THIRD QUARTER 2022

Report to Shareholders

For the period ended July 31, 2022

Laurentian Bank of Canada reported net income of $55.9 million and diluted earnings per share of $1.18 for the third quarter of 2022, compared with $62.1 million and $1.32 for the third quarter of 2021. Return on common shareholders' equity was 8.4% for the third quarter of 2022, compared with 9.4% for the third quarter of 2021. Adjusted net income was $58.2 million and adjusted diluted earnings per share were $1.24 for the third quarter of 2022, compared with $59.0 million and $1.25 for the third quarter of 2021. Adjusted return on common shareholders' equity was 8.7% for the third quarter of 2022, compared with 8.9% a year ago.

For the nine months ended July 31, 2022, reported net income was $170.9 million and diluted earnings per share were $3.69, compared with $159.9 million and $3.43 for the nine months ended July 31, 2021. Return on common shareholders' equity was 8.9% for the nine months ended July 31, 2022, compared with 8.4% for the nine months ended July 31, 2021. Adjusted net income was $179.2 million and adjusted diluted earnings per share were $3.88 for the nine months ended July 31, 2022, compared with $163.3 million and $3.51 for the nine months ended July 31, 2021. Adjusted return on common shareholders' equity was 9.4% for the nine months ended July 31, 2022, compared with 8.6% for the same period a year ago.

"The ongoing execution of the Bank's strategic plan has led to solid results this quarter and a strong year-to-date," said Rania Llewellyn, President & CEO. "We remain confident in our ability to exceed our 2022 financial targets despite the macroeconomic environment, due to the strength of our underlying businesses, our prudent and disciplined approach to credit, and the progress we are making delivering on our plan."

	For the three months ended			For the nine months ended		
In millions of dollars, except per share and percentage amounts (Unaudited)	**July 31, 2022**	July 31, 2021	Variance	**July 31, 2022**	July 31, 2021	Variance
Reported basis						
Net income	**$ 55.9**	$ 62.1	(10)%	**$ 170.9**	$ 159.9	7 %
Diluted earnings per share	**$ 1.18**	$ 1.32	(11)%	**$ 3.69**	$ 3.43	8 %
Return on common shareholders' equity[2]	**8.4 %**	9.4 %		**8.9 %**	8.4 %	
Efficiency ratio[3]	**68.3 %**	66.8 %		**67.9 %**	69.7 %	
Common Equity Tier 1 (CET1) capital ratio[4]	**9.1 %**	10.3 %				
Adjusted basis						
Adjusted net income[1]	**$ 58.2**	$ 59.0	(2)%	**$ 179.2**	$ 163.3	10 %
Adjusted diluted earnings per share[2]	**$ 1.24**	$ 1.25	(1)%	**$ 3.88**	$ 3.51	11 %
Adjusted return on common shareholders' equity[2]	**8.7 %**	8.9 %		**9.4 %**	8.6 %	
Adjusted efficiency ratio[2]	**67.1 %**	68.4 %		**66.4 %**	69.1 %	

(1) This is a non-GAAP financial measure. Refer to the Non-GAAP Financial and Other Measures section on page 5 for more information.
(2) This is a non-GAAP ratio. Refer to the Non-GAAP Financial and Other Measures section on page 5 for more information.
(3) This is a supplementary financial measure. Refer to the Non-GAAP Financial and Other Measures section on page 5 for more information.
(4) In accordance with OSFI's "Capital Adequacy Requirements" guideline. Refer to the Capital Management section on page 13 for more information.

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS AT AND FOR THE PERIODS ENDED JULY 31, 2022

This Management's Discussion and Analysis (MD&A) presents management's view of the financial condition of Laurentian Bank of Canada (the "Bank") as at July 31, 2022 and its operating results for the three-month and nine-month periods then ended, compared with the corresponding periods shown. This MD&A should be read in conjunction with the Condensed Interim Consolidated Financial Statements. This MD&A is dated August 30, 2022.

Additional information about Laurentian Bank of Canada, including the 2021 Annual Information Form, is available on the Bank's website at www.lbcfg.ca and on the Canadian Securities Administrators' SEDAR website at www.sedar.com.

BASIS OF PRESENTATION

The financial information reported herein is based on the Condensed Interim Consolidated Financial Statements for the three-month and nine-month periods ended July 31, 2022, and, unless otherwise indicated, has been prepared in accordance with International Financial Reporting standards (IFRS), as issued by the International Accounting Standards Board (IASB), as well as in accordance with IAS 34, *Interim Financial Reporting.* All amounts are presented in Canadian dollars.

ABOUT LAURENTIAN BANK OF CANADA

At Laurentian Bank, we believe we can change banking for the better. By seeing beyond numbers.

Founded in Montréal in 1846, Laurentian Bank helps families, businesses and communities thrive. Today, we have more than 3,000 employees working together as one team, to provide a broad range of financial services and advice-based solutions for customers across Canada and the United States. We protect, manage and grow $49.8 billion in balance sheet assets and $27.8 billion in assets under administration.

We drive results by placing our customers first, making the better choice, acting courageously, and believing everyone belongs.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, Laurentian Bank of Canada (the "Bank") will make written or oral forward-looking statements within the meaning of applicable Canadian and United States (U.S.) securities legislation, including such as those contained in this document (and in the documents incorporated by reference herein), and in other documents filed with Canadian regulatory authorities or the U.S. Securities and Exchange Commission, in reports to shareholders, and in other written or oral communications. These forward-looking statements are made in accordance with the "safe harbor" provisions of, and are intended to be forward-looking statements under applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. They include, but are not limited to, statements regarding the Bank's vision, strategic goals, business plans and strategies, priorities and financial performance objectives; the economic and market review and outlook for Canadian, U.S., European, and global economies; the regulatory environment in which the Bank operates; the risk environment, including, credit risk, liquidity, and funding risks; the anticipated ongoing and potential impact of the coronavirus (COVID-19) pandemic on the Bank's operations, earnings, financial results and financial performance, condition, objectives, and on the global economy and financial markets conditions; the statements under the headings "Outlook", "Impact of COVID-19 Pandemic" and "Risk Appetite and Risk Management Framework" contained in the Bank's 2021 Annual Report for the year ended October 31, 2021 (the "2021 Annual Report"), including the Management's Discussion and Analysis for the fiscal year ended October 31, 2021; and other statements that are not historical facts.

Forward-looking statements typically are identified with words or phrases such as "believe", "assume", "estimate", "forecast", "outlook", "project", "vision", "expect", "foresee", "anticipate", "intend", "plan", "goal", "aim", "target", and expressions of future or conditional verbs such as "may", "should", "could", "would", "will", "intend" or the negative of any of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature, which give rise to the possibility that the Bank's predictions, forecasts, projections, expectations, or conclusions may prove to be inaccurate; that the Bank's assumptions may be incorrect (in whole or in part); and that the Bank's financial performance objectives, visions, and strategic goals may not be achieved. Forward-looking statements should not be read as guarantees of future performance or results, or indications of whether or not actual results will be achieved. Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2021 Annual Report under the heading "Outlook", which assumptions are incorporated by reference herein.

The Bank cautions readers against placing undue reliance on forward-looking statements, as a number of risk factors, many of which are beyond the Bank's control and the effects of which can be difficult to predict or measure, could influence, individually or collectively, the accuracy of the forward-looking statements and cause the Bank's actual future results to differ significantly from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risk factors include, but are not limited to, risks relating to: credit; market; liquidity and funding; insurance; operational; regulatory compliance (which could lead to us being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties, and fines); strategic; reputation; legal and regulatory environment; competitive and systemic risks; supply chain disruptions; geopolitical events and uncertainties; government sanctions; conflict, war, or terrorism; and other significant risks discussed in the risk-related portions of the Bank's 2021 Annual Report, such as those related to: the ongoing and potential impacts of the COVID-19 pandemic on the Bank, the Bank's business, financial condition and prospects; Canadian and global economic conditions (including the risk of higher inflation); geopolitical issues; Canadian housing and household indebtedness; technology, information systems and cybersecurity; technological disruption, privacy, data and third-party related risks; competition and the Bank's ability to execute on its strategic objectives; the economic climate in the U.S. and Canada; digital disruption and innovation (including, emerging fintech competitors); Interbank offered rate (IBOR) transition; changes in currency and interest rates; accounting policies, estimates and developments; legal and regulatory compliance changes; changes in government fiscal, monetary and other policies; tax risk and transparency; modernization of Canadian payment systems; fraud and criminal activity; human capital; insurance; business continuity; business infrastructure; emergence of widespread health emergencies or public health crises; emergence of COVID-19 variants; development and use of "vaccine passports"; environmental and social risk; and climate change; and the Bank's ability to manage, measure or model operational, regulatory, legal, strategic or reputational risks, all of which are described in more detail in the section titled "Risk Appetite and Risk Management Framework" beginning on page 50 of the 2021 Annual Report, including the Management's Discussion and Analysis for the fiscal year ended October 31, 2021 which information is incorporated by reference herein.

The Bank further cautions that the foregoing list of factors is not exhaustive. Additional risks, events, and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on the Bank's financial position, financial performance, cash flows, business or reputation. When relying on the Bank's forward-looking statements to make decisions involving the Bank, investors and others should carefully consider the foregoing factors, uncertainties, and current and potential events.

The forward-looking information contained or incorporated by reference in this document is presented for the purpose of assisting investors, financial analysts, and others in understanding the Bank's financial position and the results of the Bank's operations as at, and for the period ended on, the date presented, as well as the Bank's financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes.

Any forward-looking statements contained or incorporated by reference in this document represent the views of management only as at the date such statements were or are made, are presented for the purposes of assisting investors and others in understanding certain key elements of the Bank's current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Bank's business and anticipated operating environment and may not be appropriate for other purposes. The Bank does not undertake any obligation to update any forward-looking statements made by the Bank or on its behalf whether as a result of new information, future events or otherwise, except to the extent required by applicable securities regulations. Additional information relating to the Bank can be located on the SEDAR website at www.sedar.com.

HIGHLIGHTS

TABLE 1
FINANCIAL HIGHLIGHTS

In thousands of dollars, except when noted (Unaudited)	For the three months ended July 31, 2022	April 30, 2022	Variance	July 31, 2021	Variance	For the nine months ended July 31, 2022	July 31, 2021	Variance
Operating results								
Total revenue	**$ 259,952**	$ 259,602	— %	$ 254,884	2 %	**$ 777,093**	$ 752,026	3 %
Net income	**$ 55,866**	$ 59,549	(6)%	$ 62,064	(10)%	**$ 170,933**	$ 159,945	7 %
Adjusted net income[1]	**$ 58,153**	$ 61,600	(6)%	$ 59,046	(2)%	**$ 179,244**	$ 163,322	10 %
Operating performance								
Diluted earnings per share	**$ 1.18**	$ 1.34	(12)%	$ 1.32	(11)%	**$ 3.69**	$ 3.43	8 %
Adjusted diluted earnings per share[2]	**$ 1.24**	$ 1.39	(11)%	$ 1.25	(1)%	**$ 3.88**	$ 3.51	11 %
Return on common shareholders' equity[2]	**8.4 %**	10.0 %		9.4 %		**8.9 %**	8.4 %	
Adjusted return on common shareholders' equity[2]	**8.7 %**	10.3 %		8.9 %		**9.4 %**	8.6 %	
Net interest margin[3]	**1.83 %**	1.87 %		1.86 %		**1.86 %**	1.86 %	
Efficiency ratio[3]	**68.3 %**	66.3 %		66.8 %		**67.9 %**	69.7 %	
Adjusted efficiency ratio[2]	**67.1 %**	65.2 %		68.4 %		**66.4 %**	69.1 %	
Operating leverage[3]	**(3.0)%**	4.1 %		7.2 %		**2.6 %**	9.2 %	
Adjusted operating leverage[2][4]	**(2.8)%**	2.7 %		2.2 %		**3.9 %**	5.7 %	
Financial position ($ millions)								
Loans and acceptances	**$ 36,571**	$ 35,835	2 %	$ 32,968	11 %	**$ 36,571**	$ 32,968	11 %
Total assets	**$ 49,796**	$ 48,318	3 %	$ 44,853	11 %	**$ 49,796**	$ 44,853	11 %
Deposits	**$ 26,675**	$ 25,242	6 %	$ 23,162	15 %	**$ 26,675**	$ 23,162	15 %
Average earning assets[3]	**$ 40,971**	$ 39,412	4 %	$ 37,216	10 %	**$ 39,496**	$ 37,329	6 %
Average loans and acceptances[3]	**$ 36,047**	$ 34,923	3 %	$ 32,696	10 %	**$ 34,923**	$ 32,910	6 %
Basel III regulatory capital ratios								
Common Equity Tier 1 (CET1) capital ratio[5]	**9.1 %**	9.3 %		10.3 %		**9.1 %**	10.3 %	
CET1 risk-weighted assets ($ millions)[5]	**$ 23,465**	$ 22,557		$ 19,675		**$ 23,465**	$ 19,675	
Credit quality								
Gross impaired loans as a % of loans and acceptances[3]	**0.43 %**	0.52 %		0.81 %		**0.43 %**	0.81 %	
Net impaired loans as a % of loans and acceptances[3]	**0.29 %**	0.33 %		0.53 %		**0.29 %**	0.53 %	
Provision for credit losses as a % of average loans and acceptances[3]	**0.18 %**	0.15 %		0.07 %		**0.15 %**	0.10 %	
Common share information								
Closing share price[6]	**$ 41.79**	$ 39.07	7 %	$ 42.40	(1)%	**$ 41.79**	$ 42.40	(1)%
Price / earnings ratio (trailing four quarters)[3]	**31.7 x**	26.9 x		10.0 x		**31.7 x**	10.0 x	
Adjusted price / earnings ratio (trailing four quarters)[2]	**8.4 x**	7.9 x		9.6 x		**8.4 x**	9.6 x	
Book value per share[2]	**$ 56.70**	$ 55.94	1 %	$ 56.61	— %	**$ 56.70**	$ 56.61	— %
Dividends declared per share	**$ 0.45**	$ 0.44	2 %	$ 0.40	13 %	**$ 1.33**	$ 1.20	11 %
Dividend yield[3]	**4.3 %**	4.5 %		3.8 %		**4.2 %**	3.8 %	
Dividend payout ratio[3]	**37.9 %**	32.6 %		30.3 %		**35.9 %**	34.9 %	
Adjusted dividend payout ratio[2]	**36.3 %**	31.5 %		31.9 %		**34.2 %**	34.1 %	

(1) This is a non-GAAP financial measure. Refer to the Non-GAAP Financial and Other Measures section on page 5 for more information.
(2) This is a non-GAAP ratio. Refer to the Non-GAAP Financial and Other Measures section on page 5 for more information.
(3) This is a supplementary financial measure. Refer to the Non-GAAP Financial and Other Measures section on page 5 for more information.
(4) Quarter-over-quarter (year-over-year for the nine-month period presented).
(5) In accordance with OSFI's "Capital Adequacy Requirements" guideline. Refer to the Capital Management section on page 13 for more information.
(6) Toronto Stock Exchange (TSX) closing market price.

NON-GAAP FINANCIAL AND OTHER MEASURES

NON-GAAP FINANCIAL MEASURES

In addition to financial measures based on generally accepted accounting principles (GAAP), management uses non-GAAP financial measures to assess the Bank's underlying ongoing business performance. Non-GAAP financial measures presented throughout this document are referred to as "adjusted" measures and exclude amounts designated as adjusting items. Adjusting items include the amortization of acquisition-related intangible assets, and certain items of significance that arise from time to time which management believes are not reflective of underlying business performance. Non-GAAP financial measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements of the Bank and might not be comparable to similar financial measures disclosed by other issuers. The Bank believes non-GAAP financial measures are useful to readers in obtaining a better understanding of how management assesses the Bank's performance and in analyzing trends.

Tables 2 and 3 show a reconciliation of the non-GAAP financial measures to their most directly comparable financial measure that is disclosed in the primary financial statements of the Bank.

TABLE 2

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES — CONSOLIDATED STATEMENT OF INCOME

	For the three months ended			For the nine months ended	
In thousands of dollars (Unaudited)	**July 31, 2022**	April 30, 2022	July 31, 2021	**July 31, 2022**	July 31, 2021
Non-interest expenses	**$ 177,479**	$ 172,105	$ 170,258	**$ 527,514**	$ 523,882
Less: Adjusting items, before income taxes					
Strategic review-related charges[1]	**—**	(277)	—	**2,065**	—
Restructuring charges[2]	**—**	—	(38)	**—**	2,473
Amortization of acquisition-related intangible assets[3]	**3,074**	3,030	2,946	**9,132**	9,033
Net gain on the settlement of pension plans resulting from annuity purchases[4]	**—**	—	(7,064)	**—**	(7,064)
	3,074	2,753	(4,156)	**11,197**	4,442
Adjusted non-interest expenses	**$ 174,405**	$ 169,352	$ 174,414	**$ 516,317**	$ 519,440
Income before income taxes	**$ 65,844**	$ 74,497	$ 79,226	**$ 210,550**	$ 203,544
Adjusting items impacting non-interest expenses (detailed above)	**3,074**	2,753	(4,156)	**11,197**	4,442
Adjusted income before income taxes	**$ 68,918**	$ 77,250	$ 75,070	**$ 221,747**	$ 207,986
Reported net income	**$ 55,866**	$ 59,549	$ 62,064	**$ 170,933**	$ 159,945
Adjusting items, net of income taxes					
Strategic review-related charges[1]	**—**	(203)	—	**1,518**	—
Restructuring charges[2]	**—**	—	(29)	**—**	1,818
Amortization of acquisition-related intangible assets[3]	**2,287**	2,254	2,205	**6,793**	6,753
Net gain on the settlement of pension plans resulting from annuity purchases[4]	**—**	—	(5,194)	**—**	(5,194)
	2,287	2,051	(3,018)	**8,311**	3,377
Adjusted net income	**$ 58,153**	$ 61,600	$ 59,046	**$ 179,244**	$ 163,322
Net income available to common shareholders	**$ 51,265**	$ 58,261	$ 57,387	**$ 160,443**	$ 149,035
Adjusting items, net of income taxes (detailed above)	**2,287**	2,051	(3,018)	**8,311**	3,377
Adjusted net income available to common shareholders	**$ 53,552**	$ 60,312	$ 54,369	**$ 168,754**	$ 152,412

(1) The strategic review-related charges are included in the Impairment and restructuring charges line-item and initially included in the fourth quarter of 2021 impairment charges, severance charges and charges related to lease and other contracts. In the first and second quarters of 2022, charges (reversals) related to lease contracts reflected the completion of the reduction of leased corporate office premises in Toronto and updates to estimates initially recorded in the fourth quarter of 2021.

(2) Restructuring charges in 2021 mainly consisted of charges associated with the optimization of the branch network and the related streamlining of certain back-office and corporate functions, as well as to the resolution of the union grievances and complaints. Restructuring charges were included in the Impairment and restructuring charges line-item and included severance charges, salaries, legal fees, communication expenses, professional fees and charges related to lease contracts.

(3) Amortization of acquisition-related intangible assets results from business acquisitions and is included in the Non-interest expenses line item.

(4) The net gain on the settlement of pension plans resulting from annuity purchases was related to the purchase (or buy-out) of group annuity contracts de-risking the Bank's pension plans and was included in the Non-interest expenses line item.

TABLE 3

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES — CONSOLIDATED BALANCE SHEET

In thousands of dollars (Unaudited)	For the three months ended			For the nine months ended	
	July 31, 2022	April 30, 2022	July 31, 2021	**July 31, 2022**	July 31, 2021
Shareholders' equity	**$ 2,726,823**	$ 2,689,345	$ 2,747,216	**$ 2,726,823**	$ 2,747,216
Less:					
Preferred shares	**(122,071)**	(122,071)	(122,071)	**(122,071)**	(122,071)
Limited recourse capital notes	**(121,543)**	(121,581)	(123,649)	**(121,543)**	(123,649)
Cash flow hedges reserve[1]	**(31,511)**	(27,621)	(38,414)	**(31,511)**	(38,414)
Common shareholders' equity	**$ 2,451,698**	$ 2,418,072	$ 2,463,082	**$ 2,451,698**	$ 2,463,082
Impact of averaging month-end balances[2]	**(21,160)**	(26,717)	(37,658)	**(52,523)**	(83,039)
Average common shareholders' equity	**$ 2,430,538**	$ 2,391,355	$ 2,425,424	**$ 2,399,175**	$ 2,380,043

(1) The cash flow hedges reserve is presented in the Accumulated other comprehensive income line item.
(2) Based on the month-end balances for the period.

