

INVESTOR PRESENTATION

Mortgage Review

Conference call

May 29 at 5:30 pm



Caution Regarding Forward-Looking Statements

In this document and in other documents filed with Canadian regulatory authorities or in other communications, we may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements include our estimate of the total amount of CMHC portfolio insured mortgage loans to be repurchased and statements regarding our business plan and financial objectives including statements contained in our 2017 Annual Report under the headings "Outlook" and "Off-Balance Sheet Arrangements - Securitization Activities". The forward-looking statements contained in this document are used to assist readers in obtaining a better understanding of our 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 we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurances that these expectations will prove to be correct. Certain important assumptions by us in making forward-looking statements include, but are not limited to, our assumption that the in-depth review of CMHC portfolio insured mortgage loans will reveal a level of inadvertently portfolio insured and sold mortgage loans in line with those discovered through the normal course audit and our estimates and statements regarding our business plan and financial objectives including statements contained in our 2017 Annual Report under the headings "Outlook" and "Off-Balance Sheet Arrangements - Securitization Activities".

We caution 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, assumptions pertaining to the conduit requirements, scarcity of human resources, developments with respect to labour relations, as well as developments in the technological environment. Furthermore, these factors include the ability to execute our transformation plan and in particular the successful reorganization of retail branches, the modernization of the core banking system and the adoption of the Advanced Internal Ratings-Based Approach to credit risk (the AIRB Approach).

With respect to the anticipated benefits from the acquisition of Northpoint Commercial Finance ("NCF") and statements with regards to this transaction being accretive to earnings, such factors also include, but are not limited to: the ability to promptly and effectively integrate the businesses, reputational risks and the reaction of our 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; our 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, and diversion of management time on integration-related issues.

We further caution that the foregoing list of factors is not exhaustive. For more information on the risks, uncertainties and assumptions that would cause our actual results to differ from current expectations, please also refer to the "Risk Appetite and Risk Management Framework" on page 44 of our Management's Discussion and Analysis as contained in our 2017 Annual Report, as well as to other public filings available at www.sedar.com.

We do not undertake to update any forward-looking statements, whether oral or written, made by us or on our behalf, except to the extent required by securities regulations.

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.



FRANÇOIS DESJARDINS

President and Chief
Executive Officer



Mortgage Review – Successfully Resolved with TPP

- Situation with TPP (Third-Party Purchaser) is now resolved for both B2B Bank and branch network
- In Q3, the Bank will repurchase \$115 million of mortgage loans ineligible for securitization, slightly lower than the Bank's initial assessment of \$124 million reported at the end of the first quarter
- TPP agreed to continue to consider future purchases, subject to terms and conditions to be agreed upon at the time of each purchase
- No material impact expected on the Bank's operations, funding and capital

In millions of Canadian dollars (Unaudited)	B2B Bank	Branch network	Total	Status
Total mortgage loans sold ⁽¹⁾	\$655	\$1,157	\$1,812	-
Ineligible mortgage loans identified ^{(2) (4)}	\$ 89	-	\$ 89	✓
Mortgage loans inadvertently sold ^{(3) (4)}	\$ 1	\$ 90	\$ 91	✓
Ineligible mortgage loans identified during Q2-2018 ⁽⁵⁾	-	\$115	\$115	✓
Total ineligible mortgage loans inadvertently sold and identified	\$ 90	\$205	\$295	✓

(1) As at September 30, 2017, as reported in our 2017 Annual Report, excluding the impact of repurchases. As at April 30, 2018, mortgage loans sold to the TPP by B2B Bank and the branch network totaled \$526 million and \$950 million respectively. The variations from what was previously disclosed are due to net repayments and the aforementioned repurchases.

(2) Mortgage loans with documentation issues ineligible for securitization.

(3) Loans inadvertently sold relate to low LTV mortgage loans which did not meet the TPP criteria for securitization.

(4) Repurchased in the first half of 2018.

(5) Will be repurchased in the third quarter of 2018.



Mortgage Review – Resolution Underway with CMHC

- Securitization program remains available and the Bank has been securitizing mortgage loans as usual during 2018
- Estimated \$125M to \$150M of mortgage loans to repurchase
- No credit issues, low LTVs
- \$20M cash reserve deposit
- Conclude review before end of fiscal year
- No material impact on the Bank’s operations, funding and capital

In millions of Canadian dollars (Unaudited)	Total	Status
Total mortgage loans sold ⁽¹⁾	\$5,157	-
Mortgage loans inadvertently sold as at January 31, 2018 ^{(2) (3)}	\$ 88	✓
Additional estimated mortgage loans inadvertently sold ⁽²⁾	\$125-150	In progress
Estimated total mortgage loans inadvertently sold	\$213-238	

(1) As at September 30, 2017, as reported in our 2017 Annual Report, excluding the impact of repurchases, and new securitizations to CMHC. As at April 30, 2018, mortgage loans sold to CMHC totaled \$5,014 million. The variation from what was previously disclosed is due to new securitizations and net repayments.

(2) Loans inadvertently sold relate to low LTV mortgage loans which did not meet CMHC criteria for securitization.

(3) Repurchased in the second quarter of 2018.



Mortgage Review



Significant progress towards resolution

- **Successful resolution with the TPP**
- **CMHC resolution underway**
- **Enhanced quality controls and origination processes**



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