

**PROSPECTUS SUPPLEMENT**  
**To Short Form Base Shelf Prospectus dated November 10, 2014**

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This prospectus supplement, together with the short form base shelf prospectus dated November 10, 2014 to which it relates, as amended or supplemented, and each document incorporated by reference into this prospectus supplement or the accompanying short form base shelf prospectus dated November 10, 2014, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) and, except as stated under “Plan of Distribution”, may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act).*

*Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated November 10, 2014 from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Laurentian Bank of Canada, 1981 McGill College Avenue, 20<sup>th</sup> Floor, Montréal, Québec, H3A 3K3 (Telephone: (514) 284-4500, ext. 4553), and are also available electronically at [www.sedar.com](http://www.sedar.com).*

New Issue

March 10, 2016

**\$100,000,000**  
**(4,000,000 Shares)**



**Non-Cumulative Class A Preferred Shares, Series 15**  
**(Non-Viability Contingent Capital (NVCC))**

The holders of Non-Cumulative Class A Preferred Shares, Series 15 (Non-Viability Contingent Capital (NVCC)) (the “Preferred Shares Series 15”) of Laurentian Bank of Canada (the “Bank”) will be entitled to receive fixed non-cumulative preferential cash dividends, for the initial period from and including the closing date to, but excluding, June 15, 2021 (the “Initial Fixed Rate Period”), payable quarterly on the 15<sup>th</sup> day of March, June, September and December in each year, or if such day is not a business day, on the next business day, as and when declared by the board of directors of the Bank (the “Board of Directors”). The initial dividend, if declared, shall be payable on June 15, 2016 and shall be \$0.36062 per share, based on the anticipated closing date of March 17, 2016. Thereafter, quarterly dividends shall be at a rate of \$0.365625 per share. See “Details of the Offering”.

For each five-year period after the Initial Fixed Rate Period (each a “Subsequent Fixed Rate Period”), the holders of Preferred Shares Series 15 will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the 15<sup>th</sup> day of March, June, September and December in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined below) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by the Bank on the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period and will be equal to the sum of the Government of Canada Yield (as defined below) on the date on which the Annual Fixed Dividend Rate is determined plus 5.13%. See “Details of the Offering”.

**Option to Convert Into Preferred Shares Series 16**

The holders of Preferred Shares Series 15 will have the right, at their option, to convert their shares into an equal number of Non-Cumulative Class A Preferred Shares, Series 16 of the Bank (Non-Viability Contingent Capital (NVCC)) (the “Preferred Shares Series 16”), subject to certain conditions, on June 15, 2021 and on June 15 every five years thereafter. The holders of Preferred Shares Series 16 will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the 15<sup>th</sup> day of March, June, September and December in each year (the initial quarterly dividend period and each subsequent quarterly dividend period is referred to as a “Quarterly Floating Rate Period”), in the amount per share determined by multiplying the applicable Quarterly Floating Dividend Rate (as defined below) by \$25.00. The Quarterly Floating Dividend Rate will be equal to the sum of the T-Bill Rate (as defined below) plus 5.13% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365) determined on the 30<sup>th</sup> day prior to the first day of the applicable Quarterly Floating Rate Period. See “Details of the Offering”.

Subject to the provisions of the *Bank Act* (Canada) (the “Bank Act”), including any requirement for prior consent of the Superintendent of Financial Institutions (the “Superintendent”), and to the provisions described below under “Details of the Offering – Certain Provisions of the Preferred Shares Series 15 as a Series – Restrictions on Dividends and Retirement of Shares”, on June 15, 2021 and on June 15 every five years thereafter, the Bank may redeem all or any part of the then outstanding Preferred Shares Series 15, at the Bank’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of \$25.00 together with all declared and unpaid dividends to, but excluding, the date fixed for redemption. See “Details of the Offering”.

The Preferred Shares Series 15 do not have a fixed maturity date and are not redeemable at the option of the holders of Preferred Shares Series 15. See “Risk Factors”.

The head office and executive offices of the Bank are at 1981 McGill College Avenue, Montréal, Québec, Canada, H3A 3K3.

Effective January 1, 2013 in accordance with capital adequacy requirements adopted by the Office of the Superintendent of Financial Institutions Canada (“OSFI”), non-common capital instruments issued after January 1, 2013, including subordinated debt securities or first preferred shares, must include terms providing for the full and permanent conversion of such securities into common shares upon the occurrence of certain trigger events relating to financial viability (the “Non-Viable Capital Contingency Provisions”) in order to qualify as regulatory capital. The terms of the Preferred Shares Series 15 and the Preferred Shares Series 16 provide that such shares will automatically and immediately be converted, on a full and permanent basis, into a specified number of common shares of the Bank (the “Common Shares”) upon the occurrence of a Trigger Event (as defined herein). See “Details of the Offering”.

The Bank has applied to list on the Toronto Stock Exchange (the “TSX”) the Preferred Shares Series 15, the Preferred Shares Series 16 and the Common Shares into which such shares may be converted upon the occurrence of a Trigger Event. Listing of such securities will be subject to the Bank fulfilling all of the requirements of the TSX.

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**Price: \$25.00 per Preferred Share Series 15 to yield initially 5.85% per annum**

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BMO Nesbitt Burns Inc., TD Securities Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., Laurentian Bank Securities Inc., National Bank Financial Inc., Scotia Capital Inc., Desjardins Securities Inc. and Canaccord Genuity Corp. (collectively, the “Underwriters”), as principals, conditionally offer the Preferred Shares Series 15, subject to prior sale if, as and when issued by the Bank and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the Bank by Norton Rose Fulbright Canada LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP.

	<b>Price to the Public</b>	<b>Underwriters’ Fee<sup>(1)(2)</sup></b>	<b>Net Proceeds to the Bank<sup>(2)(3)</sup></b>
Per Preferred Shares Series 15 . . . . .	\$25.00	\$0.75	\$24.25
Total . . . . .	<u>\$100,000,000</u>	<u>\$3,000,000</u>	<u>\$97,000,000</u>

- (1) The Underwriters’ fee is \$0.25 for each share sold to institutions and \$0.75 for all other shares sold. The totals set forth in the table represent the Underwriters’ fee and net proceeds assuming no shares are sold to institutions.
- (2) The Underwriters have been granted an option (the “Option”) to purchase up to an additional 2,000,000 Preferred Shares Series 15 (the “Option Shares”) at the offering price exercisable at any time up to 48 hours prior to the time of closing of this offering. This prospectus qualifies both the grant of the Option and the distribution of the Option Shares that will be issued if the Option is exercised. If the Underwriters purchase all of Option Shares, the total price to the public, the Underwriters’ fee and the net proceeds to the Bank will be \$150,000,000, \$4,500,000 and \$145,500,000, respectively (assuming no Preferred Shares Series 15 are sold to the institutions referred to in Note (1) above and before deduction of the expenses of this issue). A purchaser who acquires Preferred Shares Series 15 forming part of the forming part of the Option acquires those securities under this prospectus supplement. As of the date of this prospectus supplement, the Underwriters have confirmed the exercise of the Option in part to purchase 1,000,000 Option Shares.
- (3) Before deduction of expenses of this offering, estimated at \$350,000 which, together with the Underwriters’ fee, are payable by the Bank.

