LAURENTIAN BANK

SECOND QUARTER 2024

Report to Shareholders

For the period ended April 30, 2024

Laurentian Bank of Canada reported a net loss of $117.5 million and a diluted loss per share of $2.71 for the second quarter of 2024, compared with net income of $49.3 million and diluted earnings per share of $1.11 for the second quarter of 2023. Return on common shareholders' equity was a negative 18.6% for the second quarter of 2024, compared with 7.7% for the second quarter of 2023. Of note, reported results for the second quarter of 2024 included impairment and restructuring charges of $196.8 million ($155.6 million after income taxes), or $3.56 per share, related to the restructuring of the Bank's operations and to the impairment of the Personal and Commercial (P&C) Banking segment. Refer to the Non-GAAP Financial and Other Measures section and to the Business Highlights section for further details. Adjusted net income[1] was $40.5 million and adjusted diluted earnings per share[2] were $0.90 for the second quarter of 2024, compared with $51.7 million and $1.16 for the second quarter of 2023. Adjusted return on common shareholders' equity[2] was 6.1% for the second quarter of 2024, compared with 8.1% a year ago.

For the six months ended April 30, 2024, net loss was $80.3 million and diluted loss per share was $1.97, compared with net income of $101.2 million and diluted earnings per share of $2.20 for the six months ended April 30, 2023. Return on common shareholders' equity was a negative 6.7% for the six months ended April 30, 2024, compared with 7.6% for the six months ended April 30, 2023. Of note, reported results for the six months ended April 30, 2024 included impairment and restructuring charges of $202.8 million ($160.1 million after income taxes), or $3.66 per share, related to the restructuring of the Bank's operations and to the impairment of the P&C Banking segment. Adjusted net income[1] was $84.7 million and adjusted diluted earnings per share[2] were $1.80 for the six months ended April 30, 2024, compared with $106.0 million and $2.31 for the six months ended April 30, 2023. Adjusted return on common shareholders' equity[2] was 6.1% for the six months ended April 30, 2024, compared with 8.0% a year ago.

"The Bank maintained a strong and prudent liquidity position and remains well capitalized in light of continuing macroeconomic headwinds," said Éric Provost, President & CEO. "This quarter, we further simplified our operations that demonstrates our conviction and ability to execute on our strategic plan, as we concentrate on our core strengths. We will also unveil our revamped strategic plan on May 31, 2024, which will position us for future growth as an even stronger Bank."

	For the three months ended			For the six months ended		
In millions of dollars, except per share and percentage amounts (Unaudited)	**April 30, 2024**	April 30, 2023	Variance	**April 30, 2024**	April 30, 2023	Variance
Reported basis						
Net income (loss)	**$ (117.5)**	$ 49.3	(338)%	**$ (80.3)**	$ 101.2	(179)%
Diluted earnings (loss) per share	**$ (2.71)**	$ 1.11	(344)%	**$ (1.97)**	$ 2.20	(190)%
Return on common shareholders' equity[2][3]	**(18.6)%**	7.7 %		**(6.7)%**	7.6 %	
Efficiency ratio[4]	**152.9 %**	71.0 %		**114.3 %**	70.8 %	
Common Equity Tier 1 (CET1) capital ratio[5]	**10.4 %**	9.3 %		**10.4 %**	9.3 %	
Adjusted basis						
Adjusted net income[1]	**$ 40.5**	$ 51.7	(22)%	**$ 84.7**	$ 106.0	(20)%
Adjusted diluted earnings per share[2]	**$ 0.90**	$ 1.16	(22)%	**$ 1.80**	$ 2.31	(22)%
Adjusted return on common shareholders' equity[2][3]	**6.1 %**	8.1 %		**6.1 %**	8.0 %	
Adjusted efficiency ratio[2]	**73.8 %**	69.7 %		**73.4 %**	69.5 %	

(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) Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, ***Insurance contracts***, which required restatement of the Bank's 2023 comparative information and financial measures. Refer to Note 2 in the Condensed Interim Consolidated Financial Statements for further information.
(4) This is a supplementary financial measure. Refer to the Non-GAAP Financial and Other Measures section on page 5 for more information.
(5) In accordance with the Office of the Superintendent of Financial Institutions' (OSFI) "Capital Adequacy Requirements" guideline. Refer to the Capital Management section on page 13 for more information.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS AT AND FOR THE PERIOD ENDED APRIL 30, 2024

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 April 30, 2024 and its operating results for the three-month and six-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 as of May 30, 2024.

Additional information about the Bank, including the 2023 Annual Information Form, is available on the Bank's website at www.laurentianbank.ca and on the Canadian Securities Administrators' national system SEDAR+ at www.sedarplus.ca.

BASIS OF PRESENTATION

The financial information reported herein is based on the Condensed Interim Consolidated Financial Statements as at and for the period ended April 30, 2024, 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.

Financial reporting change

Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, *Insurance contracts*, which required restatement of the Bank's 2023 comparative information and financial measures. The adoption of IFRS 17 had no material impact on the Bank's 2023 Consolidated Financial Statements. Refer to the Current and Future Changes to Accounting Policies section of this MD&A and to Note 2 in the Condensed Interim Consolidated Financial Statements for further information.

ABOUT LAURENTIAN BANK OF CANADA

Founded in Montréal in 1846, Laurentian Bank wants to foster prosperity for all customers through specialized commercial banking and low-cost banking services to grow savings for middle-class Canadians.

With a workforce of approximately 2,800 employees, the Bank offers a wide range of financial services and advice-based solutions to customers across Canada and the United States. Laurentian Bank manages $48.4 billion in balance sheet assets and $26.6 billion in assets under administration.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, Laurentian Bank of Canada and, as applicable its subsidiaries (collectively referred to as the Bank) will make written or oral forward-looking statements within the meaning of applicable Canadian and United States (U.S.) securities legislation, including, forward-looking statements contained in this document (and in the documents incorporated by reference herein), as well as in other documents filed with Canadian and U.S. regulatory authorities, 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 in accordance with, applicable Canadian and U.S. securities legislation. 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, market, and regulatory review and outlook for Canadian, U.S. and global economies; the regulatory environment in which the Bank operates; the risk environment, including, credit risk, liquidity, and funding risks; the statements under the heading "Risk Appetite and Risk Management Framework" contained in the 2023 Annual Report, including, the MD&A for the fiscal year ended October 31, 2023, 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 such forward-looking statements are set out in the 2023 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 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 factors include, but are not limited to general and market economic conditions; inflationary pressures; the dynamic nature of the financial services industry in Canada, the U.S., and globally; risks relating to credit, market, liquidity, funding, insurance, operational and regulatory compliance (which could lead to the Bank being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties, and fines); reputational risks; legal and regulatory risks; competitive and systemic risks; supply chain disruptions; geopolitical events and uncertainties; government sanctions; conflict, war, or terrorism; and various other significant risks discussed in the risk-related portions of the Bank's 2023 Annual Report, such as those related to: Canadian and global economic conditions (including the risk of higher inflation and rising interest rates); Canadian housing and household indebtedness; technology, information systems and cybersecurity; technological disruption, privacy, data and third party related risks; competition; the Bank's ability to execute on its strategic objectives; digital disruption and innovation (including, emerging fintech competitors); changes in government fiscal, monetary and other policies; tax risk and transparency; fraud and criminal activity; human capital; business continuity; emergence of widespread health emergencies or public health crises; environmental and social risks including, climate change; and various other significant risks, as described in the relevant pages of the 2023 Annual Report, including the MD&A, which information is incorporated by reference herein. The Bank further cautions that the foregoing list of factors is not exhaustive. When relying on the Bank's forward-looking statements to make decisions involving the Bank, investors, financial analysts, and others should carefully consider the foregoing factors, uncertainties, and current and potential events.

Any forward-looking statements contained herein or incorporated by reference represent the views of management of the Bank only as at the date such statements were or are made, are presented for the purposes of assisting investors, financial analysts, and others in understanding certain key elements of the Bank's financial position, current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Bank's business and anticipated financial performance and 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 legislation. Additional information relating to the Bank can be located on SEDAR+ at www.sedarplus.ca.

HIGHLIGHTS

TABLE 1
FINANCIAL HIGHLIGHTS

In thousands of dollars, except when noted	For the three months ended April 30, 2024	January 31, 2024	Variance	April 30, 2023	Variance	For the six months ended April 30, 2024	April 30, 2023	Variance
Operating results								
Total revenue	**$ 252,594**	$ 258,341	(2)%	$ 257,167	(2)%	**$ 510,935**	$ 517,235	(1)%
Net income (loss)	**$(117,547)**	$ 37,283	(415)%	$ 49,291	(338)%	**$ (80,264)**	$ 101,201	(179)%
Adjusted net income[1]	**$ 40,512**	$ 44,153	(8)%	$ 51,684	(22)%	**$ 84,665**	$ 105,980	(20)%
Operating performance								
Diluted earnings (loss) per share[2]	**$ (2.71)**	$ 0.75	(461)%	$ 1.11	(344)%	**$ (1.97)**	$ 2.20	(190)%
Adjusted diluted earnings per share[2][3]	**$ 0.90**	$ 0.91	(1)%	$ 1.16	(22)%	**$ 1.80**	$ 2.31	(22)%
Return on common shareholders' equity[3][4]	**(18.6)%**	5.0 %		7.7 %		**(6.7)%**	7.6 %	
Adjusted return on common shareholders' equity[3][4]	**6.1 %**	6.0 %		8.1 %		**6.1 %**	8.0 %	
Net interest margin[5]	**1.80 %**	1.80 %		1.80 %		**1.80 %**	1.79 %	
Efficiency ratio[5]	**152.9 %**	76.6 %		71.0 %		**114.3 %**	70.8 %	
Adjusted efficiency ratio[3]	**73.8 %**	73.0 %		69.7 %		**73.4 %**	69.5 %	
Operating leverage[5]	**(97.5)%**	4.1 %		(0.5)%		**(60.8)%**	(4.6)%	
Adjusted operating leverage[3]	**(1.1)%**	(1.4)%		(0.4)%		**(5.4)%**	(5.2)%	
Financial position ($ millions)								
Loans and acceptances	**$ 36,274**	$ 36,700	(1)%	$ 37,901	(4)%	**$ 36,274**	$ 37,901	(4)%
Total assets[4]	**$ 48,386**	$ 48,076	1 %	$ 50,698	(5)%	**$ 48,386**	$ 50,698	(5)%
Deposits	**$ 24,605**	$ 25,068	(2)%	$ 26,518	(7)%	**$ 24,605**	$ 26,518	(7)%
Average earning assets[5]	**$ 40,675**	$ 40,897	(1)%	$ 41,866	(3)%	**$ 40,787**	$ 41,861	(3)%
Average loans and acceptances[5]	**$ 36,327**	$ 36,626	(1)%	$ 37,763	(4)%	**$ 36,478**	$ 37,675	(3)%
Basel III regulatory capital ratios								
CET1 capital ratio[6]	**10.4 %**	10.2 %		9.3 %		**10.4 %**	9.3 %	
Total risk-weighted assets ($ millions)[6]	**$ 21,621**	$ 21,859		$ 23,785		**$ 21,621**	$ 23,785	
Credit quality								
Gross impaired loans as a % of loans and acceptances[5]	**0.84 %**	0.67 %		0.49 %		**0.84 %**	0.49 %	
Net impaired loans as a % of loans and acceptances[5]	**0.64 %**	0.52 %		0.34 %		**0.64 %**	0.34 %	
Provision for credit losses as a % of average loans and acceptances[5]	**0.20 %**	0.18 %		0.18 %		**0.19 %**	0.17 %	
Common share information								
Closing share price[7]	**$ 25.73**	$ 26.53	(3)%	$ 32.21	(20)%	**$ 25.73**	$ 32.21	(20)%
Price / earnings ratio (trailing four quarters)[5]	**(95.3) x**	7.5 x		6.9 x		**(95.3) x**	6.9 x	
Adjusted price / earnings ratio (trailing four quarters)[3]	**6.4 x**	6.2 x		6.6 x		**6.4 x**	6.6 x	
Book value per share[3][4]	**$ 56.82**	$ 59.80	(5)%	$ 59.06	(4)%	**$ 56.82**	$ 59.06	(4)%
Dividends declared per share	**$ 0.47**	$ 0.47	— %	$ 0.46	2 %	**$ 0.94**	$ 0.92	2 %
Dividend yield[5]	**7.3 %**	7.1 %		5.7 %		**7.3 %**	5.7 %	
Dividend payout ratio[5]	**n.m.**	62.8 %		41.6 %		**n.m.**	41.9 %	
Adjusted dividend payout ratio[3]	**52.4 %**	51.9 %		39.6 %		**52.1 %**	39.9 %	

(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) The sum of the quarterly earnings per share may not equal to the cumulative earnings per share due to rounding.
(3) This is a non-GAAP ratio. Refer to the Non-GAAP Financial and Other Measures section on page 5 for more information.
(4) Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, *Insurance contracts*, which required restatement of the Bank's 2023 comparative information and financial measures. Refer to Note 2 in the Condensed Interim Consolidated Financial Statements for further information.
(5) This is a supplementary financial measure. Refer to the Non-GAAP Financial and Other Measures section on page 5 for more information.
(6) In accordance with OSFI's "Capital Adequacy Requirements" guideline. Refer to the Capital Management section on page 13 for more information.
(7) 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 six months ended	
In thousands of dollars (Unaudited)	**April 30, 2024**	January 31, 2024	April 30, 2023	**April 30, 2024**	April 30, 2023
Non-interest expenses	**$ 386,341**	$ 197,834	$ 182,472	**$ 584,175**	$ 366,147
Less: Adjusting items, before income taxes					
P&C Banking segment impairment charges[1]	**155,933**	—	—	**155,933**	—
Restructuring and other impairment charges[2]	**40,832**	6,076	—	**46,908**	—
Amortization of acquisition-related intangible assets[3]	**3,229**	3,217	3,221	**6,446**	6,431
	199,994	9,293	3,221	**209,287**	6,431
Adjusted non-interest expenses	**$ 186,347**	$ 188,541	$ 179,251	**$ 374,888**	$ 359,716
Income (loss) before income taxes	**$ (151,678)**	$ 43,609	$ 58,526	**$ (108,069)**	$ 119,487
Adjusting items, before income taxes (detailed above)	**199,994**	9,293	3,221	**209,287**	6,431
Adjusted income before income taxes	**$ 48,316**	$ 52,902	$ 61,747	**$ 101,218**	$ 125,918
Reported net income (loss)	**$ (117,547)**	$ 37,283	$ 49,291	**$ (80,264)**	$ 101,201
Adjusting items, net of income taxes					
P&C Banking segment impairment charges[1]	**125,629**	—	—	**125,629**	—
Restructuring and other impairment charges[2]	**30,020**	4,468	—	**34,488**	—
Amortization of acquisition-related intangible assets[3]	**2,410**	2,402	2,393	**4,812**	4,779
	158,059	6,870	2,393	**164,929**	4,779
Adjusted net income	**$ 40,512**	$ 44,153	$ 51,684	**$ 84,665**	$ 105,980
Net income (loss) available to common shareholders	**$ (118,835)**	$ 32,682	$ 48,003	**$ (86,153)**	$ 95,312
Adjusting items, net of income taxes (detailed above)	**158,059**	6,870	2,393	**164,929**	4,779
Adjusted net income available to common shareholders	**$ 39,224**	$ 39,552	$ 50,396	**$ 78,776**	$ 100,091

(1) The Personal and Commercial (P&C) Banking segment impairment charges related to the impairment of the P&C Banking segment as part of the goodwill impairment test performed as at April 30, 2024, as detailed in the Business Highlights section on page 7 of this MD&A. Impairment charges are included in the Impairment and restructuring charges line item.

(2) Restructuring and other impairment charges resulted from the Bank's decision to suspend the Advanced Internal-Ratings Based (AIRB) approach to credit risk project and to reduce its leased corporate office premises in Toronto, as well as from the simplification of the Bank's organizational structure and headcount reduction, as detailed in the Business Highlights section on page 7 of this MD&A. Restructuring and other impairment charges were mainly comprised of impairment charges and severance charges and were included in the Impairment and restructuring charges line item.

(3)Amortization of acquisition-related intangible assets results from business acquisitions and is 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 six months ended	
	April 30, 2024	January 31, 2024	April 30, 2023	**April 30, 2024**	April 30, 2023
Shareholders' equity[1]	**$ 2,744,758**	$ 2,886,490	$ 2,845,278	**$ 2,744,758**	$ 2,845,278
Less:					
Preferred shares	**(122,071)**	(122,071)	(122,071)	**(122,071)**	(122,071)
Limited recourse capital notes	**(123,487)**	(123,487)	(123,516)	**(123,487)**	(123,516)
Cash flow hedge reserve[2]	**(9,140)**	(25,535)	(32,591)	**(9,140)**	(32,591)
Common shareholders' equity[1]	**$ 2,490,060**	$ 2,615,397	$ 2,567,100	**$ 2,490,060**	$ 2,567,100
Impact of averaging month-end balances[3]	**104,149**	(7,616)	(24,981)	**111,010**	(36,279)
Average common shareholders' equity[1]	**$ 2,594,209**	$ 2,607,781	$ 2,542,119	**$ 2,601,070**	$ 2,530,821

(1) Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, *Insurance contracts*, which required restatement of the Bank's 2023 comparative information and financial measures. Refer to Note 2 in the Condensed Interim Consolidated Financial Statements for further information.