NON-GAAP RATIOS

Non-GAAP ratios are not standardized financial measures under the financial reporting framework used to prepare the financial statements of the Bank to which the non-GAAP ratios relate and might not be comparable to similar financial measures disclosed by other issuers. Ratios are considered non-GAAP ratios if adjusted measures are used as components, refer to the non-GAAP financial measure section above. The Bank believes non-GAAP ratios are useful to readers in obtaining a better understanding of how management assesses the Bank's performance and in analyzing trends. The following ratios are non-GAAP ratios.

Adjusted diluted earnings per share is calculated by dividing adjusted net income available to common shareholders by the diluted weighted average number of common shares outstanding. The following table presents a reconciliation of adjusted diluted earnings per share to diluted earnings per share, which is disclosed in the primary financial statements of the Bank.

TABLE 4

IMPACT OF ADJUSTING ITEMS ON DILUTED EARNINGS PER SHARE

(Unaudited)	For the three months ended			For the nine months ended	
	July 31, 2022	April 30, 2022	July 31, 2021	**July 31, 2022**	July 31, 2021
Diluted earnings per share	**$ 1.18**	$ 1.34	$ 1.32	**$ 3.69**	$ 3.43
Adjusting items, net of income taxes, on a per share basis[1]	**0.06**	0.05	(0.07)	**0.19**	0.08
Adjusted diluted earnings per share[2]	**$ 1.24**	$ 1.39	$ 1.25	**$ 3.88**	$ 3.51

(1) Refer to Table 2 on page 5 for the detailed description of adjusting items.
(2) The impact of adjusting items on a per share basis may not add due to rounding.

Return on common shareholders' equity (ROE) is defined as net income available to common shareholders as a percentage of average common shareholders' equity. This ratio can be used in assessing the Bank's profitability.

Adjusted return on common shareholders' equity (Adjusted ROE) is defined as adjusted net income available to common shareholders as a percentage of average common shareholders' equity. This ratio can be used in assessing the Bank's profitability excluding adjusting items defined above.

Adjusted efficiency ratio is defined as adjusted non-interest expenses as a percentage of total revenue. This ratio can be used in assessing the Bank's productivity and cost control.

Adjusted operating leverage is the difference between total revenue and adjusted non-interest expenses growth rates. This ratio can be used in assessing the Bank's efficiency.

Adjusted price / earnings ratio is defined as closing common share price divided by adjusted diluted earnings per share.

Adjusted dividend payout ratio is defined as dividends declared on common shares as a percentage of adjusted net income available to common shareholders.

Book value per common share is defined as common shareholders' equity divided by the number of common shares outstanding at the end of the period.

SUPPLEMENTARY FINANCIAL MEASURES

Management also uses supplementary financial measures to analyze the Bank's results and in assessing underlying business performance and related trends. Please refer to the Glossary on page 23 of this MD&A for more information about the composition of supplementary financial measures disclosed in this document.

BUSINESS HIGHLIGHTS

Strategic plan

The Bank unveiled a new strategic plan in December 2021 to achieve long-term, profitable growth. As part of its plan, the Bank identified culture as its driving force, leading to better performance and ultimately improved financial value. Commercial Banking will remain a growth engine by focusing on its specialized sectors as well as by growing its portfolio mix contribution from the U.S. Capital Markets has a unique value proposition that provides mid-sized customers with personalized service and is aligning its capabilities to meet the needs of Commercial Banking customers, expanding product capabilities, and building out ESG-focused advisory services. Personal Banking is repositioning itself for growth by focusing on a new "digital-first" approach, including through the introduction of new and enhanced digital capabilities. Personal Banking is also focussed on closing key foundational gaps, particularly across its mortgage, VISA, and deposit products, while refreshing and modernizing its brand.

Transforming the VISA customer experience

The Bank announced in December 2021 a strategic partnership with Brim Financial, one of the fastest growing fintech companies in Canada and a licensed credit card issuer, to fuel its digital transformation and enhance the end-to-end customer journey for its suite of VISA products. Through this partnership, the Bank will reduce the time it takes to get a credit card to its customers from 25 days to instantaneous digital access, while also delivering a robust rewards platform aligned to the Bank's purpose. Furthermore, it will simplify the Bank's VISA ecosystem and reduce the number of vendors used to issue VISA cards from five to one, as well as to reduce manual processes by 90 per cent. The Bank is on track to bring its reimagined VISA experience to the market by the end of the year.

Digital onboarding

As part of its plan to drive customer acquisition, deepen customer relationships, and enhance the customer experience, the Bank has been focusing on simplifying its offering and closing foundational capability gaps. To that end, the Bank announced in March 2022 a new partnership with thirdstream to bring its digital account opening solution to market. The strategic partnership will enable the Bank's existing and new customers the ability to open accounts anywhere, anytime, and from any device, which will also allow the Bank to continue growing its national presence. Customers will use a simplified, fully digital application process to open accounts, often in minutes. This new partnership is aligned with the Bank's commitment to leverage its size to engage in strategic partnerships to deliver faster and better products for its customers. The Bank will be rolling out this functionality this year, beginning with employees, before launching a phased customer rollout to ensure a seamless customer experience.

Contactless tap debit cards

In April 2022, the Bank launched a new contactless tap debit card with INTERAC Flash functionality, allowing customers to more easily carry out their day-to-day transactions. The launch of the new card closes a key foundational gap and supports the Bank's strategy to drive customer acquisition and enhance the customer experience. The new card, which features the Bank's refreshed logo, continues to give customers access to more than one million ATMs across Canada and around the world through THE EXCHANGE, INTERAC and PLUS ATM networks.

Two-Step verification

To improve the customer experience and enhance the security of our customers' accounts, the Bank has launched two-step verification for digital account access. Customers registered for two-step verification can now also successfully reset their password online without having to call the Customer Contact Centre. As a result, this will help divert more than 5,000 calls per month from the Contact Centre, increasing efficiencies and improving our ability to service customers.

Residential mortgage loans

In 2021, as part of its plan to improve the customer experience and to renew growth in residential mortgage loans, the Bank completed an end-to-end review of its mortgage process for both the broker and branch channels and identified opportunities to improve harmonization and simplification.

Throughout 2022, efforts related to customer retention continued, including the use of predictive analytics and the launch of a new customer loyalty team. This virtual team is making proactive calls and continues to see positive momentum with customers that have been contacted.

The Bank has also addressed underwriting capacity following the integration of the mortgage underwriting team into the Residential Real Estate Secured Lending business unit, which is driving greater accountability and cross-functional collaboration. These updates have led to the elimination of a number of redundant processes.

The Bank has now reduced its average "time to yes" from application to customer confirmation from approximately seven days in 2021 to less than three days, achieving its FY 2022 objective.

Making the Better Choice

The Bank's strategy is underpinned by a commitment to making the better choice by integrating ESG (Environment, Social & Governance) practices across the organization. To support this commitment, the Bank established a new ESG governance structure and embedded ESG into Board committee charters, made Equity, Diversity & Inclusion (ED&I) a key priority bank-wide by embedding ED&I targets in leaders' scorecards, and launched new ESG products. In the third quarter of 2022, the Bank received its Sustainalytics ESG Risk Rating survey results and as a result of the enterprise-wide effort was moved from the medium-risk to the low-risk categorization, in line with the other major Canadian banks. More details about its ESG program can be found on the ESG section of the Bank's website

OUTLOOK

ECONOMIC OUTLOOK

This quarter, compounded macroeconomic headwinds, including high inflation, the response by central banks to tighten financial conditions, the adverse spillovers from the war in Ukraine, and pandemic outbreaks in China, have weighed down on the global economic recovery. The impact of this slowdown is being felt differently across jurisdictions. Economic activity in China and Russia have faltered, energy shocks are exerting financial stress on emerging countries, and Europe is being particularly challenged by high inflation.

So far, North America is experiencing a softer landing. In the U.S., domestic spending slowed in recent months as higher inflation and interest rates have reduced consumer and business confidence. A weaker inventory build-up and softer government spending also contributed to the modest contraction in U.S. real GDP during the first half of 2022. Meanwhile, U.S. labour market conditions remain solid. In Canada, economic momentum slowed at a more moderate pace in recent months. The services sector is still rebounding following the easing of public health restrictions, elevated commodity prices boosting incomes, and immigration flows remaining solid.

The Canadian Consumer Price Index (CPI) inflation stood at a four-decade high of 8.1% in June, and 7.6% in July. In light of higher inflation and interest rates, Canadian consumers are being more cautious. Also, the number of businesses reporting labour shortages and global supply bottlenecks remain elevated, which may dampen future economic activity and could also sustain pressure on inflation. Canadian governments continue to provide support to mitigate the impact of inflation on household disposable income in real terms as well as temper remaining pandemic effects on the economy. In both the U.S. and Canada, market pricing reflects the intention of the U.S. Federal Reserve and the Bank of Canada to bring interest rates into restrictive territory before year-end.

Canadian labour market conditions remain solid despite some softening in the June-July period. The unemployment rate was 4.9% in July, the lowest figure on record and lower than the pre-pandemic level of 5.6%. Wage growth has accelerated as the number of job postings remains high relative to the available pool of workers.

Canadian housing market conditions have shifted from being overheated to more balanced, led by a significant decline in resale activity. Dynamic homebuilding activity reflects low supply in several regional markets. With potential first-time buyers in a wait and see mode due to higher financing costs, upward pressure on the rental market intensified.

The compounded effect of global macro and geopolitical events has contributed to foreign exchange, interest rate, and equity market volatility. The Canadian dollar stood at US$0.78 in early August, at the middle of the range observed in recent months.

2022 FINANCIAL TARGETS

On December 10, 2021, the Bank announced its strategic plan to drive long-term profitable growth. Table 5 shows the Bank's 2022 financial targets and the Bank's performance year-to-date.

TABLE 5
2022 FINANCIAL TARGETS

Percentage amounts	2022 Target	For the nine months ended July 31, 2022
Adjusted diluted earnings per share growth[1][2]	>5%	**11 %**
Adjusted return on common shareholders' equity[2]	>8.5%	**9.4 %**
Adjusted efficiency ratio[2]	<68%	**66.4 %**
Adjusted operating leverage[1]	Positive	**3.9 %**

(1) Compared to the nine months ended July 31, 2021.
(2) The financial objectives are non-GAAP ratios based on non-GAAP financial measures. Refer to the Non-GAAP Financial and Other Measures section on page 5 for more information.

These financial targets were based on management's view of the Bank's fundamentals, taking into account prudent capital management, a diversified funding strategy, and sound underwriting standards. As of the end of the third quarter of 2022, management expects that the 2022 financial targets will be exceeded, mainly as a result of the strong loan growth and operational efficiency. However, as noted in the Economic Outlook section above, macro-economic conditions remain uncertain and may affect the Bank's performance.

The CET1 capital ratio stood at 9.1% on a standardized basis as at July 31, 2022, in excess of the minimum regulatory requirement and the Bank's target management levels. This level of capital provides the necessary flexibility to support the Bank's strategic plan.

The Bank's targets do not constitute guidance and are based on certain key planning assumptions. Other factors such as those detailed in the Caution Regarding Forward-Looking Statements section on page 3 and in the "Risk Appetite and Risk Management Framework" section on page 50 of the 2021 Annual Report could also cause future results to differ materially from these objectives.

ANALYSIS OF CONSOLIDATED RESULTS

TABLE 6
CONDENSED CONSOLIDATED RESULTS

In thousands of dollars (Unaudited)	For the three months ended July 31, 2022	April 30, 2022	July 31, 2021	For the nine months ended July 31, 2022	July 31, 2021
Net interest income	**$ 188,504**	$ 180,090	$ 174,696	**$ 549,512**	$ 519,246
Other income	**71,448**	79,512	80,188	**227,581**	232,780
Total revenue	**259,952**	259,602	254,884	**777,093**	752,026
Provision for credit losses	**16,629**	13,000	5,400	**39,029**	24,600
Non-interest expenses	**177,479**	172,105	170,258	**527,514**	523,882
Income before income taxes	**65,844**	74,497	79,226	**210,550**	203,544
Income taxes	**9,978**	14,948	17,162	**39,617**	43,599
Net income	**55,866**	59,549	62,064	**170,933**	159,945
Preferred share dividends and limited recourse capital note interest	**4,601**	1,288	4,677	**10,490**	10,910
Net income available to common shareholders	**$ 51,265**	58,261	$ 57,387	**$ 160,443**	$ 149,035
Non-GAAP financial measures					
Adjusted non-interest expenses[1]	**$ 174,405**	$ 169,352	$ 174,414	**$ 516,317**	$ 519,440
Adjusted income before income taxes[1]	**$ 68,918**	$ 77,250	$ 75,070	**$ 221,747**	$ 207,986
Adjusted net income[1]	**$ 58,153**	$ 61,600	$ 59,046	**$ 179,244**	$ 163,322
Adjusted net income available to common shareholders[1]	**$ 53,552**	$ 60,312	$ 54,369	**$ 168,754**	$ 152,412

(1) This is a non-GAAP financial measure. Refer to the Non-GAAP Financial and Other Measures section on page 5 for more information.

THIRD QUARTER OF 2022 COMPARED WITH THIRD QUARTER OF 2021

Net income was $55.9 million and diluted earnings per share were $1.18 for the third quarter of 2022, compared with net income of $62.1 million and diluted earnings per share of $1.32 for the third quarter of 2021. Adjusted net income was $58.2 million for the third quarter of 2022, compared with $59.0 million for the third quarter of 2021, and adjusted diluted earnings per share were $1.24, compared with $1.25 for the third quarter of 2021. Net income available to common shareholders included interest paid semi-annually on the limited recourse capital notes and quarterly dividends declared on the Preferred Shares Series 13 in the third quarter of 2022, whereas, in the third quarter of 2021, it included a partial initial interest charge on the limited recourse capital notes issued in May 2021, the quarterly dividend declared on the Preferred Shares Series 13 and a final dividend on the Preferred Shares Series 15.

Total revenue

Total revenue of $260.0 million for the third quarter of 2022 increased by 2% compared with $254.9 million for the third quarter of 2021.

Net interest income increased by $13.8 million or 8% to $188.5 million for the third quarter of 2022, compared with $174.7 million for the third quarter of 2021. The increase was mainly due to higher interest income stemming from commercial loans, partly offset by higher funding costs and lower mortgage pre-payment penalties. The net interest margin was 1.83% for the third quarter of 2022, a decrease of 3 basis points compared with the third quarter of 2021, mainly due to higher funding costs and lower mortgage pre-payment penalties.

Other income decreased by $8.7 million or 11% to $71.4 million for the third quarter of 2022, compared with $80.2 million for the third quarter of 2021. The decrease was mainly due to lower fees and securities brokerage commissions which decreased by $5.4 million compared with the strong revenues of the third quarter of 2021. Lower commissions from sales of mutual funds, resulting from the decline in equity markets, and lower lending fees also contributed to the decrease year-over-year, partly offset by higher foreign exchange revenues.

Provision for credit losses

The provision for credit losses was $16.6 million for the third quarter of 2022 compared with $5.4 million for the third quarter of 2021, an increase of $11.2 million, mainly as a result of higher provisions on performing loans due to less favourable forward-looking macro-economic scenarios and probability weights. Releases of allowances on performing loans had also been recorded in the third quarter of 2021. The provision for credit losses as a percentage of average loans and acceptances stood at 18 bps for the quarter, compared to 7 bps for the same quarter a year ago. Refer to the "Credit risk" section on pages 15 to 17 of this MD&A and to Note 5 to the Condensed Interim Consolidated Financial Statements for more information on provision for credit losses and allowances for credit losses.

Non-interest expenses

Non-interest expenses amounted to $177.5 million for the third quarter of 2022, an increase of $7.2 million or 4% compared with the third quarter of 2021. Adjusted non-interest expenses amounted to $174.4 million for the third quarter of 2022, unchanged compared with the third quarter of 2021.

Salaries and employee benefits amounted to $100.1 million for the third quarter of 2022, an increase of $10.2 million compared with the third quarter of 2021, mostly due to a $7.1 million net gain on the settlement of pension plans resulting from annuity purchases in 2021, as well as higher headcount and salary base to close foundational gaps, improve the customer experience, and support growth.

Premises and technology costs were $44.2 million for the third quarter of 2022, a decrease of $5.0 million compared with the third quarter of 2021. The decrease mostly stems from lower amortization charges and rent expenses resulting from the strategic review and the impairment effected in the fourth quarter of 2021.

Other non-interest expenses were $33.2 million for the third quarter of 2022, an increase of $2.0 million compared with the third quarter of 2021, mainly resulting from higher advertising, business development and travel expenses.

Efficiency ratio
The efficiency ratio on a reported basis was 68.3% for the third quarter of 2022, compared with 66.8% for the third quarter of 2021. The increase year-over-year is a mainly the result of the increase in non-interest expenses, which had been favourably impacted in the third quarter of 2021 by the aforementioned net gain on the settlement of pension plans. The adjusted efficiency ratio was 67.1% for the third quarter of 2022, compared to 68.4% for the third quarter of 2021. The improvement year-over-year is a result of the increase in total revenue.

Income taxes

For the quarter ended July 31, 2022, income taxes were $10.0 million, and the effective tax rate was 15.2%. The lower effective tax rate, compared to the statutory rate, is attributed to a lower taxation level of income from foreign operations, as well as from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income and interest paid semi-annually on the limited recourse capital notes. For the quarter ended July 31, 2021, the income tax expense was $17.2 million, and the effective tax rate was 21.7%.

Federal tax rate increase
Canada's 2022 federal budget, which was released on April 7, 2022, proposed to introduce a permanent 1.5% tax rate increase for members of banks and insurers group where a $100 million taxable income exemption can be allocated amongst subjected entities of a same group. On August 9, 2022, the Department of Finance Canada has released for public comment draft legislative proposals to implement Budget 2022 tax measures and amendments. The Bank expects that the 1.5% tax rate increase will not have a material impact on its income tax expense for the 2022 fiscal year.

The budget also proposed to introduce a temporary tax referred to as the Canada Recovery Dividend, which is now expected to be a one-time 15% tax on the 2020 and 2021 average taxable income above $1 billion, to be paid in equal instalments over 5 years. The Bank is not subject to the temporary Canada Recovery Dividend.

NINE MONTHS ENDED JULY 31, 2022 COMPARED WITH NINE MONTHS ENDED JULY 31, 2021

Net income was $170.9 million and diluted earnings per share were $3.69 for the nine months ended July 31, 2022, compared with $159.9 million and $3.43 for the nine months ended July 31, 2021. Adjusted net income was $179.2 million for the nine months ended July 31, 2022, up from $163.3 million for the nine months ended July 31, 2021, and adjusted diluted earnings per share were $3.88 for the nine months ended July 31, 2022, compared with $3.51 for the nine months ended July 31, 2021. Net income available to common shareholders included interest paid semi-annually on the limited recourse capital notes and the quarterly dividend declared on the Preferred Shares Series 13 for the nine months ended July 31, 2022, whereas, for the nine months ended July 31, 2021, it included a partial initial interest charge on the limited recourse capital notes issued in May 2021 and dividends declared on the Preferred Shares Series 13 and 15.

Total revenue

Total revenue of $777.1 million for the nine months ended July 31, 2022 increased by 3% compared with $752.0 million for the nine months ended July 31, 2021.

Net interest income increased by $30.3 million to $549.5 million for the nine months ended July 31, 2022, compared with $519.2 million for the nine months ended July 31, 2021. The increase was mainly due to higher interest income stemming from commercial loans, partly offset by a lower contribution from personal and residential mortgage loans. Net interest margin was 1.86% for the nine months ended July 31, 2022, unchanged compared with the nine months ended July 31, 2021.

Other income decreased by $5.2 million or 2% to $227.6 million for the nine months ended July 31, 2022, compared with $232.8 million for the nine months ended July 31, 2021. The decrease was mainly due to lower fees and securities brokerage commissions stemming from lower underwriting activities compared with the nine months ended July 31, 2021, which was partly offset by higher income from financial instruments.

Provision for credit losses

The provision for credit losses increased by $14.4 million to $39.0 million for the nine months ended July 31, 2022 compared with $24.6 million for the nine months ended July 31, 2021, mainly as a result of higher provisions on performing loans due to less favourable forward-looking macro-economic scenarios and probability weights, partly offset by lower provisions on impaired loans. Releases of allowances on performing loans had also been recorded in the nine months ended July 31, 2022. Refer to the "Credit risk" section on pages 15 to 17 of this MD&A and to Note 5 to the Condensed Interim Consolidated Financial Statements for more information on provision for credit losses and allowances for credit losses.