The following table sets forth the number of Preferred Shares Series 15 that may be offered by the Bank pursuant to the Option:

<u>Underwriters' Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Option	Option to purchase up to 2,000,000 Option Shares	Up to 48 hours prior to the time of closing of this offering	\$25.00

**Laurentian Bank Securities Inc., one of the Underwriters, is a wholly-owned subsidiary of the Bank. As a result, the Bank is a related and connected issuer of Laurentian Bank Securities Inc. under applicable securities legislation. See “Plan of Distribution”.**

In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares Series 15 at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”. The Underwriters may decrease the price at which the Preferred Shares Series 15 are distributed for cash from the initial offering price of \$25.00 per share. **See “Plan of Distribution” for additional disclosure concerning a possible price decrease.**

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. A “book-entry only” certificate representing the Preferred Shares Series 15 distributed hereunder will be issued in registered form to CDS Clearing and Depository Services Inc. (“CDS”), or its nominee, and will be deposited with CDS or such other person as CDS may appoint as custodian on closing of this offering, which is expected to be on or about March 17, 2016. A purchaser of Preferred Shares Series 15 will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Preferred Shares Series 15 are purchased.

Unless otherwise indicated, the disclosure contained in this prospectus supplement assumes that the Option has not been exercised.

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Unless otherwise indicated, all dollar amounts appearing in this prospectus supplement are stated in Canadian dollars.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

In this prospectus supplement and in any documents incorporated by reference therein, 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 prospectus supplement and in any documents incorporated by reference therein are used to assist the Bank's security holders and financial analysts 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 prospects, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the forecasts, projections and other forward-looking statements will not be achieved or will prove to be inaccurate. Although 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.

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, developments in the technological environment, the ability to realize the anticipated benefits from the purchase of an investment loan portfolio and the reaction of the seller's customers to the transaction, as well as, the ability to operate the Bank's transformation plan. 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 "Risk Appetite and Risk Management Framework" on page 37 of the Bank's Management's Discussion and Analysis as contained in the Bank's Annual Report for the year ended October 31, 2015, as well as to other public filings available at [www.sedar.com](http://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.

## DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the accompanying short form base shelf prospectus of the Bank dated November 10, 2014 (the "Prospectus"). Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars.

The following documents that have been filed by the Bank with the various securities regulatory authorities in each of the provinces of Canada and with the Superintendent, are specifically incorporated by reference in, and form an integral part of, this prospectus supplement and the Prospectus:

- (a) Annual Information Form dated December 9, 2015;
- (b) Audited Consolidated Financial Statements as at and for the year ended October 31, 2015 with comparative consolidated financial statements as at and for the year ended October 31, 2014, together with the auditors' report thereon, and Management's Discussion and Analysis as contained in the Bank's Annual Report for the year ended October 31, 2015;
- (c) Unaudited Interim Consolidated Financial Statements for the first quarter ended January 31, 2016, together with the Management's Discussion and Analysis thereon;
- (d) Management Proxy Circular dated February 11, 2015 in connection with the annual meeting of shareholders of the Bank held on April 1, 2015; and

- (e) The template version (as defined in Regulation 41-101 – General Prospectus Requirements) of the term sheet dated March 8, 2016, regarding the offering of the Preferred Shares Series 15 (the “Term Sheet”).

Any documents of the type referred to in the preceding paragraph and any information circulars, material change reports (excluding confidential material change reports), business acquisition reports and other disclosure document filed by the Bank with a securities regulatory authority in Canada pursuant to the requirements of applicable securities legislation, after the date of this prospectus supplement and prior to the termination of the offering under this prospectus supplement, shall be deemed to be incorporated by reference into this prospectus supplement and the Prospectus.

The Term Sheet is deemed to be incorporated by reference into this prospectus supplement solely for the purpose of the Preferred Shares Series 15. The Term Sheet is not a part of this prospectus supplement to the extent that the contents thereof have been modified or superseded by a statement contained in this Prospectus Supplement.

**Any statement contained in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this prospectus supplement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.**

#### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Norton Rose Fulbright Canada LLP, counsel to the Bank, and in the opinion of Fasken Martineau DuMoulin LLP, counsel to the Underwriters, the Preferred Shares Series 15 offered hereby, if issued on the date of this prospectus supplement, would be, at that time, qualified investments under the Income Tax Act (Canada) (the “Act”) and the regulations thereunder for a trust governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), registered education savings plan, deferred profit sharing plan, registered disability savings plan or tax-free savings account (“TFSA”).

Notwithstanding the foregoing, if the Preferred Shares Series 15 held by a TFSA, RRSP or RRIF are “prohibited investments” under the Act, the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Act. The Preferred Shares Series 15 will not be “prohibited investments” for a TFSA, RRSP or RRIF provided that, for purposes of the Act, the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, deals at arm’s length with the Bank and does not have a “significant interest” in the Bank. In addition, the Preferred Shares Series 15 will generally not be “prohibited investments” if they are “excluded property” (as defined in subsection 207.01(1) of the Act) for a TFSA, RRSP or RRIF. Purchasers of Preferred Shares Series 15 who intend to hold Preferred Shares Series 15 in a TFSA, RRSP or RRIF should consult their own tax advisors in this regard.

## CAPITALIZATION

The following table sets out the Bank's capitalization as at January 31, 2016 on an actual basis and on an as adjusted basis to give effect to this offering. See "Use of Proceeds". The following table should be read in conjunction with the Bank's unaudited interim consolidated financial statements for the first quarter ended January 31, 2016 and the Management's Discussion and Analysis thereon incorporated by reference herein.

	As at January 31, 2016	
(in thousands of Canadian dollars)	Actual	As Adjusted to Give Effect to this Offering
<b>Subordinated Debt</b> .....	\$199,689	\$199,689
<b>Shareholders' Equity</b>		
Common Shares .....	532,243	532,243
Class A Preferred Shares .....	219,633	316,283 <sup>(1)</sup>
Retained Earnings .....	890,911	890,911
Accumulated Other Comprehensive Income .....	14,972	14,972
Total Shareholders' Equity .....	1,657,759	1,754,409 <sup>(2)</sup>
<b>Total Capitalization</b> .....	<b>\$1,857,448</b>	<b>\$1,954,098<sup>(3)</sup></b>

- (1) \$364,783 in the event of the exercise in full of the Option.  
(2) \$1,802,909 in the event of the exercise in full of the Option.  
(3) \$2,002,598 in the event of the exercise in full of the Option.