(2) The cash flow hedge reserve is presented in the Accumulated other comprehensive income line item.

(3) 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

In thousands of dollars, except per share amounts (Unaudited)	For the three months ended			For the six months ended	
	April 30, 2024	January 31, 2024	April 30, 2023	**April 30, 2024**	April 30, 2023
Diluted earnings (loss) per share	**$ (2.71)**	$ 0.75	$ 1.11	**$ (1.97)**	$ 2.20
Adjusting items, net of income taxes, on a per share basis[1]	**3.61**	0.16	0.06	**3.77**	0.11
Adjusted diluted earnings per share[2]	**$ 0.90**	$ 0.91	$ 1.16	**$ 1.80**	$ 2.31

(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, and the sum of the quarterly earnings per share may not equal to the cumulative earnings per share 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 25 of this MD&A for more information about the composition of supplementary financial measures disclosed in this document.

BUSINESS HIGHLIGHTS

REVAMPED STRATEGIC PLAN

In April 2024, the Bank announced that it will unveil its revamped strategic plan on May 31, 2024. In the second quarter of 2024, the Bank recorded impairment and restructuring charges of $196.8 million ($155.6 million after income taxes), or $3.56 diluted per share. The impact of these impairment and restructuring charges on the Bank's Common Equity Tier 1 capital ratio was a decrease of 8 basis points.

Personal and Commercial Banking segment impairment

As at April 30, 2024, indicators of potential impairment were identified for the Bank's assets, which led management to perform a goodwill impairment test as at April 30, 2024 for the P&C Banking segment. As a result of this test, the Bank recorded an impairment charge in the second quarter of 2024 on the value of its P&C Banking segment of $155.9 million detailed as follows: 1) goodwill for an amount of $83.9 million, 2) software and intangible assets for $66.2 million and, 3) premises and equipment for $5.8 million.

Refer to the Critical accounting and estimates section on page 22 of this MD&A and to Notes 7 and 17 to the Condensed Interim Consolidated Financial Statements for additional information.

Suspension of the advanced-internal ratings-based (AIRB) approach to credit risk project

In the current context of its revamped strategic plan and priorities, the Bank has made the decision to suspend the AIRB project and to focus on the priorities of its revamped strategic plan to generate additional revenue, or efficiency gains. As a result, the Bank recorded an impairment charge of $23.3 million in the second quarter of 2024 related to AIRB intangible assets that were still under development.

Reduction of leased corporate office premises

Since 2021, the Bank has adopted a hybrid work model. With an objective of maximizing shareholder value, increasing efficiency and simplifying our organization, the Bank has made the decision to reduce by two-thirds its leased corporate office premises in Toronto. As a result of this planned reduction, the Bank recorded charges of $13.2 million in the second quarter of 2024 mainly related to the impairment of its premises. This will not impact the Bank's headquarters in Montreal, our Burlington corporate offices, or our branch footprint.

Organizational changes

In line with the Bank's priorities of becoming a simpler and more customer-centric organization, the Bank continued the simplification of its organizational structure. As a result, the Bank recorded severance charges of $2.9 million in the second quarter of 2024 and expects to record additional charges of approximately $7 million in the third quarter of 2024.

OTHER BUSINESS HIGHLIGHTS

Sale of assets under administration of Laurentian Bank Securities' retail full-service investment broker division

On April 4, 2024, the Bank announced that it has entered into an agreement to sell assets under administration of Laurentian Bank Securities' retail full-service investment broker division to iA Private Wealth Inc. (iAPW), a wholly owned subsidiary of Industrial Alliance Insurance and Financial Services Inc. ("iA Financial Group"). iA Financial Group is one of the largest insurance and wealth management groups in Canada, headquartered in Quebec, and with operations in the United States.

This transaction includes the transfer of approximately $2 billion in assets under administration from Laurentian Bank Securities to iAPW. The transaction is anticipated to close this summer, subject to required regulatory approvals. Net proceeds from the transaction are not expected to be material to the Bank.

The transaction supports the Bank's strategic focus on simplification, and concentrating on areas of business where it can win and be more competitive.

Key executive changes

On April 2, 2024, the Bank announced that Kelsey Gunderson, Executive Vice President & Head of Capital Markets, would leave the Bank on April 12, 2024, to pursue personal interests prior to establishing the next path in his professional journey. Brian Doyle, previously Chief Financial Officer of Capital Markets, now serves as Acting Head of Capital Markets and Acting President & Chief Executive Officer of Laurentian Bank Securities Inc.

On May 23, 2024, the Bank announced the retirement of William Mason, Executive Vice President and Chief Risk Officer, effective later this year. Christian De Broux will succeed him as Chief Risk Officer starting June 17, 2024. Mr. De Broux, returning to Laurentian Bank, brings extensive experience and a deep understanding of the bank's operations, having been involved in major strategic initiatives previously. Mr. Mason will stay on as Special Advisor to support Mr. De Broux during the transition.

OUTLOOK

ECONOMIC OUTLOOK

Global economic growth remains modestly positive due to government support and higher labour force participation. Some central banks around the world have also started to reduce their policy rates as Consumer Price Index (CPI) inflation eases. However, global macroeconomic conditions are being challenged by geopolitical tensions.

In the United States, consumers and businesses are showing greater resilience relative to other developed markets. American consumers continued to deploy excess savings and benefit from the past improvement in their net worth while business investment is boosted by government incentives. The rebalancing of labour market conditions has been firmer this Spring, taking the form of lower hiring and softening wage growth. Real GDP growth is also easing.

In Canada, further acceleration in population growth and higher-than-expected government spending are pillars preventing an outright economic contraction and offsetting weak productivity. The cooling in labour market conditions in Canada is occurring faster than in the United States, particularly private sector employment. Therefore, a modest uptrend in Canadian unemployment rate continues, reaching a 2-year high of 6.1% in April.

Homebuilding activity, particularly rentals, remains significantly below new household formation. Population growth accelerated further in early 2024 but is poised to ease as the federal government plans to reduce the number of non-permanent residents over the next three years. Also, resale housing activity stands below pre-pandemic levels as potential homebuyers wait for the Bank of Canada (BoC) easing to filter through mortgage rates to consider purchasing a home.

Underlying inflation pressures have been progressing in the right direction. The BoC wants to see evidence of sustained cooling in CPI inflation before embarking on a prudent easing path. The long-term government of Canada benchmark bond yields are significantly higher relative to the beginning of the year as markets expect a delay to the beginning of U.S. Federal Reserve easing. Also, the U.S. dollar is strengthening reflecting the escalation of global geopolitical tensions and markets expectations of the BoC embarking on an easing path before the U.S. Federal Reserve. The Canadian dollar has been hovering near a 6-month low lately, reaching 0.74 USD in early May.

ANALYSIS OF CONSOLIDATED RESULTS

TABLE 5
CONDENSED CONSOLIDATED RESULTS

In thousands of dollars, except percentage amounts (Unaudited)	For the three months ended **April 30, 2024**	January 31, 2024	April 30, 2023	For the six months ended **April 30, 2024**	April 30, 2023
Net interest income	**$ 179,611**	$ 185,254	$ 184,185	**$ 364,865**	$ 371,301
Other income	**72,983**	73,087	72,982	**146,070**	145,934
Total revenue	**252,594**	258,341	257,167	**510,935**	517,235
Provision for credit losses	**17,931**	16,898	16,169	**34,829**	31,601
Non-interest expenses	**386,341**	197,834	182,472	**584,175**	366,147
Income (loss) before income taxes	**(151,678)**	43,609	58,526	**(108,069)**	119,487
Income taxes (recovery)	**(34,131)**	6,326	9,235	**(27,805)**	18,286
Net income (loss)	**(117,547)**	37,283	49,291	**(80,264)**	101,201
Preferred share dividends and limited recourse capital note interest	**1,288**	4,601	1,288	**5,889**	5,889
Net income (loss) available to common shareholders	**$ (118,835)**	$ 32,682	$ 48,003	**$ (86,153)**	$ 95,312
Non-GAAP financial measures					
Adjusted non-interest expenses[1]	**$ 186,347**	$ 188,541	$ 179,251	**$ 374,888**	$ 359,716
Adjusted income before income taxes[1]	**$ 48,316**	$ 52,902	$ 61,747	**$ 101,218**	$ 125,918
Adjusted net income[1]	**$ 40,512**	$ 44,153	$ 51,684	**$ 84,665**	$ 105,980
Adjusted net income available to common shareholders[1]	**$ 39,224**	$ 39,552	$ 50,396	**$ 78,776**	$ 100,091

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

SECOND QUARTER OF 2024 COMPARED WITH SECOND QUARTER OF 2023

Net loss was $117.5 million and diluted loss per share was $2.71 for the second quarter of 2024, compared with net income of $49.3 million and diluted earnings per share of $1.11 for the second quarter of 2023. Of note, reported results for the second quarter of 2024 included impairment and restructuring charges of $196.8 million ($155.6 million after income taxes), or $3.56 per share, related to the restructuring of the Bank's operations and to the impairment of the P&C Banking segment. Adjusted net income was $40.5 million and adjusted diluted earnings per share were $0.90 for the second quarter of 2024, compared with $51.7 million and $1.16 for the second quarter of 2023.

Total revenue

Total revenue decreased by $4.6 million to $252.6 million for the second quarter of 2024, compared with $257.2 million for the second quarter of 2023.

Net interest income decreased by $4.6 million to $179.6 million for the second quarter of 2024, compared with $184.2 million for the second quarter of 2023. The decrease was mainly due to lower net interest income from lower loan volumes. The net interest margin was 1.80% for the second quarter of 2024, unchanged compared with the second quarter of 2023.

Other income was $73.0 million for the second quarter of 2024, unchanged compared with the second quarter of 2023. Higher income from financial instruments in the second quarter of 2024 was mostly offset by lower lending fees due to tempered commercial real estate activity and lower income from mutual funds.

Provision for credit losses

The provision for credit losses was $17.9 million for the second quarter of 2024, compared with $16.2 million for the second quarter of 2023, an increase of $1.8 million mainly as a result of higher provisions on impaired loans due to credit migration, partly offset by a release of provisions on performing loans. The provision for credit losses as a percentage of average loans and acceptances was 20 basis points for the quarter, compared with 18 basis points for the same quarter a year ago. Refer to the "Credit risk management" 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 $386.3 million for the second quarter of 2024, an increase of $203.9 million compared with the second quarter of 2023. Of note, reported results for the second quarter of 2024 included impairment and restructuring charges of $196.8 million related to the restructuring of the Bank's operations and to the impairment of the P&C Banking segment. Adjusted non-interest expenses increased by $7.1 million or 4% to $186.3 million for the second quarter of 2024, compared with $179.3 million for the second quarter of 2023.

Salaries and employee benefits amounted to $99.5 million for the second quarter of 2024, a decrease of $1.3 million compared with the second quarter of 2023, mostly due to efficiency gains resulting from reduced headcount and lower employee benefits.

Premises and technology costs were $50.1 million for the second quarter of 2024, an increase of $1.6 million compared with the second quarter of 2023. The increase year-over-year is mainly due to increased amortization charges resulting from recently completed projects.

Other non-interest expenses were $40.0 million for the second quarter of 2024, an increase of $6.8 million compared with the second quarter of 2023, mainly resulting from higher regulatory expenses and other costs related to various compliance projects, as well as higher expenses to support the Bank's strategic priorities.

Impairment and restructuring charges were $196.8 million for the second quarter of 2024, compared with nil for the second quarter of 2023. In the second quarter of 2024, the impairment test of the P&C Banking segment resulted in impairment charges of $155.9 million. Restructuring and other impairment charges of $40.8 million were also recorded following the Bank's decision to suspend the AIRB project and to reduce its leased corporate office premises in Toronto, as well as from the simplification of the Bank's organizational structure and headcount reduction. Refer to the Business Highlights section on page 7 of this MD&A for further details.

Efficiency ratio
The efficiency ratio on a reported basis increased to 152.9% for the second quarter of 2024, compared with 71.0% for the second quarter of 2023. The increase year-over-year is mainly due to the impairment and restructuring charges recorded in the second quarter of 2024, as described above. The adjusted efficiency ratio increased to 73.8% for the second quarter of 2024, compared to 69.7% for the second quarter of 2023, mainly as a result of lower revenues and higher adjusted non-interest expenses.

Income taxes

For the second quarter of 2024, the income tax recovery was $34.1 million, and the effective income tax rate was 22.5%. The lower effective income tax rate compared to the statutory income tax rate was attributed to the non-tax deductible goodwill impairment charge, partly offset by the lower taxation level of income from foreign operations. For the second quarter of 2023, the income tax expense was $9.2 million, and the effective income tax rate was 15.8%. The lower effective income tax rate compared to the statutory income tax rate was mainly attributed to the lower taxation level of income from foreign operations.

SIX MONTHS ENDED APRIL 30, 2024 COMPARED WITH SIX MONTHS ENDED APRIL 30, 2023

Net loss was $80.3 million and diluted loss per share was $1.97 for the six months ended April 30, 2024, compared with net income of $101.2 million and diluted earnings per share of $2.20 for the six months ended April 30, 2023. Of note, reported results for the six months ended April 30, 2024 included impairment and restructuring charges of $202.8 million ($160.1 million after income taxes), or $3.66 per share, related to the restructuring of the Bank's operations and to the impairment of the P&C Banking segment. Adjusted net income was $84.7 million and adjusted diluted earnings per share were $1.80 for the six months ended April 30, 2024, compared with $106.0 million and $2.31 for the six months ended April 30, 2023.

Total revenue

Total revenue was $510.9 million for the six months ended April 30, 2024, or 1% lower compared with $517.2 million for the six months ended April 30, 2023.

Net interest income decreased by $6.4 million or 2% to $364.9 million for the six months ended April 30, 2024, compared with $371.3 million for the six months ended April 30, 2023. The decrease was mainly due to lower net interest income from lower loan volumes. The net interest margin was 1.80% for the six months ended April 30, 2024, an increase of 1 basis point compared with the six months ended April 30, 2023.

Other income was $146.1 million for the six months ended April 30, 2024, mainly unchanged compared with $145.9 million for the six months ended April 30, 2023. Higher income from financial instruments in the six months ended April 30, 2024, was mostly offset by lower lending fees due to tempered commercial real estate activity and lower income from mutual funds.

Provision for credit losses

The provision for credit losses increased by $3.2 million to $34.8 million for the six months ended April 30, 2024 compared with $31.6 million for the six months ended April 30, 2023, reflecting higher provisions on impaired loans due to credit migration, partly offset by a release of provisions on performing loans. The provision for credit losses as a percentage of average loans and acceptances was 19 basis points for the six months ended April 30, 2024, compared with 17 basis points for the six months ended April 30, 2023. Refer to the "Risk management" 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 $218.0 million or 60% to $584.2 million for the six months ended April 30, 2024, compared with $366.1 million for the six months ended April 30, 2023. Of note, reported results for the six months ended April 30, 2024 included impairment and restructuring charges of $202.8 million related to the restructuring of the Bank's operations and to the impairment of the P&C Banking segment. Adjusted non-interest expenses increased by $15.2 million or 4% to $374.9 million for the six months ended April 30, 2024, compared with $359.7 million for the six months ended April 30, 2023.

Salaries and employee benefits decreased by $2.7 million or 1% to $201.9 million for the six months ended April 30, 2024, compared with the six months ended April 30, 2023, mostly due to efficiency gains resulting from the reduced headcount.

Premises and technology costs increased by $6.6 million to $102.2 million for the six months ended April 30, 2024, compared with the six months ended April 30, 2023. The increase year-over-year is mainly due to increased amortization charges resulting from recently completed projects and higher technology costs as the Bank is investing in its infrastructure.

Other non-interest expenses increased by $11.3 million to $77.2 million for the six months ended April 30, 2024, compared with the six months ended April 30, 2023. The increase mainly resulted from higher regulatory expenses and other costs related to various compliance projects, as well as higher expenses to support the Bank's strategic priorities. Other non-interest expenses for the six months ended April 30, 2024 also included $2.3 million of professional fees and other expenses related to the mainframe outage that occurred in September 2023.

Impairment and restructuring charges were $202.8 million for the six months ended April 30, 2024, compared with nil for the six months ended April 30, 2023. In the six months ended April 30, 2024, the impairment test of the P&C Banking segment resulted in impairment charges of $155.9 million. Restructuring and other impairment charges of $46.9 million were also recorded following the Bank's decision to suspend the AIRB project and to reduce its leased corporate office premises in Toronto, as well as from the simplification of the Bank's organizational structure and headcount reduction. Refer to the Business Highlights section on page 7 of this MD&A for further details.