Non-interest expenses

Non-interest expenses increased by $3.6 million or 1% to $527.5 million for the nine months ended July 31, 2022, compared with $523.9 million for the nine months ended July 31, 2021. Adjusted non-interest expenses decreased by $3.1 million or 1% to $516.3 million for the nine months ended July 31, 2022, compared with $519.4 million for the nine months ended July 31, 2021.

Salaries and employee benefits increased by $13.8 million or 5% to $296.6 million for the nine months ended July 31, 2022, compared with the nine months ended July 31, 2021. The year-over-year increase is mostly due to the aforementioned $7.1 million net gain on the settlement of pension plans, higher headcount and salary base to close foundational gaps, improve the customer experience, and support growth, as well as higher performance-based compensation.

Premises and technology costs decreased by $14.6 million to $132.9 million for the nine months ended July 31, 2022, compared with the nine months ended July 31, 2021. The decrease mostly stems from lower amortization charges and rent expenses resulting from the strategic review and the impairment effected in the fourth quarter of 2021.

Other non-interest expenses increased by $4.8 million to $95.9 million for the nine months ended July 31, 2022, compared with the nine months ended July 31, 2021. The increase mainly resulted from higher professional and advisory services fees as well as higher advertising, business development and travel expenses.

Impairment and restructuring charges decreased by $0.4 million to $2.1 million for the nine months ended July 31, 2022, compared with $2.5 million for the nine months ended July 31, 2021. This line-item includes strategic-review related charges as well as restructuring charges. Refer to the Non-GAAP Financial and Other Measures section for further details.

Efficiency ratio
The efficiency ratio on a reported basis improved to 67.9% for the nine months ended July 31, 2022, compared with 69.7% for the nine months ended July 31, 2021, mostly as a result of an increase in total revenue. The adjusted efficiency ratio improved to 66.4% for the nine months ended July 31, 2022, compared with 69.1% for the nine months ended July 31, 2021, as a result of an increase in total revenue and a decrease in adjusted non-interest expenses year-over-year. The adjusted operating leverage was positive year-over-year.

Income taxes

For the nine months ended July 31, 2022, the income tax expense was $39.6 million and the effective tax rate was 18.8%. The lower effective tax rate, compared to the statutory rate, is attributed to a lower taxation level of income from foreign operations, as well as from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income. For the nine months ended July 31, 2021, the income tax expense was $43.6 million and the effective tax rate was 21.4%.

THIRD QUARTER OF 2022 COMPARED WITH SECOND QUARTER OF 2022

Net income was $55.9 million and diluted earnings per share were $1.18 for the third quarter of 2022, compared with $59.5 million and $1.34 for the second quarter of 2022. Adjusted net income was $58.2 million and adjusted diluted earnings per share were $1.24 for the third quarter of 2022, compared with $61.6 million and $1.39 for the second quarter of 2022. Net income available to common shareholders included the interest paid semi-annually on the limited recourse capital notes and the quarterly dividend declared on the Preferred Shares Series 13 in the third quarter of 2022, whereas the second quarter of 2022 only included the quarterly dividend declared on the Preferred Shares Series 13.

Total revenue of $260.0 million for the third quarter of 2022 was relatively in line with the previous quarter.

Net interest income increased by $8.4 million sequentially to $188.5 million. The increase mainly reflects the positive impact of three additional days in the third quarter and higher interest income stemming from commercial loans, partly offset by higher funding costs and liquidity levels. Net interest margin was 1.83% for the third quarter of 2022, a decrease of 4 basis points compared with the second quarter of 2022, mainly due to higher funding costs and liquidity levels.

Other income amounted to $71.4 million for the third quarter of 2022, a decrease of $8.1 million from the previous quarter, mostly as a result of the volatile financial markets unfavourably impacting fees and securities brokerage commissions, commissions on sales of mutual funds and income from financial instruments.

The provision for credit losses was $16.6 million for the third quarter of 2022, an increase of $3.6 million compared with $13.0 million for the second quarter of 2022. The increase is mostly due to higher provisions on performing loans due to less favourable forward-looking macro-economic scenarios and probability weights. Refer to the "Risk Management" section for additional information.

Non-interest expenses increased by $5.4 million to $177.5 million for the third quarter of 2022 from $172.1 million in the second quarter of 2022, mainly due to higher headcount and salary base to close foundational gaps, improve the customer experience, and to support growth, as well as professional and advertising fees, partly offset by lower performance-based compensation. Adjusted non-interest expenses amounted to $174.4 million in the third quarter of 2022, an increase of $5.1 million, mainly for the same reasons.

ANALYSIS OF FINANCIAL CONDITION

TABLE 7

CONDENSED BALANCE SHEET

In thousands of dollars (Unaudited)		**As at July 31, 2022**		As at October 31, 2021
Assets				
Cash and deposits with banks	**$**	**1,554,248**	$	667,123
Securities		**6,640,110**		6,499,193
Securities purchased under reverse repurchase agreements		**3,671,726**		2,764,281
Liquid assets[1]		**11,866,084**		9,930,597
Loans and acceptances, net of allowances		**36,385,387**		33,449,707
Other assets		**1,544,105**		1,696,720
	$	**49,795,576**	$	45,077,024
Liabilities and Shareholders' Equity				
Deposits	**$**	**26,674,745**	$	22,988,229
Other liabilities		**8,459,807**		7,842,613
Debt related to securitization activities		**11,594,948**		11,255,530
Subordinated debt		**339,253**		349,782
Shareholders' equity		**2,726,823**		2,640,870
	$	**49,795,576**	$	45,077,024

(1) Liquid assets is a supplementary financial measure and consist of cash, deposits with banks, securities and securities purchased under reverse repurchase agreements.

As at July 31, 2022, total assets amounted to $49.8 billion, a 10% increase from $45.1 billion as at October 31, 2021, due to the higher level of both loans and liquid assets.

Liquid assets

As at July 31, 2022, liquid assets amounted to $11.9 billion, an increase of $1.9 billion compared with $9.9 billion as at October 31, 2021.

The Bank continues to prudently manage its level of liquid assets. The Bank's funding sources remain well diversified and sufficient to meet all liquidity requirements. Liquid assets represented 24% of total assets as at July 31, 2022, an increase of 2% since October 31, 2021.

Loans

Loans and bankers' acceptances, net of allowances, stood at $36.4 billion as at July 31, 2022, an increase of $2.9 billion or 9% since October 31, 2021. During the first nine months of 2022, strong commercial loan growth was partly offset by a decrease in personal loans, while residential mortgage loans remained stable.

Commercial loans and acceptances amounted to $17.3 billion as at July 31, 2022, an increase of $3.2 billion or 23% since October 31, 2021. The increase resulted mainly from strong growth in both inventory financing and real estate lending, which increased by $1.8 billion and $1.2 billion respectively.

Personal loans of $3.4 billion as at July 31, 2022 decreased by $0.3 billion from October 31, 2021, mainly as a result of a decline in the investment loan portfolio.

Residential mortgage loans of $15.8 billion as at July 31, 2022 were stable compared with October 31, 2021. Compared with the prior quarter ended April 30, 2022, residential mortgage loans were up $0.2 billion or 1%. Throughout 2022, the Bank continued its efforts to improve its mortgage processes. Refer to the Business Highlights section for further details.

Other assets

Other assets stood at $1.5 billion as at July 31, 2022, a decrease of $0.2 billion or 9% since October 31, 2021 mainly due to lower accounts receivable.

LIABILITIES

Deposits

Deposits increased by $3.7 billion or 16% to $26.7 billion as at July 31, 2022 compared with $23.0 billion as at October 31, 2021. Personal deposits stood at $21.3 billion as at July 31, 2022, up $3.2 billion compared with October 31, 2021, mostly due to deepening and expanding relationships with advisors and brokers which led to higher personal notice and demand deposits, as well as term deposits. Personal deposits represented 80% of total deposits as at July 31, 2022, in line with October 31, 2021, and contributed to the Bank's good liquidity position. Business and other deposits increased by $0.5 billion over the same period to $5.3 billion, due to an increase in wholesale funding which included a $0.3 billion issuance of covered bonds in April 2022.

Other liabilities

Other liabilities stood at $8.5 billion as at July 31, 2022, an increase of $0.6 billion or 8% since October 31, 2021. The increase resulted mainly from higher obligations related to securities sold short associated with trading activities.

Debt related to securitization activities

Debt related to securitization activities increased by $0.3 billion or 3% compared with October 31, 2021 and stood at $11.6 billion as at July 31, 2022. Since the beginning of the year, mortgage loan securitization through the CMHC programs, supplemented by other secured funding, more than offset maturities of liabilities related to the Canada Mortgage Bond program, as well as normal repayments.

Subordinated debt

Subordinated debt stood at $339.3 million as at July 31, 2022, compared with $349.8 million as at October 31, 2021, as the issuance on March 25, 2022 of $350.0 million of notes maturing in June 2032 was offset by the early redemption on June 22, 2022 of the notes maturing in June 2027. Subordinated debt is an integral part of the Bank's regulatory capital and affords its depositors additional protection.

SHAREHOLDERS' EQUITY

Shareholders' equity amounted to $2,726.8 million as at July 31, 2022, compared with $2,640.9 million as at October 31, 2021. Compared to October 31, 2021, retained earnings increased by $95.8 million, mainly as a result of the net income contribution of $170.9 million, partly offset by dividends.The Bank also repurchased 401,200 common shares under its Normal Course Issuer Bid, which reduced common shares by $10.8 million and retained earnings by $6.4 million in the first nine months of 2022. For additional information, please refer to the Capital Management section below and to the Consolidated Statement of Changes in Shareholders' Equity.

The Bank's book value per common share was $56.70 as at July 31, 2022 compared to $53.99 as at October 31, 2021.

CAPITAL MANAGEMENT

REGULATORY CAPITAL

The Office of the Superintendent of Financial Institutions (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" guideline, the Bank must maintain minimum levels of capital depending on various criteria. Tier 1 capital, the most permanent and subordinated forms of capital, consists of two components: Common Equity Tier 1 capital and Additional Tier 1 capital. Tier 1 capital is predominantly composed of common equity to ensure that risk exposures are backed by a high-quality capital base. Tier 2 capital consists of supplementary capital instruments and contributes to the overall strength of a financial institution as a going concern. Institutions are expected to meet minimum risk-based capital requirements for exposure to credit risk, operational risk and, where they are internationally active, market risk. Banks are also obligated to assess the internal capital adequacy to cover all other risks under Pillar 2 of the framework. Under OSFI's guideline, minimum Common Equity Tier 1, Tier 1 and Total capital ratios are set at 7.0%, 8.5% and 10.5% respectively including a 2.5% capital conservation buffer.

Regulatory capital developments

Changes to Capital, Leverage and Liquidity Requirements and related Disclosures.
On January 31, 2022, OSFI announced revised capital, leverage, liquidity and disclosure rules that incorporate the final Basel III banking reforms with additional adjustments to make them suitable for federally regulated deposit-taking institutions (DTIs). The revised rules released include new Capital Adequacy Requirements (CAR) Guideline, the Leverage Requirements (LR) Guideline, the Liquidity Adequacy Requirements (LAR) Guideline, the Capital and Liquidity Requirements specifically for Small and Medium-Sized Deposit-Taking Institutions (SMSBs) Guideline, as well as separate Pillar 3 Disclosure Requirements for D-SIBs and SMSBs. Most of these revised rules will take effect in the second fiscal quarter of 2023 for the Bank, with those related to market risk and credit valuation adjustment risk taking effect in early 2024. The Bank has established a project team who is completing the assessment of the impact of these new regulatory requirements. In parallel, changes to data and system requirements, processes and disclosures are being gradually implemented.

Assurance on Capital, Leverage and Liquidity Returns
On March 31, 2022, OSFI issued for public comment the draft guideline, Assurance on Capital, Leverage and Liquidity Returns. The draft guideline seeks to better inform auditors and institutions on the work to be performed on regulatory returns in an effort to enhance and align OSFI's assurance expectations across all federally regulated financial institutions (FRFIs). OSFI expects to finalize its guideline in the last quarter of 2022. The Bank is currently assessing the potential impact of this draft guideline on its regulatory returns processes.

Clarification on the Treatment of Innovative Real Estate Secured Lending Products under Guideline B-20
On June 28, 2022, OSFI has provided additional guidance on the B-20 Residential Mortgage Underwriting Practices and Procedures guideline (B-20) related to combined mortgage and HELOC loan programs which may impact some provisions the banking industry has allowed with regard to automatically increasing HELOC credit capacity above certain loan to value thresholds. The Bank is currently finalising its assessment of the impact of this advisory and will be working with its customers for any required transition.

Regulatory capital ratios

Table 8 outlines the regulatory capital and risk-weighted assets (RWA) used to calculate regulatory capital ratios. The Bank complied with OSFI's capital requirements throughout the year.

TABLE 8
REGULATORY CAPITAL

In thousands of dollars, except percentage amounts (Unaudited)	**As at July 31, 2022**	As at October 31, 2021
Regulatory capital(1)		
Common Equity Tier 1 capital	**$ 2,134,612**	$ 2,038,761
Tier 1 capital	**$ 2,378,226**	$ 2,283,297
Total capital	**$ 2,843,776**	$ 2,730,005
Total risk-weighted assets(2)	**$ 23,464,637**	$ 20,007,010
Regulatory capital ratios		
Common Equity Tier 1 capital ratio	**9.1 %**	10.2 %
Tier 1 capital ratio	**10.1 %**	11.4 %
Total capital ratio	**12.1 %**	13.6 %

(1) The Common Equity Tier 1, Tier 1 and Total capital ratios excluding the ECL transitional arrangements were 9.0%, 10.1% and12.1% respectively as at July 31, 2022.
(2) Using the Standardized approach in determining credit risk and operational risk.

The Common Equity Tier 1 capital ratio stood at 9.1% as at July 31, 2022, compared with 10.2% as at October 31, 2021 and 9.3% as at April 30, 2022, in excess of the minimum regulatory requirement and the Bank's target management levels. The decrease since the beginning of the year mainly results from growth in risk-weighted assets, partly offset by internal capital generation. This level of capital provides the necessary flexibility to support the Bank's strategic plan.

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 always meets or exceeds 3%. 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 4.6% as at July 31, 2022 and exceeded regulatory requirements.

TABLE 9
BASEL III LEVERAGE RATIO

In thousands of dollars, except percentage amounts (Unaudited)	**As at July 31, 2022**	As at October 31, 2021
Tier 1 capital	**$ 2,378,226**	$ 2,283,297
Total exposures	**$ 51,546,566**	$ 44,973,981
Basel III leverage ratio(1)	**4.6 %**	5.1 %

(1) The Basel III leverage ratio excluding the ECL transitional arrangements was 4.6% as at July 31, 2022.

NON-VIABILITY CONTINGENT (NVCC) CAPITAL INSTRUMENTS

As at August 24, 2022, there were 5,000,000 outstanding Preferred Shares Series 13, 43,237,454 outstanding common shares and 1,219,480 outstanding stock options.

NVCC provisions require the conversion of the capital instrument into a variable number of common shares in the event that OSFI deems a bank to be non-viable or a federal or provincial government in Canada publicly announces that a bank has accepted or agreed to accept a capital injection. If a NVCC trigger event was to occur, NVCC capital instruments as at July 31, 2022, which are the Class A Preferred Shares Series 13, the subordinated debentures due on June 15, 2032, as well as the Limited Recourse Capital Notes (LRCN) Series 1 would be converted into common shares pursuant to an automatic conversion formula with a conversion price based on the greater of: (i) a contractual floor price of $5.00, and (ii) the current market price of the Bank's common shares at the time of the trigger event (10-day weighted average). Based on a floor price of $5.00 and assuming no accrued interest and no declared and unpaid dividends, these NVCC capital instruments would convert into a maximum of 120,000,000 common shares, in aggregate, which would represent a dilution impact of 73.5% based on the number of common shares outstanding as at July 31, 2022.

NORMAL COURSE ISSUER BID

On December 10, 2021, the Bank announced that it has received the approval of the Toronto Stock Exchange and the OSFI to launch a normal course issuer bid ("NCIB") to repurchase for cancellation up to 875,000 of its common shares, being approximately 2% of the total number of its shares outstanding as at December 1, 2021.

The NCIB commenced on December 15, 2021 and will terminate upon 875,000 Shares being purchased pursuant to the NCIB, or upon the Bank providing an earlier notice of termination. If not previously terminated, the NCIB will terminate on December 14, 2022. During the nine months ended July 31, 2022, the Bank repurchased 401,200 common shares under its NCIB at an average price of $42.91 per share for a total amount of $17.2 million, of which $10.8 million reduced common shares and $6.4 million reduced retained earnings. No common shares were repurchased during the third quarter of 2022.

DIVIDENDS

On August 30, 2022, the Board of Directors declared a quarterly dividend of $0.45 per common share, payable on November 1, 2022 to shareholders of record on October 3, 2022. This quarterly dividend is equal to the dividend declared in the previous quarter and 13% higher compared with the dividend declared in the previous year. The Board also determined that shares attributed under the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan will be made in common shares issued from Corporate Treasury with a 2% discount.

RISK MANAGEMENT

The Bank is exposed to various types of risks owing to its activities, mainly as it relates to the use of financial instruments. In order to manage these risks, various risk management policies and risk limits, as well as other controls have been implemented. These measures aim to ensure we manage within our risk appetite while optimizing risk-return in all operating segments. Refer to the section "Risk Appetite and Risk Management Framework" on page 50 of the Bank's 2021 Annual Report for additional information on the Bank's risk management framework.

IMPACT OF COVID-19 PANDEMIC

In 2022, emergency measures have gradually been lifted in Canada. While the economic impact from the COVID-19 pandemic has recently eased, the Bank nonetheless continues to be exposed to heightened risks and economic uncertainty. As the pandemic continues worldwide, and until the virus no longer represents a threat to global health conditions, its impact on the global economy remains uncertain, threatening the solvency of certain customer segments of the Bank's customers, and accentuating volatility in the financial markets. Deteriorating credit and market conditions resulting from the pandemic may also further adversely impact the Bank's strategic position, expected credit losses and earnings.

The Bank's risk management framework provides the necessary mechanisms to manage the impact of the crisis on its business and operations. The core risk factors relating to the Bank's operations are described in the "Risk Appetite and Risk Management Framework" section on page 50 of the Bank's 2021 Annual Report. Refer, also, to page 73 under the "Other risks that may affect future results" section for further details relating to impacts of the COVID-19 pandemic.

CREDIT RISK

The following sections provide further details on the credit quality of the Bank's loan portfolio.

Measurement uncertainty of expected credit loss estimates

The Bank updates quarterly its forward-looking economic scenarios to assess its allowances for credit losses. The three scenarios, "base", "downside" and "upside", were probability weighted as part of the Bank's approach to determining the expected credit losses as at July 31, 2022 and are further described in Note 5 to the Condensed Interim Consolidated Financial Statements.

The allowance for credit losses is sensitive to the inputs used in models, including macroeconomic variables used in the forward-looking scenarios and their respective weights. The comprehensive impact of the COVID-19 pandemic and recent macro-economic developments on the Canadian and U.S. economies is uncertain. Therefore, it remains difficult to predict whether these factors may result in write-offs in the future, or if the Bank will need to recognize additional increases or release portions of its allowances for credit losses in subsequent periods.

Provision for credit losses

Third quarter of 2022 compared with third quarter of 2021
Total provision for credit losses of $16.6 million increased by $11.2 million compared with the third quarter of 2021, mainly as a result of higher provisions on performing loans. Releases of allowances on performing loans had also been recorded in the third quarter of 2021. The provision for credit losses as a percentage of average loans and acceptances stood at 18 bps for the quarter, compared to 7 bps for the same quarter a year ago.

The provision for credit losses on performing loans was $11.0 million for the third quarter of 2022 compared with a recovery of $3.6 million for the third quarter of 2021. This mainly reflects higher provisions on commercial loans due to volume growth and the less favourable forward-looking macro-economic scenarios and probability weights.

The provision for credit losses on impaired loans was $5.7 million for the third quarter of 2022 and decreased by $3.3 million, due to lower provisions on commercial loans, partly offset by higher provisions in the residential mortgage and personal loan portfolios.