## DETAILS OF THE OFFERING

The Preferred Shares Series 15 and the Preferred Shares Series 16 (if issued) will each be issued as a series of Class A Preferred Shares of the Bank. See the description of the Class A Preferred Shares of the Bank as a class under the heading "Description of Preferred Shares" in the accompanying Prospectus. The following is a summary of the rights, privileges, restrictions and conditions of or attaching to the Preferred Shares Series 15 as a series, and the Preferred Shares Series 16 as a series.

### Certain Provisions Unique to the Preferred Shares Series 15 as a Series

#### *Definition of Terms*

The following definitions are relevant to the Preferred Shares Series 15.

**"Annual Fixed Dividend Rate"** means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 5.13%.

**"Bloomberg Screen GCAN5YR Page"** means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada Bond yields.

**"Fixed Rate Calculation Date"** means, for any Subsequent Fixed Rate Period, the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period.

**"Government of Canada Yield"** on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Montréal time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers, other than Laurentian Bank Securities Inc., selected by

the Bank, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“**Initial Fixed Rate Period**” means the period from and including the closing date to, but excluding, June 15, 2021.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period from and including June 15, 2021 to, but excluding, June 15, 2026, and for each succeeding Subsequent Fixed Rate Period, the period from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, June 15 in the fifth year thereafter.

### ***Issue Price***

The Preferred Shares Series 15 will each have an issue price of \$25.00 per share.

### ***Dividends***

During the Initial Fixed Rate Period, the holders of the Preferred Shares Series 15 will be entitled to receive fixed quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Bank Act, on the 15<sup>th</sup> day of March, June, September and December in each year, at an annual rate equal to \$1.4625 per share. The initial dividend, if declared, will be payable on June 15, 2016 and will be \$0.36062 per share, based on the anticipated closing date of March 17, 2016.

During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, the holders of Preferred Shares Series 15 will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Bank Act, payable quarterly on the 15<sup>th</sup> day of March, June, September and December in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by the Bank on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Bank and upon all holders of Preferred Shares Series 15. The Bank will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Preferred Shares Series 15.

If the Board of Directors does not declare a dividend, or any part thereof, on the Preferred Shares Series 15 on or before the dividend payment date for a particular quarter, then the entitlement of the holders of the Preferred Shares Series 15 to receive such dividend, or to any part thereof, for such quarter will be forever extinguished.

### ***Redemption***

The Preferred Shares Series 15 will not be redeemable prior to June 15, 2021. Subject to the provisions of the Bank Act and to the prior consent of the Superintendent and to the provisions described below under the heading “Provisions Common to the Preferred Shares Series 15 and the Preferred Shares Series 16 – Restrictions on Dividends and Retirement of Shares”, on June 15, 2021 and on June 15 every five years thereafter, the Bank may redeem all or any part of the then outstanding Preferred Shares Series 15, at the Bank’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of \$25.00 together with all declared and unpaid dividends to, but excluding, the date fixed for redemption.

Notice of any redemption will be given by the Bank at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Preferred Shares Series 15 are at any time to be redeemed, the shares to be redeemed will be redeemed pro rata, disregarding fractions. Reference is also made to the provisions described in the Prospectus under the heading “Bank Act Restrictions and Approvals”.

### ***Conversion of Preferred Shares Series 15 into Preferred Shares Series 16***

Holders of Preferred Shares Series 15 will have the right, at their option, on June 15, 2021 and on June 15 every five years thereafter (a “Series 15 Conversion Date”) to convert, subject to the restrictions on conversion described

below and the payment or delivery to the Bank of evidence of payment of the tax (if any) payable, all or any of their Preferred Shares Series 15 registered in their name into Preferred Shares Series 16 on the basis of one Preferred Share Series 16 for each Preferred Share Series 15. The conversion of Preferred Shares Series 15 may be effected upon written notice delivered by the holders of Preferred Shares Series 15 not earlier than the 30<sup>th</sup> day prior to, but not later than 5:00 p.m. (Montreal time) on the 15<sup>th</sup> day preceding, a Series 15 Conversion Date.

The Bank will, at least 30 days and not more than 60 days prior to the applicable Series 15 Conversion Date, give notice in writing to the then registered holders of the Preferred Shares Series 15 of the above mentioned conversion right. On the 30<sup>th</sup> day prior to each Series 15 Conversion Date, the Bank will give notice in writing to the then registered holders of the Preferred Shares Series 15 of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period and the Quarterly Floating Dividend Rate applicable to the Preferred Shares Series 16 for the first Quarterly Floating Rate Period.

Holders of Preferred Shares Series 15 will not be entitled to convert their shares into Preferred Shares Series 16 if the Bank determines that there would remain outstanding on a Series 15 Conversion Date less than 1,000,000 Preferred Shares Series 16, after having taken into account all Preferred Shares Series 15 tendered for conversion into Preferred Shares Series 16 and all Preferred Shares Series 16 tendered for conversion into Preferred Shares Series 15. The Bank will give notice in writing thereof to all registered holders of Preferred Shares Series 15 at least seven days prior to the applicable Series 15 Conversion Date. Furthermore, if the Bank determines that there would remain outstanding on a Series 15 Conversion Date less than 1,000,000 Preferred Shares Series 15, after having taken into account all Preferred Shares Series 15 tendered for conversion into Preferred Shares Series 16 and all Preferred Shares Series 16 tendered for conversion into Preferred Shares Series 15, then, all, but not part, of the remaining outstanding Preferred Shares Series 15 will automatically be converted into Preferred Shares Series 16 on the basis of one Preferred Share Series 16 for each Preferred Share Series 15 on the applicable Series 15 Conversion Date and the Bank will give notice in writing thereof to the then registered holders of such remaining Preferred Shares Series 15 at least seven days prior to the Series 15 Conversion Date.

Upon exercise by the holder of this right to convert Preferred Shares Series 15 into Preferred Shares Series 16, the Bank reserves the right not to issue Preferred Shares Series 16 to any person whose address is in, or whom the Bank or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Bank to take any action to comply with the securities, banking or analogous laws of such jurisdiction. See also “Bank Act Restrictions and Approvals” in the Prospectus.

