LAURENTIAN BANK OF CANADA ANNOUNCES
C$125 MILLION BOUGHT DEAL FINANCING

NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR DISSEMINATION IN THE UNITED STATES

Montreal, January 8, 2018 - Laurentian Bank of Canada (TSX: LB) ("Laurentian" or the "Bank") has announced today that it has entered into an agreement with a syndicate of underwriters (collectively, the "Underwriters") led by TD Securities Inc., BMO Capital Markets and CIBC Capital Markets, as bookrunners, under which the Underwriters have agreed to buy on a bought deal basis an aggregate of 2,282,000 common shares (the "Shares"), at a price of $54.80 per Share for gross proceeds of $125 million (the "Offering"). Laurentian has granted the Underwriters an over-allotment option, exercisable at the offering price for a period of 30 days following the closing of the Offering, to purchase up to an additional 15% of the Offering to cover over-allotments, if any (the "Over-Allotment Option"). The Shares will be offered for sale to the public in each of the provinces of Canada pursuant to a prospectus supplement to Laurentian's short form base shelf prospectus dated December 20, 2016, which supplement will be filed with Canadian securities regulatory authorities in all Canadian provinces. The Offering is expected to close on or about January 16, 2018 and is subject to Laurentian receiving all necessary regulatory approvals.

The net proceeds of this Offering will be added to Laurentian's general funds and will be used for general corporate purposes and will qualify as common equity tier 1 capital for the Bank. Francois Desjardins, President and Chief Executive Officer of the Bank, commented: "We just completed year two of our seven-year transformation and we are making good progress towards our objectives. As we move through an evolving economic environment, we made the prudent decision to replace the preferred share issue that we recently redeemed with common equity. This further strengthens the Bank's capital base and provides us with greater flexibility as we pursue organic growth and evolve our loan portfolio mix by increasing the proportion of commercial loans. We will also continue to invest in the implementation of our core banking system and the Advanced Internal Ratings-Based approach (AIRB)."

The Bank's common equity tier 1 ratio was 7.9% as of October 31, 2017. The Bank estimates that its pro forma common equity tier 1 ratio would be approximately 8.5% as at October 31, 2017, after giving effect to the Offering (without taking into account the Over-Allotment Option).

The Bank also wishes to provide an update on the issues previously disclosed by the Bank arising from a review of mortgages that it had sold to a third party purchaser (the "Third Party Purchaser"). By way of update, the Bank has recently agreed with the Third Party Purchaser on the nature and scope of the audit concerning the $1,157 million of mortgages underwritten in the branch network and sold to the Third Party Purchaser. The Bank, as agreed upon with the Third Party Purchaser, will review approximately 1,900 mortgages out of the 9,500 mortgages underwritten in the branch network and, to the extent that this review uncovers additional mortgages that do not conform with the requirements of the Third Party Purchaser facility, the Bank will either fix such non-conforming mortgages or repurchase them. The 1,900 mortgages selected represent the mortgages that were considered to represent a greater risk to the Third Party Purchaser based on the term remaining to the loans, the payment record of the borrowers on the loans and the origination channel for the loans. The Bank and the Third Party Purchaser have also agreed on a protocol for the review of the mortgages not forming part of the 1,900 mortgages being reviewed within this timeframe whereby such other mortgages will either be reviewed at the time of their renewal or not subject to any review.

As disclosed previously, the Bank conducted a limited sample review of branch-underwritten mortgages and discovered that certain of these mortgages did not conform with the requirements of the Third Party Purchaser facility. By applying the percentage of non-conforming mortgages identified in the Bank's previous limited sample review of branch-underwritten mortgages to the entire $1,157 million branch-underwritten mortgage portfolio sold to the Third Party Purchaser, the Bank estimates that a total of approximately $124 million of non-conforming loans would be identified, although the definitive amount will only be determinable upon completion of the audit. This review is currently expected to be conducted over approximately the next four months.

The Bank has provided an additional $61 million to the Third Party Purchaser by means of a cash reserve deposit, which amount will be released following the repurchase by the Bank of all mortgages that do not satisfy the purchase criteria and the confirmatory audit by the Third Party Purchaser of the review of the selected 1,900 mortgages underwritten in the branch network. This cash reserve deposit is in addition to the $40 million cash deposit announced on December 5, 2017, which will also be released once the confirmatory audit by the Third Party Purchaser of the review of the mortgages originated by B2B Bank is completed. By way of further update, the full amount of affected B2B Bank mortgages sold to the Third Party Purchaser, amounting to approximately $89 million, have now been repurchased by the Bank. In addition, the issues that led to the inadvertent sale of $91 million of mortgages to the Third Party Purchaser have been resolved, and such mortgages have now been repurchased. Finally, the other third party purchaser previously referred to by the Bank (the “Other Third Party Purchaser”) confirmed to the Bank that the $76 million of mortgage loans inadvertently insured, as well as a further $12 million of mortgage loans subsequently determined by the Other Third Party Purchaser (representing 76 accounts), are no longer eligible for portfolio insurance and such ineligible loans will be repurchased prior to the end of the Bank’s second fiscal quarter. Based on the foregoing, and as previously stated, the above repurchases from the Third Party Purchaser and the Other Third Party Purchaser are not expected to be material to the Bank’s operations, funding or capital.

