it does have an impact on that.

Sohrab Movahedi: But is that primary impact? What would that mix have looked like without the acquisition?

François Laurin: I would have to get back to you, but my first intuition would be is that it would be similar to what we were before.

Sohrab Movahedi : Okay.

François Desjardins: François Desjardins here. One of our – two of our goals that we've mentioned in our Investor day a year and a half ago, as you remember, was to change the mix in terms of business, increase the mix of business services within the bank. Certainly, the acquisition is doing that, but also, you know, change the geography a little bit in the mix as well. And that has come over the years through our development of business through B2B Bank and Business Services organically. And, of course, it's helped by the CIT acquisition.

Sohrab Movahedi: Understood. And then just on the other income, I think you noted the stronger contribution from, I think it was brokerage operations and, in particular, and in treasury and financial markets. I mean, maybe some colour as to how the second quarter has started and, you know, do you expect that strength to continue?

François Desjardins: I'll ask Michel to answer that.

Michel: Hi, good afternoon. Well, I'm not going to comment on the second quarter. I will say that in the first quarter we had a good start to the year. There was good growth and diversification across all business segments, and of course we're stronger, significantly ahead of last year, that was impacted by a severe credit crisis. We seized opportunities by favorable capital market conditions that translated into good underwriting activities. And during the first quarter the actions we underwrote, our second NHA MBS Securities, expanding our program. We like to believe that we invest conservatively in nature with a measured pace in order to deliver growth over time. The second quarter is too early to tell, but markets are still stable.

Sohrab Movahedi: Thanks very much.

Operator: Thank you. And we'll move to our next question from the line of Lemar Persaud of TD Securities. Please go ahead.

Lemar Persaud: Thanks. If I look at the income from treasury and financial market operations excluding the \$4.3 million in securities gains. The number looks weaker than I would have expected given the strength in markets in Q1. I wonder if you can provide some additional color on what drove that weak trading result and if you could comment on what you're seeing so far at the start of Q2.

François Desjardins: Lemar, I'll ask François to answer that.

François Laurin: Well, basically, from this, other than the security gains there's volatility in different markets and we have some positioning in those different markets with different outcomes obviously. So we had some pluses in some markets and negative results on the other, in other markets hence the results that you see. Some positive and some lower on the other revenues from treasury. But overall globally our results are stronger, with income with treasury and financial markets being higher year over year and quarter over quarter. But it depends on the market, but we're well positioned since then to have a positive impact at the moment on our portfolio.

Lemar Persaud: Just to clarify, then the outlook for Q2 is we should expect this number to go up a little bit?

François Laurin: If the market stays the way it is.

Lemar Persaud: Okay, that's fair. Thank you. My next question is on credit losses. They were again very low this quarter, largely in part to a sizeable recovery relating to commercial mortgages. Obviously, at some point recoveries have to taper off. And given the experience, call it from mid-2016, I would have thought that we would be nearing the end of the material recoveries. Do you think there's some more to come or are we nearing the end?

François Laurin: I'll ask François Desjardins to give some color on the portfolio.

François Desjardins: Okay. Well, it's hard to forecast exactly when this is going to happen. We are conservative when our accounts are sliding down the scale. We tend to take collective provisions in there so when we give favorable outcomes you get some relief, and that's what we're living right now. We, you know, we're very pleased with the results up to now but over time, yes, they are going to trend up but I can't say exactly when. But it will increase, and like we said before, somewhere in the higher teens over the coming periods.

Lemar Persaud: Okay, thanks. That's it for me.

François Desjardins: Thank you for your questions.

Operator: Thank you. And we'll move to our next question from the line of Sumit Malhotra of Scotia Bank. Please go ahead.

Sumit Malhotra: Good afternoon. A couple of number questions to get started please. Just, first off, on the capital ratio. You mentioned on the slide that part of the uptake in the quarter was due to a favorable movement in the actuarial gains on pension plans. Could you clarify how much of the 20 basis points quarter over quarter came from the other pension gains?

François Laurin: Yes. Basically, the actuarial gains raised the pensions funds about five bps in the quarter.