If the Bank gives notice to the registered holders of the Preferred Shares Series 15 of the redemption of all the Preferred Shares Series 15, the Bank will not be required to give notice as provided hereunder to the registered holders of the Preferred Shares Series 15 of an Annual Fixed Dividend Rate, a Quarterly Floating Dividend Rate or of the conversion right of holders of Preferred Shares Series 15 and the right of any holder of Preferred Shares Series 15 to convert such Preferred Shares Series 15 will cease and terminate in that event.

## **Certain Provisions unique to the Preferred Shares Series 16 as a Series**

### ***Definition of Terms***

The following definitions are relevant to the Preferred Shares Series 16.

“**Floating Rate Calculation Date**” means, for any Quarterly Floating Rate Period, the 30<sup>th</sup> day prior to the first day of such Quarterly Floating Rate Period.

“**Quarterly Commencement Date**” means the 15<sup>th</sup> day of each of March, June, September and December in each year.

“**Quarterly Floating Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 5.13% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

**“Quarterly Floating Rate Period”** means, for the initial Quarterly Floating Rate Period, the period from and including June 15, 2021 to, but excluding, September 15, 2021, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to, but excluding, the next succeeding Quarterly Commencement Date.

**“T-Bill Rate”** means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

### ***Issue Price***

The Preferred Shares Series 16 will have an issue price of \$25.00 per share.

### ***Dividends***

The holders of the Preferred Shares Series 16 will be entitled to receive floating rate non-cumulative preferential cash dividends as and when declared by the Board of Directors, subject to the provisions of the Bank Act, payable quarterly on the 15<sup>th</sup> day of March, June, September and December in each year, in the amount per share determined by multiplying the applicable Quarterly Floating Dividend Rate by \$25.00.

The Quarterly Floating Dividend Rate for each Quarterly Floating Rate Period will be determined by the Bank on the Floating Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Bank and upon all holders of Preferred Shares Series 16. The Bank will, on the Floating Rate Calculation Date, give written notice of the Quarterly Floating Dividend Rate for the ensuing Quarterly Floating Rate Period to all registered holders of the then outstanding Preferred Shares Series 16.

If the Board of Directors does not declare a dividend, or any part thereof, on the Preferred Shares Series 16 on or before the dividend payment date for a particular Quarterly Floating Rate Period, then the entitlement of the holders of the Preferred Shares Series 16 to receive such dividend, or to any part thereof, for such Quarterly Floating Rate Period will be forever extinguished.

### ***Redemption***

Subject to the provisions of the Bank Act and to the prior consent of the Superintendent and to the provisions described below under the heading “Provisions Common to the Preferred Shares Series 15 and the Preferred Shares Series 16 – Restrictions on Dividends and Retirement of Shares”, on not more than 60 nor less than 30 days’ notice, the Bank may redeem all or any part of the then outstanding Preferred Shares Series 16, at the Bank’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of (i) \$25.00 together with all declared and unpaid dividends to, but excluding, the date fixed for redemption in the case of redemptions on June 15, 2026 and on June 15 every five years thereafter, or (ii) \$25.50 together with all declared and unpaid dividends to, but excluding, the date fixed for redemption in the case of redemptions on any other date after June 15, 2021.

Notice of any redemption will be given by the Bank at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Preferred Shares Series 16 are at any time to be redeemed, the shares to be redeemed will be redeemed pro rata, disregarding fractions. Reference is also made to the provisions described in the Prospectus under the heading “Bank Act Restrictions and Approvals”.

### ***Conversion of Preferred Shares Series 16 into Preferred Shares Series 15***

Holders of Preferred Shares Series 16 will have the right, at their option, on June 15, 2026 and on June 15 every five years thereafter (a “Series 16 Conversion Date”), to convert, subject to the restrictions on conversion described below and the payment or delivery to the Bank of evidence of payment of the tax (if any) payable, all or any of their Preferred Shares Series 16 registered in their name into Preferred Shares Series 15 on the basis of one Preferred Share Series 15 for each Preferred Share Series 16. The conversion of Preferred Shares Series 16 may be effected upon written notice delivered by the holders of Preferred Shares Series 16 not earlier than the 30<sup>th</sup> day prior to, but not later than 5:00 p.m. (Montreal time) on the 15<sup>th</sup> day preceding, a Series 16 Conversion Date.

The Bank will, at least 30 days and not more than 60 days prior to the applicable Series 16 Conversion Date, give notice in writing to the then holders of the Preferred Shares Series 16 of the above mentioned conversion right. On the 30<sup>th</sup> day prior to each Series 16 Conversion Date, the Bank will give notice in writing to the then registered holders of Preferred Shares Series 16 of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period in respect of Preferred Shares Series 15.

Holders of Preferred Shares Series 16 will not be entitled to convert their shares into Preferred Shares Series 15 if the Bank determines that there would remain outstanding on a Series 16 Conversion Date less than 1,000,000 Preferred Shares Series 15, after having taken into account all Preferred Shares Series 16 tendered for conversion into Preferred Shares Series 15 and all Preferred Shares Series 15 tendered for conversion into Preferred Shares Series 16. The Bank will give notice in writing thereof to all registered holders of the Preferred Shares Series 16 at least seven days prior to the applicable Series 16 Conversion Date. Furthermore, if the Bank determines that there would remain outstanding on a Series 16 Conversion Date less than 1,000,000 Preferred Shares Series 16, after having taken into account all Preferred Shares Series 16 tendered for conversion into Preferred Shares Series 15 and all Preferred Shares Series 15 tendered for conversion into Preferred Shares Series 16, then, all, but not part, of the remaining outstanding Preferred Shares Series 16 will automatically be converted into Preferred Shares Series 15 on the basis of one Preferred Share Series 15 for each Preferred Share Series 16 on the applicable Series 16 Conversion Date and the Bank will give notice in writing thereof to the then registered holders of such remaining Preferred Shares Series 16 at least seven days prior to the Series 16 Conversion Date.

Upon exercise by the holder of this right to convert Preferred Shares Series 16 into Preferred Shares Series 15, the Bank reserves the right not to issue Preferred Shares Series 15 to any person whose address is in, or whom the Bank or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Bank to take any action to comply with the securities, banking or analogous laws of such jurisdiction. See also “Bank Act Restrictions and Approvals” in the Prospectus.

If the Bank gives notice to the registered holders of the Preferred Shares Series 16 of the redemption of all the Preferred Shares Series 16, the Bank will not be required to give notice as provided hereunder to the registered holders of the Preferred Shares Series 16 of an Annual Fixed Dividend Rate or of the conversion right of holders of Preferred Shares Series 16 and the right of any holder of Preferred Shares Series 16 to convert such Preferred Shares Series 16 will cease and terminate in that event.