Efficiency ratio
The efficiency ratio on a reported basis was 114.3% for the six months ended April 30, 2024, compared with 70.8% for the six months ended April 30, 2023. The increase year-over-year is mainly due to the impairment and restructuring charges recorded in the six months ended April 30, 2024, as described above. The adjusted efficiency ratio was 73.4% for the six months ended April 30, 2024, compared with 69.5% for the six months ended April 30, 2023, mainly as a result of higher adjusted non-interest expenses.

Income taxes

For the six months ended April 30, 2024, the income tax recovery was $27.8 million, and the effective income tax rate was 25.7%. The lower effective income tax rate compared to the statutory income tax rate was attributed to the non-tax deductible goodwill impairment charge, partly offset by the lower taxation level of income from foreign operations. For the six months ended April 30, 2023, the income tax expense was $18.3 million, and the effective income tax rate was 15.3%. The lower effective income tax rate compared to the statutory income tax rate was mainly attributed to the lower taxation level of income from foreign operations.

SECOND QUARTER OF 2024 COMPARED WITH FIRST QUARTER OF 2024

Net loss was $117.5 million and diluted loss per share was $2.71 for the second quarter of 2024, compared with net income of $37.3 million and diluted earnings per share of $0.75 for the first quarter of 2024. Of note, reported results for the second quarter of 2024 included impairment and restructuring charges of $196.8 million ($155.6 million after income taxes), or $3.56 per share, related to the restructuring of the Bank's operations and to the impairment of the P&C Banking segment, compared with restructuring charges of $6.1 million ($4.5 million after income taxes), or $0.10 per share for the first quarter of 2024. Adjusted net income was $40.5 million and adjusted diluted earnings per share were $0.90 for the second quarter of 2024, compared with $44.2 million and $0.91 for the first quarter of 2024. Net income available to common shareholders included the quarterly dividend declared on the Preferred Shares Series 13 in the second quarter of 2024, whereas the first quarter of 2024 included the interest paid semi-annually on the limited recourse capital notes and the quarterly dividend declared on the Preferred Shares Series 13.

Total revenue decreased by $5.7 million to $252.6 million for the second quarter of 2024 compared with $258.3 million for the previous quarter. Net interest income decreased by $5.6 million sequentially to $179.6 million, which mainly reflected the negative impact of two fewer days in the second quarter. Net interest margin was 1.80% for the second quarter of 2024, unchanged compared with 1.80% for the first quarter of 2024.

Other income amounted to $73.0 million for the second quarter of 2024, mainly unchanged compared with $73.1 million for the previous quarter. Higher income from financial instruments due to more favourable market conditions was offset by seasonally lower card service revenues and lower lending fees due to tempered commercial real estate activity.

The provision for credit losses was $17.9 million for the second quarter of 2024, an increase of $1.0 million compared with $16.9 million for the first quarter of 2024 reflecting higher provisions on impaired loans, mostly offset by releases of provisions on performing loans. Refer to the "Risk Management" section for additional information.

Non-interest expenses increased by $188.5 million to $386.3 million for the second quarter of 2024 from $197.8 million in the first quarter of 2024. In the second quarter of 2024, non-interest expenses included impairment and restructuring charges of $196.8 million, compared with restructuring charges of $6.1 million in the first quarter of 2024; refer to the Non-GAAP Financial and Other Measures and Business Highlights sections for further details. Adjusted non-interest expenses amounted to $186.3 million in the second quarter of

2024, a decrease of $2.2 million mainly due to lower salaries and employee benefits from the two fewer days in the second quarter, lower premises and technology costs and lower professional fees, partly offset by higher regulatory and other expenses, as detailed above.

ANALYSIS OF FINANCIAL CONDITION

TABLE 6
CONDENSED BALANCE SHEET

In thousands of dollars (Unaudited)		**As at April 30, 2024**		As at October 31, 2023
Assets				
Cash and deposits with banks	$	**1,565,442**	$	1,320,265
Securities		**5,731,385**		6,016,427
Securities purchased under reverse repurchase agreements		**3,737,614**		4,086,170
Liquid assets[1]		**11,034,441**		11,422,862
Loans and acceptances, net of allowances		**36,057,923**		36,868,393
Other assets[2]		**1,293,851**		1,601,483
	$	**48,386,215**	$	49,892,738
Liabilities and Shareholders' Equity				
Deposits	$	**24,604,523**	$	26,026,878
Other liabilities		**7,552,653**		7,816,690
Debt related to securitization activities		**13,154,065**		12,853,385
Subordinated debt		**330,216**		337,680
Shareholders' equity[2]		**2,744,758**		2,858,105
	$	**48,386,215**	$	49,892,738

(1) Liquid assets as presented on the balance sheet is a supplementary financial measure and consist of cash, deposits with banks, securities and securities purchased under reverse repurchase agreements.
(2) Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, *Insurance contracts*, which required restatement of the Bank's 2023 comparative information and financial measures. Refer to Note 2 in the Condensed Interim Consolidated Financial Statements for further information.

As at April 30, 2024, total assets amounted to $48.4 billion, a 3% decrease compared with $49.9 billion as at October 31, 2023, due to the lower level of loans and liquid assets.

Liquid assets

As at April 30, 2024, liquid assets as presented on the balance sheet amounted to $11.0 billion, a decrease of $0.4 billion compared with $11.4 billion as at October 31, 2023. 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 23% of total assets as at April 30, 2024, compared with 21% as at October 31, 2023.

Loans

Loans and bankers' acceptances, net of allowances, stood at $36.1 billion as at April 30, 2024, a decrease of $0.8 billion since October 31, 2023. Commercial loans and acceptances amounted to $17.2 billion as at April 30, 2024, a decrease of $0.6 billion or 4% since October 31, 2023 mainly resulting from lower real estate commercial loans. Personal loans of $2.3 billion as at April 30, 2024 decreased by $0.3 billion from October 31, 2023, mainly as a result of a decline in the investment loan portfolio driven by volatile market conditions and higher interest rates. Residential mortgage loans of $16.8 billion as at April 30, 2024 increased by $0.1 billion or 1% from October 31, 2023.

Other assets

Other assets stood at $1.3 billion as at April 30, 2024, a decrease of $0.3 billion compared with October 31, 2023 mainly due to the $0.2 billion goodwill, software and other intangible assets and premises and equipment impairment charges recorded in the second quarter of 2024.

Deposits

Deposits decreased by $1.4 billion to $24.6 billion as at April 30, 2024 compared with $26.0 billion as at October 31, 2023, as the Bank gradually reduced its deposit basis considering loan volume reductions and its liquidity position. Personal deposits stood at $21.0 billion as at April 30, 2024, a decrease of $1.3 billion compared with $22.3 billion as at October 31, 2023. Of note, personal deposits sourced through the retail channel have been relatively stable compared with October 31, 2023. Personal notice and demand deposits from partnerships decreased by $1.0 billion since October 31, 2023, and deposits from advisors and brokers decreased by $0.3 billion. Personal deposits represented 85% of total deposits as at April 30, 2024, compared with 86% as at October 31, 2023 , and contributed to the Bank's sound liquidity position. Business and other deposits decreased by $0.1 billion over the same period to $3.6 billion.

Other liabilities

Other liabilities stood at $7.6 billion as at April 30, 2024, a decrease of $0.3 billion since October 31, 2023 mainly resulting from lower derivatives.

Debt related to securitization activities

Debt related to securitization activities increased by $0.3 billion or 2% compared with October 31, 2023 and stood at $13.2 billion as at April 30, 2024. During the year, new issuances of cost-effective long-term debt related to securitization activities more than offset maturities of liabilities, as well as normal repayments.

Subordinated debt

Subordinated debt stood at $0.3 billion as at April 30, 2024, unchanged since October 31, 2023. Subordinated debt is an integral part of the Bank's regulatory capital and affords its depositors additional protection, as further detailed in the Capital Management section below.

Shareholders' equity

Shareholders' equity stood at $2.7 billion as at April 30, 2024 and decreased by $113.3 million compared with October 31, 2023. Retained earnings decreased by $126.5 million compared to October 31, 2023, mainly as a result of the cumulative net loss of $80.3 million and of dividends amounting to $41.1 million. Accumulated other comprehensive income increased by $8.1 million compared to October 31, 2023. 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 $56.82 as at April 30, 2024 compared to $59.96 as at October 31, 2023.

CAPITAL MANAGEMENT

Management seeks to maintain an adequate level of capital that considers the Bank's targeted capital ratios and internal assessment of required capital that is aligned with the Bank's risk appetite, strategic plan and shareholders' expectations. This framework is underpinned by the Bank's Capital Management and Adequacy Policy which outlines the mechanisms for capital planning, management and adequacy assessment. Refer to the section "Capital Management" on page 33 of the Bank's 2023 Annual Report for additional information on the Bank's capital management framework.

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 the Basel III Accord. Under OSFI's guideline, minimum Common Equity Tier 1 (CET1), Tier 1 and Total capital ratios are set at 7.0%, 8.5% and 10.5% respectively including a 2.5% capital conservation buffer. For additional information on the three types of capital and ratios definitions, see the Glossary on page 25 of this MD&A. 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.

The Basel III Accord also 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%. For additional information on the leverage ratio definition, see the Glossary on page 25 of this MD&A.

Regulatory capital developments

OSFI has issued new guidelines which are applicable for the Bank in various reporting periods beginning on November 1, 2024. During the quarter ended April 30, 2024, there have been no significant updates to regulatory capital developments disclosed on page 34 of the Bank's 2023 Annual Report.

Regulatory capital ratios

The CET1 capital ratio was 10.4% as at April 30, 2024, in excess of the minimum regulatory requirement and the Bank's target management levels. The CET1 capital ratio increased by 50 basis points compared with October 31, 2023, mainly due to the risk-weighted assets reduction. The Bank met OSFI's capital and leverage requirements throughout the quarter.

TABLE 7
REGULATORY CAPITAL AND LEVERAGE RATIOS

In thousands of dollars, except percentages		**As at April 30, 2024**		As at October 31, 2023
Regulatory capital				
Common shares	**$**	**1,182,447**	$	1,177,827
Retained earnings		**1,279,280**		1,405,800
Accumulated other comprehensive income		**30,974**		22,868
Share-based compensation reserve		**6,499**		6,052
Deductions from Common Equity Tier 1 capital[1]		**(259,832)**		(382,506)
Common Equity Tier 1 capital		**2,239,368**		2,230,756
Qualifying preferred shares and limited recourse capital notes		**245,558**		245,558
Additional Tier 1 capital		**245,558**		245,558
Tier 1 capital		**2,484,926**		2,476,314
Qualifying subordinated debt		**330,216**		337,680
Collective allowances		**154,130**		156,410
Tier 2 capital		**484,346**		494,090
Total capital	**$**	**2,969,272**	$	2,970,404
Total risk-weighted assets	**$**	**21,620,969**	$	22,575,105
Total exposure	**$**	**49,120,972**	$	51,150,699
Capital ratios				
Common Equity Tier 1 capital ratio		**10.4 %**		9.9 %
Tier 1 capital ratio		**11.5 %**		11.0 %
Total capital ratio		**13.7 %**		13.2 %
Leverage ratio		**5.1 %**		4.8 %

(1) Comprised of deductions for goodwill, software and other intangible assets, net pension plan assets, cash flow hedge reserve and other.

OUTSTANDING CAPITAL INSTRUMENTS

As at May 22, 2024, there were 5,000,000 outstanding Preferred Shares Series 13, 43,826,324 outstanding common shares and 1,611,023 outstanding stock options.

NON-VIABILITY CONTINGENT (NVCC) CAPITAL INSTRUMENTS AND OTHER BAIL-IN REGULATIONS

As required under the Basel III Accord, OSFI requires that regulatory capital instruments other than common equity have a non-viability contingent capital (NVCC) clause to ensure that investors bear losses before taxpayers should the government determine that it is in the public interest to rescue a non-viable financial institution. 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 April 30, 2024, 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 73.3% based on the number of common shares outstanding as at April 30, 2024.

Furthermore, in the regulations of the Canadian Deposit Insurance Corporation (CDIC) Act and the *Bank Act* (Canada), the Government of Canada has provided detailed information on conversion, issuance, and compensation regimes for bail-in instruments issued by D-SIBs (collectively the Bail-In Regulations). The Bail-In regulations provide for the conversion of certain shares and liabilities of a bank into common shares when a bank has ceased, or is about to cease, to be viable. At last, OSFI's Total Loss Absorbing Capacity (TLAC) guideline, which also applies to D-SIBs under the federal government's Bail-In Regulations, aims to ensure that a D-SIB has sufficient loss-absorbing capacity to support its recapitalization in the unlikely event it becomes non-viable. As the Bank has not been designated as a D-SIB, these measures do not apply to the Bank.

DIVIDENDS

On May 30, 2024, the Board of Directors declared a quarterly dividend of $0.47 per common share, payable on August 1, 2024, to shareholders of record on July 2, 2024. This quarterly dividend is equal to the dividend declared in the previous quarter and is 2% higher than 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 38 of the Bank's 2023 Annual Report for additional information on the Bank's risk management framework.

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 April 30, 2024 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 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 increase or decrease its allowances for credit losses in subsequent periods.

Provision for credit losses

Second quarter of 2024 compared with second quarter of 2023
Total provision for credit losses of $17.9 million increased by $1.8 million compared with the second quarter of 2023, mainly as a result of higher provisions on impaired loans, partly offset by a release of provisions on performing loans. The provision for credit losses as a percentage of average loans and acceptances was 20 basis points for the quarter, compared with 18 basis points for the same quarter a year ago.

The provision for credit losses on performing loans was a release of $10.3 million for the second quarter of 2024, compared with a provision of $4.1 million for the second quarter of 2023. This mainly reflects releases of provisions on commercial loans due to credit migration, partly offset by lower releases of provisions on personal loans due to volume reduction.

The provision for credit losses on impaired loans was $28.2 million for the second quarter of 2024 and increased by $16.2 million compared with the second quarter of 2023.This mainly reflects higher provisions in the commercial loan portfolio due to credit migration.

Six months ended April 30, 2024 compared with six months ended April 30, 2023
Total provision for credit losses of $34.8 million increased by $3.2 million compared with the six months ended April 30, 2023, mainly as a result of higher provisions on impaired loans, partly offset by a release of provisions on performing loans.

The provision for credit losses on performing loans was a release of $2.6 million for the six months ended April 30, 2024, compared with a provision of $10.0 million for the six months ended April 30, 2023. This mainly reflects lower provisions on commercial loans due to volume reduction.

The provision for credit losses on impaired loans of $37.4 million increased by $15.8 million for the six months ended April 30, 2024 compared with the six months ended April 30, 2023, mainly due to higher provisions in the commercial loan portfolio due to credit migration, partly offset by lower provisions on the personal loan portfolio.

Second quarter of 2024 compared with first quarter of 2024
Total provision for credit losses of $17.9 million increased by $1.0 million compared with the first quarter of 2024, mainly as a result of higher provisions on impaired loans, mostly offset by releases of provisions on performing loans. The provision for credit losses as a percentage of average loans and acceptances was 20 basis points, compared with 18 basis points for the previous quarter.

The provision for credit losses on performing loans was a release of $10.3 million for the second quarter of 2024 compared with a provision of $7.7 million for the first quarter of 2024. This mainly reflects releases of provisions on commercial loans due to credit migration.

The provision for credit losses on impaired loans of $28.2 million increased by $19.1 million compared with the first quarter of 2024, mainly due to higher provisions on the commercial loan portfolio.

TABLE 8
PROVISION FOR CREDIT LOSSES

In thousands of dollars, except percentage amounts (Unaudited)	For the three months ended April 30, 2024	January 31, 2024	April 30, 2023	For the six months ended April 30, 2024	April 30, 2023
Personal loans					
Performing (Stage 1 and 2)	**$ (2,191)**	$ (2,283)	$ (5,507)	**$ (4,474)**	$ (7,928)
Impaired (Stage 3)	**4,206**	2,374	5,163	**6,580**	14,862
	2,015	91	(344)	**2,106**	6,934
Residential mortgage loans					
Performing (Stage 1 and 2)	**62**	1,451	157	**1,513**	(26)
Impaired (Stage 3)	**730**	211	76	**941**	283
	792	1,662	233	**2,454**	257
Commercial loans(1)					
Performing (Stage 1 and 2)	**(8,171)**	8,561	9,462	**390**	17,956
Impaired (Stage 3)	**23,295**	6,584	6,818	**29,879**	6,454
	15,124	15,145	16,280	**30,269**	24,410
Total loans					
Performing (Stage 1 and 2)	**(10,300)**	7,729	4,112	**(2,571)**	10,002
Impaired (Stage 3)	**28,231**	9,169	12,057	**37,400**	21,599
Provision for credit losses	**$ 17,931**	$ 16,898	$ 16,169	**$ 34,829**	$ 31,601
As a % of average loans and acceptances	**0.20 %**	0.18 %	0.18 %	**0.19 %**	0.17 %

(1) Including customers' liabilities under acceptances.