Sumit Malhotra: Okay, about five dips in the quarter. Thank you. And then when I look at your fee income you have a category that all banks have mysterious 'Other' category which was much stronger this quarter. I thought I read that that was related to the CIT acquisition. Is that correct? And if so, what exactly is this? Because I thought it was basically a net interest income based business. A \$4.6 million in the quarter contribution from 'Other' which is higher than we usually see.

François Laurin: Basically, most of it is the acquisition of CIT. You have on loans NIM, Net Interest Income, but when it's a pure lease, it's Other income.

Sumit Malhotra: Okay.

François Laurin: Part of the business that are pure leases, where we still own the assets, the income is not interest income, it's Other, it's classified as Other revenues.

Sumit Malhotra: This line will likely have a higher contribution going forward as a result of that addition of CIT.

François Laurin: Yes, exactly.

Sumit Malhotra: Okay. Now let me get to the actual questions. If I look at your loan growth, although you've certainly been making progress in growing out your commercial portfolios, and you've communicated to us that that's an important goal. Mortgages are still by far growing fast, and we've talked a lot about the housing market in Canada. But when I look at your numbers in terms of mortgage growth you continue to show very strong numbers and quite consistently, 2 – 3% in a quarter, if not more. Why has Laurentian Bank not demonstrated some of the same decelerating trends in mortgage balances that we've seen from your peers? And do you feel that's something from a risk perspective that we're likely to see given the trends in the housing market?

François Desjardins: I'll ask Deborah Rose to comment on that.

Deborah Rose: Sure, thank you. As far as why you're seeing the growth, the continued growth, particularly in B2B with residential mortgages is, I believe as you know, we have a very broad product shelf in alternative mortgages. So, for us, what we're doing is we continue to bring in the insured and uninsured prime yields, but we're also focusing on growing that alternative line. And that's where we continue to see success there. And we'll continue on our strategy towards that.

Sumit Malhotra: Is your growth in that channel at all being positively impacted by perhaps some of the smaller players stepping back?

Deborah Rose: You know what, I think we're still looking to see what the impact of all these changes are. Right now, what I can say is we pretty much had no impact. The growth rate has continued on, as it has all year long. And we're still watching to see the market and see, you know, what the outcome will be. But for now we'll just continue to see that steady growth so we're sticking to our plan and we're, you know, we're being successful there.

Sumit Malhotra: Okay, no, the double-digit growth and mortgages is certainly standing out in the sector right now so just wanted to get your thoughts on that. Last one is for François and maybe a bigger picture looking at your medium-term objectives. So your slide 24 gives us an update on your medium term objectives and your performance. So the efficiency target of 68% or below by 2019. You're obviously there this quarter. Hearing you talk about NIM stabilizing, positive trends in the loan book, the tailwind you're going to get from maybe the branch closings to expenses, are we in a situation where the 68% number needs to be updated because frankly, it sounds like a lot would have to go wrong for it not to happen at this point, right?

François Desjardins: The eternal optimist, of course, Sumit, but you're right. You know, when we talked about the objectives at the end of last year, we said that we wanted to be prudent and conservative first year of a four-year plan and that we wanted to be sure that we knew what was coming in 2017 before changing, you know, either of the four objectives that we set for ourselves in terms of ROE, efficiency ratio, EPS, but also the growth targets as well. And we knew that there was going to be some luckiness, right? Hence, one of the reasons why we chose to start disclosing our ROE target and gap versus fixed. You know, not all the banks were out this quarter, but quite certainly, you know, just the ones that are out today, we see some good variability there so it's just an excess of prudence and knowing that there might be investments that we have to make, we're just keeping that guidance. I would say at this point,

everybody feels that this is obviously conservative, but quite certainly, when we feel the need, we will review those targets to give you better guidance.

Sumit Malhotra: Alright, thank you for that and for your time.

François Desjardins: Thank you.

Sumit Malhotra : You're welcome.

Operator: Thank you and we'll move to our next question from Darko Mihelic of RBC Capital Markets. Please go ahead.