The securities offered have not been, and will not be, registered under the U.S. Securities Act of 1933 (the “U.S. Securities Act”), as amended, and may not be offered, sold or delivered, directly or indirectly, in the United States, its territories, its possessions and other areas subject to its jurisdiction or to, of for the account or benefit of, a U.S. person (as such term is defined in the U.S. Securities Act), absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

About Laurentian Bank Financial Group

Founded in 1846, Laurentian Bank Financial Group is a diversified financial services provider whose mission is to help its customers improve their financial health. The Laurentian Bank of Canada and its entities are collectively referred as Laurentian Bank Financial Group (the “Group” or the "Bank").

With more than 3,700 employees guided by the values of proximity, simplicity and honesty, the Group provides a broad range of advice-based solutions and services to its customers through its businesses: Retail Services, Business Services, B2B Bank and Capital Markets. The Group - with pan-Canadian activities and a presence in the United States - is an important player in numerous market segments.

The Group has $47 billion in balance sheet assets and $32 billion in assets under administration.

Caution Regarding Forward-Looking Statements

In this document and in other documents filed with Canadian regulatory authorities or in other communications, the Bank may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements include, but are not limited to, statements regarding the Bank’s business plan and financial objectives. The forward-looking statements contained in this document are used to assist readers in obtaining a better understanding of the Bank’s financial position and the results of operations as at and for the periods ended on the dates presented and may not be appropriate for other purposes. Forward-looking statements typically use the conditional, as well as words such as prospect, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology. Some of the specific forward-looking statements in this document include, but are not limited to, statements with respect to the use of proceeds from, and the expected date of the closing of, the Offering.

By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the forecasts, projections and other forward-looking statements will not be achieved or will prove to be inaccurate. Although the Bank believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Certain important assumptions by the Bank in making forward-looking statements include, but are not limited to: the satisfaction of all conditions to the completion of each of the Offering, the Bank's ability to execute its transformation plan and strategy; the expectation of regulatory stability; no downturn in economic conditions; sufficient liquidity and capital resources; no material changes in competition, market conditions or in government monetary, fiscal and economic policies; and the maintenance of credit ratings.

The Bank's assumptions and expectations regarding (i) the amount of mortgages to be repurchased and the continued performance of the repurchased mortgages, (ii) the successful implementation of its enhanced quality control functions and underwriting procedures and (iii) the Third Party Purchaser facility being unavailable for a limited period of time, as disclosed herein and in the Bank's other public filings available at www.sedar.com, are subject to certain risks and uncertainties and these assumptions and expectations may prove inaccurate. Specific risks and uncertainties which may cause these assumptions and expectations to be inaccurate and may adversely affect the Bank's business, results of operations and financial condition include (i) the results of the limited sample audit of branch underwritten mortgages sold to the Third Party Purchaser not being representative of the entire branch underwritten portfolio sold to the Third Party Purchaser, (ii) the Other Third Party Purchaser requiring an audit or the purchase of an amount of ineligible or problematic loans sold to the Other Third Party Purchaser, (iii) the enhanced quality control functions and underwriting procedures not working as contemplated and (iv) the Third Party Purchaser not being satisfied with the enhanced quality control functions and underwriting procedures and delaying the reopening or refusing to reopen the Third Party Purchaser facility.

The Bank cautions readers against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ considerably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various material factors. Among other things, these factors include: changes in capital market conditions, changes in government monetary, fiscal and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, changes in competition, modifications to credit ratings, scarcity of human resources, and developments in the technological environment. The Bank further cautions that the foregoing list of factors is not exhaustive. For more information on the risks, uncertainties and assumptions that would cause the Bank's actual results to differ from current expectations, please also refer to the Management's Discussion and Analysis under the title "Risk Appetite and Risk Management Framework" in the Bank's Annual Report, as well as to other public filings available at www.sedar.com.

The Bank does not undertake to update any forward-looking statements, whether oral or written, made by itself or on its behalf, except to the extent required by securities regulations.

-30-

Information:

Hélène Soulard
Assistant Vice-President, Communications
Executive Office
Office: 514 284-4500, extension 8232
helene.soulard@laurentianbank.ca