Nine months ended July 31, 2022 compared with nine months ended July 31, 2021
Total provision for credit losses of $39.0 million increased by $14.4 million compared with the nine months ended July 31, 2021, mainly as a result of higher provisions on performing loans, partly offset by lower provisions on impaired loans. Releases of allowances on performing loans had also been recorded in the nine months ended July 31, 2022

The provision for credit losses on performing loans was $24.0 million for the nine months ended July 31, 2022 compared with a recovery of $14.4 million for the nine months ended July 31, 2021, mainly as a result of higher provisions on commercial loans due to volume growth and less favourable forward-looking macro-economic scenarios and probability weights. The prior year also included releases of allowances on commercial and personal loans. Provisions on residential mortgage loans remained low.

The provision for credit losses on impaired loans of $15.0 million decreased by $24.0 million for the nine months ended July 31, 2022 compared with the nine months ended July 31, 2021, due to lower provisions in all impaired loan categories.

Third quarter of 2022 compared with second quarter of 2022
Total provision for credit losses of $16.6 million increased by $3.6 million compared with the second quarter of 2022, mainly as a result of higher provisions on performing loans. The provision for credit losses as a percentage of average loans and acceptances stood at 18 bps, compared to 15 bps the previous quarter.

The provision for credit losses on performing loans was $11.0 million for the third quarter of 2022 compared with $7.5 million for the second quarter of 2022, primarily reflecting higher provisions on commercial loans due to volume growth and less favourable forward-looking macro-economic scenarios and probability weights.

The provision for credit losses on impaired loans of $5.7 million remained relatively stable.

TABLE 10
PROVISION FOR CREDIT LOSSES

In thousands of dollars, except percentage amounts (Unaudited)	For the three months ended July 31, 2022	April 30, 2022	July 31, 2021	For the nine months ended July 31, 2022	July 31, 2021
Personal loans					
Performing (Stage 1 and 2)	**$ 603**	$ 1,997	$ (1,765)	**$ 6,626**	$ (3,538)
Impaired (Stage 3)	**4,574**	3,095	3,301	**3,577**	8,599
	5,177	5,092	1,536	**10,203**	5,061
Residential mortgage loans					
Performing (Stage 1 and 2)	**296**	648	866	**1,914**	(209)
Impaired (Stage 3)	**1,122**	750	(4,240)	**354**	3,390
	1,418	1,398	(3,374)	**2,268**	3,181
Commercial loans[1]					
Performing (Stage 1 and 2)	**10,079**	4,895	(2,695)	**15,465**	(10,649)
Impaired (Stage 3)	**(45)**	1,615	9,933	**11,093**	27,007
	10,034	6,510	7,238	**26,558**	16,358
Total loans					
Performing (Stage 1 and 2)	**10,978**	7,540	(3,594)	**24,005**	(14,396)
Impaired (Stage 3)	**5,651**	5,460	8,994	**15,024**	38,996
Provision for credit losses	**$ 16,629**	$ 13,000	$ 5,400	**$ 39,029**	$ 24,600
As a % of average loans and acceptances	**0.18 %**	0.15 %	0.07 %	**0.15 %**	0.10 %

(1) Including customers' liabilities under acceptances.

Allowances for credit losses

Allowances for loan losses amounted to $185.4 million as at July 31, 2022, a decrease of $9.6 million compared with October 31, 2021. Allowances for loan losses on performing loans amounted to $132.1 million as at July 31, 2022, up $24.0 million compared with October 31, 2021, mainly as a result of higher provisions on commercial loans due to volume growth and less favourable forward-looking macro-economic scenarios and probability weights. Allowances for loan losses on impaired loans of $53.4 million decreased by $33.6 million compared with October 31, 2021, mainly due to write-offs of previously provisioned accounts in the commercial loan portfolio.

TABLE 11
ALLOWANCES FOR CREDIT LOSSES (ACL)

In thousands of dollars, except percentage amounts (Unaudited)	As at July 31, 2022	As at October 31, 2021
Allowances for loan losses		
Personal	**$ 54,634**	$ 53,086
Residential mortgages	**16,022**	15,404
Commercial	**114,765**	126,566
Total allowances for loan losses	**185,421**	195,056
Allowances for off-balance sheet exposures losses	**7,762**	7,522
Total allowances for credit losses	**$ 193,183**	$ 202,578
ACL on performing loans (Stage 1 and 2)	**$ 132,067**	$ 108,064
ACL on impaired loans (Stage 3)	**53,354**	86,992
Total allowances for loan losses	**$ 185,421**	$ 195,056

Impaired loans

Gross impaired loans amounted to $159.0 million as at July 31, 2022, down $91.9 million or 37% compared with October 31, 2021, mainly due to favourable repayments and write-offs of previously provisioned accounts in the commercial loan portfolio. See Note 5 to the Condensed Interim Consolidated Financial Statements for additional information.

TABLE 12
IMPAIRED LOANS

In thousands of dollars, except percentage amounts (Unaudited)		As at July 31, 2022		As at October 31, 2021
Gross impaired loans (GIL)				
Personal	$	**13,878**	$	16,201
Residential mortgages		**50,386**		58,192
Commercial		**94,785**		176,517
	$	**159,049**	$	250,910
Allowances for loan losses on impaired loans (Stage 3)				
Personal	$	**(4,288)**	$	(9,471)
Residential mortgages		**(2,881)**		(4,209)
Commercial		**(46,185)**		(73,312)
	$	**(53,354)**	$	(86,992)
Net impaired loans				
Personal	$	**9,590**	$	6,730
Residential mortgages		**47,505**		53,983
Commercial		**48,600**		103,205
	$	**105,695**	$	163,918
Impaired loans as a % of loans and acceptances				
Gross		**0.43 %**		0.75 %
Net		**0.29 %**		0.49 %

MARKET RISK

Market risk is the financial loss that the Bank may incur due to unfavourable fluctuations in the value of financial instruments as a result of changes in the underlying factors used to measure them, such as interest rates, currency 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 interest rate risk is intended to maximize the Bank's profitability while preserving the economic value of common shareholders' equity.

The table below provides a measure of the sensitivity to changes in interest rates of the Bank as at July 31, 2022. As presented, 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.

TABLE 13
SENSITIVITY ANALYSIS OF THE STRUCTURAL INTEREST RATE RISK

In thousands of dollars (Unaudited)		As at July 31, 2022		As at October 31, 2021
Effect of a 1% increase in interest rates				
Increase in net interest income before taxes over the next 12 months	$	**646**	$	15,635
Decrease in the economic value of common shareholders' equity (net of income taxes)	$	**(33,555)**	$	(33,420)

Cessation of the Canadian Dollar Offered Rate

In October 2020, the Canadian Alternative Reference Rate (CARR) working group was tasked with analyzing the current status of the Canadian Dollar Offered Rate (CDOR) and to make recommendations. In December 2021, CARR has recommended that the administrator of CDOR, Refinitiv Benchmark Services (UK) Limited (RBSL), cease publication of all of CDOR's remaining tenors after the end of June 2024. Following public consultation, RBSL published on May 16, 2022 a CDOR cessation notice stating that the calculation and publication of all tenors of CDOR will permanently cease immediately following a final publication on June 28, 2024.

The Bank has established an enterprise wide program, aimed at ensuring the transition from Interbank Offered Rates (IBORs) to risk-free rates (RFRs). The program has been focused on identifying and quantifying the Bank's exposures to various interest rate benchmarks, providing the capability to trade products referencing alternative RFRs, including assessing system changes and impacts on hedge accounting, as well as evaluating existing contract amendment language. The Bank has in place detailed plans, processes and procedures to support the transition of its IBOR exposure to RFRs.

LIQUIDITY AND FUNDING RISK

Liquidity and funding risk is 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 requirements.

The Bank maintains liquidity and funding that is appropriate for the execution of its strategy, with liquidity and funding risk remaining well within its approved limits.

The Bank monitors cash resources daily and ensures that liquidity indicators are within established limits, paying 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. 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.

The Bank originates deposits from Personal, Business and Institutional customers, and has access to wholesale financing from diversified sources. Personal deposits are sourced through multiple channels including the Quebec Retail Network, Advisors and Brokers, as well as the Digital Channel. Wholesale funding options include loan securitization and the issuance of equity or debt instruments through capital markets. Limits on funding sources are monitored by the Asset-Liability Committee, the Executive Committee and the Board of Directors.

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 sufficient 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 nine months ended July 31, 2022.

Credit ratings

Personal deposits constitute the most important source of financing for the Bank. The Bank also accesses wholesale markets to obtain financing through securitization and unsecured funding. The Bank's capacity to obtain such financing, especially wholesale funding, is tied to the credit ratings set by rating agencies such as DBRS Morningstar ("DBRS") and S&P Global Ratings ("S&P"). Revisions of the Bank's credit ratings may therefore influence financing operations, as well as other collateral obligations.

Changes to credit ratings could also impact the Bank involvement with other operational banking arrangements. The Bank regularly monitors the impact of a hypothetical downgrade of its credit rating on collateral requirements. As at July 31, 2022, additional collateral that would be required in the event of a one-to-three-notch rating downgrade was not significant.

Table 14 presents the Bank's credit ratings as established by the rating agencies.

TABLE 14
CREDIT RATINGS
As at July 31, 2022

	DBRS[1]	S&P[2]
Long-term deposits and debt	A (low)	BBB
Covered bonds	AAA	n/a
Short-term instruments	R-1 (low)	A-2
NVCC Subordinated debt	BBB (low)	BB+
NVCC Limited recourse capital notes	BB (high)	BB-
NVCC Preferred Shares	Pfd-3	BB-
Outlook	Stable	Stable

(1) Each DBRS rating category is appended with one of three rating trends —"Positive," "Stable," "Negative"— in addition to "Under Review." The rating trend helps to give investors an understanding of DBRS's opinion regarding the outlook for the rating in question. However, investors must not assume that a positive or negative trend necessarily indicates that a rating change is imminent.

(2) The S&P rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future action. The S&P rating outlooks have the following meanings: "Positive" means that a rating may be raised; "Negative" means that a rating may be lowered; "Stable" means that a rating is not likely to change; "Developing" means a rating may be raised or lowered.

Contractual maturities of assets and liabilities

The following tables provide remaining contractual maturity profiles of assets and liabilities at their carrying value (e.g., amortized cost or fair value) as at the following balance sheet dates. Details of contractual maturities are a source of information for the management of liquidity risk.

TABLE 15
CONTRACTUAL MATURITIES OF ASSETS AND LIABILITIES

As at July 31, 2022

In thousands of dollars (Unaudited)	Term: 0 to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 12 months	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	No specific maturity	Total
Assets									
Cash and non-interest-bearing deposits with banks	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 83,486	$ 83,486
Interest-bearing deposits with banks	1,203,402	—	—	135,000	—	—	—	132,360	1,470,762
Securities	499,436	748,944	233,226	216,121	1,054,448	2,105,410	1,667,927	114,598	6,640,110
Securities purchased under reverse repurchase agreements	3,621,731	49,995	—	—	—	—	—	—	3,671,726
Loans[1]									
Personal loans	35,054	42,408	13,818	17,874	37,351	8,364	2,936	3,240,898	3,398,703
Residential mortgages	699,822	635,418	459,603	518,717	2,049,560	11,275,260	85,782	115,744	15,839,906
Commercial loans	2,602,046	1,100,790	945,774	887,901	3,060,713	2,950,325	1,551,455	4,175,195	17,274,199
Customers' liabilities under acceptances	58,000	—	—	—	—	—	—	—	58,000
Allowances for loan losses	—	—	—	—	—	—	—	(185,421)	(185,421)
	3,394,921	1,778,616	1,419,195	1,424,492	5,147,624	14,233,949	1,640,174	7,346,416	36,385,387
Others	2,474	2,628	1,510	1,542	6,441	461	13	1,529,036	1,544,105
Total assets	$8,721,964	$2,580,183	$1,653,931	$1,777,155	$6,208,513	$16,339,820	$3,308,114	$ 9,205,896	$49,795,576
Liabilities and equity									
Deposits									
Personal deposits[1]	$1,522,424	$1,820,836	$2,088,836	$2,222,985	$3,336,665	$ 2,858,557	$ 47,578	$ 7,451,227	21,349,108
Business, Banks and other deposits[1]	123,631	102,193	80,315	154,055	211,573	118,236	472	1,683,838	2,474,313
Wholesale deposits	760,400	90,500	5,000	399,999	353,415	693,448	—	—	2,302,762
Covered bonds	—	—	—	—	—	548,562	—	—	548,562
	2,406,455	2,013,529	2,174,151	2,777,039	3,901,653	4,218,803	48,050	9,135,065	26,674,745
Obligations related to securities sold short[2]	1,083,700	28,895	62,557	27,375	532,810	1,115,079	1,276,380	—	4,126,796
Obligations related to securities sold under repurchase agreements	2,402,180	147,321	—	—	—	—	—	—	2,549,501
Other liabilities	61,263	3,271	3,282	3,196	26,179	24,744	70,635	1,590,940	1,783,510
Debt related to securitization activities[3]	280,611	522,887	137,420	391,532	1,477,976	7,260,904	1,650,491	(126,873)	11,594,948
Subordinated debt	—	—	—	—	—	339,253	—	—	339,253
Equity	—	—	—	—	—	—	—	2,726,823	2,726,823
Total liabilities and equity	$6,234,209	$2,715,903	$2,377,410	$3,199,142	$5,938,618	$12,958,783	$3,045,556	$13,325,955	$49,795,576

(1) Amounts collectible on demand are considered to have no specific maturity.
(2) Amounts are disclosed according to the remaining contractual maturity of the underlying security.
(3) Personal loan securitization cash flows are based on a behavioural prepayment model.

As at October 31, 2021

In thousands of dollars (Unaudited)	Term								
	0 to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 12 months	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	No specific maturity	Total
Assets									
Cash and non-interest-bearing deposits with banks	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 69,002	$ 69,002
Interest-bearing deposits with banks	472,093	—	—	25,000	—	—	—	101,028	598,121
Securities	700,462	236,520	545,582	95,149	1,306,974	1,658,171	1,631,214	325,121	6,499,193
Securities purchased under reverse repurchase agreements	2,216,738	311,441	94,118	91,988	49,996	—	—	—	2,764,281
Loans[1]									
Personal loans	35,591	16,087	17,350	29,578	81,966	27,021	6,729	3,467,019	3,681,341
Residential mortgages	854,713	834,365	1,058,118	910,309	1,789,023	10,246,094	47,017	117,360	15,856,999
Commercial loans	2,456,796	922,397	1,163,813	752,675	2,539,074	2,462,739	1,484,525	2,324,404	14,106,423
Allowances for loan losses	—	—	—	—	—	—	—	(195,056)	(195,056)
	3,347,100	1,772,849	2,239,281	1,692,562	4,410,063	12,735,854	1,538,271	5,713,727	33,449,707
Others	2,524	594	1,344	213	628	396	—	1,691,021	1,696,720
Total assets	$ 6,738,917	$2,321,404	$2,880,325	$1,904,912	$5,767,661	$14,394,421	$3,169,485	$ 7,899,899	$45,077,024
Liabilities and equity									
Deposits									
Personal deposits[1]	$ 1,857,632	$1,689,257	$1,718,259	$1,531,813	$3,337,987	$ 1,932,861	$ 38,926	$ 6,044,309	$18,151,044
Business, Banks and other deposits[1]	78,551	177,233	224,022	132,476	135,507	36,978	1,214	1,744,226	2,530,207
Wholesale deposits	507,500	232,000	243,270	346,341	401,908	327,422	—	—	2,058,441
Covered bonds	—	—	—	—	—	248,537	—	—	248,537
	2,443,683	2,098,490	2,185,551	2,010,630	3,875,402	2,545,798	40,140	7,788,535	22,988,229
Obligations related to securities sold short[2]	164,118	370,808	28,237	190,432	354,891	918,046	1,200,660	24,490	3,251,682
Obligations related to securities sold under repurchase agreements	1,620,728	627,277	189,573	187,288	146,608	—	—	—	2,771,474
Other liabilities	4,052	4,020	3,956	3,876	25,167	19,072	59,998	1,699,316	1,819,457
Debt related to securitization activities[3]	567,601	180,014	523,331	338,379	1,472,184	6,490,459	1,658,956	24,606	11,255,530
Subordinated debt	—	—	349,782	—	—	—	—	—	349,782
Equity	—	—	—	—	—	—	—	2,640,870	2,640,870
Total liabilities and equity	$ 4,800,182	$3,280,609	$3,280,430	$2,730,605	$5,874,252	$ 9,973,375	$2,959,754	$12,177,817	$45,077,024

(1) Amounts collectible on demand are considered to have no specific maturity.
(2) Amounts are disclosed according to the remaining contractual maturity of the underlying security.
(3) Personal loan securitization cash flows are based on a behavioural prepayment model.

ADDITIONAL FINANCIAL INFORMATION - QUARTERLY RESULTS

TABLE 16

ADDITIONAL FINANCIAL INFORMATION - QUARTERLY RESULTS

In thousands of dollars, except per share amounts (Unaudited)	**July 31, 2022**	April 30, 2022	January 31, 2022	October 31, 2021	July 31, 2021	April 30, 2021	January 31, 2021	October 31, 2020
Net interest income	**$ 188,504**	$ 180,090	$ 180,918	$ 173,095	$ 174,696	$ 171,476	$ 173,074	$ 169,346
Other income	**71,448**	79,512	76,621	77,336	80,188	78,292	74,300	74,193
Total revenue	**259,952**	259,602	257,539	250,431	254,884	249,768	247,374	243,539
Amortization of net premium on purchased financial instruments	**—**	—	—	—	—	—	—	100
Provision for credit losses	**16,629**	13,000	9,400	24,900	5,400	2,400	16,800	24,200
Non-interest expenses	**177,479**	172,105	177,930	356,480	170,258	179,561	174,063	177,592
Income before income taxes	**65,844**	74,497	70,209	(130,949)	79,226	67,807	56,511	41,647
Income taxes	**9,978**	14,948	14,691	(28,073)	17,162	14,745	11,692	4,836
Net income (loss)	**$ 55,866**	$ 59,549	$ 55,518	$ (102,876)	$ 62,064	$ 53,062	$ 44,819	$ 36,811
Earnings (loss) per share								
Basic	**$ 1.19**	$ 1.35	$ 1.17	$ (2.39)	$ 1.32	$ 1.15	$ 0.96	$ 0.79
Diluted	**$ 1.18**	$ 1.34	$ 1.17	$ (2.39)	$ 1.32	$ 1.15	$ 0.96	$ 0.79

CORPORATE GOVERNANCE AND CHANGES TO INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal Control over Financial Reporting (ICFR) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. During the third quarter ended July 31, 2022, there have been no changes to ICFR that affected materially or are reasonably likely to materially affect ICFR.

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies followed by the Bank are outlined in Notes 2 and 3 to the 2021 Annual Consolidated Financial Statements. The Condensed Interim Consolidated Financial Statements for the third quarter ended July 31, 2022 have been prepared in accordance with these accounting policies.

Some of these accounting policies are deemed critical as they require management to apply judgment 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 Estimates" of the Bank's 2021 Annual Report, as well as to Notes 2 and 3 to the 2021 Annual Consolidated Financial Statements. for additional information.

Economic conditions impact on judgments, estimates and assumptions

The preparation of financial information requires the use of estimates and judgments about future economic conditions. The COVID-19 pandemic and recent macro-economic developments have amplified uncertainty on the assumptions used by management in making its judgments and estimates. The comprehensive impact that the COVID-19 pandemic and recent macro-economic developments will have on the Canadian and U.S. economies and the Bank's business remain uncertain and difficult to predict. Refer to the section "Critical Accounting Policies and Estimations" of the Bank's 2021 Annual Report, as well as to Notes 2 and 3 to the 2021 Annual Consolidated Financial Statements.

FUTURE CHANGES TO ACCOUNTING POLICIES

The IASB has issued new standards and amendments to existing standards which are applicable for the Bank in various annual periods beginning on November 1, 2023. There have been no significant updates to the future accounting changes disclosed in Note 4 of the 2021 Annual Consolidated Financial Statements and in the section "Future Changes to Accounting Policies" of the Bank's 2021 Annual Report.

GLOSSARY

GENERAL TERMS

Allowances for credit losses (ACL) represent the Bank's estimate of expected credit losses (ECL) at the balance sheet date. ECLs are a probability-weighted estimate of credit losses over the remaining expected life of the financial instrument. These allowances are primarily related to loans and acceptances and off-balance sheet exposures, including letters of guarantee and certain undrawn amounts under approved credit facilities.