Darko Mihelic: Hi, thank you. I wanted to follow up on the mortgages and I apologize if I'm going to get a little too detailed here so – but I'm going to give it a try and the reason I'm going to ask this is I actually do see deceleration in the growth rate for mortgages. So last year this time your mortgage growth in the independent channel was 45% and this year it's 16. So Deborah, maybe you can comment a little bit about your originations because that's the other part I don't see. I don't see what's sort of not being refinanced or what's being paid down. Could you give us an idea of the originations and also as well, I was wondering if you could give us an idea of where the mortgage growth is coming from? When we look at this one slide where you show a very large proportion of it in Quebec, I'm just curious if you're getting a lot of growth in other provinces and namely in Ontario and British Columbia? So maybe perhaps you can talk to originations and whether those are making all-time highs and maybe the nature of those originations as well in terms of geography.

Deborah Rose: Okay, I think I'll probably share this question with Christian as well so, but just to start with, around origination, it's, I guess going to one of your first points about compared to last year, it is definitely lower from last year and we knew that. We said that all last year was that we wouldn't – we could continue with double digits, but not in the range that we had and that was because last year was really our first year of relaunching our mortgage program at B2B. So we're totally in line with where we expected it and we're very comfortable with our targets and our sales strategy. As far as originations, I'm not 100% sure what you're looking for in your question. Our mortgage broker's customers have not significantly changed so can you elaborate a little bit on what you're looking for?

Darko Mihelic: Well in terms of new mortgages coming into the door, that dollar figure, how would that compare to last year's dollar figure and also as well when you look to the new mortgages coming in through the door, new customers, that is, predominantly, what geographic location are they coming from?

François Desjardins: Darko, it's François D. here. Just to refer you to slide 25, on the residential mortgage loans through independent brokers and advisors, you actually see the dollar number there from where we stood in 2015, where we ended up 2016 and what the first quarter looks like.

Darko Mihelic: Right

François Desjardins: So as the portfolio is growing, of course part of the deceleration and percentage is just math, right? Because it's – the denominator is getting bigger, so the percentage is getting smaller. That's why with our guidance last year, we're saying, well don't expect 45% anymore because that's going to go down. But still, this quarter, as you can see, you know, we went from 7 billion to 7.3 and last year we went from 5.7 to 7.0.

Darko Mihelic: Right, I understand that. In any event, can you maybe speak to the – the geographic breakdown and maybe perhaps as well, I realize you're doing a lot more of the Alt-A, but maybe you can speak to the level of first-time homebuyers versus conventional mortgages?

Deborah Rose: Okay and when you're asking for the geographical breakdown, can I just ask one question? Are you referring to B2B or LBC as a whole?

Darko Mihelic: I'm more interested in B2B because these are coming in through the independent brokers so presumably, they can be anywhere from Canada, right?

Deborah Rose: Correct, absolutely, yes. So Christian, do you have the numbers?

Christian de Broux: In terms of geography, the bulk of the portfolio is in Ontario and the bulk of the Ontario portfolio is in Toronto. In terms of growth, what we're seeing is a lot of growth on the insured business, double digit growth there. The uninsured as well is growing very well and that's a factor of a lot of our Alt A business where the growth rate is higher than the rest of the portfolios.

Darko Mihelic: Okay, thank you for that and I guess what ultimately, I'm deriving at is this is excellent growth in mortgages. There's no question. I'm just curious about the behavior of these customers that come in from B2B trust in the sense that I really don't know what their renewal rates would look like, but a timing out to 2019, which is an important target, the \$9 billion, you'll have generated quite a – I mean, the growth rate that you're on, you would have generated a lot of new business and I'm curious if you have any early read of the level of renewals that come or is this business that is very cut throat and very price driven and that could basically float to anywhere for the right price?

Deborah Rose: It's a great question. As far as the renewal rates, one of the things that B2B has been focusing on in the last year is an initiative to increase our renewal rates and we've seen tremendous success. I think with our renewals, we've increased year over year by more than 20% so we are seeing if we have a disciplined approach to it and we go out there in a sufficient time with the right proposal that we are able to renew those mortgages and they're not going back out to the mortgage brokers to get funded somewhere else. So we are seeing good success from that perspective.