## **Provisions Common to the Preferred Shares Series 15 and the Preferred Shares Series 16**

### ***Conversion into another series of preferred shares***

The Bank may, at any time and by resolution of the Board of Directors, constitute a further series of preferred shares (the “New Preferred Shares”) having rights, privileges, restrictions and conditions attaching thereto which would qualify such New Preferred Shares as Tier 1 capital or equivalent of the Bank under the then current capital adequacy guidelines prescribed by the Superintendent (or if such guidelines are not applicable, having such rights, privileges, restrictions and conditions as the Board of Directors may determine). In such event, the Bank may, with the consent of the Superintendent, give holders of the Preferred Shares Series 15 and, if issued, the Preferred Shares Series 16, written notice that they have the right, pursuant to the terms of the Preferred Shares Series 15 and Preferred Shares Series 16, at their option, to convert their Preferred Shares Series 15 or Preferred Share Series 16 on the date specified in the notice into fully-paid and non-assessable New Preferred Shares on a share for share basis. Notice shall be given by the Bank in writing at least 30 and not more than 60 days prior to such conversion date. The Bank will ensure that the New Preferred Shares will not, if issued, be or be deemed to be “term preferred shares” or “short term preferred shares” within the meaning of the Act.

### ***Purchase for Cancellation***

Subject to the provisions of the Bank Act, the prior consent of the Superintendent, and the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, the Bank may at any time purchase for cancellation any Preferred Share Series 15 or Preferred Share Series 16, by private contract, in the open market or by tender, at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

### ***Conversion Upon Occurrence of Non-Viable Contingent Capital Trigger Event***

Upon the occurrence of a Trigger Event (as defined below), each outstanding Preferred Shares Series 15 and each outstanding Preferred Shares Series 16 will automatically and immediately be converted, on a full and permanent basis, into a number of Common Shares equal to  $(\text{Multiplier} \times \text{Share Value}) \div \text{Conversion Price}$  (rounding down, if necessary, to the nearest whole number of Common Shares) (an “NVCC Automatic Conversion”). For the purposes of the foregoing:

“**Conversion Price**” means the greater of (i) the Floor Price (as defined below), and (ii) the Current Market Price of the Common Shares.

“**Current Market Price**” of the Common Shares means the volume weighted average trading price of the Common Shares on the TSX, if such shares are then listed on the TSX, for the 10 consecutive trading days ending on the trading day preceding the date of the Trigger Event. If the Common Shares are not then listed on the TSX, for the purpose of the foregoing calculation, reference shall be made to the principal securities exchange or market on which the Common Shares are then listed or quoted or, if no such trading prices are available, “Current Market Price” shall be the Floor Price.

“**Floor Price**” means \$5.00 subject to adjustment in the event of (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all holders of Common Shares as a stock dividend, (ii) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares, or (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of Common Shares. The adjustment shall be computed to the nearest one-tenth of one cent, provided that no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% of the Conversion Price then in effect.

“**Multiplier**” means 1.0.

“**Share Value**” means \$25.00 plus declared and unpaid dividends as at the date of the Trigger Event.

“**Trigger Event**” has the meaning set out in the OSFI Guideline for Capital Adequacy Requirements (CAR), Chapter 2 – Definition of Capital, effective December 2014, as such term may be amended or superseded by OSFI from time to time, which term currently provides that each of the following constitutes a Trigger Event:

- the Superintendent publicly announces that the Bank has been advised, in writing, that the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and that, after the conversion of all contingent instruments and taking into account any other factors or circumstances that are considered relevant or appropriate, it is reasonably likely that the viability of the Bank will be restored or maintained; or
- a federal or provincial government in Canada publicly announces that the Bank has accepted or agreed to accept a capital injection, or equivalent support, from the federal government or any provincial government or political subdivision or agent or agency thereof without which the Bank would have been determined by the Superintendent to be non-viable.

Fractions of Common Shares will not be issued or delivered pursuant to an NVCC Automatic Conversion and no cash payment will be made in lieu of a fractional Common Share. Notwithstanding any other provision of the Preferred Shares Series 15 or the Preferred Shares Series 16, the conversion of such shares shall not be an event of default and the only consequence of a Trigger Event under the provisions of such shares will be the conversion of such shares into Common Shares.

In the event of a capital reorganization, consolidation, merger or amalgamation of the Bank or comparable transaction affecting the Common Shares, the Bank will take necessary action to ensure that holders of Preferred Shares Series 15 and Preferred Shares Series 16, as applicable, receive, pursuant to an NVCC Automatic Conversion, the number of Common Shares or other securities that such holders would have received if the NVCC Automatic Conversion occurred immediately prior to the record date for such event.

### ***Right Not to Deliver Shares upon Conversion***

Upon (i) exercise by the holder of his right to convert Preferred Shares Series 15 into Preferred Shares Series 16, (ii) exercise by the holder of his right to convert Preferred Shares Series 16 into Preferred Shares Series 15, or (iii) an

NVCC Automatic Conversion, the Bank reserves the right not to (a) deliver some or all, as applicable, of Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares, as the case may be, issuable thereupon to any person whom the Bank or its transfer agent has reason to believe is an Ineligible Person (as defined below) or any person who, by virtue of that conversion or of the operation of an NVCC Automatic Conversion, would become a Significant Shareholder (as defined below) through the acquisition of Common Shares, or (b) record in its securities register a transfer or issue of Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares, as the case may be, to any person whom the Bank or its transfer agent has reason to believe is an Ineligible Government Holder (as defined below) based on a declaration submitted to the Bank or its transfer agent by or on behalf of such person. In such circumstances, the Bank will hold, as agent for such persons, Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares, as the case may be, that would have otherwise been delivered to such persons and will attempt to facilitate the sale of such Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares, as the case may be, to parties other than the Bank and its affiliates on behalf of such persons through a registered dealer to be retained by the Bank on behalf of such persons. Those sales (if any) may be made at any time and at any price. The Bank will not be subject to any liability for failure to sell such Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares, as the case may be, on behalf of such persons or at any particular price on any particular day. The net proceeds received by the Bank from the sale of any such Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares, as the case may be, will be divided among the applicable persons in proportion to the number of Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares, as the case may be, that would otherwise have been delivered to them upon the conversion or upon an NVCC Automatic Conversion after deducting the costs of sale and any applicable withholding taxes. For the purposes of the foregoing:

**“Ineligible Government Holder”** means any person who is the federal or a provincial government in Canada or agent or agency thereof, or the government of a foreign country or any political subdivision of a foreign country, or any agent or agency of a foreign government, in each case to the extent that the recording in the Bank’s securities register of a transfer or issue of any share of the Bank to such person would cause the Bank to contravene the Bank Act.