Allowances for credit losses

Allowances for loan losses amounted to $215.8 million as at April 30, 2024, an increase of $9.8 million compared with October 31, 2023. Allowances for loan losses on performing loans amounted to $144.4 million as at April 30, 2024, down $2.9 million compared with October 31, 2023, mainly as a result of lower allowances on personal loans due to volume reduction, partly offset by higher allowances on commercial loans. Allowances for loan losses on impaired loans of $71.4 million increased by $12.7 million compared with October 31, 2023, mainly due to higher provisions on commercial and personal loans due to credit migration, partly offset by write-offs in the commercial and personal loan portfolios.

TABLE 9
ALLOWANCES FOR CREDIT LOSSES (ACL)

In thousands of dollars (Unaudited)	As at April 30, 2024	As at October 31, 2023
Allowances for loan losses		
Personal	**$ 38,544**	$ 45,954
Residential mortgages	**16,675**	15,556
Commercial	**160,583**	144,447
Total allowances for loan losses	**215,802**	205,957
Allowances for off-balance sheet exposures losses	**9,436**	8,844
Total allowances for credit losses	**$ 225,238**	$ 214,801
ACL on performing loans (Stage 1 and 2)	**$ 144,394**	$ 147,266
ACL on impaired loans (Stage 3)	**71,408**	58,691
Total allowances for loan losses	**$ 215,802**	$ 205,957

Impaired loans

Gross impaired loans amounted to $303.6 million as at April 30, 2024, up $75.6 million compared with October 31, 2023, mainly due to an increase in impaired commercial loans due to credit migration. See Note 5 to the Condensed Interim Consolidated Financial Statements for additional information.

TABLE 10
IMPAIRED LOANS

In thousands of dollars, except percentage amounts (Unaudited)		As at April 30, 2024		As at October 31, 2023
Gross impaired loans (GIL)				
Personal	**$**	**13,589**	$	18,906
Residential mortgages		**41,972**		41,896
Commercial		**248,030**		167,229
	$	**303,591**	$	228,031
Allowances for loan losses on impaired loans (Stage 3)				
Personal	**$**	**(4,546)**	$	(7,063)
Residential mortgages		**(2,098)**		(2,072)
Commercial		**(64,764)**		(49,556)
	$	**(71,408)**	$	(58,691)
Net impaired loans				
Personal	**$**	**9,043**	$	11,843
Residential mortgages		**39,874**		39,824
Commercial		**183,266**		117,673
	$	**232,183**	$	169,340
Impaired loans as a % of loans and acceptances				
Gross		**0.84 %**		0.62 %
Net		**0.64 %**		0.46 %

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 the interest rate risk in the banking book (IRRBB), which corresponds to the potential impact of interest rate movements on the Bank's net interest income (NII) and economic value of equity (EVE). Dynamic management of IRRBB is intended to enhance the Bank's profitability by maximizing NII and EVE, while considering the risk appetite established by the Board.

The table below provides a measure of the sensitivity to changes in interest rates of the Bank as at April 30, 2024. 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 11
SENSITIVITY ANALYSIS OF THE INTEREST RATE RISK OF THE BANKING BOOK

In thousands of dollars (Unaudited)		As at April 30, 2024				As at October 31, 2023		
		Effect on NII[1]		**Effect on EVE[2]**		Effect on NII[1]		Effect on EVE[2]
Change in interest rates								
Increase of 100 basis points	**$**	**7,107**	**$**	**(34,117)**	$	(1,373)	$	(36,617)
Decrease of 100 basis points	**$**	**(5,214)**	**$**	**32,937**	$	1,101	$	33,070

(1) Over the next 12 months.

(2) Net of income taxes.

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 retail, strategic partnerships and advisors and brokers. 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 six months ended April 30, 2024.

Regulatory developments concerning liquidity

Proposed changes to the LAR Guideline (2025)
On May 27, 2024, OSFI initiated a 90-day consultation period regarding proposed updates to its LAR Guideline for 2025. The proposed updates include enhancements to intraday liquidity monitoring tools, the introduction of two new monthly regulatory returns for federally regulated financial institutions (FRFIs), and revised treatment of Bankers' Acceptances in funding measurements. These proposed changes aim to improve the assessment of intraday liquidity risks, ensuring banks can meet payment obligations punctually, thereby maintaining market stability and stakeholder trust. The finalized guideline will be published in November 2024, becoming effective on April 1, 2025. The Bank is currently assessing the impact of the proposed changes to the LAR Guideline.

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 Morningstar DBRS (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 April 30, 2024, additional collateral that would be required in the event of a one-to-three-notch rating downgrade was not significant.

On December 15, 2023, the Bank's DBRS long-term issuer rating was downgraded to BBB (high) from A (low), while short term rating was affirmed at R1-low. The outlook is currently negative. The Covered Bonds rating was affirmed at AAA.

Table 12 presents the Bank's credit ratings as established by the rating agencies.

TABLE 12
CREDIT RATINGS
As at April 30, 2024

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

(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 April 30, 2024 and October 31, 2023. Details of contractual maturities and commitments to extend funds are a source of information for the management of liquidity risk and does not represent how the Bank manages its interest rate or its liquidity risk and funding needs. These details form a basis for assessing a behavioural balance sheet with effective maturities to calculate liquidity risk measures.

TABLE 13
CONTRACTUAL MATURITIES OF ASSETS AND LIABILITIES

As at April 30, 2024

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	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 61,787	$ 61,787
Interest-bearing deposits with banks	1,351,735	—	30,000	20,000	—	—	—	101,920	1,503,655
Securities	519,380	512,159	79,945	160,899	805,984	1,483,639	2,102,998	66,381	5,731,385
Securities purchased under reverse repurchase agreements	3,627,752	109,862	—	—	—	—	—	—	3,737,614
Loans[1]									
Personal loans	11,674	7,753	373	381	1,468	5,151	1,097	2,278,743	2,306,640
Residential mortgages	887,428	914,103	831,614	868,439	4,103,918	9,081,490	25,961	91,533	16,804,486
Commercial loans	3,274,521	1,178,346	1,018,182	914,601	2,268,309	2,676,213	1,194,558	4,637,869	17,162,599
Allowances for loan losses	—	—	—	—	—	—	—	(215,802)	(215,802)
	4,173,623	2,100,202	1,850,169	1,783,421	6,373,695	11,762,854	1,221,616	6,792,343	36,057,923
Others	551	182	169	141	415	284	—	1,292,109	1,293,851
Total assets	$9,673,041	$2,722,405	$1,960,283	$1,964,461	$7,180,094	$13,246,777	$3,324,614	$ 8,314,540	$48,386,215
Liabilities and equity									
Deposits									
Personal deposits[1]	$2,906,689	$1,863,273	$1,119,193	$1,692,221	$3,568,118	$ 3,463,120	$ 132,654	$ 6,226,946	20,972,214
Business, banks and other deposits[1]	145,517	88,221	86,698	66,731	60,919	118,089	2,323	1,166,937	1,735,435
Wholesale deposits	624,205	47,855	4,198	367,400	344,003	—	—	—	1,387,661
Covered bonds	—	—	—	—	—	509,213	—	—	509,213
	3,676,411	1,999,349	1,210,089	2,126,352	3,973,040	4,090,422	134,977	7,393,883	24,604,523
Obligations related to securities sold short[2]	535,134	105,837	—	36,455	229,164	463,419	1,151,757	268	2,522,034
Obligations related to securities sold under repurchase agreements	3,095,936	—	—	—	—	—	—	—	3,095,936
Other liabilities	3,622	3,600	3,582	3,588	27,064	23,328	52,802	1,817,097	1,934,683
Debt related to securitization activities[3]	583,042	460,049	714,594	426,848	2,898,550	6,572,577	1,498,405	—	13,154,065
Subordinated debt	—	—	—	—	—	330,216	—	—	330,216
Shareholders' equity	—	—	—	—	—	—	—	2,744,758	2,744,758
Total liabilities and equity	$7,894,145	$2,568,835	$1,928,265	$2,593,243	$7,127,818	$11,479,962	$2,837,941	$11,956,006	$48,386,215

(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, 2023

In thousands of dollars (Unaudited)	Term								Total
	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	
Assets									
Cash and non-interest-bearing deposits with banks	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 69,438	$ 69,438
Interest-bearing deposits with banks	1,136,116	—	—	—	—	—	—	114,711	1,250,827
Securities	488,182	277,940	229,766	341,303	786,012	1,730,586	2,087,348	75,290	6,016,427
Securities purchased under reverse repurchase agreements	3,796,969	289,201	—	—	—	—	—	—	4,086,170
Loans[1]									
Personal loans	18,568	15,440	2,778	1,188	1,719	5,821	395	2,525,838	2,571,747
Residential mortgages	535,069	646,605	819,217	834,109	3,777,361	9,943,506	54,156	98,786	16,708,809
Commercial loans	2,485,849	1,367,447	1,176,390	1,106,131	2,938,292	2,758,546	1,371,657	4,574,482	17,778,794
Customers' liabilities under acceptances	15,000	—	—	—	—	—	—	—	15,000
Allowances for loan losses	—	—	—	—	—	—	—	(205,957)	(205,957)
	3,054,486	2,029,492	1,998,385	1,941,428	6,717,372	12,707,873	1,426,208	6,993,149	36,868,393
Others[2]	4,551	295	459	230	430	373	—	1,595,145	1,601,483
Total assets	$ 8,480,304	$2,596,928	$2,228,610	$2,282,961	$7,503,814	$14,438,832	$3,513,556	$ 8,847,733	$49,892,738
Liabilities and equity									
Deposits									
Personal deposits[1]	$ 1,389,844	$1,729,378	$2,890,301	$1,874,815	$3,375,884	$ 3,610,708	$ 98,143	$ 7,324,967	$22,294,040
Business, banks and other deposits[1]	96,364	125,553	134,807	90,751	84,276	119,368	2,032	1,163,351	1,816,502
Wholesale deposits	267,893	23,000	351,808	46,380	679,036	—	—	—	1,368,117
Covered bonds	—	—	—	—	—	548,219	—	—	548,219
	1,754,101	1,877,931	3,376,916	2,011,946	4,139,196	4,278,295	100,175	8,488,318	26,026,878
Obligations related to securities sold short[3]	98,822	31,036	6,227	93,361	432,472	819,360	1,097,640	5,153	2,584,071
Obligations related to securities sold under repurchase agreements	3,118,708	—	—	—	—	—	—	—	3,118,708
Other liabilities	18,552	3,613	3,548	3,544	27,476	23,287	58,009	1,975,882	2,113,911
Debt related to securitization activities[4]	200,423	228,606	650,769	528,668	2,727,807	6,956,349	1,560,763	—	12,853,385
Subordinated debt	—	—	—	—	—	337,680	—	—	337,680
Shareholders' equity[2]	—	—	—	—	—	—	—	2,858,105	2,858,105
Total liabilities and equity	$ 5,190,606	$2,141,186	$4,037,460	$2,637,519	$7,326,951	$12,414,971	$2,816,587	$13,327,458	$49,892,738

(1) Amounts collectible on demand are considered to have no specific maturity.
(2) Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, *Insurance contracts*, which required restatement of the Bank's 2023 comparative information and financial measures. Refer to Note 2 in the Condensed Interim Consolidated Financial Statements for further information.
(3) Amounts are disclosed according to the remaining contractual maturity of the underlying security.
(4) Personal loan securitization cash flows are based on a behavioural prepayment model.

ADDITIONAL FINANCIAL INFORMATION - QUARTERLY RESULTS

TABLE 14

ADDITIONAL FINANCIAL INFORMATION - QUARTERLY RESULTS

In thousands of dollars, except per share amounts (Unaudited)	**April 30, 2024**	January 31, 2024	October 31, 2023	July 31, 2023	April 30, 2023	January 31, 2023	October 31, 2022	July 31, 2022
Net interest income	**$ 179,611**	$ 185,254	$ 182,896	$ 192,126	$ 184,185	$ 187,116	$ 183,824	$ 188,504
Other income	**72,983**	73,087	64,549	68,704	72,982	72,952	73,318	71,448
Total revenue	**252,594**	258,341	247,445	260,830	257,167	260,068	257,142	259,952
Provision for credit losses	**17,931**	16,898	16,669	13,337	16,169	15,432	17,849	16,629
Non-interest expenses	**386,341**	197,834	197,281	190,062	182,472	183,675	174,147	177,479
Income (loss) before income taxes	**(151,678)**	43,609	33,495	57,431	58,526	60,961	65,146	65,844
Income taxes (recovery)	**(34,131)**	6,326	2,872	8,168	9,235	9,051	9,496	9,978
Net income (loss)	**$ (117,547)**	$ 37,283	$ 30,623	$ 49,263	$ 49,291	$ 51,910	$ 55,650	$ 55,866
Earnings (loss) per share								
Basic	**$ (2.72)**	$ 0.75	$ 0.67	$ 1.03	$ 1.11	$ 1.09	$ 1.26	$ 1.19
Diluted	**$ (2.71)**	$ 0.75	$ 0.67	$ 1.03	$ 1.11	$ 1.09	$ 1.26	$ 1.18

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 second quarter ended April 30, 2024, 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 2023 Annual Consolidated Financial Statements. The Condensed Interim Consolidated Financial Statements for the second quarter ended April 30, 2024 have been prepared in accordance with these accounting policies, except for the changes described in Note 2.1 to these consolidated financial statements and below which have been applied since November 1, 2023.

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 2023 Annual Report, as well as to Notes 2 and 3 to the 2023 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 recent macro-economic developments, including high inflation and interest rate increases, have amplified uncertainty on the assumptions used by management in making its judgments and estimates. The comprehensive impact that 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 2023 Annual Report, as well as to Notes 2 and 3 to the 2023 Annual Consolidated Financial Statements.

GOODWILL, OTHER INTANGIBLE ASSETS AND OTHER LONG-LIVED ASSETS

Goodwill was nil as at April 30, 2024, compared with $84.8 million as at October 31, 2023. Goodwill is subject to an impairment test at least annually or when indicators of potential impairment are identified for the Bank's assets, as described in Note 3 to the 2023 Annual Consolidated Financial Statements.

For the purpose of impairment testing, goodwill is allocated to the Bank's cash generating units (CGUs), which represent the lowest level within the Bank at which goodwill is monitored for internal management purposes.

Goodwill as at October 31, 2023 was allocated to the previous Commercial Banking CGU. As of November 1, 2023, the CGUs and operating segments of the Bank have been modified to align with the Bank's operating model which was revised shortly after new executive appointments, resulting in the previous Personal Banking and Commercial Banking segments being combined and now forming the Personal and Commercial Banking (P&C) operating segment. This operating segment also represents a CGU for the Bank. Refer to

Notes 7 and 17 to the Consolidated Financial Statements for further details. Following this modification, goodwill was allocated to the P&C Banking CGU, which provides a broad range of financial services and advice-based solutions for personal and commercial banking customers across Canada and the United States.

Impairment

The Bank tests goodwill for impairment on an annual basis and whenever there are events or changes in circumstances which indicate that the carrying amount of a CGU may not be recoverable. Software and other intangible assets are also tested for impairment when there are indicators of impairment, except for assets under development which are tested for impairment annually. Since software and other intangible assets do not generate cash flows that are largely independent from other assets or group of assets, they are tested for impairment at the CGU level.

The impairment test compares the recoverable amount of the CGU to its carrying amount. If the recoverable amount is less than the carrying value, an impairment loss is charged to income. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other non-financial assets of the CGU pro rata to the carrying amount of each asset considering that the carrying amount of an asset cannot be reduced below its fair value less costs of disposal.

In April 2024, indicators of potential impairment were identified for the Bank's P&C Banking segment assets as a result of a sustained lower share price than book value per share and of the recent decline in assets and deposits volume, combined with the Bank's strategic decision to suspend the AIRB project and to focus on the priorities of its revamped strategic plan. This led management to perform an impairment test for the P&C Banking CGU as at April 30, 2024.

Management used several significant estimates to determine the recoverable amount of the P&C Banking CGU for the impairment test as at April 30, 2024, including projected net income growth rates, future cash flows and the discount rate of future cash flows. The recoverable amount of the P&C Banking CGU was estimated using a fair value less costs of disposal approach, measured using a present value technique based on the Bank's five-year business plan and projected investments. Forecasted cash flows were discounted at an after-tax rate of 10.3% in April 2024 (10.0% in October 2023). Management considers that these estimates are reasonable and reflect management's best estimates, but include inherent uncertainties that are not under its control. Reasonably possible changes in estimates and assumptions could significantly impact the impairment test results.

As a result of the impairment test, the estimated recoverable amount of the P&C Banking CGU was below its carrying amount and the Bank recorded an impairment charge totalling $155.9 million on the Impairment and restructuring charges line item, which relates to the impairment of goodwill for an amount of $83.9 million, of software and intangible assets for $66.2 million and of premises and equipment for $5.8 million. The allocation of the impairment loss to the assets of the P&C Banking segment, other than goodwill, was done based on the relative carrying amount of these assets. The impairment loss allocated to each asset did not reduce the carrying amount of assets below the greater of their fair value less costs of disposal, their value in use or zero. The fair value was mainly estimated using a depreciated replacement costs approach.