Darko Mihelic: Okay, great. Thanks very much for taking my questions.

François Desjardins: You're very welcome, Darko.

Operator: Thank you. Once again, ladies and gentlemen, if you would like to ask a question, please press star one. And we'll move to our next question from the line of Gabriel Dechaine of National Bank Financial. Please go ahead.

Gabriel Dechaine: Good afternoon. Another quick one on the originations there, just to follow up on Darko's line of questions and then a margin question. Your B2B growth, you said that the traditional mortgage, but also alternative mortgages were driving the growth. Could you give me a sense of the proportion of originations are coming from alternative mortgages and what kind of risk profiles those things have and spread? I would assume that spread on those mortgages are relatively attractive relative to the traditional prime mortgages and therefore, the pressure on your margin wouldn't be as severe.

Deborah Rose: Correct. Right. Overall, from a percentage of the new loans we're originating, we are targeting and we have been able to maintain about a 35% mix rate, so 35% being alternative. As far as a risk perspective, I think the biggest thing is to remind everyone that these are not subprime mortgages. That's not what are alternative book is. What we are doing here is really offering non-traditional mortgage solutions to help clients that are in a different situation, like business for yourself, new professionals, that type of thing. So there are different risk profiles on a normal prime loan, but they would not be what the average person would consider high, high risk. That being said, your point about the higher margins is absolutely correct. We were able to risk-base price all of these mortgages and they are coming in at a higher margin, which is enabling us to continue to grow at this rate and grow profitably.

Gabriel Dechaine: What would the margin on one of these be, compared to, you know, a traditional or prime, or regular mortgage, whatever you want to call it at B2B?

Deborah Rose: That's something that we don't really disclose.

Gabriel Dechaine: Ballpark, though – I mean, not the basis points, but it is it twice as much? One and a half times? Is it big?

François Desjardins: The difference is – François here – I think everybody has a good idea on what margins look like on a... prime mortgage looks like. But from an alternative or near-prime mortgage, it's more of a sliding scale, where very, very near prime has a small premium. And it goes, the higher the risk, the higher the rate. But we have never disclosed those for competitive reasons.

Gabriel Dechaine: OK. Well, moving on to the other margin question, I guess I want to get a sense of where you see net interest income evolving over the next year, let's call it, including, you know, there's some moving pieces in there. You are changing mix, the CIT acquisition – on a year-over-year basis, I see a 12 basis point decline, and adjusting for CIT, which I get to flat or slightly negative net interest income growth, so where do you see that evolving over the next year, and are you still on-track for the two to three basis points or so of margin accretion from CIT?

François Laurin: Gabriel, François here. Over the next couple of quarters and the next year, we expect that margin should be relatively stable from what we saw in Q1, as the outlook seems to be with low rates to linger, we continue – we will definitely continue to diversify our funding to improve margins, first. And as the year progresses, the impact of the low interest rates and the higher NHA securitization that we undertook last quarter, which has a lower NIM, but a higher ROE, could be partially offset by several other factors. For example, clearly, the impact of a full year of higher yielding assets like CIT Canada acquisition, the business loan growth as well as the lower level of liquidity that we had compared to last year, when we had more liquidity. So overall, NIM is one element, growth and NII and

improvement in ROE are the other element we are aiming at to grow even in this low interest rate environment with a stable NIM going forward for the year.

Gabriel Dechaine: OK. I appreciate that, and I'll leave it there. Thanks.

Speaker: Thanks, Gabriel.

Deborah Rose: Thank you.

Operator: It appears there are no further questions at this time. Ms. Cohen, I'd like to turn the conference back to you for any additional or closing remarks.

Ms. Cohen: Thank you for joining us today. Should you have any further questions, our contact information is included at the end of the presentation. The second quarter of 2017 conference call will be held on 30th May. We look forward to speaking with you then. Have a good evening.

Operator: Thank you. This concludes today's call. Thank you for your participation. You may now disconnect.