**“Ineligible Person”** means (i) any person whose address is in, or whom the Bank or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada to the extent that the issuance by the Bank or delivery by its transfer agent to that person, pursuant to an NVCC Automatic Conversion, of Common Shares would require the Bank to take any action to comply with securities, banking or analogous laws of that jurisdiction, and (ii) any person to the extent that the issuance by the Bank or delivery by its transfer agent to that person pursuant to an NVCC Automatic Conversion would cause the Bank to be in violation of any law to which the Bank is subject.

**“Significant Shareholder”** means any person who beneficially owns directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, a percentage of the total number of outstanding shares of a class of the Bank that is in excess of that permitted by the Bank Act.

### ***Rights on Liquidation***

In the event of the liquidation, dissolution or winding-up of the Bank, provided that an NVCC Automatic Conversion has not occurred, the holders of Preferred Shares Series 15 or Preferred Shares Series 16 will be entitled to receive \$25.00 per share, together with all dividends declared and unpaid to the date of payment, before any amount may be paid or any of the Bank’s assets distributed to the registered holders of any shares ranking junior to the Preferred Shares Series 15 or the Preferred Shares Series 16, as applicable. The holders of Preferred Shares Series 15 and Preferred Shares Series 16 will not be entitled to share in any further distribution of the Bank’s assets. If an NVCC Automatic Conversion has occurred, all Preferred Shares Series 15 and all Preferred Shares Series 16 shall have been converted into Common Shares which will rank on a parity with all other Common Shares.

### ***Restrictions on Dividends and Retirement of Shares***

So long as any of the Preferred Shares Series 15 or Preferred Shares Series 16 are outstanding, the Bank will not, without the approval of the holders of the relevant series given as specified below:

- (a) declare, pay or set apart for payment any dividends on the Common Shares or any other shares ranking junior to the relevant series (other than stock dividends payable in shares ranking junior to the relevant series);
- (b) redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the relevant series (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the relevant series);

- (c) redeem, purchase or otherwise retire less than all the relevant series; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Bank (the “Preferred Shares”), redeem, purchase or otherwise retire any other shares ranking on a parity with the relevant series,

unless, in each such case, all dividends up to and including the dividend payment date for the last completed period for which dividends will be payable will have been declared and paid or set apart for payment in respect of each series of cumulative Preferred Shares then issued and outstanding and on all other cumulative shares ranking on a parity with the Class A preferred shares of the Bank (the “Class A Preferred Shares”) and there will have been paid or set apart for payment all declared dividends in respect of each series of non-cumulative Preferred Shares (including the Preferred Shares Series 15 and the Preferred Shares Series 16) then issued and outstanding and on all other non-cumulative shares ranking on a parity with the Class A Preferred Shares.

### ***Issue of Additional Series of Preferred Shares***

Subject to the restrictions described in the Prospectus under “Description of Preferred Shares – Certain Provisions of the Preferred Shares as a Class – Restrictions on the Creation and Issue of Additional Shares Having a Prior or Equal Rank”, the Bank may issue other series of Preferred Shares ranking on a parity with the Preferred Shares Series 15 or the Preferred Shares Series 16 without the authorization of the holders of the Preferred Shares Series 15 or the Preferred Shares Series 16.

### ***Amendments to Series***

The Bank will not, without the approval of the holders of the applicable series given as specified below under “Shareholder Approvals”, delete or vary any rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 15 or the Preferred Shares Series 16. In addition to the aforementioned approval, the Bank will not without, but may from time to time, with the prior approval of the Superintendent, make any such deletion or variation which might affect the classification afforded the Preferred Shares Series 15 or the Preferred Shares Series 16 from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder.

### ***Shareholder Approvals***

The approval of the holders of Preferred Shares Series 15 or Preferred Shares Series 16 in regard to any question, particularly concerning amendments to any rights, privileges, restrictions and conditions attaching to the relevant series, may be given in writing by the holders of all outstanding Preferred Shares Series 15 or Preferred Shares Series 16 or by a resolution carried by not less than two thirds of the votes cast by the holders of Preferred Shares Series 15 or Preferred Shares Series 16 at a duly held meeting of such shareholders. The holders of the majority of issued and outstanding Preferred Shares Series 15 or Preferred Shares Series 16 present or represented by proxy at the meeting constitutes the requisite quorum for any meeting of the holders of Preferred Shares Series 15 or Preferred Shares Series 16, provided that there are no quorum requirements with respect to a reconvened meeting. At any meeting of the holders of Preferred Shares Series 15 or Preferred Shares Series 16 as a series, each holder shall be entitled to one vote for each Preferred Share Series 15 or Preferred Share Series 16 held.

### ***Voting Rights***

Subject to the provisions of the Bank Act, the holders of Preferred Shares Series 15 or Preferred Shares Series 16 as such will not be entitled to receive notice of, attend, or vote at, any meeting of the shareholders of the Bank, unless and until the first time at which the Board of Directors has not declared the whole dividend on the Preferred Shares Series 15 or the Preferred Shares Series 16 in respect of any quarter. In that event, the holders of Preferred Shares Series 15 or Preferred Shares Series 16 will be entitled to receive notice of, and to attend, meetings of shareholders at which directors of the Bank are to be elected and will be entitled to one vote for each Preferred Share Series 15 or Preferred Share Series 16 held. The voting rights of the holders of the Preferred Shares Series 15 or the Preferred Shares Series 16 will forthwith cease upon payment by the Bank of the first dividend on the Preferred Shares Series 15 or the Preferred Shares Series 16 to which the holders are entitled subsequent to the time such voting rights first arose until such time as the Bank may again fail to declare the whole dividend on the Preferred Shares Series 15 or the Preferred Shares Series 16 in respect of any quarter, in which event such voting rights will become effective again and so on from time to time.

In connection with any action to be taken by the Bank which requires the approval of the holders of Preferred Shares Series 15 or Preferred Shares Series 16 voting as a series or as part of the class, each such share will entitle the holder thereof to one vote.

### ***Tax Election***

The Preferred Shares Series 15 and the Preferred Shares Series 16 will be “taxable preferred shares” as defined in the Act for purposes of the tax under Part IV.1 of the Act applicable to certain corporate holders of such shares. The terms of the Preferred Shares Series 15 and the Preferred Shares Series 16 will require the Bank to make the necessary election under Part VI.1 of the Act so that corporate holders will not be subject to the tax under Part IV.1 of the Act on dividends received (or deemed to be received) on the Preferred Shares Series 15 and the Preferred Shares Series 16.

### ***Business Days***

If any action is required to be taken by the Bank on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

## **BANK ACT RESTRICTIONS AND APPROVALS**

The Prospectus sets out a summary of the restrictions contained in the Bank Act concerning the declaration and payment of dividends. The Bank does not anticipate that such restrictions will prevent a declaration or payment of dividends on Preferred Shares Series 15 or Preferred Shares Series 16 in the normal course and the Superintendent has not made any direction to the Bank in that regard pursuant to the Bank Act. The Prospectus also sets out a summary of the restrictions contained in the Bank Act concerning the issue, transfer, acquisition, beneficial ownership and voting of all shares of the Bank.