Alt-A mortgages represent a classification of mortgages where borrowers have a clean credit history consistent with prime lending criteria. However, characteristics about the mortgage such as loan to value, loan documentation, occupancy status or property type, may cause the mortgage not to qualify under standard underwriting programs.

Bankers' acceptances (BAs) are bills of exchange or negotiable instruments drawn by a borrower for payment at maturity and accepted by a bank. BAs constitute a guarantee of payment by the Bank and can be traded in the money market. The Bank earns a "stamping fee" for providing this guarantee.

Basis point represents one one-hundredth of a percentage point.

Derivatives are contracts whose value is "derived" from movements in interest or foreign exchange rates, or equity or commodity prices. Derivatives allow for the transfer, modification or reduction of current or expected risks from changes in rates and prices.

Earnings per share (EPS) is calculated by dividing net income after deduction of preferred dividends, by the average number of common shares outstanding. Diluted EPS is calculated by adjusting the number of shares outstanding for possible conversions of financial instruments into common shares.

Effective interest rate represents the discount rate applied to estimated future cash payments or receipts over the expected life of the financial instrument to arrive at the net carrying amount of the financial asset or liability.

Fair value is the estimated price that would be received or paid in an orderly transaction between market participants at the measurement date.

Hedging is a risk management technique used to neutralize or manage interest rate, foreign currency, or credit exposures arising from normal banking activities by taking positions that are expected to react to market conditions in an offsetting manner.

Impaired loans consist of loans where one or more events that have a detrimental impact on the estimated future cash flows of a loan have occurred or when contractual payments are 90 days past due.

Net interest income is comprised of earnings on assets, such as loans and securities, including interest and dividend income, less interest expense paid on liabilities, such as deposits.

Notional amount refers to the principal used to calculate interest and other payments under derivative contracts.

Off-balance sheet financial instruments represent a variety of financial arrangements offered to clients, which include for the Bank derivatives, credit commitments and guarantees, and other indemnifications.

Options are contractual agreements between two parties in which the writer of the option grants the buyer the right, but not the obligation, to either buy or sell, at or by a specified date, a specific amount of a financial instrument at a price agreed upon when the agreement is entered into. The writer receives a premium for selling this instrument.

Provision for credit losses (PCL) is an amount charged or credited to income to adjust the allowances for credit losses to the appropriate level, for both performing and impaired financial assets.

Securities purchased under reverse repurchase agreements and obligations related to securities sold under repurchase agreements are short-term purchases of securities under agreements to resell as well as short-term sales of securities under agreements to repurchase at predetermined prices and dates. Given the low risk transfer associated with these purchases and sales, these agreements are treated as collateralized lending.

Swaps are contractual agreements between two parties to exchange a series of cash flows for a specified period of time. The various swap agreements that the Bank enters into are interest rate swaps, cross-currency swaps, foreign exchange swaps and total return swaps.

SUPPLEMENTARY FINANCIAL MEASURES

Allowances for credit losses as a % of total loans and acceptances is defined as allowances for credit losses as a percentage of total loans and acceptances.

Assets under administration mostly refers to assets related to registered and non-registered investment accounts, clients' brokerage assets, mutual funds and loans administered by the Bank that are beneficially owned by clients and therefore not reported on the balance sheet of the Bank.

Average earning assets include the Bank's loans net of allowances, as well as interest-bearing deposits with other banks, securities, securities purchased under reverse repurchase agreements used in the Bank's treasury operations and derivatives, but exclude average earning assets related to trading activities. The averages are based on the daily balances for the period.

Dividend payout ratio is defined as dividends declared on common shares as a percentage of net income available to common shareholders.

Dividend yield is defined as dividends declared per common share divided by the closing common share price.

Efficiency ratio is a measure of productivity and cost control and is defined as non-interest expenses as a percentage of total revenue.

Gross impaired loans as a % of loans and acceptances is defined as impaired loans as a percentage of total loans and acceptances at the end of the period.

Interest-bearing liabilities include the Bank's deposits, debt related to securitization activities and subordinated debt used in the Bank's treasury operations and derivatives, but exclude interest-bearing liabilities related to trading activities.

Liquid assets consist of cash, deposits with banks, securities and securities purchased under reverse repurchase agreements.

Net interest margin is the ratio of net interest income to average earning assets (based on the daily balances for the period), expressed as a percentage or basis points.

Net impaired loans as a % of loans and acceptances is defined as impaired loans less allowances for credit losses for impaired loans, as a percentage of total loans and acceptances at the end of the period.

Operating leverage is a measure of efficiency and is the difference between total revenue and non-interest expenses growth rates.

Provision for credit losses as a % of average loans and acceptances is defined as provision for credit losses as a percentage of average loans and acceptances. For average loans and acceptances, the averages are based on the daily balances for the period.

Price / earnings ratio is defined as closing common share price divided by basic earnings per share.

RISK AND CAPITAL TERMS

Basel II is the second of the Basel Accords, which are recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision (BCBS). The purpose of Basel II is to create an international standard that banking regulators can use when creating regulations about how much capital banks need to put aside to guard against the types of financial and operational risks banks face. The Basel II Accord also introduced the Advanced Internal-Ratings Based (AIRB) approach for credit risk.

Basel III is a comprehensive set of reform measures, developed by the BCBS, to strengthen the Basel II Accord as well as the supervision and risk management of the banking sector. These measures also introduced liquidity adequacy requirements.

Capital ratios are defined as either Common Equity Tier 1 capital, Tier 1 capital or Total capital divided by risk-weighted assets.

Common Equity Tier 1 (CET1) capital represents, under Basel III, more permanent forms of capital, and primarily consists of common shareholders' equity and accumulated other comprehensive income (AOCI), less a deduction for goodwill, software and other intangibles, net pension assets, cash flow hedge reserves and certain other deductions prescribed by OSFI.

Credit and counterparty risk is the risk of a financial loss occurring if a counterparty (including a debtor, an issuer or a guarantor) in a transaction fails to fully honour its contractual or financial obligation towards the Bank.

Leverage ratio is comprised of Tier 1 capital, divided by unweighted on-balance sheet assets and off-balance sheet commitments, derivatives and securities financing transactions.

Liquidity coverage ratio (LCR) measures the sufficiency of high-quality liquid assets available to meet net short-term financial obligations over a thirty-day period in an acute stress scenario.

Operational risk is the risk of loss or harm resulting from a failure ascribable to human resources, inadequate or failed internal processes or technology and systems, or from external events including legal risk but excluding regulatory, strategic and reputational risks

Probability of default (PD) is an estimated percentage that represents the likelihood of default within a given time period of an obligor for a specific rating grade or for a specific pool of exposure.

Exposure at default (EAD) is an amount expected to be owed by an obligor at the time of default.

Loss given default (LGD) is an estimated percentage of EAD that is not expected to be recovered during the collections and recovery process.

Risk-weighted assets are assets calculated by applying a risk-weight factor to on and off-balance sheet exposure. The Bank uses standardized risk-weight factors as stipulated by OSFI, based on the guidelines developed by the Bank for International Settlement (BIS).

Tier 1 capital primarily consists of CET1 capital and preferred shares.

Total capital includes Tier 1 and Tier 2 capital, net of certain deductions. Tier 2 capital is primarily comprised of subordinated debt and the eligible portion of collective allowances for loan losses.

LAURENTIAN BANK OF CANADA
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

AS AT AND FOR THE PERIODS ENDED JULY 31, 2022

TABLE OF CONTENTS

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

In thousands of Canadian dollars (Unaudited)	Notes	As at July 31, 2022	As at October 31, 2021
Assets			
Cash and non-interest bearing deposits with banks		**$ 83,486**	$ 69,002
Interest-bearing deposits with banks		**1,470,762**	598,121
Securities	**4 and 6**		
At amortized cost		**3,044,427**	3,189,455
At fair value through profit or loss (FVTPL)		**3,368,619**	3,050,658
At fair value through other comprehensive income (FVOCI)		**227,064**	259,080
		6,640,110	6,499,193
Securities purchased under reverse repurchase agreements		**3,671,726**	2,764,281
Loans	**5 and 6**		
Personal		**3,398,703**	3,681,341
Residential mortgage		**15,839,906**	15,856,999
Commercial		**17,274,199**	14,106,423
Customers' liabilities under acceptances		**58,000**	—
		36,570,808	33,644,763
Allowances for loan losses		**(185,421)**	(195,056)
		36,385,387	33,449,707
Other			
Derivatives		**259,195**	263,014
Premises and equipment		**121,734**	100,576
Software and other intangible assets		**279,905**	278,295
Goodwill		**80,601**	78,429
Deferred tax assets		**59,281**	58,492
Other assets		**743,389**	917,914
		1,544,105	1,696,720
		$ 49,795,576	$ 45,077,024
Liabilities and shareholders' equity			
Deposits	**7**		
Personal		**$ 21,349,108**	$ 18,151,044
Business, banks and other		**5,325,637**	4,837,185
		26,674,745	22,988,229
Other			
Obligations related to securities sold short		**4,126,796**	3,251,682
Obligations related to securities sold under repurchase agreements		**2,549,501**	2,771,474
Acceptances		**58,000**	—
Derivatives		**408,431**	153,069
Deferred tax liabilities		**53,800**	48,244
Other liabilities	**15**	**1,263,279**	1,618,144
		8,459,807	7,842,613
Debt related to securitization activities	**6**	**11,594,948**	11,255,530
Subordinated debt	**8**	**339,253**	349,782
Shareholders' equity			
Preferred shares	**9**	**122,071**	122,071
Limited recourse capital notes	**9**	**121,543**	123,612
Common shares	**9**	**1,164,062**	1,172,722
Retained earnings		**1,291,054**	1,195,264
Accumulated other comprehensive income		**23,345**	23,534
Share-based compensation reserve	**10**	**4,748**	3,667
		2,726,823	2,640,870
		$ 49,795,576	$ 45,077,024

The accompanying notes are an integral part of the Condensed Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF INCOME

In thousands of Canadian dollars, except per share amounts (Unaudited)	Notes	For the three months ended July 31, 2022	April 30, 2022	July 31, 2021	For the nine months ended July 31, 2022	July 31, 2021
Interest and dividend income	14					
Loans		**$ 347,419**	$ 287,156	$ 279,614	**$ 911,963**	$ 845,555
Securities		**15,925**	11,444	11,005	**39,338**	34,162
Deposits with banks		**4,284**	1,035	506	**5,880**	1,396
Other, including derivatives		**12,544**	20,351	20,561	**53,997**	67,921
		380,172	319,986	311,686	**1,011,178**	949,034
Interest expense	14					
Deposits		**125,404**	86,568	86,588	**292,527**	282,087
Debt related to securitization activities		**54,313**	45,762	45,139	**144,646**	131,598
Subordinated debt		**6,751**	5,302	3,835	**15,888**	11,373
Other		**5,200**	2,264	1,428	**8,605**	4,730
		191,668	139,896	136,990	**461,666**	429,788
Net interest income		**188,504**	180,090	174,696	**549,512**	519,246
Other income						
Lending fees		**17,087**	17,279	18,720	**51,712**	51,865
Fees and securities brokerage commissions		**10,686**	14,175	16,132	**37,547**	47,340
Commissions from sales of mutual funds		**11,408**	12,364	12,522	**36,935**	36,013
Service charges		**7,364**	7,541	7,855	**22,481**	23,053
Income from financial instruments		**9,606**	10,290	8,445	**27,482**	24,088
Card service revenues		**5,821**	6,847	6,455	**20,074**	19,764
Fees on investment accounts		**3,251**	3,871	3,865	**10,790**	12,149
Insurance income, net		**1,982**	2,286	2,570	**6,884**	8,201
Other		**4,243**	4,859	3,624	**13,676**	10,307
		71,448	79,512	80,188	**227,581**	232,780
Total revenue		**259,952**	259,602	254,884	**777,093**	752,026
Provision for credit losses	5	**16,629**	13,000	5,400	**39,029**	24,600
Non-interest expenses						
Salaries and employee benefits	10 and 11	**100,076**	98,780	89,884	**296,562**	282,745
Premises and technology		**44,244**	43,690	49,231	**132,938**	147,556
Other		**33,159**	29,912	31,181	**95,949**	91,108
Impairment and restructuring charges	16	**—**	(277)	(38)	**2,065**	2,473
		177,479	172,105	170,258	**527,514**	523,882
Income before income taxes		**65,844**	74,497	79,226	**210,550**	203,544
Income taxes		**9,978**	14,948	17,162	**39,617**	43,599
Net income		**$ 55,866**	$ 59,549	$ 62,064	**$ 170,933**	$ 159,945
Preferred share dividends and limited recourse capital note interest	9	**4,601**	1,288	4,677	**10,490**	10,910
Net income available to common shareholders		**$ 51,265**	$ 58,261	$ 57,387	**$ 160,443**	$ 149,035
Earnings per share	12					
Basic		**$ 1.19**	$ 1.35	$ 1.32	**$ 3.70**	$ 3.44
Diluted		**$ 1.18**	$ 1.34	$ 1.32	**$ 3.69**	$ 3.43
Dividends per common share		**$ 0.45**	$ 0.44	$ 0.40	**$ 1.33**	$ 1.20

The accompanying notes are an integral part of the Condensed Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of Canadian dollars (Unaudited)	For the three months ended July 31, 2022	April 30, 2022	July 31, 2021	For the nine months ended July 31, 2022	July 31, 2021
Net income	**$ 55,866**	$ 59,549	$ 62,064	**$ 170,933**	$ 159,945
Other comprehensive income, net of income taxes					
Items that may subsequently be reclassified to the Consolidated Statement of Income					
Net change in debt securities at FVOCI					
Unrealized net gains (losses) on debt securities at FVOCI	**(282)**	(583)	85	**(1,098)**	(1,054)
Reclassification of net (gains) losses on debt securities at FVOCI to net income	**248**	89	40	**400**	(199)
	(34)	(494)	125	**(698)**	(1,253)
Net change in value of derivatives designated as cash flow hedges	**3,890**	(7,970)	(14,733)	**(10,584)**	(5,179)
Net foreign currency translation adjustments					
Net unrealized foreign currency translation gains (losses) on investments in foreign operations	**(2,409)**	6,014	7,422	**17,361**	(30,714)
Net gains (losses) on hedges of investments in foreign operations	**3,049**	(3,386)	(3,510)	**(6,268)**	8,315
	640	2,628	3,912	**11,093**	(22,399)
	4,496	(5,836)	(10,696)	**(189)**	(28,831)
Items that may not subsequently be reclassified to the Consolidated Statement of Income					
Remeasurement gains on employee benefit plans	**2,143**	7,852	9,887	**11,284**	26,412
Net gains (losses) on equity securities designated at FVOCI	**(1,847)**	(8,483)	4,172	**(11,878)**	31,773
	296	(631)	14,059	**(594)**	58,185
Total other comprehensive income, net of income taxes	**4,792**	(6,467)	3,363	**(783)**	29,354
Comprehensive income	**$ 60,658**	$ 53,082	$ 65,427	**$ 170,150**	$ 189,299

INCOME TAXES — OTHER COMPREHENSIVE INCOME

The following table shows income tax expense (recovery) for each component of other comprehensive income.

In thousands of Canadian dollars (Unaudited)	For the three months ended July 31, 2022	April 30, 2022	July 31, 2021	For the nine months ended July 31, 2022	July 31, 2021
Net change in debt securities at FVOCI					
Unrealized net gains (losses) on debt securities at FVOCI	**$ (101)**	$ (210)	$ 31	**$ (395)**	$ (380)
Reclassification of net (gains) losses on debt securities at FVOCI to net income	**89**	32	15	**144**	(72)
	(12)	(178)	46	**(251)**	(452)
Net change in value of derivatives designated as cash flow hedges	**1,399**	(2,871)	(5,305)	**(3,815)**	(1,867)
Net foreign currency translation adjustments					
Net gains (losses) on hedges of investments in foreign operations	**366**	(308)	(82)	**32**	(153)
Remeasurement gains on employee benefit plans	**772**	2,827	3,560	**4,063**	9,511
Net gains (losses) on equity securities designated at FVOCI	**(666)**	(3,534)	1,504	**(4,758)**	11,456
	$ 1,859	$ (4,064)	$ (277)	**$ (4,729)**	$ 18,495

The accompanying notes are an integral part of the Condensed Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended July 31, 2022

In thousands of Canadian dollars (Unaudited)	Preferred shares (Note 9)	Limited recourse capital notes (Note 9)	Common shares (Note 9)	Retained earnings	Accumulated other comprehensive income: Debt securities at FVOCI	Cash flow hedges	Translation of foreign operations	Total	Share-based compensation reserve	Total shareholders' equity
Balance as at October 31, 2021	$ 122,071	$ 123,612	$ 1,172,722	$ 1,195,264	$ 278	$ 42,095	(18,839)	$ 23,534	$ 3,667	$ 2,640,870
Net income				170,933						170,933
Other comprehensive income, net of income taxes										
Unrealized net losses on debt securities at FVOCI					(1,098)			(1,098)		(1,098)
Reclassification of net losses on debt securities at FVOCI to net income					400			400		400
Net change in value of derivatives designated as cash flow hedges						(10,584)		(10,584)		(10,584)
Net unrealized foreign currency translation gains on investments in foreign operations							17,361	17,361		17,361
Net losses on hedges of investments in foreign operations							(6,268)	(6,268)		(6,268)
Remeasurement gains on employee benefit plans				11,284						11,284
Net losses on equity securities designated at FVOCI				(11,878)						(11,878)
Comprehensive income				170,339	(698)	(10,584)	11,093	(189)		170,150
Impact of limited recourse capital notes purchased or sold for trading		(2,069)								(2,069)
Issuance of common shares			2,135							2,135
Repurchase of common shares for cancellation			(10,795)	(6,419)						(17,214)
Share-based compensation									1,081	1,081
Dividends and other										
Preferred shares and limited recourse capital notes				(10,490)						(10,490)
Common shares				(57,640)						(57,640)
Balance as at July 31, 2022	$ 122,071	$ 121,543	$ 1,164,062	$ 1,291,054	$ (420)	$ 31,511	$ (7,746)	$ 23,345	$ 4,748	$ 2,726,823

The accompanying notes are an integral part of the Condensed Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)

For the nine months ended July 31, 2021

In thousands of Canadian dollars (Unaudited)	Preferred shares (Note 9)	Limited recourse capital notes (Note 9)	Common shares (Note 9)	Retained earnings	Accumulated Other Comprehensive Income: Debt securities at FVOCI	Cash flow hedges	Translation of foreign operations	Total	Share-based compen-sation reserve	Total shareholders' equity
Balance as at October 31, 2020	$ 244,038	$ —	$ 1,159,488	$ 1,152,973	$ 1,784	$ 43,593	$ 6,838	$ 52,215	$ 2,527	$ 2,611,241
Net income				159,945						159,945
Other comprehensive income, net of income taxes										
Unrealized net losses on debt securities at FVOCI					(1,054)			(1,054)		(1,054)
Reclassification of net gains on debt securities at FVOCI to net income					(199)			(199)		(199)
Net change in value of derivatives designated as cash flow hedges						(5,179)		(5,179)		(5,179)
Net unrealized foreign currency translation losses on investments in foreign operations							(30,714)	(30,714)		(30,714)
Net gains on hedges of investments in foreign operations							8,315	8,315		8,315
Remeasurement gains on employee benefit plans				26,412						26,412
Net gains on equity securities designated at FVOCI				31,773						31,773
Comprehensive income				218,130	(1,253)	(5,179)	(22,399)	(28,831)		189,299
Issuance of common shares			9,944							9,944
Issuance of limited recourse capital notes		123,649								123,649
Repurchase of share capital	(121,967)			(3,033)						(125,000)
Share-based compensation									997	997
Dividends										
Preferred shares				(10,910)						(10,910)
Common shares				(52,004)						(52,004)
Balance as at July 31, 2021	$ 122,071	$ 123,649	$ 1,169,432	$ 1,305,156	$ 531	$ 38,414	$ (15,561)	$ 23,384	$ 3,524	$ 2,747,216