Management also periodically reviews the utilization of the Bank's assets, such as its software and other intangible assets and premises and equipment. In the second quarter of 2024, an impairment charge of intangible assets of $23.3 million was recorded on the Impairment and restructuring charges line item relating to the Bank's strategic decision to suspend the AIRB project.

In addition, indicators of impairment were identified as at April 30, 2024 related to management's plan to reduce the Bank's leased corporate office premises in Toronto. The Bank compared the carrying value of its right-of-use assets to their recoverable amount, which is determined using a value in use approach based on the expected sublease terms over the remainder of the headlease. These terms notably include base rent recovery and variable rent recovery, as well as the expected absorption period. Impairment of premises and equipment amounting to $13.8 million in the second quarter of 2024 was recorded on the Impairment and restructuring charges line item.

Refer to Notes 7 and 17 to the Condensed Interim Consolidated Financial Statements for additional information.

CURRENT AND FUTURE CHANGES TO ACCOUNTING POLICIES

Current changes to accounting policies

The following accounting standards and amendments to accounting standards have been adopted by the Bank since November 1, 2023.

Adoption of IFRS 17, Insurance Contracts
Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, *Insurance contracts* (IFRS 17), which replaces the IFRS 4 standard addressing insurance contracts. The adoption of IFRS 17 required a restatement of the Bank's 2023 comparative information and financial measures and resulted in an increase in other assets and a decrease in retained earnings of $0.7 million as at November 1, 2022 and October 31, 2023. The adoption of IFRS 17 had no material impact on the consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of cash flows for the fiscal year ended October 31, 2023, and a non-meaningful impact on financial measures previously disclosed. For additional details on this accounting policy change, refer to Note 2 to the Condensed Interim Consolidated Financial Statements.

International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)
In May 2023, the IASB issued International Tax Reform— Pillar Two Model Rules, which amended IAS 12 *Income taxes*. The amendments provide temporary relief for entities from having to account for deferred taxes arising from the implementation of the Pillar Two model Rules Published by the Organisation for Economic Co-operation and Development (OECD).

The amendments introduce: 1) a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Global Anti-Base Erosion Model (GloBE) rules; and 2) targeted disclosure requirements for affected companies to help users of the financial statements better understand a company's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

In 2023, the Bank has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

During the second quarter of 2024, Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Bank and its entities operate. This legislation will be effective for the Bank's fiscal year beginning on November 1, 2024. The Bank is still in the process of assessing its potential exposure to Pillar Two income taxes.

Future changes to accounting policies

The International Accounting Standards Board (IASB) has issued new standards on the presentation and disclosure in financial statements which were not yet effective. These future accounting changes will be applicable for the Bank in various annual periods beginning on November 1, 2027.

Additional information on the new standards and amendments to existing standards can be found in Note 3 to the Condensed Interim Consolidated Financial Statements as at and for the period ended April 30, 2024.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which sets out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces the previous presentation standard, IAS 1, Presentation of Financial Statements. This new standard applies to annual reporting periods beginning on or after January 1, 2027, which will be November 1, 2027 for the Bank.

IFRS 18 is a new standard on presentation and disclosure in financial statements, with a focus on updates to the income statement and introduces three new concepts that relate to the structure of the statement of income, the required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Bank is currently assessing the impact of the adoption of this standard on its Consolidated Financial Statements.

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.

Economic value of equity (EVE) represents the present value of the Bank's net assets.

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 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.

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.

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

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

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.

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 to 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, less a deduction for goodwill, software and other intangibles, net pension assets, cash flow hedge reserve 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.

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

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.

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

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.

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 PERIOD ENDED APRIL 30, 2024

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET[1]

In thousands of Canadian dollars (Unaudited)	Notes	As at April 30, 2024	As at October 31, 2023
Assets			
Cash and non-interest bearing deposits with banks		**$ 61,787**	$ 69,438
Interest-bearing deposits with banks		**1,503,655**	1,250,827
Securities	**4 and 6**		
At amortized cost		**2,993,706**	2,995,177
At fair value through profit or loss (FVTPL)		**2,654,287**	2,970,860
At fair value through other comprehensive income (FVOCI)		**83,392**	50,390
		5,731,385	6,016,427
Securities purchased under reverse repurchase agreements		**3,737,614**	4,086,170
Loans	**5 and 6**		
Personal		**2,306,640**	2,571,747
Residential mortgage		**16,804,486**	16,708,809
Commercial		**17,162,599**	17,778,794
Customers' liabilities under acceptances		**—**	15,000
		36,273,725	37,074,350
Allowances for loan losses		**(215,802)**	(205,957)
		36,057,923	36,868,393
Other			
Derivatives		**253,156**	325,219
Premises and equipment	**7**	**86,731**	113,340
Goodwill	**7**	**—**	84,755
Software and other intangible assets	**7**	**186,587**	282,831
Deferred tax assets		**166,546**	119,085
Other assets		**600,831**	676,253
		1,293,851	1,601,483
		$ 48,386,215	$ 49,892,738
Liabilities and shareholders' equity			
Deposits	**8**		
Personal		**$ 20,972,214**	$ 22,294,040
Business, banks and other		**3,632,309**	3,732,838
		24,604,523	26,026,878
Other			
Obligations related to securities sold short		**2,522,034**	2,584,071
Obligations related to securities sold under repurchase agreements		**3,095,936**	3,118,708
Acceptances		**—**	15,000
Derivatives		**519,397**	738,041
Deferred tax liabilities		**57,699**	72,344
Other liabilities		**1,357,587**	1,288,526
		7,552,653	7,816,690
Debt related to securitization activities	**6**	**13,154,065**	12,853,385
Subordinated debt		**330,216**	337,680
Shareholders' equity			
Preferred shares	**9**	**122,071**	122,071
Limited recourse capital notes	**9**	**123,487**	123,487
Common shares	**9**	**1,182,447**	1,177,827
Retained earnings		**1,279,280**	1,405,800
Accumulated other comprehensive income		**30,974**	22,868
Share-based compensation reserve	**10**	**6,499**	6,052
		2,744,758	2,858,105
		$ 48,386,215	$ 49,892,738

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

(1) Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, *Insurance contracts*, which required restatement of the Bank's 2023 comparative information. Refer to Note 2 for further information.

CONSOLIDATED STATEMENT OF INCOME

In thousands of Canadian dollars, except per share amounts (Unaudited)	Notes	For the three months ended April 30, 2024	January 31, 2024	April 30, 2023	For the six months ended April 30, 2024	April 30, 2023
Interest and dividend income	14					
Loans		**$ 530,483**	$ 543,764	$ 513,819	**$ 1,074,247**	$ 1,009,199
Securities		**28,292**	27,951	22,360	**56,243**	45,058
Deposits with banks		**14,448**	16,520	15,548	**30,968**	30,874
Other		**2,016**	9,068	3,886	**11,084**	10,114
		575,239	597,303	555,613	**1,172,542**	1,095,245
Interest expense	14					
Deposits		**255,584**	267,595	233,547	**523,179**	452,681
Debt related to securitization activities		**91,233**	90,260	75,766	**181,493**	148,456
Subordinated debt		**4,480**	4,585	4,442	**9,065**	9,033
Other, including derivatives		**44,331**	49,609	57,673	**93,940**	113,774
		395,628	412,049	371,428	**807,677**	723,944
Net interest income		**179,611**	185,254	184,185	**364,865**	371,301
Other income						
Lending fees		**13,271**	14,142	16,734	**27,413**	33,077
Income from mutual funds		**10,062**	10,007	10,970	**20,069**	22,046
Fees and securities brokerage commissions		**11,029**	10,393	10,889	**21,422**	21,643
Card service revenues		**6,758**	8,875	7,636	**15,633**	16,082
Income from financial instruments	14	**15,467**	12,201	9,070	**27,668**	16,298
Service charges		**6,954**	6,871	7,256	**13,825**	14,103
Fees on investment accounts		**2,807**	3,055	3,317	**5,862**	6,577
Insurance income, net		**1,528**	1,896	1,751	**3,424**	3,831
Other		**5,107**	5,647	5,359	**10,754**	12,277
		72,983	73,087	72,982	**146,070**	145,934
Total revenue		**252,594**	258,341	257,167	**510,935**	517,235
Provision for credit losses	5	**17,931**	16,898	16,169	**34,829**	31,601
Non-interest expenses						
Salaries and employee benefits	10 and 11	**99,471**	102,460	100,732	**201,931**	204,618
Premises and technology		**50,136**	52,086	48,561	**102,222**	95,615
Other		**39,969**	37,212	33,179	**77,181**	65,914
Impairment and restructuring charges	16	**196,765**	6,076	—	**202,841**	—
		386,341	197,834	182,472	**584,175**	366,147
Income (loss) before income taxes		**(151,678)**	43,609	58,526	**(108,069)**	119,487
Income taxes (recovery)		**(34,131)**	6,326	9,235	**(27,805)**	18,286
Net income (loss)		**$ (117,547)**	$ 37,283	$ 49,291	**$ (80,264)**	$ 101,201
Preferred share dividends and limited recourse capital note interest	9	**1,288**	4,601	1,288	**5,889**	5,889
Net income (loss) available to common shareholders		**$ (118,835)**	$ 32,682	$ 48,003	**$ (86,153)**	$ 95,312
Earnings (loss) per share	12					
Basic		**$ (2.72)**	$ 0.75	$ 1.11	**$ (1.97)**	$ 2.20
Diluted		**$ (2.71)**	$ 0.75	$ 1.11	**$ (1.97)**	$ 2.20
Dividends per common share		**$ 0.47**	$ 0.47	$ 0.46	**$ 0.94**	$ 0.92

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 April 30, 2024	For the three months ended January 31, 2024	For the three months ended April 30, 2023	For the six months ended April 30, 2024	For the six months ended April 30, 2023
Net income (loss)	**$ (117,547)**	$ 37,283	$ 49,291	**$ (80,264)**	$ 101,201
Other comprehensive income (loss), 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	**(9)**	256	(72)	**247**	82
Reclassification of net (gains) losses on debt securities at FVOCI to net income	**(16)**	(29)	321	**(45)**	304
	(25)	227	249	**202**	386
Net change in value of derivatives designated as cash flow hedges	**(16,395)**	29,215	(732)	**12,820**	9,984
Net foreign currency translation adjustments					
Net unrealized foreign currency translation gains (losses) on investments in foreign operations	**28,693**	(38,020)	20,936	**(9,327)**	(6,030)
Net gains (losses) on hedges of investments in foreign operations	**(18,093)**	22,504	(11,639)	**4,411**	1,825
	10,600	(15,516)	9,297	**(4,916)**	(4,205)
	(5,820)	13,926	8,814	**8,106**	6,165
Items that may not subsequently be reclassified to the Consolidated Statement of Income					
Remeasurement gains (losses) on employee benefit plans	**1,161**	(612)	(1,393)	**549**	(2,227)
Net gains (losses) on equity securities designated at FVOCI	**(140)**	293	(1,294)	**153**	(1,220)
	1,021	(319)	(2,687)	**702**	(3,447)
Total other comprehensive income (loss), net of income taxes	**(4,799)**	13,607	6,127	**8,808**	2,718
Comprehensive income (loss)	**$ (122,346)**	$ 50,890	$ 55,418	**$ (71,456)**	$ 103,919

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 April 30, 2024	For the three months ended January 31, 2024	For the three months ended April 30, 2023	For the six months ended April 30, 2024	For the six months ended April 30, 2023
Net change in debt securities at FVOCI					
Unrealized net gains (losses) on debt securities at FVOCI	**$ (3)**	$ 92	$ (25)	**$ 89**	$ 30
Reclassification of net (gains) losses on debt securities at FVOCI to net income	**(6)**	(10)	115	**(16)**	109
	(9)	82	90	**73**	139
Net change in value of derivatives designated as cash flow hedges	**(5,903)**	10,519	(263)	**4,616**	3,595
Net foreign currency translation adjustments					
Net gains (losses) on hedges of investments in foreign operations	**—**	(98)	126	**(98)**	(211)
Remeasurement gains (losses) on employee benefit plans	**419**	(221)	(502)	**198**	(802)
Net gains (losses) on equity securities designated at FVOCI	**(51)**	106	(467)	**55**	(440)
	$ (5,544)	$ 10,388	$ (1,016)	**$ 4,844**	$ 2,281

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended April 30, 2024

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, 2023[1]	$ 122,071	$ 123,487	$ 1,177,827	$ 1,405,800	$ (265)	$ (3,680)	$ 26,813	$ 22,868	$ 6,052	$ 2,858,105
Net loss				(80,264)						(80,264)
Other comprehensive income (loss), net of income taxes										
Unrealized net gains on debt securities at FVOCI					247			247		247
Reclassification of net gains on debt securities at FVOCI to net income					(45)			(45)		(45)
Net change in value of derivatives designated as cash flow hedges						12,820		12,820		12,820
Net unrealized foreign currency translation losses on investments in foreign operations							(9,327)	(9,327)		(9,327)
Net gains on hedges of investments in foreign operations							4,411	4,411		4,411
Remeasurement gains on employee benefit plans				549						549
Net gains on equity securities designated at FVOCI				153						153
Comprehensive income (loss)				(79,562)	202	12,820	(4,916)	8,106		(71,456)
Issuance of common shares			4,620							4,620
Share-based compensation									447	447
Dividends and other										
Preferred shares and limited recourse capital notes				(5,889)						(5,889)
Common shares				(41,069)						(41,069)
Balance as at April 30, 2024	$ 122,071	$ 123,487	$ 1,182,447	$ 1,279,280	$ (63)	$ 9,140	$ 21,897	$ 30,974	$ 6,499	$ 2,744,758

The accompanying notes are an integral part of the Condensed Interim Consolidated Financial Statements.
(1) Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, Insurance contracts, which required restatement of the Bank's 2023 comparative information. Refer to Note 2 for further information.

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

For the six months ended April 30, 2023

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, 2022	$ 122,071	$ 122,332	$ 1,167,549	$ 1,322,381	$ (622)	$ 22,607	$ 20,060	$ 42,045	$ 4,725	$ 2,781,103
Impact of adoption of IFRS 17[1]				(715)						(715)
Balance as at November 1, 2022	122,071	122,332	1,167,549	1,321,666	(622)	22,607	20,060	42,045	4,725	2,780,388
Net income				101,201						101,201
Other comprehensive income (loss), net of income taxes										
Unrealized net gains on debt securities at FVOCI					82			82		82
Reclassification of net losses on debt securities at FVOCI to net income					304			304		304
Net change in value of derivatives designated as cash flow hedges						9,984		9,984		9,984
Net unrealized foreign currency translation losses on investments in foreign operations							(6,030)	(6,030)		(6,030)
Net gains on hedges of investments in foreign operations							1,825	1,825		1,825
Remeasurement losses on employee benefit plans				(2,227)						(2,227)
Net losses on equity securities designated at FVOCI				(1,220)						(1,220)
Comprehensive income				97,754	386	9,984	(4,205)	6,165		103,919
Net sale of treasury limited recourse capital notes		1,184		(112)						1,072
Issuance of common shares			4,720							4,720
Share-based compensation									969	969
Dividends and other										
Preferred shares and limited recourse capital notes				(5,889)						(5,889)
Common shares				(39,901)						(39,901)
Balance as at April 30, 2023	$ 122,071	$ 123,516	$ 1,172,269	$ 1,373,518	$ (236)	$ 32,591	$ 15,855	$ 48,210	$ 5,694	$ 2,845,278