## **EARNINGS COVERAGE RATIOS**

The following consolidated financial ratios for the Bank, which are calculated for the 12 months ended October 31, 2015 and January 31, 2016, respectively, are presented on an as adjusted basis which gives effect to this offering (assuming no exercise of the Option) adjusted to give effect to the redemption of all the Bank’s outstanding \$250 million 3.70% Series 2010-1 Medium Term Notes, due November 2, 2020, at a redemption price equal to their principal amount, together with accrued and unpaid interest, which the Bank completed on November 2, 2015 (the “MTN Redemption”).

	<b>12 Months Ended October 31, 2015</b>	<b>12 Months Ended January 31, 2016</b>
	<b>Adjusted to Give Effect to this Offering and the MTN Redemption</b>	<b>Adjusted to Give Effect to this Offering and the MTN Redemption</b>
Interest coverage on subordinated indebtedness . . . . .	23.3 times	24.5 times
Grossed up dividend coverage on Preferred Shares . . .	5.7 times	6.0 times
Interest and grossed up dividend coverage on subordinated indebtedness and Preferred Shares . . .	5.7 times	6.0 times

The Bank’s interest requirements for its outstanding long term debt for the 12 months ended October 31, 2015 and for the 12 months ended January 31, 2016 amounted to \$6.4 million.

The Bank’s dividend requirements on all of its outstanding preferred shares, after giving effect to the issuance of the Preferred Shares Series 15 and adjusted to a before-tax equivalent using an effective tax rate of 23.2%, would have amounted to \$19.8 million for the 12 months ended October 31, 2015 and using an effective tax rate of 23.9%, would have amounted to \$20.0 million for the 12 months ended January 31, 2016.

The Bank’s net income before interest and income tax amounted to \$149.5 million for the 12 months ended October 31, 2015 and to \$157.3 million for the 12 months ended January 31, 2016, which would be 5.7 times and 6.0 times the Bank’s aggregate dividend and interest requirements for such respective periods after giving effect to the issuance of the Preferred Shares Series 15.

## TRADING PRICE AND VOLUME

The outstanding Common Shares are listed on the TSX under the trading symbol “LB”. The following table set forth the reported high and low trading prices in Canadian dollars and trading volumes of the Common Shares on the TSX for the periods indicated.

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume Traded</u>
March 2015 .....	\$49.66	\$ 46.84	1,966,499
April 2015 .....	\$48.80	\$ 46.75	1,225,706
May 2015 .....	\$48.76	\$ 47.46	809,024
June 2015 .....	\$50.87	\$ 47.49	1,922,280
July 2015 .....	\$49.59	\$ 46.11	1,663,561
August 2015 .....	\$49.75	\$ 43.80	1,570,114
September 2015 .....	\$50.55	\$ 47.33	2,003,640
October 2015 .....	\$53.26	\$ 48.54	2,298,183
November 2015 .....	\$54.62	\$ 52.00	1,472,436
December 2015 .....	\$55.82	\$ 48.12	3,411,481
January 2016 .....	\$48.30	\$ 42.42	3,975,859
February 2016 .....	\$48.60	\$ 44.38	2,139,869
March 1 – 9, 2016 .....	\$47.86	\$45.765	794,849

## CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Norton Rose Fulbright Canada LLP and Fasken Martineau DuMoulin LLP, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a holder of Preferred Shares Series 15 acquired pursuant to this prospectus supplement, Preferred Shares Series 16 acquired on a conversion of Preferred Shares Series 15 and Common Shares acquired on an automatic conversion of Preferred Shares Series 15 or Preferred Shares Series 16, who, for purposes of the Act and at all relevant times, is or is deemed to be resident in Canada, deals at arm’s length with the Bank and each of the Underwriters, is not affiliated with the Bank and holds Preferred Shares Series 15 and will hold any Preferred Shares Series 16 and any Common Shares (as applicable) as capital property (a “Holder”). The Canadian federal income considerations generally applicable to a holder of New Preferred Shares acquired upon a conversion of Preferred Shares Series 15 or Preferred Shares Series 16 will depend on the terms of the New Preferred Shares, if constituted, and are not described herein.

Generally, Preferred Shares Series 15, Preferred Shares Series 16 and Common Shares will be capital property to a Holder provided the Holder does not acquire or hold those Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares in the course of carrying on a business of trading or dealing in securities or as part of an adventure or concern in the nature of trade. Certain Holders, whose Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares might not otherwise qualify as capital property, may, in certain circumstances, be entitled to have them and all other “Canadian securities”, as defined in the Act, owned by such Holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Act.

This summary does not apply to a Holder (i) that is a “financial institution”, as defined in the Act for purposes of the mark-to-market rules; (ii) an interest in which is or would constitute a “tax shelter investment”, as defined in the Act; (iii) that has elected to report its “Canadian tax results”, as defined in the Act, in a currency other than Canadian currency; (iv) that has entered into, with respect to Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares, a “derivative forward agreement”, as defined in the Act; or (v) that receives dividends on Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares under or as part of a “dividend rental arrangement” (as defined in the Act). Such Holders should consult their own tax advisors. Furthermore, this summary is not applicable to a Holder that is a “specified financial institution” (as defined in the Act) that receives (or is deemed to receive), alone or together with persons with whom it does not deal at arm’s length, in the aggregate, dividends in respect of more than 10% of the Preferred Shares Series 15 or the Preferred Shares Series 16, as the case may be, outstanding at the time the

dividend is received or deemed to be received. This summary also assumes that all issued and outstanding Preferred Shares Series 15 and Preferred Shares Series 16 are listed, or will be listed, on a “designated stock exchange” (as defined in the Act) in Canada at such times as dividends (including deemed dividends) are received on such shares.

This summary is based upon the current provisions of the Act and the regulations thereunder (the “Regulations”), and counsel’s understanding of the current published administrative and assessing policies of the Canada Revenue Agency. This summary takes into account all specific proposals to amend the Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Tax Proposals”) and assumes that all Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice, whether by legislative, regulatory, administrative or judicial action, nor does it take into account provincial, territorial or foreign tax considerations which may differ from those discussed herein.