The accompanying notes are an integral part of the Condensed Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of Canadian dollars (Unaudited)	Notes	For the three months ended July 31, 2022	April 30, 2022	July 31, 2021	For the nine months ended July 31, 2022	July 31, 2021
Cash flows relating to operating activities						
Net income		**$ 55,866**	$ 59,549	$ 62,064	**$ 170,933**	$ 159,945
Adjustments to determine net cash flows relating to operating activities:						
Provision for credit losses	5	**16,629**	13,000	5,400	**39,029**	24,600
Deferred income taxes		**(4,168)**	3,641	25,539	**3,822**	26,168
Impairment of software, intangible assets and premises and equipment		**6**	84	—	**937**	—
Depreciation of premises and equipment		**4,340**	4,224	5,688	**12,808**	17,515
Amortization of software and other intangible assets		**8,926**	8,686	10,218	**26,184**	30,912
Loans		**(837,093)**	(1,714,596)	27,802	**(3,282,436)**	206,310
Acceptances		**(51,000)**	94,000	(19,200)	**58,000**	20,000
Securities at FVTPL		**(261,243)**	(146,587)	(442,896)	**(317,961)**	(899,894)
Securities purchased under reverse repurchase agreements		**(419,232)**	(279,827)	190,166	**(907,445)**	152,459
Accrued interest receivable		**(13,139)**	(25,096)	8,175	**(30,402)**	18,397
Derivative assets		**3,963**	(65,795)	89,294	**3,819**	26,283
Deposits		**1,432,942**	1,139,104	180,270	**3,686,516**	(758,674)
Obligations related to securities sold short		**1,047,669**	(346,888)	(67,930)	**875,114**	117
Obligations related to securities sold under repurchase agreements		**(391,784)**	236,479	419,785	**(221,973)**	915,694
Accrued interest payable		**5,637**	7,672	(33,716)	**(31,688)**	(111,601)
Derivative liabilities		**(32,631)**	262,290	(18,712)	**255,362**	(22,960)
Debt related to securitization activities		**(177,191)**	454,760	(118,753)	**339,418**	599,828
Other, net		**(55,211)**	360,197	1,051	**(94,873)**	(215,369)
		333,286	64,897	324,245	**585,164**	189,730
Cash flows relating to financing activities						
Payment of lease liabilities		**(4,110)**	(4,350)	(5,523)	**(13,221)**	(14,949)
Net proceeds from issuance of subordinated debt	8	**—**	347,876	—	**347,876**	—
Repurchase of subordinated debt	8	**(346,293)**	(12,817)	—	**(359,110)**	—
Repurchase of preferred shares	9	**—**	—	(125,000)	**—**	(125,000)
Net proceeds from issuance of limited recourse capital notes	9	**—**	—	123,649	**—**	123,649
Impact of limited recourse capital notes purchased or sold for trading	9	**(38)**	266	—	**(2,069)**	—
Net proceeds from issuance of common shares	9	**(7)**	16	2	**137**	27
Repurchase of common shares for cancellation	9	**—**	(4,613)	—	**(17,214)**	—
Dividends and other distributions		**(20,145)**	(38,101)	(17,088)	**(73,668)**	(51,437)
		(370,593)	288,277	(23,960)	**(117,269)**	(67,710)
Cash flows relating to investing activities						
Change in securities at amortized cost						
Acquisitions		**(816,925)**	(1,019,261)	(661,752)	**(2,688,289)**	(1,675,059)
Proceeds on sale and at maturity		**1,106,770**	650,080	525,720	**2,833,366**	1,615,972
Change in securities at FVOCI						
Acquisitions		**(372,653)**	(264,264)	(316,788)	**(841,911)**	(567,827)
Proceeds on sale and at maturity		**394,424**	250,984	329,701	**854,348**	596,616
Proceeds on sale of loan portfolios		**74,721**	217,008	—	**291,729**	—
Additions to premises and equipment and software and other intangible assets		**(15,864)**	(10,429)	(5,011)	**(33,031)**	(12,961)
Change in interest-bearing deposits with banks		**(318,842)**	(171,609)	(147,819)	**(872,641)**	(73,413)
		51,631	(347,491)	(275,949)	**(456,429)**	(116,672)
Effect of exchange rate changes on cash and non-interest-bearing deposits with banks		**(645)**	602	1,694	**3,018**	(3,203)
Net change in cash and non-interest bearing deposits with banks		**13,679**	6,285	26,030	**14,484**	2,145
Cash and non-interest bearing deposits with banks at beginning of period		**69,807**	63,522	45,776	**69,002**	69,661
Cash and non-interest bearing deposits with banks at end of period		**$ 83,486**	$ 69,807	$ 71,806	**$ 83,486**	$ 71,806
Supplemental disclosure about cash flows relating to operating activities:						
Interest paid during the period		**$ 175,273**	$ 136,810	$ 172,626	**$ 495,192**	$ 547,438
Interest received during the period		**$ 358,891**	$ 297,362	$ 324,600	**$ 980,046**	$ 970,321
Dividends received during the period		**$ 2,787**	$ 3,189	$ 3,176	**$ 9,420**	$ 9,811
Income taxes paid during the period		**$ 6,658**	$ 21,120	$ (4,062)	**$ 59,046**	$ 34,481

The accompanying notes are an integral part of the Condensed Interim Consolidated Financial Statements.

Comparative figures have been reclassified to conform to the current year presentation.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

All tabular amounts are in thousands of Canadian dollars, unless otherwise indicated (Unaudited)

1. GENERAL INFORMATION

Laurentian Bank of Canada (the Bank) provides financial services to its personal, commercial and institutional customers. The Bank operates primarily across Canada, with a presence in the United States.

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, with a registered office in Toronto, Canada. The Bank's common shares (stock symbol: LB) are listed on the Toronto Stock Exchange.

The Condensed Interim Consolidated Financial Statements for the period ended July 31, 2022 were approved for issuance by the Board of Directors on August 30, 2022.

2. BASIS OF PRESENTATION

These Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as well as in accordance with IAS 34, *Interim Financial Reporting.* These Condensed Interim Consolidated Financial Statements also comply 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 IFRS.

These Condensed Interim Consolidated Financial Statements should be read in conjunction with the Annual Consolidated Financial Statements for the year ended October 31, 2021 prepared in accordance with IFRS. The accounting policies described in Note 3 to the Annual Consolidated Financial Statements have been applied consistently to all periods presented within these financial statements.

These Condensed Interim Consolidated Financial Statements were prepared under a historical cost basis, except for certain items carried at fair value as discussed in Note 3 to the Annual Consolidated Financial Statements for the year ended October 31, 2021.

Unless otherwise indicated, all amounts are expressed in Canadian dollars, which is the Bank's presentation currency. Items included in the financial statements of each of the Bank's entities are measured using their functional currency, which is the currency of the primary economic environment in which they operate.

2.1 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these Condensed Interim Consolidated Financial Statements, management is required to make significant judgments and subjective estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable.

Significant accounting judgments, estimates and assumptions have been made specifically in the following areas and are further discussed in the Annual Consolidated Financial Statements for the year ended October 31, 2021 as follows:

Fair value of financial instruments	Notes 3 and 22	Post-employment benefits	Notes 3 and 18
Allowances for credit losses	Notes 3 and 6	Income taxes	Notes 3 and 19
Goodwill and other intangible assets	Notes 3, 9 and 10	Provisions and contingent liabilities	Notes 3 and 29

In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of the items listed above, it is possible that the outcomes in future reporting periods could differ from those on which management's estimates are based. This could result in materially different estimates and judgments from those reached by management for the purposes of the Condensed Interim Consolidated Financial Statements.

Economic conditions impact on judgments, estimates and assumptions

The preparation of financial information requires the use of estimates and judgments about future economic conditions. The COVID-19 pandemic and recent macro-economic developments have amplified uncertainty on the assumptions used by management in making its judgments and estimates. The comprehensive impact that the COVID-19 pandemic and recent macro-economic developments will have on the Canadian and U.S. economies and the Bank's business remain uncertain and difficult to predict.

2.2 IBOR REFORM

The transition from Interbank Offered Rates ("IBORs") to alternative benchmark interest rates is a global initiative that will impact financial instruments referencing IBOR rates around the world, including in Canada.

In August 2020, the IASB published *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)* (the "Amendments") which completes its work to amend IFRS in response to the IBOR Reform. The Amendments address the accounting issues that arise when financial instruments that reference IBORs transition to nearly risk-free rates (RFRs), including the effects of changes to contractual cash flows or hedging relationships. The Bank early adopted the amendments as at August 1, 2021.

In May 2022, Refinitiv Benchmark Services (UK) Limited (RBSL), the administrator of of the Canadian Dollar Offered Rate (CDOR) published a CDOR cessation notice stating that the calculation and publication of all tenors of CDOR will permanently cease immediately following a final publication on June 28, 2024.

The Bank has established an enterprise wide program, aimed at ensuring the transition from IBORs to RFRs. The program has been focused on identifying and quantifying the Bank's exposures to various interest rate benchmarks, providing the capability to trade products referencing alternative RFRs, including assessing system changes and impacts on hedge accounting, as well as evaluating existing contract amendment language. The Bank has in place detailed plans, processes and procedures to support the transition of its IBOR exposure to RFRs.

The IBOR reform exposes the Bank to various risks, which the project is managing and monitoring closely, including but not limited to conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform and operational risk arising from changes to the Bank's IT systems and processes.

The following table discloses the non-derivative financial assets, non-derivative financial liabilities, and derivative financial instruments subject to the interest rate benchmark reform as at July 31, 2022 that have yet to transition to alternative benchmark rates.

In millions of dollars		As at July 31, 2022
	USD LIBOR[1]	CDOR[2]
Non-derivative financial assets[3]	$ 248	$ 242
Non-derivative financial liabilities[4]	$ —	$ 189
Derivative financial instruments[5]	$ —	$ 6,198

(1) Includes only non-derivative financial assets, non-derivative financial liabilities, and derivative financial instruments indexed at USD LIBOR that will mature after June 30, 2023.
(2) Includes only non-derivative financial assets, non-derivative financial liabilities, and derivative financial instruments indexed at CDOR that will mature after June 28, 2024.
(3) Non-derivative financial assets include securities and outstanding balances on loans.
(4) Non-derivative financial liabilities include deposits and obligations related to securities sold short.
(5) Derivative financial instruments include the notional amounts of interest rate and equity contracts.

3. FUTURE ACCOUNTING CHANGES

The IASB has issued new standards and amendments to existing standards which are applicable for the Bank in various annual periods beginning on November 1, 2023. There have been no significant updates to the future accounting changes disclosed in Note 4 of the 2021 Annual Consolidated Financial Statements.

4. SECURITIES

Credit quality

As at July 31, 2022, debt securities at amortized cost and at FVOCI are classified in Stage 1, with their credit rating falling mainly in the "Low risk" category according to the Bank's internal risk-rating categories. As at July 31, 2022, allowances for credit losses amounted to $0.2 million ($0.2 million as at October 31, 2021) for debt securities at amortized cost and $0.2 million ($0.2 million as at October 31, 2021) for debt securities at FVOCI.

Securities at amortized cost

	As at July 31, 2022	As at October 31, 2021
Securities issued or guaranteed		
by Canada[1]	$ 1,406,984	$ 1,245,547
by provinces	1,455,568	1,729,373
by municipalities	132,685	133,873
Other debt securities	49,190	80,662
	$ 3,044,427	$ 3,189,455

(1) Including mortgage-backed securities that are fully guaranteed by the Canada Mortgage and Housing Corporation pursuant to the National Housing Act.

Securities at FVOCI

Accumulated unrealized gains and losses recognized in other comprehensive income are detailed as follows:

				As at July 31, 2022
	Amortized cost	**Unrealized gains**	**Unrealized losses**	**Fair value[1]**
Securities issued or guaranteed				
by Canada[2]	**$ 18,888**	**$ 33**	**$ 54**	**$ 18,867**
by provinces	**5,103**	**—**	**131**	**4,972**
by municipalities	**14,316**	**—**	**72**	**14,244**
Other debt securities	**14,703**	**7**	**366**	**14,344**
Asset-backed securities	**111**	**2**	**—**	**113**
Preferred shares	**151,698**	**4,197**	**8,570**	**147,325**
Common shares and other securities	**18,440**	**10,832**	**2,073**	**27,199**
	$ 223,259	**$ 15,071**	**$ 11,266**	**$ 227,064**

				As at October 31, 2021
	Amortized cost	Unrealized gains	Unrealized losses	Fair value[1]
Securities issued or guaranteed				
by Canada[2]	$ 8,028	$ —	$ 84	$ 7,944
by provinces	5,845	—	5	5,840
by municipalities	31,535	207	2	31,740
Other debt securities	14,347	365	4	14,708
Asset-backed securities	407	5	—	412
Preferred shares	161,623	18,441	797	179,267
Common shares and other securities	13,405	5,835	71	19,169
	$ 235,190	$ 24,853	$ 963	$ 259,080

(1) The allowances for credit losses on debt securities at FVOCI, amounting to $0.2 million as at July 31, 2022 ($0.2 million as at October 31, 2021) are reported in Accumulated other comprehensive income.

(2) Including mortgage-backed securities that are fully guaranteed by the Canada Mortgage and Housing Corporation pursuant to the National Housing Act.

Equity securities designated at FVOCI

The Bank designated certain equity securities, the business objective of which is mainly to generate dividend income, at FVOCI without subsequent reclassification of gains and losses to net income.

Dividend income recognized in earnings on these investments was $1.9 million for the three months ended July 31, 2022 ($2.1 million for the three months ended April 30, 2022 and $1.8 million for the three months ended July 31,2021) and $6.8 million for the nine months ended July 31, 2022 ($6.6 million for the nine months ended July 31, 2021), including a negligible amount for investments that were sold during all such periods.

	For the nine months ended	
	July 31, 2022	July 31, 2021
Fair value at beginning of period	**$ 198,436**	$ 170,157
Change in fair value	**(19,023)**	40,435
Designated at FVOCI	**9,764**	42,374
Sales or redemptions	**(14,653)**	(61,888)
Fair value at end of period	**$ 174,524**	$ 191,078

5. LOANS AND ALLOWANCES FOR CREDIT LOSSES

As at July 31, 2022 and October 31, 2021, loans are recognized on the Consolidated Balance Sheet at amortized cost as outlined in Note 3 to the Annual Consolidated Financial Statements for the year ended October 31, 2021.

Determining and measuring expected credit losses (ECL)

For additional information on the measurement of expected credit losses, see Note 6 to the Annual Consolidated Financial Statements for the year ended October 31, 2021.

Credit risk exposure

The following table shows the gross and net carrying amounts of loans and acceptances and off-balance sheet exposures, according to credit quality and ECL impairment stage of each loan category at amortized cost.

	As at July 31, 2022				As at October 31, 2021			
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Personal loans								
Very low risk	$ 2,401,044	$ 531	$ —	$ 2,401,575	$ 2,788,385	$ 596	$ —	$ 2,788,981
Low risk	364,978	61,446	—	426,424	337,546	98,748	—	436,294
Medium risk	246,231	301,614	—	547,845	191,675	235,612	—	427,287
High risk	—	8,981	—	8,981	—	12,578	—	12,578
Default	—	—	13,878	13,878	—	—	16,201	16,201
Gross carrying amount	3,012,253	372,572	13,878	3,398,703	3,317,606	347,534	16,201	3,681,341
Allowances for loan losses	13,730	36,616	4,288	54,634	8,432	35,183	9,471	53,086
Net carrying amount	$ 2,998,523	$ 335,956	$ 9,590	$ 3,344,069	$ 3,309,174	$ 312,351	$ 6,730	$ 3,628,255
Residential mortgage loans								
Very low risk	$ 11,085,931	$ 923	$ —	$11,086,854	$10,867,771	$ 51	$ —	$10,867,822
Low risk	2,643,599	18,424	—	2,662,023	2,837,423	38,733	—	2,876,156
Medium risk	1,663,535	303,467	—	1,967,002	1,650,657	332,921	—	1,983,578
High risk	—	73,641	—	73,641	—	71,251	—	71,251
Default	—	—	50,386	50,386	—	—	58,192	58,192
Gross carrying amount	15,393,065	396,455	50,386	15,839,906	15,355,851	442,956	58,192	15,856,999
Allowances for loan losses	7,123	6,018	2,881	16,022	6,506	4,689	4,209	15,404
Net carrying amount	$ 15,385,942	$ 390,437	$ 47,505	$15,823,884	$15,349,345	$ 438,267	$ 53,983	$15,841,595
Commercial loans(1)								
Very low risk	$ 3,838,102	$ 20,154	$ —	$ 3,858,256	$ 3,106,102	$ 28,029	$ —	$ 3,134,131
Low risk	10,220,130	109,454	—	10,329,584	7,961,225	59,468	—	8,020,693
Medium risk	2,484,135	310,222	—	2,794,357	2,336,298	304,990	—	2,641,288
High risk	—	255,217	—	255,217	—	133,794	—	133,794
Default	—	—	94,785	94,785	—	—	176,517	176,517
Gross carrying amount	16,542,367	695,047	94,785	17,332,199	13,403,625	526,281	176,517	14,106,423
Allowances for loan losses	52,012	16,568	46,185	114,765	40,358	12,896	73,312	126,566
Net carrying amount	$ 16,490,355	$ 678,479	$ 48,600	$17,217,434	$13,363,267	$ 513,385	$ 103,205	$13,979,857
Total loans								
Gross carrying amount	$ 34,947,685	$ 1,464,074	$ 159,049	$36,570,808	$32,077,082	$ 1,316,771	$ 250,910	$33,644,763
Allowances for loan losses	72,865	59,202	53,354	185,421	55,296	52,768	86,992	195,056
Net carrying amount	$ 34,874,820	$ 1,404,872	$ 105,695	$36,385,387	$32,021,786	$ 1,264,003	$ 163,918	$33,449,707
Off-balance sheet exposures(2)								
Very low risk	$ 1,118,884	$ 228	$ —	$ 1,119,112	$ 1,002,461	$ 414	$ —	$ 1,002,875
Low risk	1,294,249	22,948	—	1,317,197	1,333,287	23,440	—	1,356,727
Medium risk	492,075	35,748	—	527,823	429,430	56,673	—	486,103
High risk	—	9,680	—	9,680	—	6,771	—	6,771
Default	—	—	—	—	—	—	—	—
Total exposure	2,905,208	68,604	—	2,973,812	2,765,178	87,298	—	2,852,476
Allowances for off-balance sheet exposures losses	6,107	1,655	—	7,762	5,775	1,747	—	7,522
Total exposure, net	$ 2,899,101	$ 66,949	$ —	$ 2,966,050	$ 2,759,403	$ 85,551	$ —	$ 2,844,954

(1) Including customers' liabilities under acceptances.
(2) Including letters of guarantee and certain undrawn amounts under approved credit facilities.

Impaired loans

	As at July 31, 2022			As at October 31, 2021		
	Gross impaired loans	Allowances against impaired loans	Net impaired loans	Gross impaired loans	Allowances against impaired loans	Net impaired loans
Personal loans	$ 13,878	$ 4,288	$ 9,590	$ 16,201	$ 9,471	$ 6,730
Residential mortgage loans	50,386	2,881	47,505	58,192	4,209	53,983
Commercial loans	94,785	46,185	48,600	176,517	73,312	103,205
	$ 159,049	$ 53,354	$ 105,695	$ 250,910	$ 86,992	$ 163,918

Loans past due but not impaired

The following table shows personal and residential mortgage loans that are past due but not classified as impaired. The Commercial loans past due but not impaired are not significant.

	As at July 31, 2022			As at October 31, 2021		
	1 day-31 days	32 days-90 days	Total	1 day-31 days	32 days-90 days	Total
Personal loans	$ 63,403	$ 19,063	$ 82,466	$ 48,897	$ 19,823	$ 68,720
Residential mortgage loans	123,926	31,507	155,433	131,931	29,925	161,856
	$ 187,329	$ 50,570	$ 237,899	$ 180,828	$ 49,748	$ 230,576

Reconciliation of allowances for credit losses

The following table presents the reconciliation of allowances for credit losses for each exposure category at amortized cost according to ECL impairment stage.