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

(1) Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, Insurance contracts, which required restatement of the Bank's 2023 comparative information. Refer to Note 2 for further information.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of Canadian dollars (Unaudited)	Notes	For the three months ended April 30, 2024	January 31, 2024	April 30, 2023	For the six months ended April 30, 2024	April 30, 2023
Cash flows relating to operating activities						
Net income (loss)		**$ (117,547)**	$ 37,283	$ 49,291	**$ (80,264)**	$ 101,201
Adjustments to determine net cash flows relating to operating activities:						
Provision for credit losses	5	**17,931**	16,898	16,169	**34,829**	31,601
Deferred income taxes		**(52,523)**	(14,489)	(8,269)	**(67,012)**	(16,877)
Impairment of goodwill, software, intangible assets and premises and equipment	7	**193,096**	416	59	**193,512**	83
Depreciation of premises and equipment		**4,555**	4,608	4,648	**9,163**	9,156
Amortization of software and other intangible assets		**11,332**	11,486	9,864	**22,818**	19,700
Change in operating assets and liabilities:						
Loans		**415,318**	362,597	(261,662)	**777,915**	(339,561)
Acceptances		**—**	(15,000)	(2,585)	**(15,000)**	(99,800)
Securities at FVTPL		**(24,196)**	340,769	83,905	**316,573**	(49,684)
Securities purchased under reverse repurchase agreements		**(394,601)**	743,157	(441,298)	**348,556**	(655,057)
Accrued interest receivable and payable		**45,089**	75,278	20,285	**120,367**	36,420
Derivatives		**123,324**	(269,905)	24,436	**(146,581)**	(269,831)
Deposits		**(463,572)**	(958,783)	(1,034,343)	**(1,422,355)**	(613,668)
Obligations related to securities sold short		**611,419**	(673,456)	(200,935)	**(62,037)**	124,188
Obligations related to securities sold under repurchase agreements		**(166,141)**	143,369	886,149	**(22,772)**	284,606
Debt related to securitization activities		**307,668**	(6,988)	524,873	**300,680**	452,046
Other, net		**(9,419)**	52,866	22,685	**43,447**	(85)
		501,733	(149,894)	(306,728)	**351,839**	(985,562)
Cash flows relating to financing activities						
Payment of lease liabilities		**(4,464)**	(4,394)	(4,244)	**(8,858)**	(8,374)
Purchase of subordinated debt		**(1,690)**	(5,963)	2,497	**(7,653)**	1,879
Net sale of treasury limited recourse capital notes	9	**—**	—	209	**—**	1,072
Net proceeds from issuance of common shares	9	**(4)**	(12)	24	**(16)**	18
Dividends and other distributions		**(19,516)**	(22,806)	(18,988)	**(42,322)**	(41,089)
		(25,674)	(33,175)	(20,502)	**(58,849)**	(46,494)
Cash flows relating to investing activities						
Change in securities at amortized cost						
Acquisitions		**(337,568)**	(778,330)	(664,074)	**(1,115,898)**	(1,588,604)
Proceeds on sale and at maturity		**738,718**	378,868	592,483	**1,117,586**	1,710,117
Change in securities at FVOCI						
Acquisitions		**(57,757)**	(128,550)	(180,690)	**(186,307)**	(299,652)
Proceeds on sale and at maturity		**62,574**	91,251	227,458	**153,825**	407,491
Additions to premises and equipment and software and other intangible assets		**(9,463)**	(7,667)	(8,716)	**(17,130)**	(18,791)
Change in interest-bearing deposits with banks		**(878,104)**	625,276	347,378	**(252,828)**	792,577
		(481,600)	180,848	313,839	**(300,752)**	1,003,138
Effect of exchange rate changes on cash and non-interest-bearing deposits with banks		**2,437**	(2,326)	1,672	**111**	1,143
Net change in cash and non-interest bearing deposits with banks		**(3,104)**	(4,547)	(11,719)	**(7,651)**	(27,775)
Cash and non-interest bearing deposits with banks at beginning of period		**64,891**	69,438	63,646	**69,438**	79,702
Cash and non-interest bearing deposits with banks at end of period		**$ 61,787**	$ 64,891	$ 51,927	**$ 61,787**	$ 51,927
Supplemental disclosure about cash flows relating to operating activities:						
Interest paid during the period		**$ 334,039**	$ 366,577	$ 322,562	**$ 700,616**	$ 627,519
Interest received during the period		**$ 568,306**	$ 603,672	$ 541,798	**$ 1,171,978**	$ 1,057,061
Dividends received during the period		**$ 850**	$ 1,513	$ 1,277	**$ 2,363**	$ 3,452
Income taxes paid during the period		**$ 22,487**	$ 10,449	$ 23,768	**$ 32,936**	$ 55,862

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 April 30, 2024 were approved for issuance by the Board of Directors on May 30, 2024.

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* and the requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI).

These Condensed Interim Consolidated Financial Statements should be read in conjunction with the Annual Consolidated Financial Statements for the year ended October 31, 2023 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, except for the changes described below in Note 2.1 to these consolidated financial statements, which have been applied since November 1, 2023. Comparative figures have been reclassified to conform to the current year presentation.

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, 2023.

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 CURRENT ACCOUNTING POLICY CHANGES

IFRS 17, Insurance Contracts

Effective November 1, 2023, the Bank retrospectively adopted IFRS 17, *Insurance contracts* (IFRS 17), which replaces the IFRS 4 standard addressing insurance contracts. The adoption of IFRS 17 required a restatement of the Bank's 2023 comparative information and financial measures and resulted in an increase in other assets and a decrease in retained earnings of $0.7 million as at November 1, 2022 and October 31, 2023 respectively. The adoption of IFRS 17 had no material impact on the consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of cash flows for the fiscal year ended October 31, 2023, as well as on financial measures previously disclosed.

a) Policy applicable from November 1, 2023

Under IFRS 17, an insurance contract is a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policy holder. The Bank identified reinsurance contracts issued as well as reinsurance agreements held by one of its subsidiaries.

On the insurance contract commencement date, a liability for remaining coverage is determined using the premium allocation approach (PAA), which is an optional simplified form of measuring an eligible group of insurance contracts issued, reinsurance contracts issued or reinsurance contracts held. The Bank qualified for using the PAA for its insurance contracts as one of the following conditions were met:

- The coverage period of each contract in the group is one year or less; or
- The Bank reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the measurement that would be produced applying the requirements for the general model.

After initial recognition, the liability for remaining coverage is recognized over the coverage period on the basis of the passage of time. The Bank presents the insurance liabilities in Other liabilities in the Consolidated Balance Sheet and the insurance revenues and insurance service expenses in Other Income under Insurance income, net.

b) Policy applicable before November 1, 2023
Insurance premiums are recognized as revenue, net of reinsurance, over the terms of the underlying policies. Insurance claims and changes in policy holder benefit estimates are recorded as incurred. These activities are presented in other income under Insurance income, net.

International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)

In May 2023, the IASB issued International Tax Reform— Pillar Two Model Rules, which amended IAS 12 *Income taxes*. The amendments provide temporary relief for entities from having to account for deferred taxes arising from the implementation of the Pillar Two model Rules Published by the Organisation for Economic Co-operation and Development (OECD).

The amendments introduce: 1) a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Global Anti-Base Erosion Model (GloBE) rules; and 2) targeted disclosure requirements for affected companies to help users of the financial statements better understand a company's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

In 2023, the Bank has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

During the second quarter of 2024, Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Bank and its entities operate. This legislation will be effective for the Bank's fiscal year beginning on November 1, 2024. The Bank is still in the process of assessing its potential exposure to Pillar Two income taxes.

2.2 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, 2023 as follows:

Fair value of financial instruments	Notes 3 and 21	Post-employment benefits	Notes 3 and 17
Allowances for credit losses	Notes 3 and 6	Income taxes	Notes 3 and 18
Goodwill and other intangible assets	Notes 3 and 9	Provisions and contingent liabilities	Notes 3 and 26

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 recent macro-economic developments, including high inflation and interest rate increases, have amplified uncertainty on the assumptions used by management in making its judgments and estimates. The comprehensive impact that recent macro-economic developments will have on the Canadian and U.S. economies and the Bank's business remain uncertain and difficult to predict.

2.3 IBOR REFORM

The transition from Interbank Offered Rates ("IBORs") to alternative benchmark interest rates is a global initiative that impacts financial instruments referencing IBOR rates around the world, including in Canada. In May 2022, Refinitiv Benchmark Services (UK) Limited (RBSL), the administrator 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.

For additional information on the IBOR Reform and financial assets and liabilities indexed at CDOR that will mature after June 28, 2024, see Note 2 to the Annual Consolidated Financial Statements for the year ended October 31, 2023.

3. FUTURE ACCOUNTING POLICY CHANGES

This section summarizes new standards and amendments to existing standards which have been issued but are not yet effective.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which sets out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces the previous presentation standard, IAS 1, *Presentation of Financial Statements*. This new standard applies to annual reporting periods beginning on or after January 1, 2027, which will be November 1, 2027 for the Bank.

IFRS 18 is a new standard on presentation and disclosure in financial statements, with a focus on updates to the income statement and introduces three new concepts that relate to the structure of the statement of income, the required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Bank is currently assessing the impact of the adoption of this standard on its Consolidated Financial Statements.

4. SECURITIES

Credit quality

As at April 30, 2024, 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 April 30, 2024, allowances for credit losses amounted to $0.3 million ($0.3 million as at October 31, 2023) for debt securities at amortized cost while no allowances for credit losses were reported in accumulated other comprehensive income for debt securities at FVOCI (nil as at October 31, 2023).

Securities at amortized cost[1]

	As at April 30, 2024	As at October 31, 2023
Securities issued or guaranteed		
by Canada[2]	$ 935,291	$ 1,098,545
by provinces	1,687,483	1,565,095
by municipalities	69,210	60,460
Other debt securities	301,722	271,077
	$ 2,993,706	$ 2,995,177

(1) The Bank applies fair value hedge accounting to hedge its exposure to interest rate risk and changes in fair value of its securities at amortized cost. The carrying value of securities that are part of fair value hedging relationships are adjusted for related gains (losses) on hedge contracts.

(2) 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 April 30, 2024				As at October 31, 2023			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Securities issued or guaranteed								
by Canada[1]	$ 48,934	$ 64	$ 26	$ 48,972	$ 14,709	$ 7	$ 61	$ 14,655
by provinces	3,396	21	31	3,386	4,021	—	102	3,919
by municipalities	693	—	10	683	914	—	27	887
Other debt securities	3,727	8	41	3,694	5,060	9	114	4,955
Common shares and other securities	16,986	9,671	—	26,657	16,510	9,464	—	25,974
	$ 73,736	$ 9,764	$ 108	$ 83,392	$ 41,214	$ 9,480	$ 304	$ 50,390

(1) 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 nil for the three months ended April 30, 2024 ($0.8 million for the three months ended January 31, 2024 and $0.6 million for the three months ended April 30, 2023) and $0.8 million for the six months ended April 30, 2024 ($2.2 million for the six months ended April 30, 2023), including a negligible amount for investments that were sold during all such periods.

	For the six months ended	
	April 30, 2024	April 30, 2023
Fair value at beginning of period	$ 25,974	$ 156,000
Change in fair value	208	17,282
Designated at FVOCI	475	793
Sales or redemptions	—	(148,768)
Fair value at end of period	$ 26,657	$ 25,307

5. LOANS AND ALLOWANCES FOR CREDIT LOSSES

As at April 30, 2024 and October 31, 2023, 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, 2023.

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, 2023.

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 April 30, 2024				As at October 31, 2023			
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Personal loans								
Very low risk	$ 1,664,062	$ 312	$ —	$ 1,664,374	$ 1,820,989	$ 44,624	$ —	$ 1,865,613
Low risk	241,136	32,698	—	273,834	264,729	55,121	—	319,850
Medium risk	189,371	157,088	—	346,459	204,277	153,684	—	357,961
High risk	—	8,384	—	8,384	—	9,417	—	9,417
Default	—	—	13,589	13,589	—	—	18,906	18,906
Gross carrying amount	2,094,569	198,482	13,589	2,306,640	2,289,995	262,846	18,906	2,571,747
Allowances for loan losses	7,399	26,599	4,546	38,544	7,233	31,658	7,063	45,954
Net carrying amount	$ 2,087,170	$ 171,883	$ 9,043	$ 2,268,096	$ 2,282,762	$ 231,188	$ 11,843	$ 2,525,793
Residential mortgage loans								
Very low risk	$12,006,751	$ 135	$ —	$12,006,886	$11,972,628	$ —	$ —	$11,972,628
Low risk	2,448,580	18,737	—	2,467,317	2,512,683	15,296	—	2,527,979
Medium risk	1,636,790	521,164	—	2,157,954	1,727,443	346,927	—	2,074,370
High risk	—	130,357	—	130,357	—	91,936	—	91,936
Default	—	—	41,972	41,972	—	—	41,896	41,896
Gross carrying amount	16,092,121	670,393	41,972	16,804,486	16,212,754	454,159	41,896	16,708,809
Allowances for loan losses	5,230	9,347	2,098	16,675	5,721	7,763	2,072	15,556
Net carrying amount	$16,086,891	$ 661,046	$ 39,874	$16,787,811	$16,207,033	$ 446,396	$ 39,824	$16,693,253
Commercial loans[1]								
Very low risk	$ 3,269,778	$ 74,952	$ —	$ 3,344,730	$ 3,657,740	$ 2,106	$ —	$ 3,659,846
Low risk	8,819,041	415,120	—	9,234,161	10,114,411	112,295	—	10,226,706
Medium risk	2,847,953	1,206,749	—	4,054,702	2,511,637	796,532	—	3,308,169
High risk	—	280,976	—	280,976	—	431,844	—	431,844
Default	—	—	248,030	248,030	—	—	167,229	167,229
Gross carrying amount	14,936,772	1,977,797	248,030	17,162,599	16,283,788	1,342,777	167,229	17,793,794
Allowances for loan losses	60,895	34,924	64,764	160,583	60,838	34,053	49,556	144,447
Net carrying amount	$14,875,877	$ 1,942,873	$ 183,266	$17,002,016	$16,222,950	$ 1,308,724	$ 117,673	$17,649,347
Total loans								
Gross carrying amount	$33,123,462	$ 2,846,672	$ 303,591	$36,273,725	$34,786,537	$ 2,059,782	$ 228,031	$37,074,350
Allowances for loan losses	73,524	70,870	71,408	215,802	73,792	73,474	58,691	205,957
Net carrying amount	$33,049,938	$ 2,775,802	$ 232,183	$36,057,923	$34,712,745	$ 1,986,308	$ 169,340	$36,868,393
Off-balance sheet exposures[2]								
Very low risk	$ 1,629,573	$ 2,499	$ —	$ 1,632,072	$ 1,686,556	$ 276	$ —	$ 1,686,832
Low risk	775,545	27,864	—	803,409	903,282	26,496	—	929,778
Medium risk	420,916	77,770	—	498,686	399,034	69,647	—	468,681
High risk	—	14,080	—	14,080	—	14,720	—	14,720
Default	—	—	—	—	—	—	—	—
Total exposure	2,826,034	122,213	—	2,948,247	2,988,872	111,139	—	3,100,011
Allowances for off-balance sheet exposures losses	7,226	2,210	—	9,436	6,596	2,248	—	8,844
Total exposure, net	$ 2,818,808	$ 120,003	$ —	$ 2,938,811	$ 2,982,276	$ 108,891	$ —	$ 3,091,167