Quarterly reconciliation of allowances for credit losses

	For the three months ended July 31, 2022				For the three months ended July 31, 2021			
	Performing		**Impaired**		Performing		Impaired	
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Personal loans								
Balance at beginning of period	**$ 13,014**	**$ 39,121**	**$ 3,062**	**$ 55,197**	$ 8,081	$ 18,436	$ 13,175	$ 39,692
Transfers:								
to Stage 1	**3,462**	**(3,224)**	**(238)**	**—**	2,579	(2,264)	(315)	—
to Stage 2	**(1,056)**	**1,456**	**(400)**	**—**	(447)	1,649	(1,202)	—
to Stage 3	**(118)**	**(4,925)**	**5,043**	**—**	(22)	(920)	942	—
Originations	**169**	**—**	**—**	**169**	105	—	—	105
Derecognitions	**(460)**	**(3,005)**	**(935)**	**(4,400)**	(144)	(567)	(3,429)	(4,140)
Net remeasurement of allowances	**(85)**	**8,389**	**1,104**	**9,408**	(2,580)	846	7,305	5,571
Provision for (reversal of) credit losses	**1,912**	**(1,309)**	**4,574**	**5,177**	(509)	(1,256)	3,301	1,536
Write-offs	**—**	**—**	**(4,805)**	**(4,805)**	—	—	(6,311)	(6,311)
Recoveries	**—**	**—**	**1,678**	**1,678**	—	—	2,109	2,109
Foreign exchange and other	**—**	**—**	**(221)**	**(221)**	—	—	(221)	(221)
Balance at end of period	**$ 14,926**	**$ 37,812**	**$ 4,288**	**$ 57,026**	$ 7,572	$ 17,180	$ 12,053	$ 36,805
Total allowances for loan losses	**$ 13,730**	**$ 36,616**	**$ 4,288**	**$ 54,634**	$ 6,475	$ 15,931	$ 12,053	$ 34,459
Total allowances for off-balance sheet exposures	**1,196**	**1,196**	**—**	**2,392**	1,097	1,249	—	2,346
Total allowances for credit losses	**$ 14,926**	**$ 37,812**	**$ 4,288**	**$ 57,026**	$ 7,572	$ 17,180	$ 12,053	$ 36,805
Residential mortgage loans								
Balance at beginning of period	**$ 6,803**	**$ 6,099**	**$ 2,177**	**$ 15,079**	$ 5,079	$ 4,295	$ 9,847	$ 19,221
Transfers:								
to Stage 1	**1,646**	**(1,411)**	**(235)**	**—**	3,889	(1,054)	(2,835)	—
to Stage 2	**(333)**	**654**	**(321)**	**—**	(198)	752	(554)	—
to Stage 3	**(19)**	**(500)**	**519**	**—**	(13)	(131)	144	—
Originations	**642**	**—**	**—**	**642**	588	—	—	588
Derecognitions	**(397)**	**(407)**	**(159)**	**(963)**	(379)	(475)	(863)	(1,717)
Net remeasurement of allowances	**(1,173)**	**1,594**	**1,318**	**1,739**	(2,942)	829	(132)	(2,245)
Provision for (reversal of) credit losses	**366**	**(70)**	**1,122**	**1,418**	945	(79)	(4,240)	(3,374)
Write-offs	**—**	**—**	**(478)**	**(478)**	—	—	(584)	(584)
Recoveries	**—**	**—**	**442**	**442**	—	—	299	299
Foreign exchange and other	**—**	**—**	**(382)**	**(382)**	—	—	(383)	(383)
Balance at end of period	**$ 7,169**	**$ 6,029**	**$ 2,881**	**$ 16,079**	$ 6,024	$ 4,216	$ 4,939	$ 15,179
Total allowances for loan losses	**$ 7,123**	**$ 6,018**	**$ 2,881**	**$ 16,022**	$ 5,938	$ 4,207	$ 4,939	$ 15,084
Total allowances for off-balance sheet exposures	**46**	**11**	**—**	**57**	86	9	—	95
Total allowances for credit losses	**$ 7,169**	**$ 6,029**	**$ 2,881**	**$ 16,079**	$ 6,024	$ 4,216	$ 4,939	$ 15,179
Commercial loans								
Balance at beginning of period	**$ 47,420**	**$ 15,817**	**$ 63,349**	**$ 126,586**	$ 41,589	$ 19,557	$ 65,431	$ 126,577
Transfers:								
to Stage 1	**2,546**	**(2,264)**	**(282)**	**—**	574	(560)	(14)	—
to Stage 2	**(745)**	**825**	**(80)**	**—**	(278)	280	(2)	—
to Stage 3	**(10)**	**(126)**	**136**	**—**	(80)	(1,805)	1,885	—
Originations	**4,066**	**—**	**—**	**4,066**	4,182	—	—	4,182
Derecognitions	**(4,913)**	**(3,031)**	**(1,072)**	**(9,016)**	(5,522)	(5,603)	(3,291)	(14,416)
Net remeasurement of allowances	**8,034**	**5,697**	**1,253**	**14,984**	3,883	2,234	11,355	17,472
Provision for (reversal of) credit losses	**8,978**	**1,101**	**(45)**	**10,034**	2,759	(5,454)	9,933	7,238
Write-offs	**—**	**—**	**(16,863)**	**(16,863)**	—	—	(1,924)	(1,924)
Recoveries	**—**	**—**	**240**	**240**	—	—	226	226
Foreign exchange and other	**479**	**98**	**(496)**	**81**	(114)	(43)	(615)	(772)
Balance at end of period	**$ 56,877**	**$ 17,016**	**$ 46,185**	**$ 120,078**	$ 44,234	$ 14,060	$ 73,051	$ 131,345
Total allowances for loan losses	**$ 52,012**	**$ 16,568**	**$ 46,185**	**$ 114,765**	$ 39,550	$ 13,698	$ 73,051	$ 126,299
Total allowances for off-balance sheet exposures	**4,865**	**448**	**—**	**5,313**	4,684	362	—	5,046
Total allowances for credit losses	**$ 56,877**	**$ 17,016**	**$ 46,185**	**$ 120,078**	$ 44,234	$ 14,060	$ 73,051	$ 131,345
Total exposure								
Total allowances for loan losses	**$ 72,865**	**$ 59,202**	**$ 53,354**	**$ 185,421**	$ 51,963	$ 33,836	$ 90,043	$ 175,842
Total allowances for off-balance sheet exposures	**6,107**	**1,655**	**—**	**7,762**	5,867	1,620	—	7,487
Total allowances for credit losses	**$ 78,972**	**$ 60,857**	**$ 53,354**	**$ 193,183**	$ 57,830	$ 35,456	$ 90,043	$ 183,329

Year-to-date reconciliation of allowances for credit losses

	For the nine months ended July 31, 2022				For the nine months ended July 31, 2021			
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Personal loans								
Balance at beginning of period	$ 9,561	$ 36,551	$ 9,471	$ 55,583	$ 8,758	$ 19,532	$ 17,212	$ 45,502
Transfers:								
to Stage 1	5,304	(4,623)	(681)	—	5,711	(4,677)	(1,034)	—
to Stage 2	(1,438)	2,947	(1,509)	—	(833)	2,903	(2,070)	—
to Stage 3	(199)	(1,228)	1,427	—	(148)	(1,072)	1,220	—
Originations	1,083	—	—	1,083	659	—	—	659
Derecognitions	(1,071)	(5,532)	(9,232)	(15,835)	(632)	(1,947)	(8,134)	(10,713)
Net remeasurement of allowances	1,686	9,697	13,572	24,955	(5,943)	2,441	18,617	15,115
Provision for (reversal of) credit losses	5,365	1,261	3,577	10,203	(1,186)	(2,352)	8,599	5,061
Write-offs	—	—	(13,434)	(13,434)	—	—	(20,274)	(20,274)
Recoveries	—	—	5,338	5,338	—	—	7,180	7,180
Foreign exchange and other	—	—	(664)	(664)	—	—	(664)	(664)
Balance at end of period	$ 14,926	$ 37,812	$ 4,288	$ 57,026	$ 7,572	$ 17,180	$ 12,053	$ 36,805
Total allowances for loan losses	$ 13,730	$ 36,616	$ 4,288	$ 54,634	$ 6,475	$ 15,931	$ 12,053	$ 34,459
Total allowances for off-balance sheet exposures	1,196	1,196	—	2,392	1,097	1,249	—	2,346
Total allowances for credit losses	$ 14,926	$ 37,812	$ 4,288	$ 57,026	$ 7,572	$ 17,180	$ 12,053	$ 36,805
Residential mortgage loans								
Balance at beginning of period	$ 6,577	$ 4,707	$ 4,209	$ 15,493	$ 5,401	$ 5,048	$ 3,605	$ 14,054
Transfers:								
to Stage 1	2,736	(2,282)	(454)	—	3,026	(2,232)	(794)	—
to Stage 2	(950)	1,321	(371)	—	(427)	1,165	(738)	—
to Stage 3	(36)	(220)	256	—	(147)	(501)	648	—
Originations	2,004	—	—	2,004	1,596	—	—	1,596
Derecognitions	(1,353)	(816)	(1,991)	(4,160)	(1,099)	(997)	(1,174)	(3,270)
Net remeasurement of allowances	(1,809)	3,319	2,914	4,424	(2,326)	1,733	5,448	4,855
Provision for (reversal of) credit losses	592	1,322	354	2,268	623	(832)	3,390	3,181
Write-offs	—	—	(1,610)	(1,610)	—	—	(2,079)	(2,079)
Recoveries	—	—	1,073	1,073	—	—	951	951
Foreign exchange and other	—	—	(1,145)	(1,145)	—	—	(928)	(928)
Balance at end of period	$ 7,169	$ 6,029	$ 2,881	$ 16,079	$ 6,024	$ 4,216	$ 4,939	$ 15,179
Total allowances for loan losses	$ 7,123	$ 6,018	$ 2,881	$ 16,022	$ 5,938	$ 4,207	$ 4,939	$ 15,084
Total allowances for off-balance sheet exposures	46	11	—	57	86	9	—	95
Total allowances for credit losses	$ 7,169	$ 6,029	$ 2,881	$ 16,079	$ 6,024	$ 4,216	$ 4,939	$ 15,179
Commercial loans								
Balance at beginning of period	$ 44,933	$ 13,257	$ 73,312	$ 131,502	$ 51,031	$ 18,765	$ 55,618	$ 125,414
Transfers:								
to Stage 1	4,692	(3,325)	(1,367)	—	2,921	(2,677)	(244)	—
to Stage 2	(3,875)	3,961	(86)	—	(1,860)	2,686	(826)	—
to Stage 3	(25)	(311)	336	—	(291)	(2,524)	2,815	—
Originations	10,692	—	—	10,692	8,872	—	—	8,872
Derecognitions	(9,128)	(5,790)	(8,431)	(23,349)	(13,326)	(4,893)	(4,573)	(22,792)
Net remeasurement of allowances	9,390	9,184	20,641	39,215	(2,494)	2,937	29,835	30,278
Provision for (reversal of) credit losses	11,746	3,719	11,093	26,558	(6,178)	(4,471)	27,007	16,358
Write-offs	—	—	(37,517)	(37,517)	—	—	(9,091)	(9,091)
Recoveries	—	—	905	905	—	—	1,575	1,575
Foreign exchange and other	198	40	(1,608)	(1,370)	(619)	(234)	(2,058)	(2,911)
Balance at end of period	$ 56,877	$ 17,016	$ 46,185	$ 120,078	$ 44,234	$ 14,060	$ 73,051	$ 131,345
Total allowances for loan losses	$ 52,012	$ 16,568	$ 46,185	$ 114,765	$ 39,550	$ 13,698	$ 73,051	$ 126,299
Total allowances for off-balance sheet exposures	4,865	448	—	5,313	4,684	362	—	5,046
Total allowances for credit losses	$ 56,877	$ 17,016	$ 46,185	$ 120,078	$ 44,234	$ 14,060	$ 73,051	$ 131,345
Total exposure								
Total allowances for loan losses	$ 72,865	$ 59,202	$ 53,354	$ 185,421	$ 51,963	$ 33,836	$ 90,043	$ 175,842
Total allowances for off-balance sheet exposures	6,107	1,655	—	7,762	5,867	1,620	—	7,487
Total allowances for credit losses	$ 78,972	$ 60,857	$ 53,354	$ 193,183	$ 57,830	$ 35,456	$ 90,043	$ 183,329

Main macroeconomic factors

The following tables show the main macroeconomic factors used to estimate the collective allowances for credit losses .

						As at July 31, 2022
	Base scenario		Upside scenario		Downside scenario	
	Next 12 months[1]	Remaining forecast period[2]	Next 12 months[1]	Remaining forecast period[2]	Next 12 months[1]	Remaining forecast period[2]
Main macroeconomic factors						
GDP growth (decrease)	**1.5%**	**4.1%**	**2.5%**	**4.4%**	**(1.9)%**	**3.9%**
Average unemployment rate (percentage points)	**5.3**	**5.7**	**4.8**	**4.4**	**6.9**	**7.8**
Housing price index growth (decrease)	**(11.8)%**	**8.7%**	**(3.4)%**	**13.7%**	**(17.8)%**	**5.1%**
S&P/TSX index growth (decrease)[3]	**9.2%**	**11.7%**	**18.4%**	**14.6%**	**(6.1)%**	**17.5%**

						As at October 31, 2021
	Base scenario		Upside scenario		Downside scenario	
	Next 12 months[1]	Remaining forecast period[2]	Next 12 months[1]	Remaining forecast period[2]	Next 12 months[1]	Remaining forecast period[2]
Main macroeconomic factors						
GDP growth	3.8%	4.8%	5.8%	4.9%	1.3%	5.4%
Average unemployment rate (percentage points)	6.5	5.6	5.8	4.9	8.6	7.3
Housing price index growth (decrease)	2.6%	4.6%	4.6%	5.4%	(3.0)%	4.6%
S&P/TSX index growth (decrease)[3]	8.4%	8.7%	10.2%	8.4%	(1.9)%	16.3%

(1) Expected variation over the next 12 months for growth indicators and average unemployment rate over the next 12 months. These factors are used for Stage 1 ECL calculations.
(2) Expected variation over the remaining forecast period of 24 months for growth indicators and average unemployment rate over the remaining forecast period of 24 months. These factors are used for Stage 2 and Stage 3 ECL calculations.
(3) Main stock index in Canada.

The main macroeconomic factors used for the personal and residential mortgage loan portfolios are the unemployment rate, the housing price index and the S&P/TSX growth (decrease). The main macroeconomic factors used for the commercial loan portfolio is the GDP growth (decrease). An increase in unemployment will generally correlate with higher allowances for credit losses, whereas an increase in the other macroeconomic factors (GDP growth (decrease), S&P/TSX growth (decrease) and housing price index growth (decrease) will generally correlate with lower allowances for credit losses.

Description of scenarios

In the base scenario, the North American economy experiences a soft landing. The Russian-Ukraine war lasts throughout the forecast period without a major escalation or de-escalation at the global level. Canadian Provinces and U.S. States do not reimpose large COVID-related restrictions. High inflation and North American central banks policy rates reaching restrictive levels dampen moderately domestic spending during the first year. Consumers spend a moderate fraction of accumulated savings and receive temporary support from governments to alleviate the negative impact of inflation on real disposable income. Global goods and commodity supply slowly adjusts to elevated prices over time. Central banks successfully restore price stability in 2024 as CPI inflation gradually returns toward target. Tight labour market conditions are preserved despite a modest uptick in unemployment staying very low. Housing prices appreciate at a modest pace after the brief pullback of 2022. Equity returns are modest during the forecast period after the pullback observed during the first half of 2022.

In the downside scenario, the North American economy experiences a hard landing as higher inflation and higher rates lead to a recession. Repetitive COVID shutdowns in China and the intensification of food crisis keeps inflation high until 2024. Central banks lift policy rates in restrictive territory for a long period of time. At the same time, several countries impose new economic sanctions on Russia. Commodity prices increase and global supply chain disruptions worsen further. Broad financial conditions deteriorate sharply. The compounded effect of these negative macro forces dampens consumer, business and market confidence. A recession lasting four quarters occurs in late 2022 and early 2023. Unemployment increases substantially, home prices decline further and the correction in equities worsen in late 2022. Inflation finally cools down due to the excess slack triggered by the recession but remains higher than intended by central banks. Financial stress to households and corporate balance sheets paves the way to a soft economic recovery in 2024.

In the upside scenario, the North American economy experiences an acceleration in economic momentum during the first year of the forecast period. A broad resolution leads Russia to remove most of its military forces from Ukraine. At the same time, China does not have to impose lockdowns again due to gentler future COVID waves. The endemic phase broadens globally. Accordingly, the global supply response in goods and commodities improves rapidly and inflation cools down during the second half of 2022 and 2023. Central banks can move down policy rates modestly, away from restrictive territory. The precautious consumer, business and market behaviour does not last for long. Economic momentum gain traction. Households spend a large fraction of their accumulated savings. Unemployment falls further and wage growth accelerates. The market confidence boost and upward revisions to earnings estimates contribute to robust gains in equity markets. Housing market conditions remain dynamic. Canadian real GDP expands at a solid clip during the forecast period.

Sensitivity analysis of allowances for credit losses on performing loans

The following table shows a comparison of the Bank's allowances for credit losses on performing loans (Stages 1 and 2) under IFRS 9, including off-balance sheet exposures, with the estimated allowances for credit losses that would result if the base scenario was weighted at 100% or if all these performing loans were in Stage 1.

		As at July 31, 2022		As at October 31, 2021
Allowances for credit losses on performing loans (under IFRS 9)	**$**	**139,829**	$	115,586
Simulations				
100% base scenario	**$**	**86,563**	$	80,327
Performing loans if they were all in Stage 1	**$**	**108,236**	$	90,437

Loans not recognized on balance sheet

Canada Emergency Business Account Program

Under the Canada Emergency Business Account (CEBA) Program, the Bank provides interest-free loans of up to $60,000 to its eligible business customers. The funding for the CEBA Program is provided to the Bank by the Government of Canada. In addition, all loans are guaranteed by the Government of Canada. As such, the Bank is not assuming risks related to the loans and only acts as an administrator of the CEBA Program. The Bank receives an administration fee to recover the costs to administer the program for the Government of Canada. Accordingly, loans issued under the program are not recognized on the Bank's Consolidated Balance Sheet, since the conditions of a qualifying pass-through arrangement have been met and the Bank has determined that substantially all risks and rewards of ownership of the loans have been transferred to the Canadian government. As at July 31, 2022, the Bank had provided 1,837 customers with CEBA loans and had funded $102.2 million in loans under the program for an outstanding amount of $90.9 million (1,837 customers and an outstanding amount of $96.9 million as at October 31, 2021).

Finance lease receivables

The Commercial loans line item includes net investment in leases of $1.1 billion as at July 31, 2022 ($957.7 million as at October 31, 2021).

6. SECURITIZATION AND STRUCTURED ENTITIES

6.1 TRANSFER OF FINANCIAL ASSETS

The Bank primarily sells residential mortgage loans through the Canada Mortgage Bond (CMB) program and to third-party investors under the National Housing Act (NHA) Mortgage-Backed Securities (MBS) program set-up by the Canada Mortgage and Housing Corporation (CMHC), as well as through other multi-seller conduits set up by other Canadian banks.

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 on the Consolidated Balance Sheet.

		As at July 31, 2022		As at October 31, 2021
Residential mortgage loans	**$**	**9,678,850**	$	9,248,259
Replacement Assets[1]		**728,837**		735,625
Debt related to securitization activities	**$**	**(10,359,030)**	$	(10,068,782)

(1) Includes cash and deposits with banks, securities purchased under reverse repurchase agreements and securities acquired as part of the principal reinvestment account that is required to be maintained for the Bank to participate in the program.

In addition, as at July 31, 2022, the Bank has also securitized other residential mortgage loans for a total amount of $45.5 million ($605.4 million as at October 31, 2021) as part of the NHA MBS program, which were not subsequently sold. The resulting NHA MBS are presented as part of residential mortgage loans. Of these NHA MBS, nil were pledged as collateral with the Bank of Canada ($111.3 million as at October 31, 2021).

6.2 STRUCTURED ENTITIES SECURITIZATON VEHICLES

In the ordinary course of business, the Bank enters into transactions with structured entities as part of securitization programs to obtain alternative sources of funding. The Bank sells personal loans and finance lease receivables to two intermediate partnerships, B2B Securitization Limited Partnership and LBC Leasing Limited Partnership (the Partnerships), respectively. To fund these purchases, the Partnerships issue interest-bearing liabilities to securitization conduits of other Canadian banks. These Partnerships are consolidated as the Bank holds 100% of the rights, has the ability to direct the relevant activities and can exercise power to affect returns. The interest-bearing liabilities issued by the Partnerships are recorded as debt related to securitization activities on the Consolidated Balance Sheet.

Financial assets not qualifying for derecognition and associated financial liabilities

The following table summarizes the carrying amounts of financial assets securitized through structured entities that do not qualify for derecognition and their associated financial liabilities included in the Consolidated Balance Sheet.

		As at July 31, 2022		As at October 31, 2021
Personal loans	**$**	**1,523,481**	$	1,230,712
Commercial loans[1]		**621,375**		650,289
Debt related to securitization activities	**$**	**(1,235,918)**	$	(1,186,748)

(1) The Bank securitizes finance lease receivables which are included in the Commercial loans line item.

6.3 COVERED BONDS

On April 21, 2021, the Bank received approval from Canada Mortgage and Housing Corporation ("CMHC") to establish a $2.0 billion legislative covered bond programme (the "Programme") pursuant to the Canadian Registered Covered Bond Programs Guide, published by CMHC, and, on May 6, 2021, the Bank issued its inaugural $250.0 million covered bonds which bear interest at a rate of 1.603% annually, payable semi-annually. On April 12, 2022, the Bank issued its second tranche of covered bonds for $300.0 million which bear interest at a rate of 3.545% annually, payable semi-annually. The covered bonds are presented as Deposits on the Bank's Consolidated Balance Sheet.

The Bank will periodically transfer mortgages to LBC Covered Bond (Legislative) Guarantor Limited Partnership (the Guarantor LP) to support funding activities and asset coverage requirements under the Programme. The Guarantor LP was created to guarantee payment of the principal and interest owed to the bondholders. The covered bonds guaranteed by the Guarantor LP are direct, unsecured and unconditional obligations of the Bank; therefore, investors have a claim against the Bank which will continue if the covered bonds are not paid by the Bank and the mortgage assets in the Guarantor LP are insufficient to satisfy the obligations owing on the covered bonds. As at July 31, 2022 the total amount of mortgages outstanding was $771.2 million ($359.1 million as at October 31, 2021).

7. DEPOSITS

								As at July 31, 2022
		Demand[1]		**Notice[2]**		**Term[3]**		**Total**
Personal	**$**	**140,150**	**$**	**7,364,229**	**$**	**13,844,729**	**$**	**21,349,108**
Business, banks and other[4]		**1,215,411**		**482,436**		**3,627,790**		**5,325,637**
	$	**1,355,561**	**$**	**7,846,665**	**$**	**17,472,519**	**$**	**26,674,745**

								As at October 31, 2021
		Demand[1]		Notice[2]		Term[3]		Total
Personal	$	138,469	$	5,927,684	$	12,084,891	$	18,151,044
Business, banks and other[4]		1,274,335		461,959		3,100,891		4,837,185
	$	1,412,804	$	6,389,643	$	15,185,782	$	22,988,229

(1) Demand deposits consist of deposits in respect of which the Bank is not authorized to require notice prior to withdrawal by customers. These deposits primarily consist of chequing accounts.

(2) Notice deposits consist of deposits in respect of which the Bank may legally require a withdrawal notice. These deposits generally consist of savings accounts.

(3) Term deposits include deposits maturing at a specific date, particularly term deposits and guaranteed investment certificates, as well as senior unsecured notes and covered bonds.

(4) The Bank has access to a credit facility agreement for an amount of up to $250 million secured by insured residential mortgage loans and maturing in August 2023, of which nil was drawn as at July 31, 2022 (nil as at October 31, 2021).

8. SUBORDINATED DEBT

Issuance of $350.0 million notes maturing on June 15, 2032

On March 25, 2022, the Bank issued $350.0 million of notes (Non-Viability Contingent Capital (NVCC)) (subordinated indebtedness) (the "Notes"). The Notes bear interest at a fixed rate of 5.095% per annum (paid semi-annually) until June 15, 2027, and, thereafter, at the three-month CDOR plus 2.42% per annum (paid quarterly) until maturity on June 15, 2032.

The Bank may, at its option, with the prior approval of the OSFI, redeem the Notes on not less than 30 days' and not more than 60 days' prior notice to the registered holders of the Notes (i) in whole or in part, at any time on or after June 15, 2027, and (ii) in whole but not in part, prior to June 15, 2027, on or following a regulatory event date or a tax event date, in each case, at a redemption price equal to par, together with accrued and unpaid interest to, but excluding, the date fixed for redemption. The NVCC provision is necessary for the Notes to qualify as Tier 2 Capital and as such, the Bank may be required to convert the Notes into a variable number of common shares upon the occurrence of a non-viability trigger event.

Redemption of $350.0 million notes due June 22, 2027

On June 22, 2022, the Bank redeemed all outstanding $350.0 million 4.25% Notes due June 22, 2027 (Non-Viability Contingent Capital (NVCC)) (subordinated indebtedness) at 100% of their principal amount plus accrued and unpaid interest to, but excluding, the redemption date.

9. SHARE CAPITAL

Preferred shares

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

	For the nine months ended					
			July 31, 2022			July 31, 2021
	Number of shares		**Amount[1]**	Number of shares		Amount[1]
Non-Cumulative Class A Preferred Shares (NVCC)[2]						
Series 13						
Outstanding at beginning of period	**5,000,000**	**$**	**122,071**	5,000,000	$	122,071
Series 15						
Outstanding at beginning of period	**—**		**—**	5,000,000		121,967
Redemption of preferred shares[3]	**—**		**—**	(5,000,000)		(121,967)
Outstanding at end of period	**—**		**—**	—		—
	5,000,000	**$**	**122,071**	5,000,000	$	122,071

(1) Incremental costs directly attributable to the issuance of preferred shares are recorded in equity as a deduction from the proceeds, net of applicable income taxes.
(2) Non-Viability Contingent Capital (NVCC).
(3) On June 15, 2021, the Bank redeemed the outstanding 5,000,000 Non-cumulative Class A Preferred Shares, Series 15 (Non-Viability Contingent Capital (NVCC)), for an aggregate redemption price of $125 million.

There were no outstanding Non-Cumulative Class A Preferred Shares, Series 14 as at July 31, 2022 and as at October 31, 2021.

Limited Recourse Capital Notes (LRCN)

Issued and outstanding
The variation and outstanding number and amount of Limited Recourse Capital Notes were as follows.

	For the nine months ended			
		July 31, 2022		July 31, 2021
		Amount		Amount
Limited Recourse Capital Notes (NVCC)				
Series 1				
Outstanding at beginning of period	**$**	**123,612**	$	—
Issuance under an offering to accredited investors[1]		**—**	$	125,000
Net issuance costs		**—**	$	(1,351)
Impact of limited recourse capital notes purchased or sold for trading		**(2,069)**		n/a
Outstanding at the end of period	**$**	**121,543**	$	123,649

(1) On May 7, 2021, the Bank issued $125.0 million of Limited Recourse Capital Notes, Series 1 (Non-Viability Contingent Capital (NVCC))(Subordinated Indebtedness) (the "LRCN Series 1"), with recourse limited to assets held by a third party trustee in a bare trust. The trust assets in respect of LRCN Series 1 consist of $125.0 million of the Bank's Preferred Shares Series 17 issued concurrently with LRCN Series 1.

Common shares

Issued and outstanding

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

	For the nine months ended			
		July 31, 2022		July 31, 2021
	Number of shares	**Amount**	Number of shares	Amount
Common shares				
Outstanding at beginning of year	**43,586,656**	**$ 1,172,722**	43,237,931	$ 1,159,488
Issuance under the employee share purchase option plan	**3,074**	**140**	—	—
Issuance under the Shareholder Dividend Reinvestment and Share Purchase Plan	**48,875**	**2,016**	268,132	9,993
Repurchase of shares for cancellation	**(401,200)**	**(10,795)**	—	—
Net issuance costs	**n/a**	**(21)**	n/a	(49)
	43,237,405	**$ 1,164,062**	43,506,063	$ 1,169,432

Normal course issuer bid

On December 10, 2021, the Bank announced that it has received the approval of the Toronto Stock Exchange and the OSFI to launch a normal course issuer bid ("NCIB") to repurchase for cancellation up to 875,000 of its common shares, being approximately 2% of the total number of its shares outstanding as at December 1, 2021.

The NCIB commenced on December 15, 2021 and will terminate upon 875,000 Shares being purchased pursuant to the NCIB, or upon the Bank providing an earlier notice of termination. If not previously terminated, the NCIB will terminate on December 14, 2022. During the nine months ended July 31, 2022, the Bank repurchased 401,200 common shares under its NCIB at an average price of $42.91 per share for a total amount of $17.2 million, of which $10.8 million reduced common shares and $6.4 million reduced retained earnings. No common shares were repurchased during the third quarter of 2022.

Shareholder dividend reinvestment and share purchase plan

The Bank determined that as of August 30, 2022, reinvestment related to the dividend declared would be made in common shares issued from Corporate Treasury with a 2% discount.

Dividends and other

On August 16, 2022, the Board of Directors declared regular dividends on the Preferred Shares Series 13 to shareholders of record on September 7, 2022. On August 30, 2022, the Board of Directors declared a dividend of $0.45 per common share, payable on November 1, 2022, to shareholders of record on October 3, 2022.

Capital management

Regulatory capital

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" guideline, the Bank must maintain minimum levels of capital depending on various criteria. Tier 1 capital, the most permanent and subordinated forms of capital, consists of two components: Common Equity Tier 1 capital and Additional Tier 1 capital. Tier 1 capital is predominantly composed of common equity to ensure that risk exposures are backed by a high-quality capital base. Tier 2 capital consists of supplementary capital instruments and contributes to the overall strength of a financial institution as a going concern. Under OSFI's guideline, minimum Common Equity Tier 1, Tier 1 and Total capital ratios are set at 7.0%, 8.5% and 10.5% respectively including a 2.5% capital conservation buffer.

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 nine-month period ended July 31, 2022.

Regulatory capital is detailed below.

	As at July 31, 2022	As at October 31, 2021
Common shares	$ 1,164,062	$ 1,172,722
Retained earnings	1,291,054	1,195,264
Accumulated other comprehensive income, excluding cash flow hedge reserve	(8,166)	(18,561)
Share-based compensation reserve	4,748	3,667
Transitional arrangements for expected credit losses in response to COVID-19[1]	13,951	19,006
Deductions from Common Equity Tier 1 capital[2]	(331,037)	(333,337)
Common Equity Tier 1 capital	2,134,612	2,038,761
Qualifying preferred shares and limited recourse capital notes	243,614	245,683
Total regulatory adjustments to Additional Tier 1 capital	—	(1,147)
Additional Tier 1 capital	243,614	244,536
Tier 1 capital	2,378,226	2,283,297
Qualifying subordinated debt	339,253	349,782
Collective allowances	126,297	97,000
Deductions from Tier 2 capital[3]	—	(74)
Tier 2 capital	465,550	446,708
Total capital	$ 2,843,776	$ 2,730,005
Common Equity Tier 1 capital ratio	9.1 %	10.2 %
Tier 1 capital ratio	10.1 %	11.4 %
Total capital ratio	12.1 %	13.6 %

(1) Represents ECL transitional arrangements provided by OSFI in April 2020 to afford financial institutions further flexibility in addressing economic conditions due to COVID-19.
(2) Comprised of deductions for software and other intangible assets, goodwill, pension plan assets and other.
(3) Investments in own Tier 2 capital instruments.

10. SHARE-BASED COMPENSATION

Share purchase option plan

During the nine months ended July 31, 2022, the Bank awarded 338,647 stock options under the New Stock Option Plan with an exercise price of $40.26 (269,861 stock options with an exercise price of $33.13 during the nine months ended July 31, 2021). The weighted-average fair value of options granted during the nine months ended July 31, 2022 was $6.00 per option ($4.87 per option during the nine months ended July 31, 2021).

The weighted-average fair value of options granted was estimated on the award date using the Black-Scholes model as well as the following assumptions.

	For the nine months ended	
	July 31, 2022	July 31, 2021
Risk free interest rate	1.24 %	0.62 %
Expected life of options	8 years	8 years
Expected volatility[1]	23 %	24 %
Expected dividend yield	5.00 %	5.40 %

(1) Expected volatility is extrapolated from the implied volatility of the Bank's share price and observable market inputs, which are not necessarily representation of actual results.

For the nine months ended July 31, 2022, the Bank recognized a compensation expense for stock option awards of $1.0 million ($1.1 million for the nine months ended July 31, 2021).

11. 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 nine months ended	
	July 31, 2022	April 30, 2022	July 31, 2021	**July 31, 2022**	July 31, 2021
Defined benefit pension plans	**$ 2,013**	$ 1,948	$ 2,843	**$ 5,974**	$ 9,131
Defined contribution pension plans	**2,381**	2,225	2,085	**6,786**	6,094
Other plans	**153**	147	142	**453**	421
Settlement gain, net	**—**	—	(7,064)	**—**	(7,064)
	$ 4,547	$ 4,320	$ (1,994)	**$ 13,213**	$ 8,582

12. EARNINGS PER SHARE

Basic and diluted earnings per share is detailed as follows[1].

	For the three months ended			For the nine months ended	
	July 31, 2022	April 30, 2022	July 31, 2021	**July 31, 2022**	July 31, 2021
Earnings per share – basic					
Net income	**$ 55,866**	$ 59,549	$ 62,064	**$ 170,933**	$ 159,945
Preferred share dividends and limited recourse capital note interest	**4,601**	1,288	4,677	**10,490**	10,910
Net income attributable to common shareholders	**$ 51,265**	$ 58,261	$ 57,387	**$ 160,443**	$ 149,035
Weighted-average number of outstanding common shares (in thousands)	**43,228**	43,247	43,451	**43,343**	43,365
Earnings per share – basic	**$ 1.19**	$ 1.35	$ 1.32	**$ 3.70**	$ 3.44
Earnings per share – diluted					
Net income attributable to common shareholders	**$ 51,265**	$ 58,261	$ 57,387	**$ 160,443**	$ 149,035
Weighted-average number of outstanding common shares (in thousands)	**43,228**	43,247	43,451	**43,343**	43,365
Dilutive share purchase options (in thousands)	**74**	133	135	**103**	65
Diluted weighted-average number of outstanding common shares (in thousands)	**43,302**	43,380	43,586	**43,446**	43,430
Earnings per share – diluted	**$ 1.18**	$ 1.34	$ 1.32	**$ 3.69**	$ 3.43

(1) There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these Condensed Interim Consolidated Financial Statements which would require the restatement of earnings per share.

13. 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 2021 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 $268.4 million which are classified in Level 1 as at July 31, 2022 ($322.1 million as at October 31, 2021). 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.

14. INCOME RELATED TO FINANCIAL INSTRUMENTS

Net interest income

	For the three months ended			For the nine months ended	
	July 31, 2022	April 30, 2022	July 31, 2021	**July 31, 2022**	July 31, 2021
Interest and dividend income					
Interest income calculated using the effective interest method					
Financial instruments measured at amortized cost	**$ 363,760**	$ 296,953	$ 287,556	**$ 946,241**	$ 868,586
Financial instruments measured at FVOCI	**204**	237	424	**633**	1,518
Interest and dividend income on financial instruments not measured at amortized cost[1]	**16,208**	22,796	23,706	**64,304**	78,930
	380,172	319,986	311,686	**1,011,178**	949,034
Interest expense					
Interest expense calculated using the effective interest method					
Financial instruments measured at amortized cost	**187,175**	138,514	136,826	**455,505**	428,990
Interest expense on financial instruments not measured at amortized cost	**4,493**	1,382	164	**6,161**	798
	191,668	139,896	136,990	**461,666**	429,788
Net interest income	**$ 188,504**	$ 180,090	$ 174,696	**$ 549,512**	$ 519,246

(1) Including interest income on derivatives and dividend income on securities not held for-trading. Dividend income was $2.8 million ($2.9 million for the three months ended April 30, 2022 and $2.8 million for the three months ended July 31, 2021) and $9.6 million for nine months ended July 31, 2022 ($10.0 million for the nine months ended July 31, 2021).

15. CONTINGENT LIABILITIES

Contingent liabilities and legal provisions

In the ordinary course of business, the Bank and its subsidiaries are involved in various legal and regulatory proceedings. Such proceedings involve a variety of issues and the timing of their resolution is varied and uncertain.

Legal provisions are recognized when it becomes probable that the Bank will incur an expense related to legal proceedings and the amount can be reliably estimated. Legal provisions are recorded at the best estimate of the amounts required to settle the obligation as at the reporting date, taking into account the risks and uncertainties associated with the obligation. Management and external experts are involved in estimating any legal provision, as necessary. The actual costs of settling some obligations may be substantially higher or lower than the amounts of the provisions. In some cases, it is not possible to either determine whether an obligation is probable or to reliably estimate the amount of loss, in which case no accrual can be made. This is an area of significant judgment and uncertainty, given the varying stages of the proceedings, the fact that the Bank's liability, if any, has yet to be determined and the fact that the underlying matters will change from time to time. As such the extent of our financial and other exposure to such legal proceedings, after taking into account current accruals, could be material to our results of operations in any particular period.

16. IMPAIRMENT AND RESTRUCTURING CHARGES

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

	For the three months ended			For the nine months ended	
	July 31, 2022	April 30, 2022	July 31, 2021	**July 31, 2022**	July 31, 2021
Strategic review-related charges[1]					
Impairment charges					
Impairment of premises and equipment	**$ —**	$ —	$ —	**$ 842**	$ —
Charges related to lease and other contracts	**—**	(277)	—	**1,223**	—
	—	(277)	—	**2,065**	—
Restructuring charges[2]					
Severance charges	**—**	—	(82)	**—**	(612)
Charges related to lease contracts	**—**	—	(192)	**—**	(493)
Other restructuring charges	**—**	—	236	**—**	3,578
	—	—	(38)	**—**	2,473
Total	**$ —**	$ (277)	$ (38)	**$ 2,065**	$ 2,473

(1) The strategic review-related charges (reversals) relate to the renewed strategic direction and include impairment charges and charges (reversals) related to lease and other contracts.
(2) Restructuring charges in 2021 mainly consisted of charges associated with the optimization of the branch network and the related streamlining of certain back-office and corporate functions, as well as the resolution of the union grievances and complaints. Restructuring charges included severance charges, salaries, legal fees, communication expenses, professional fees and charges related to lease contracts.

Provision for restructuring charges

The following table shows the change in the provision for restructuring charges, including severance charges and charges related to lease and other contracts, which is included in the Other liabilities line item in the Consolidated Balance Sheet.

	For the nine months ended	
	July 31, 2022	July 31, 2021
Balance at beginning of the period	**$ 25,241**	$ 5,041
Charges incurred during the period	**1,223**	2,473
Payments made during the period	**(11,322)**	(7,047)
Balance at end of the period	**$ 15,142**	$ 467

As at July 31, 2022 and July 31, 2021, the remaining provision mainly relates to lease contracts and severances.

SHAREHOLDER INFORMATION

Corporate offices

Montreal
1360 René-Lévesque Blvd West,
Suite 600
Montreal, Quebec H3G 0E5
www.lbcfg.ca

Toronto
199 Bay St, Suite 600
Toronto, Ontario M5L 0A2
www.lbcfg.ca

Head of Complaints Resolution

1360 René-Lévesque Blvd West,
Suite 600
Montreal, Quebec H3G 0E5
HCR@laurentianbank.ca
or HCR@b2bbank.com
Tel.: 514-284-7192
or 1-800-479-1244
Fax : 1-800-473-4790

Transfer agent and registrar

Computershare Investor
Services Inc.
1500 Robert-Bourassa Blvd,
Suite 700
Montreal, Quebec H3A 3S8
service@computershare.com
Tel.: 514-982-7888

Change of address and inquiries

Shareholders must notify the Bank's transfer agent and registrar of any change of address. Inquiries or requests may be directed to the Bank's Corporate Secretariat's Office at corporate_secretariat@lbcfg.ca

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 Payments Canada.

Investors and analysts

Investors and analysts may contact the Bank's Investor Relations Department at investor.relations@lbcfg.ca.

Media

Journalists may contact the Bank's Executive Office at media@lbcfg.ca or by calling 514-451-3201.

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, Computershare Trust Company of Canada, at service@computershare.com or by calling 1-800-564-6253.

To participate in the plan, the Bank's non-registered shareholders must contact their financial institution or broker.

STOCK SYMBOL AND DIVIDEND RECORD AND PAYMENT DATES

The common and preferred shares indicated below are listed on the Toronto Stock Exchange.	CUSIP CODE / STOCK SYMBOL	RECORD DATE*	DIVIDEND PAYMENT DATE*
Common shares	51925D 10 6 / LB	First business day of:	
		January	February 1
		April	May 1
		July	August 1
		October	November 1
Preferred shares			
Series 13	51925D 82 5 / LB.PR.H	**	March 15
		**	June 15
		**	September 15
		**	December 15

* Subject to the approval of the Board of Directors.

** On such day (which shall not be more than 30 days preceding the date fixed for payment of such dividend) as may be determined from time to time by the Board of Directors of the Bank.

LAURENTIAN BANK