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

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 April 30, 2024				For the three months ended April 30, 2023			
	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	**$ 7,577**	**$ 31,196**	**$ 5,044**	**$ 43,817**	$ 10,593	$ 37,021	$ 4,516	$ 52,130
Transfers:								
to Stage 1	**3,996**	**(3,760)**	**(236)**	**—**	3,432	(3,098)	(334)	—
to Stage 2	**(757)**	**1,134**	**(377)**	**—**	(995)	1,376	(381)	—
to Stage 3	**(9)**	**(1,649)**	**1,658**	**—**	(26)	(5,262)	5,288	—
Originations	**242**	**—**	**—**	**242**	311	—	—	311
Derecognitions	**(302)**	**(2,675)**	**(2,177)**	**(5,154)**	(361)	(3,468)	(908)	(4,737)
Net remeasurement of allowances	**(1,797)**	**3,386**	**5,338**	**6,927**	(3,502)	6,086	1,498	4,082
Provision for (reversal of) credit losses	**1,373**	**(3,564)**	**4,206**	**2,015**	(1,141)	(4,366)	5,163	(344)
Write-offs	**—**	**—**	**(5,801)**	**(5,801)**	—	—	(6,183)	(6,183)
Recoveries	**—**	**—**	**1,318**	**1,318**	—	—	2,357	2,357
Foreign exchange and other	**—**	**—**	**(221)**	**(221)**	—	—	(223)	(223)
Balance at end of period	**$ 8,950**	**$ 27,632**	**$ 4,546**	**$ 41,128**	$ 9,452	$ 32,655	$ 5,630	$ 47,737
Total allowances for loan losses	**$ 7,399**	**$ 26,599**	**$ 4,546**	**$ 38,544**	$ 8,423	$ 31,746	$ 5,630	$ 45,799
Total allowances for off-balance sheet exposures	**1,551**	**1,033**	**—**	**2,584**	1,029	909	—	1,938
Total allowances for credit losses	**$ 8,950**	**$ 27,632**	**$ 4,546**	**$ 41,128**	$ 9,452	$ 32,655	$ 5,630	$ 47,737
Residential mortgage loans								
Balance at beginning of period	**$ 6,217**	**$ 9,200**	**$ 1,951**	**$ 17,368**	$ 6,663	$ 6,592	$ 2,212	$ 15,467
Transfers:								
to Stage 1	**1,795**	**(1,734)**	**(61)**	**—**	1,780	(1,523)	(257)	—
to Stage 2	**(548)**	**812**	**(264)**	**—**	(305)	658	(353)	—
to Stage 3	**(32)**	**(492)**	**524**	**—**	(4)	(174)	178	—
Originations	**247**	**—**	**—**	**247**	266	—	—	266
Derecognitions	**(199)**	**(548)**	**(448)**	**(1,195)**	(131)	(144)	(267)	(542)
Net remeasurement of allowances	**(1,517)**	**2,278**	**979**	**1,740**	(2,052)	1,786	775	509
Provision for (reversal of) credit losses	**(254)**	**316**	**730**	**792**	(446)	603	76	233
Write-offs	**—**	**—**	**(287)**	**(287)**	—	—	(453)	(453)
Recoveries	**—**	**—**	**86**	**86**	—	—	257	257
Foreign exchange and other	**—**	**—**	**(382)**	**(382)**	—	—	(382)	(382)
Balance at end of period	**$ 5,963**	**$ 9,516**	**$ 2,098**	**$ 17,577**	$ 6,217	$ 7,195	$ 1,710	$ 15,122
Total allowances for loan losses	**$ 5,230**	**$ 9,347**	**$ 2,098**	**$ 16,675**	$ 5,973	$ 6,925	$ 1,710	$ 14,608
Total allowances for off-balance sheet exposures	**733**	**169**	**—**	**902**	244	270	—	514
Total allowances for credit losses	**$ 5,963**	**$ 9,516**	**$ 2,098**	**$ 17,577**	$ 6,217	$ 7,195	$ 1,710	$ 15,122
Commercial loans								
Balance at beginning of period	**$ 66,796**	**$ 42,372**	**$ 48,122**	**$ 157,290**	$ 63,682	$ 28,474	$ 43,719	$ 135,875
Transfers:								
to Stage 1	**7,890**	**(7,077)**	**(813)**	**—**	5,253	(4,164)	(1,089)	—
to Stage 2	**(4,612)**	**5,364**	**(752)**	**—**	(2,020)	2,118	(98)	—
to Stage 3	**(262)**	**(1,671)**	**1,933**	**—**	(46)	(2,504)	2,550	—
Originations	**5,933**	**—**	**—**	**5,933**	1,131	—	—	1,131
Derecognitions	**(8,522)**	**(9,910)**	**(2,058)**	**(20,490)**	(4,212)	(6,043)	(9,954)	(20,209)
Net remeasurement of allowances	**(1,934)**	**6,630**	**24,985**	**29,681**	3,766	16,183	15,409	35,358
Provision for (reversal of) credit losses	**(1,507)**	**(6,664)**	**23,295**	**15,124**	3,872	5,590	6,818	16,280
Write-offs	**—**	**—**	**(7,710)**	**(7,710)**	—	—	(3,079)	(3,079)
Recoveries	**—**	**—**	**752**	**752**	—	—	240	240
Foreign exchange and other	**548**	**224**	**305**	**1,077**	(2)	(30)	(536)	(568)
Balance at end of period	**$ 65,837**	**$ 35,932**	**$ 64,764**	**$ 166,533**	$ 67,552	$ 34,034	$ 47,162	$ 148,748
Total allowances for loan losses	**$ 60,895**	**$ 34,924**	**$ 64,764**	**$ 160,583**	$ 62,815	$ 32,379	$ 47,162	$ 142,356
Total allowances for off-balance sheet exposures	**4,942**	**1,008**	**—**	**5,950**	4,737	1,655	—	6,392
Total allowances for credit losses	**$ 65,837**	**$ 35,932**	**$ 64,764**	**$ 166,533**	$ 67,552	$ 34,034	$ 47,162	$ 148,748
Total exposure								
Total allowances for loan losses	**$ 73,524**	**$ 70,870**	**$ 71,408**	**$ 215,802**	$ 77,211	$ 71,050	$ 54,502	$ 202,763
Total allowances for off-balance sheet exposures	**7,226**	**2,210**	**—**	**9,436**	6,010	2,834	—	8,844
Total allowances for credit losses	**$ 80,750**	**$ 73,080**	**$ 71,408**	**$ 225,238**	$ 83,221	$ 73,884	$ 54,502	$ 211,607

Year-to-date reconciliation of allowances for credit losses

	For the six months ended April 30, 2024								For the six months ended April 30, 2023							
	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	$	8,298	$	32,758	$	7,063	$	48,119	$	13,173	$	36,862	$	3,476	$	53,511
Transfers:																
to Stage 1		4,487		(4,243)		(244)		—		4,162		(4,020)		(142)		—
to Stage 2		(1,045)		1,660		(615)		—		(2,069)		2,298		(229)		—
to Stage 3		(50)		(1,749)		1,799		—		(213)		(4,598)		4,811		—
Originations		407		—		—		407		429		—		—		429
Derecognitions		(756)		(6,164)		(4,509)		(11,429)		(1,098)		(6,498)		(1,162)		(8,758)
Net remeasurement of allowances		(2,391)		5,370		10,149		13,128		(4,932)		8,611		11,584		15,263
Provision for (reversal of) credit losses		652		(5,126)		6,580		2,106		(3,721)		(4,207)		14,862		6,934
Write-offs		—		—		(11,976)		(11,976)		—		—		(16,552)		(16,552)
Recoveries		—		—		3,321		3,321		—		—		4,287		4,287
Foreign exchange and other		—		—		(442)		(442)		—		—		(443)		(443)
Balance at end of period	$	8,950	$	27,632	$	4,546	$	41,128	$	9,452	$	32,655	$	5,630	$	47,737
Total allowances for loan losses	$	7,399	$	26,599	$	4,546	$	38,544	$	8,423	$	31,746	$	5,630	$	45,799
Total allowances for off-balance sheet exposures		1,551		1,033		—		2,584		1,029		909		—		1,938
Total allowances for credit losses	$	8,950	$	27,632	$	4,546	$	41,128	$	9,452	$	32,655	$	5,630	$	47,737
Residential mortgage loans																
Balance at beginning of period	$	5,989	$	7,977	$	2,072	$	16,038	$	6,839	$	6,599	$	2,591	$	16,029
Transfers:																
to Stage 1		2,436		(2,251)		(185)		—		2,982		(2,652)		(330)		—
to Stage 2		(764)		1,199		(435)		—		(475)		931		(456)		—
to Stage 3		(40)		(426)		466		—		(21)		(200)		221		—
Originations		785		—		—		785		618		—		—		618
Derecognitions		(458)		(498)		(458)		(1,414)		(521)		(552)		(439)		(1,512)
Net remeasurement of allowances		(1,985)		3,515		1,553		3,083		(3,205)		3,069		1,287		1,151
Provision for (reversal of) credit losses		(26)		1,539		941		2,454		(622)		596		283		257
Write-offs		—		—		(388)		(388)		—		—		(715)		(715)
Recoveries		—		—		237		237		—		—		315		315
Foreign exchange and other		—		—		(764)		(764)		—		—		(764)		(764)
Balance at end of period	$	5,963	$	9,516	$	2,098	$	17,577	$	6,217	$	7,195	$	1,710	$	15,122
Total allowances for loan losses	$	5,230	$	9,347	$	2,098	$	16,675	$	5,973	$	6,925	$	1,710	$	14,608
Total allowances for off-balance sheet exposures		733		169		—		902		244		270		—		514
Total allowances for credit losses	$	5,963	$	9,516	$	2,098	$	17,577	$	6,217	$	7,195	$	1,710	$	15,122
Commercial loans																
Balance at beginning of period	$	66,101	$	34,987	$	49,556	$	150,644	$	55,835	$	29,539	$	46,237	$	131,611
Transfers:																
to Stage 1		5,201		(4,514)		(687)		—		5,211		(4,762)		(449)		—
to Stage 2		(6,132)		7,513		(1,381)		—		(2,430)		2,584		(154)		—
to Stage 3		(512)		(1,134)		1,646		—		(390)		(1,804)		2,194		—
Originations		9,598		—		—		9,598		2,604		—		—		2,604
Derecognitions		(12,033)		(15,904)		(2,994)		(30,931)		(6,363)		(8,132)		(784)		(15,279)
Net remeasurement of allowances		3,408		14,899		33,295		51,602		14,156		17,282		5,647		37,085
Provision for (reversal of) credit losses		(470)		860		29,879		30,269		12,788		5,168		6,454		24,410
Write-offs		—		—		(15,080)		(15,080)		—		—		(4,717)		(4,717)
Recoveries		—		—		1,216		1,216		—		—		276		276
Foreign exchange and other		206		85		(807)		(516)		(1,071)		(673)		(1,088)		(2,832)
Balance at end of period	$	65,837	$	35,932	$	64,764	$	166,533	$	67,552	$	34,034	$	47,162	$	148,748
Total allowances for loan losses	$	60,895	$	34,924	$	64,764	$	160,583	$	62,815	$	32,379	$	47,162	$	142,356
Total allowances for off-balance sheet exposures		4,942		1,008		—		5,950		4,737		1,655		—		6,392
Total allowances for credit losses	$	65,837	$	35,932	$	64,764	$	166,533	$	67,552	$	34,034	$	47,162	$	148,748
Total exposure																
Total allowances for loan losses	$	73,524	$	70,870	$	71,408	$	215,802	$	77,211	$	71,050	$	54,502	$	202,763
Total allowances for off-balance sheet exposures		7,226		2,210		—		9,436		6,010		2,834		—		8,844
Total allowances for credit losses	$	80,750	$	73,080	$	71,408	$	225,238	$	83,221	$	73,884	$	54,502	$	211,607

Main macroeconomic factors

The following tables show the main macroeconomic factors used to estimate the collective allowances for credit losses as at April 30, 2024 and as at October 31, 2023.

						As at April 30, 2024
	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)	**1.2%**	**3.2%**	**2.2%**	**3.7%**	**(1.2)%**	**2.0%**
Average unemployment rate (percentage points)	**6.2**	**6.0**	**5.7**	**5.1**	**6.8**	**7.3**
Housing price index growth (decrease)	**3.8%**	**7.0%**	**8.3%**	**10.9%**	**(4.7)%**	**3.9%**
S&P/TSX index growth (decrease)[3]	**1.3%**	**10.0%**	**6.8%**	**13.2%**	**(13.9)%**	**7.4%**

						As at October 31, 2023
	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)	0.6%	3.0%	2.2%	3.5%	(2.3)%	2.8%
Average unemployment rate (percentage points)	6.2	6.1	5.4	4.9	8.1	7.7
Housing price index growth (decrease)	1.5%	7.5%	6.4%	10.6%	(7.2)%	4.9%
S&P/TSX index growth (decrease)[3]	0.8%	9.6%	10.9%	10.4%	(9.3)%	13.3%

(1) Expected variation or average over the next 12 months. These factors are used for Stage 1 ECL calculations.
(2) Expected variation or average 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 average unemployment rate, the housing price index and the S&P/TSX index. The main macroeconomic factor used for the commercial loan portfolio is the GDP. An increase in the average unemployment rate will generally correlate with higher allowances for credit losses, whereas an increase in the other macroeconomic factors mentioned above will generally correlate with lower allowances for credit losses.

Description of scenarios used for ECL measurement as at April 30, 2024

In the base scenario, a soft-landing is achieved in both the United States and Canada. In the United States, high interest rates have softer traction and the economy is going through a period of moderate growth. In Canada, tight financial conditions sufficiently restrain demand of households and businesses. Also, Canada experiences mild economic growth, propelled by large population gains. Unemployment rises only modestly and home prices appreciate at a modest pace, resulting from the large supply-demand housing imbalance. Equity returns are subdued. Central banks successfully restore consumer price stability as Consumer Price Index (CPI) inflation during 2024, allowing them to implement prudent policy rate cuts. The recovery is characterized by moderate positive economic momentum.

In the downside scenario, CPI inflation re-accelerates and the financial conditions tighten above financial markets' expectations as central banks are forced to keep policy interest rates at their current peak for longer. The higher degree of monetary policy restrictiveness leads to a deep recession in North America in late 2024 and early 2025. Consumers' and businesses' balance sheets deteriorate. Unemployment increases substantially and pushes down home prices moderately. The correction in equity is deep and central banks are unable to cut back policy rates before the first half of 2025 due to sticky underlying inflation pressures. The recovery is tepid for the remaining forecast period.

In the upside scenario, the United States' economic growth stays very solid and Canada experiences a period of moderate growth. CPI inflation cools down rapidly for the remaining of 2024. Compelling evidence of price stability makes central bankers more confident, allowing them to bring down policy rates more quickly during the second half of 2024 and early 2025, facilitating the adjustment phase for consumers and businesses. Solid labour market conditions are preserved and unemployment stays very low. Home prices appreciate meaningfully in response to the structural supply shortage in Canada and less restrictive interest rates environment. Improving market sentiment and acceleration in North American economic momentum contribute to solid equity returns.

Sensitivity analysis of allowances for credit losses on performing loans

If the Bank was to only use the base scenario for the measurement of allowances for credit losses on performing loans, it would be $15.4 million lower than the recognized allowances for credit losses as at April 30, 2024 ($25.1 million lower as at October 31, 2023). If the Bank was to only use the downside scenario for the measurement of allowances for credit losses on performing loans, it would be $34.8 million higher than the recognized allowances for credit losses as at April 30, 2024 ($52.9 million higher as at October 31, 2023).

This sensitivity is isolated to the measurement of allowances for credit losses and therefore did not consider changes in the migration of exposures between stage 1 and stage 2 from the determination of the significant increase in credit risk that would have resulted in a 100% base scenario or a 100% downside scenario. As a result, the allowances for credit losses on performing loans could exceed the amount implied by the 100% downside case scenario from the migration of additional exposures from stage 1 to stage 2. Actual credit losses could differ materially from those reflected in these estimates.

Under the current probability-weighted scenarios, if all performing loans were in stage 1, reflecting a 12-month expected loss period, the allowances for credit losses on performing loans would be $142.2 million as at April 30, 2024 ($143.5 million as at October 31, 2023).

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 April 30, 2024			As at October 31, 2023		
	1 day-31 days	**32 days-90 days**	**Total**	1 day-31 days	32 days-90 days	Total
Personal loans	**$ 50,675**	**$ 17,982**	**$ 68,657**	$ 58,318	$ 19,724	$ 78,042
Residential mortgage loans	**140,068**	**50,290**	**190,358**	130,671	38,753	169,424
	$ 190,743	**$ 68,272**	**$ 259,015**	$ 188,989	$ 58,477	$ 247,466

Finance lease receivables

The Commercial loans line item includes net investment in leases of $1.1 billion as at April 30, 2024 ($1.1 billion as at October 31, 2023).

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 April 30, 2024	As at October 31, 2023
Residential mortgage loans	**$ 11,923,135**	$ 11,756,823
Replacement Assets[1]	**702,675**	558,410
Debt related to securitization activities	**(12,351,665)**	(11,929,907)

(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.

As at April 30, 2024, the Bank has also securitized other residential mortgage loans for a total amount of $85.0 million ($107.0 million as at October 31, 2023) as part of the NHA MBS program, which were not subsequently sold. The resulting NHA MBS are presented as part of residential mortgage loans.

6.2 STRUCTURED ENTITIES SECURITIZATON VEHICLES

In the ordinary course of business, the Bank enters into transactions with other 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 other structured entities that do not qualify for derecognition and their associated financial liabilities included in the Consolidated Balance Sheet.

		As at April 30, 2024		As at October 31, 2023
Personal loans	**$**	**909,588**	$	1,057,456
Commercial loans[1]		**338,306**		470,682
Debt related to securitization activities		**(802,400)**		(923,478)

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

6.3 COVERED BONDS

The Bank has established a $2.0 billion legislative covered bond programme (the Programme) pursuant to the Canadian Registered Covered Bond Programs Guide, published by the Canada Mortgage and Housing Corporation (CMHC). As at April 30, 2024, two series of covered bonds were outstanding, with a respective principal balance of $250.0 million and $260.0 million and which bear interest respectively at a rate of 1.603% and 3.545% annually, payable semi-annually. The covered bonds are presented as Deposits on the Bank's Consolidated Balance Sheet.

The Bank periodically transfers mortgages to a consolidated structured entity, LBC Covered Bond (Legislative) Guarantor Limited Partnership (the Guarantor LP), to support funding activities and asset coverage requirements under the Programme. As at April 30, 2024, the total amount of mortgages outstanding was $675.5 million ($712.9 million as at October 31, 2023). For additional information about the Programme, see Note 7 to the Annual Consolidated Financial Statements for the year ended October 31, 2023.

7. GOODWILL, SOFTWARE AND OTHER INTANGIBLE ASSETS, AND PREMISES AND EQUIPMENT

Goodwill

	For the six months ended			
		April 30, 2024		April 30, 2023
As at beginning of period	**$**	**84,755**	$	83,710
Impairment		**(83,929)**		—
Impact of foreign currency translation		**(826)**		(325)
As at the end of period	**$**	**—**	$	83,385

Goodwill as at October 31, 2023 and April 30, 2023 was allocated to the previous Commercial Banking cash generating unit (CGU). As of November 1, 2023, the CGUs and operating segments of the Bank have been modified to align with the Bank's operating model which was revised shortly after new executive appointments, resulting in the previous Personal Banking and Commercial Banking segments being combined and now forming the Personal and Commercial Banking (P&C) operating segment. This operating segment also represents a CGU for the Bank. Refer to Note 17 for further details. Following this modification, goodwill was allocated to the P&C Banking CGU, which provides a broad range of financial services and advice-based solutions for personal and commercial banking customers across Canada and the United States.

Impairment
The Bank tests goodwill for impairment on an annual basis and whenever there are events or changes in circumstances which indicate that the carrying amount of a CGU may not be recoverable.

In April 2024, indicators of potential impairment were identified for the Bank's P&C Banking segment assets as a result of a sustained lower share price than book value per share and of the recent decline in assets and deposits volume, combined with the Bank's strategic decision to suspend the AIRB project and to focus on the priorities of its revamped strategic plan. This led management to perform an impairment test for the P&C Banking CGU as at April 30, 2024.

As a result of the impairment test, the estimated recoverable amount of the P&C Banking CGU was below its carrying amount and the Bank recorded an impairment charge totalling $155.9 million on the Impairment and restructuring charges line item, which relates to the impairment of goodwill for an amount of $83.9 million, of software and intangible assets for $66.2 million and of premises and equipment for $5.8 million.

The recoverable amount of the P&C Banking CGU was estimated using a fair value less costs of disposal approach, measured using a present value technique based on the Bank's five-year business plan and projected investments. Forecasted cash flows were discounted at an after-tax rate of 10.3% in April 2024 (10.0% in October 2023). Management considers that these estimates are reasonable and reflect management's best estimates, but include inherent uncertainties that are not under its control. Reasonably possible changes in estimates and assumptions could significantly impact the impairment test results.

Software, other intangible assets and premises and equipment

Impairment

Management periodically reviews the utilization of the Bank's assets, such as its software and other intangible assets and premises and equipment. In the second quarter of 2024, an impairment charge of intangible assets of $23.3 million was recorded on the Impairment and restructuring charges line item relating to the Bank's strategic decision to suspend the AIRB project. Refer to Note 16 for further details.

In addition, indicators of impairment were identified as at April 30, 2024 related to management's plan to reduce the Bank's leased corporate office premises in Toronto. The Bank compared the carrying value of its right-of-use assets to their recoverable amount, which is determined using a value in use approach based on the expected sublease terms over the remainder of the headlease. These terms notably include base rent recovery and variable rent recovery, as well as the expected absorption period. Impairment of premises and equipment amounting to $13.8 million in the second quarter of 2024 was recorded on the Impairment and restructuring charges line item. Refer to Note 16 for further details.

8. DEPOSITS

								As at April 30, 2024
		Demand[1]		**Notice**[2]		**Term**[3]		**Total**
Personal	$	**115,130**	$	**6,150,429**	$	**14,706,655**	$	**20,972,214**
Business, banks and other[4]		**1,012,289**		**168,594**		**2,451,426**		**3,632,309**
	$	**1,127,419**	$	**6,319,023**	$	**17,158,081**	$	**24,604,523**

								As at October 31, 2023
		Demand[1]		Notice[2]		Term[3]		Total
Personal	$	113,712	$	7,278,916	$	14,901,412	$	22,294,040
Business, banks and other[4]		982,081		206,853		2,543,904		3,732,838
	$	1,095,793	$	7,485,769	$	17,445,316	$	26,026,878

(1) Demand deposits, primarily chequing accounts, consist of deposits in respect of which the Bank is not authorized to require notice prior to withdrawal by customers.
(2) Notice deposits, primarily savings accounts, consist of deposits in respect of which the Bank may legally require a withdrawal notice.
(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 $200 million secured by insured residential mortgage loans and maturing in August 2025, of which nil was drawn as at April 30, 2024 (nil as at October 31, 2023).

9. SHARE CAPITAL

Preferred shares

Issued and outstanding

						For the six months ended
			April 30, 2024			April 30, 2023
	Number of shares		**Amount**[1]	Number of shares		Amount[1]
Non-Cumulative Class A Preferred Shares (NVCC)[2]						
Series 13						
Outstanding at beginning and 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).

Conversion Privilege of Non-Cumulative Class A Preferred Shares, Series 13

On April 18, 2024, the Bank announced that it did not intend to exercise its right to redeem all or any of its currently outstanding Non-Cumulative Class A Preferred Shares, Series 13 (the "Preferred Shares Series 13") on June 15, 2024.

As a result, subject to certain conditions described in the prospectus supplement dated March 27, 2014 relating to the issuance of the Preferred Shares Series 13 (the "Prospectus"), the holders of the Preferred Shares Series 13 have the right, at their option, to convert any or all of their Preferred Shares Series 13 into an equal number of the Bank's Non-Cumulative Class A Preferred Shares, Series 14 (the "Preferred Shares Series 14") on June 17, 2024. This date is the first business day following the conversion date of June 15, 2024, identified in the Prospectus, which falls on a Saturday. Holders of Preferred Shares Series 13 are not required to elect to convert all or any part of their Preferred Shares Series 13 into Preferred Shares Series 14. Holders who do not exercise their right to convert their Preferred Shares Series 13 into Preferred Shares Series 14 on such date will retain their Preferred Shares Series 13, unless automatically converted in accordance with the conditions below.

The foregoing conversion right is subject to the conditions that: (i) if, after May 31, 2024, the Bank determines that there would be less than 1,000,000 Preferred Shares Series 14 outstanding on June 17, 2024, then no Preferred Shares Series 13 will be converted into Preferred Shares Series 14, and (ii) alternatively, if after May 31, 2024, the Bank determines that there would be less than 1,000,000 Preferred Shares Series 13 outstanding on June 17, 2024, then all remaining Preferred Shares Series 13 will automatically be converted into an equal number of Preferred Shares Series 14 on June 17, 2024.

On May 16, 2024, the Bank announced that the dividend rate applicable to the Preferred Shares Series 13 for the five-year period from and including June 15, 2024 to, but excluding, June 15, 2029, will be 6.196% per annum, being equal to the sum of the five-year Government of Canada bond yield as at May 16, 2024, plus 2.55%, as determined in accordance with the terms of the Preferred Shares Series 13. With respect to any Preferred Shares Series 14 that may be issued, holders thereof will be entitled to receive floating rate non-cumulative preferential cash dividends on a quarterly basis, as and when declared by the Board of Directors of the Bank, being equal to the sum of the three-month Government of Canada Treasury bill yield, plus 2.55%, as determined in accordance with the terms of the Preferred Shares Series 14.

Limited Recourse Capital Notes (LRCN)

Issued and outstanding

	For the six months ended	
	April 30, 2024	April 30, 2023
	Amount	Amount
Limited Recourse Capital Notes (NVCC)[1]		
Series 1		
Outstanding at beginning of period	**$ 123,487**	$ 122,332
Net sale of treasury limited recourse capital notes[2]	**—**	1,184
Outstanding at the end of period	**$ 123,487**	$ 123,516

(1) For accounting purposes, the LRCN Series 1 are compound instruments with both equity and liability features. The liability component of the LRCN Series 1 has a nominal value and, as a result, the total proceeds received are presented as equity on the Bank's Consolidated Balance Sheet.

(2) When the Bank sells (purchases) its own equity instruments as part of its trading business, they are classified as treasury instruments and the cost of these instruments is recorded as an increase (a reduction) in equity.

Common shares

Issued and outstanding

	For the six months ended			
		April 30, 2024		April 30, 2023
	Number of shares	**Amount**	Number of shares	Amount
Common shares				
Outstanding at beginning of period	**43,646,538**	**$ 1,177,827**	43,334,388	$ 1,167,549
Issuance under the Shareholder Dividend Reinvestment and Share Purchase Plan	**179,688**	**4,647**	144,677	4,747
Net issuance costs	**n/a**	**(27)**	n/a	(27)
Outstanding at the end of period	**43,826,226**	**$ 1,182,447**	43,479,065	$ 1,172,269

Shareholder dividend reinvestment and share purchase plan

The Bank determined that as of May 30, 2024, reinvestment related to the dividend declared would be made in common shares issued from Corporate Treasury with a 2% discount.

Dividends and other

On May 23, 2024, the Board of Directors declared regular dividends on the Preferred Shares Series 13 to shareholders of record on June 7, 2024. On May 30, 2024, the Board of Directors declared a dividend of $0.47 per common share, payable on August 1, 2024, to shareholders of record on July 2, 2024.

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 the Basel III Accord. 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. Refer to Note 15 to the Annual Consolidated Financial Statements for the year ended October 31, 2023 for additional information about capital management and regulatory capital.

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.

The Bank has complied with regulatory capital and leverage requirements throughout the six-month period ended April 30, 2024. Regulatory capital is detailed below.

	As at April 30, 2024	As at October 31, 2023
Regulatory capital		
Common Equity Tier 1 capital	$ 2,239,368	$ 2,230,756
Tier 1 capital	$ 2,484,926	$ 2,476,314
Total capital	$ 2,969,272	$ 2,970,404
Total risk-weighted assets[1]	$ 21,620,969	$ 22,575,105
Regulatory capital ratios		
Common Equity Tier 1 capital ratio	10.4 %	9.9 %
Tier 1 capital ratio	11.5 %	11.0 %
Total capital ratio	13.7 %	13.2 %

(1) Using the Standardized approach in determining credit risk and operational risk.

10. SHARE-BASED COMPENSATION

Share purchase option plan

During the six months ended April 30, 2024, the Bank awarded 434,710 stock options under the New Stock Option Plan with an exercise price of $25.86 (428,459 stock options with an exercise price of $32.99 during the six months ended April 30, 2023). The weighted-average fair value of options granted during the six months ended April 30, 2024 was $4.34 per option ($5.55 per option during the six months ended April 30, 2023).

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 six months ended	
	April 30, 2024	April 30, 2023
Risk free interest rate	3.18 %	2.93 %
Expected life of options	8 years	8 years
Expected volatility[1]	22.5 %	23.0 %
Expected dividend yield	5.70 %	5.70 %

(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 six months ended April 30, 2024, the Bank recognized a compensation expense for stock option awards of $0.6 million ($1.0 million for the six months ended April 30, 2023).

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 six months ended	
	April 30, 2024	January 31, 2024	April 30, 2023	**April 30, 2024**	April 30, 2023
Defined contribution pension plans	**$ 2,690**	$ 2,745	$ 2,969	**$ 5,435**	$ 5,545
Defined benefit pension plans	**1,030**	1,025	1,030	**2,055**	2,094
Other plans	**196**	201	189	**397**	386
	$ 3,916	$ 3,971	$ 4,188	**$ 7,887**	$ 8,025

12. EARNINGS PER SHARE

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

	For the three months ended			For the six months ended	
	April 30, 2024	January 31, 2024	April 30, 2023	**April 30, 2024**	April 30, 2023
Earnings (loss) per share – basic					
Net income (loss)	**$ (117,547)**	$ 37,283	$ 49,291	**$ (80,264)**	$ 101,201
Preferred share dividends and limited recourse capital note interest	**1,288**	4,601	1,288	**5,889**	5,889
Net income (loss) attributable to common shareholders	**$ (118,835)**	$ 32,682	$ 48,003	**$ (86,153)**	$ 95,312
Weighted-average number of outstanding common shares (in thousands)	**43,765**	43,676	43,431	**43,720**	43,394
Earnings (loss) per share – basic[2]	**$ (2.72)**	$ 0.75	$ 1.11	**$ (1.97)**	$ 2.20
Earnings (loss) per share – diluted					
Net income (loss) attributable to common shareholders	**$ (118,835)**	$ 32,682	$ 48,003	**$ (86,153)**	$ 95,312
Weighted-average number of outstanding common shares (in thousands)	**43,765**	43,676	43,431	**43,720**	43,394
Dilutive share purchase options (in thousands)	**17**	4	1	**10**	1
Diluted weighted-average number of outstanding common shares (in thousands)	**43,782**	43,680	43,432	**43,730**	43,395
Earnings (loss) per share – diluted[2]	**$ (2.71)**	$ 0.75	$ 1.11	**$ (1.97)**	$ 2.20

(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.
(2) The sum of the quarterly earnings per share may not equal to the cumulative earnings per share due to rounding.

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 21 of the 2023 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 $41.7 million which are classified in Level 1 as at April 30, 2024 ($50.3 million as at October 31, 2023). 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

Income related to financial instruments reported in the Consolidated Statement of Income is detailed as follows.

Net interest income

	For the three months ended			For the six months ended	
	April 30, 2024	January 31, 2024	April 30, 2023	**April 30, 2024**	April 30, 2023
Interest and dividend income					
Interest income calculated using the effective interest method					
Financial instruments measured at amortized cost	**$ 574,074**	$ 586,921	$ 549,847	**$ 1,160,995**	$ 1,079,941
Financial instruments measured at FVOCI	**—**	—	263	**—**	389
Interest and dividend income on financial instruments not measured at amortized cost[1]	**1,165**	10,382	5,503	**11,547**	14,915
	575,239	597,303	555,613	**1,172,542**	1,095,245
Interest expense					
Interest expense calculated using the effective interest method					
Financial instruments measured at amortized cost	**352,540**	363,601	315,037	**716,141**	612,500
Interest expense on financial instruments not measured at amortized cost[1]	**43,088**	48,448	56,391	**91,536**	111,444
	395,628	412,049	371,428	**807,677**	723,944
Net interest income	**$ 179,611**	$ 185,254	$ 184,185	**$ 364,865**	$ 371,301

(1) Including interest income and expense on derivatives, as well as dividend income on securities not held for-trading. Dividend income was $0.7 million for the three months ended April 30, 2024 ($1.7 million for the three months ended January 31, 2024 and $1.5 million for the three months ended April 30, 2023) and $2.4 million for the six months ended April 30, 2024 ($3.9 million for the six months ended April 30, 2023).

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 period.

16. IMPAIRMENT AND RESTRUCTURING CHARGES

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

	For the three months ended			For the six months ended	
	April 30, 2024	January 31, 2024	April 30, 2023	**April 30, 2024**	April 30, 2023
P&C Banking segment impairment charges[1]					
Impairment of goodwill (Note 7)	**$ 83,929**	$ —	$ —	**$ 83,929**	$ —
Impairment of software and intangible assets (Note 7)	**66,193**	—	—	**66,193**	—
Impairment of premises and equipment (Note 7)	**5,811**	—	—	**5,811**	—
	155,933	—	—	**155,933**	—
Restructuring and other impairment charges[2]					
Impairment of software and intangible assets (Note 7)	**$ 23,291**	$ —	$ —	**$ 23,291**	$ —
Impairment of premises and equipment (Note 7)	**13,838**	—	—	**13,838**	—
Severance charges	**2,924**	6,655	—	**9,579**	—
Professional fees and other	**779**	(579)	—	**200**	—
	40,832	6,076	—	**46,908**	—
	$ 196,765	$ 6,076	$ —	**$ 202,841**	$ —

(1) The Personal and Commercial (P&C) Banking segment impairment charges related to the impairment of the P&C Banking segment as part of the goodwill impairment test performed as at April 30, 2024.

(2) Restructuring and other impairment charges resulted from the Bank's decision to suspend the Advanced Internal-Ratings Based (AIRB) approach to credit risk project and to reduce its leased corporate office premises in Toronto, as well as from the simplification of the Bank's organizational structure and headcount reduction.

17. SEGMENTED INFORMATION

Operating segments

The Bank determines its operating segments based on how the chief operating decision maker manages the different services and products provided to clients. Prior to November 1, 2023, the Bank had three operating segments: Personal Banking, Commercial Banking and Capital Markets. Following recent executive appointments and changes to the way the chief operating decision maker makes decisions about resources to be allocated to the segments and assesses their performance, the operating segments have evolved and are defined, as of November 1, 2023, as detailed below.

- The Personal and Commercial Banking segment, which regroups the previous Personal Banking and Commercial Banking segments, provides a broad range of financial services and advice-based solutions for personal and commercial banking customers across Canada and the United States.
- The Capital Markets segment provides a range of services, including research, market analysis and advisory services; corporate underwriting for debt and equity; and administrative services.

The Bank's other activities, including the Bank's corporate functions and Corporate Treasury, are grouped into the Other sector.

Reportable segments

The Bank has evaluated quantitative and qualitative aggregation criteria to determine that it has one reportable segment. The Bank aggregates operating segments with similar economic characteristics that meet the aggregation criteria. Factors considered in applying aggregation criteria mainly include: the similarity of products and services offered, the nature of operations and processes, as well as the similarity in the regulatory environments in which the segments operate. For the Capital Markets operating segment, which does not have similar economic characteristics, the Bank applies quantitative thresholds, as well as judgment for aggregation.

18. SUBSEQUENT EVENT

Restructuring charges

In line with the Bank's priorities of becoming a simpler and more customer-centric organization, the Bank continued the simplification of its organizational structure. As a result, the Bank recorded severance charges of $2.9 million in the second quarter of 2024 and expects to record additional charges of approximately $7 million in the third quarter of 2024.

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SHAREHOLDER INFORMATION

Corporate offices

Montreal
1360 René-Lévesque Blvd West,
Suite 600
Montreal, Quebec H3G 0E5

Toronto
199 Bay St, Suite 600
Toronto, Ontario M5L 0A2

www.laurentianbank.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

Corporate Governance

The Bank's website provides information on our corporate governance practices, including our governance policies and our board and committee mandates. https://www.laurentianbank.ca/en/about_lbc/my_bank/governance.html

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 438-889-3220.

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