**This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder and no representation with respect to the income tax consequences to any particular Holder is made. This summary is not exhaustive of all federal income tax considerations. Accordingly, prospective Holders should consult their own tax advisors with respect to their particular circumstances.**

### *Dividends*

Dividends (including deemed dividends) received on Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares by a Holder who is an individual (other than certain trusts) will be included in the individual’s income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by individuals from taxable Canadian corporations, including the enhanced dividend tax credit rules in respect of dividends designated by the Bank as “eligible dividends” in accordance with the Act. Dividends (including deemed dividends) on Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares received by a Holder that is a corporation will be included in computing the corporation’s income and will generally be deductible in computing the taxable income of the corporation.

Preferred Shares Series 15 and Preferred Shares Series 16 will be “taxable preferred shares” as defined in the Act. The terms of the Preferred Shares Series 15 and the Preferred Shares Series 16 require the Bank to make the necessary election under Part VI.1 of the Act so that corporate Holders will not be subject to tax under Part IV.1 of the Act on dividends received (or deemed to be received) on Preferred Shares Series 15 or Preferred Shares Series 16.

A Holder that is a “private corporation” or a “subject corporation”, each as defined in the Act, will generally be liable to pay a 38 <sup>1</sup>/<sub>3</sub>% refundable tax under Part IV of the Act on dividends received or deemed to be received by it on the Preferred Shares Series 15, the Preferred Shares Series 16 or the Common Shares to the extent such dividends are deductible in computing its taxable income. This tax will generally be refunded to the corporate Holder based on the amount of taxable dividends paid while it is a “private corporation” or a “subject corporation”, all in accordance with detailed rules contained in the Act.

### *Dispositions*

A Holder who disposes of or is deemed to dispose of Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares (including, generally, on redemption or purchase for cancellation of the shares by the Bank for cash or otherwise, but not including a conversion) will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to that Holder. The amount of any deemed dividend arising on the redemption or purchase for cancellation, as applicable, by the Bank of Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares will generally not be included in computing the proceeds of disposition to any Holder for purposes of computing the capital gain or capital loss arising on the disposition of such shares (see “Redemption” below). If the Holder is a corporation, any such capital loss realized on a disposition of a Preferred Share Series 15, Preferred Share Series 16 or Common Share, as the case may be, may, in certain circumstances, be reduced by the amount of any dividends which have been received or which are deemed to have been received on such share or a share which has been converted into or exchanged for such share. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Generally, one-half of any capital gain (a taxable capital gain) realized by a Holder in a taxation year must be included in the Holder's income in that year. A Holder is required to deduct one-half of any capital loss (an allowable capital loss) realized in a taxation year from taxable capital gains realized in the year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years, or carried forward and deducted in any subsequent year, from net taxable capital gains realized in such years (but not against other income) to the extent and under the circumstances described in the Act.

A Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Act), may be liable to pay a refundable tax at a rate of 10<sup>2</sup>/<sub>3</sub>% on certain investment income, including taxable capital gains.

### ***Redemption***

If the Bank redeems for cash or otherwise acquires Preferred Shares Series 15, Preferred Shares Series 16 or Common Shares other than by a purchase in the manner in which shares are normally purchased by a member of the public in the open market, the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Bank in excess of the paid-up capital (as determined for purposes of the Act) of such shares at such time. See "Dividends" above. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares (see "Dispositions" above). In the case of a corporate Holder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as a gain of such Holder from the disposition of a capital property and not as a dividend.

### ***Conversion***

The conversion of (i) a Preferred Share Series 15 into a Preferred Share Series 16, Common Share or New Preferred Share; and (ii) a Preferred Share Series 16 into a Preferred Share Series 15, Common Share or New Preferred Share, will be deemed not to be a disposition of property and, accordingly, will not give rise to a capital gain or capital loss. The cost to a Holder of a Preferred Share Series 15, Preferred Share Series 16, Common Share or New Preferred Share, as the case may be, received on the conversion will be deemed to be an amount equal to the adjusted cost base to the Holder of the converted Preferred Share Series 15 or Preferred Share Series 16, as the case may be, immediately before the conversion. The cost of a Preferred Share Series 15, Preferred Share Series 16, Common Share or New Preferred Share, as the case may be, received on a conversion will be averaged with the adjusted cost base of all other identical shares held by the Holder as capital property at such time for the purpose of determining thereafter the adjusted cost base of each such share.

### ***Alternative Minimum Tax***

Capital gains realized and taxable dividends received by a Holder who is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Act.

## **RATINGS**

The Preferred Shares Series 15 are provisionally rated "Pfd-3" with a Stable trend by DBRS Limited ("DBRS"). "Pfd-3" represents the third highest of the five categories used by DBRS for preferred shares.

The Preferred Shares Series 15 are provisionally rated "P-3 (low)" and "BB-" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. ("S&P"), using S&P's Canadian scale for preferred shares and S&P's global scale for preferred shares, respectively. The "P-3" rating category is the third highest of the eight categories used by S&P on its Canadian preferred share rating scale. Correspondingly, a "BB" rating is the fourth highest of the nine categories used by S&P in its Global preferred share rating scale. A reference to "high" or "low" or "+" or "-" reflects the relative strength within the rating category.

Credit ratings are intended to provide investors with an independent measure of credit quality of any issue of securities. The credit ratings accorded to securities by the rating agencies are not recommendations to purchase, hold or sell the securities inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be

revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances so warrant, and if any such rating is so revised or withdrawn, the Bank is under no obligation to update this prospectus supplement. Prospective purchasers of Preferred Shares Series 15 should consult the relevant rating organization with respect to the interpretation and implications of the foregoing provisional ratings.

The Bank made payments to S&P and DBRS in connection with the assignment of ratings on its rated instruments. In addition, the Bank has or may have made payments in respect of certain other services provided to the Bank by each of such rating agencies during the last two years.

## **PLAN OF DISTRIBUTION**

Pursuant to an Underwriting Agreement dated March 10, 2016 (the “Underwriting Agreement”), the Bank has agreed to sell and the Underwriters have jointly (and not solidarily) agreed to purchase on March 17, 2016, or such date as may be agreed upon, but not later than April 14, 2016, subject to the terms and conditions stated in the Underwriting Agreement, all but not less than all of the Preferred Shares Series 15 at a price of \$25.00 per share, payable in cash to the Bank against delivery of such Preferred Shares Series 15. The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion if there should occur conditions of national or international consequence which may seriously adversely affect the Canadian financial markets and may also be terminated upon the occurrence of certain other stated events. The Underwriters are, however, obligated to take up and pay for all of the Preferred Shares Series 15 if any are purchased under the Underwriting Agreement.

The Bank has granted the Underwriters the Option to purchase all or a part of the Option Shares at the offering price hereunder, exercisable at any time up to 48 hours prior to the time of closing of this offering. This prospectus supplement qualifies the grant of the Option and the distribution of the Option Shares. As of the date of this prospectus supplement, the Underwriters have confirmed the exercise of the Option in part to purchase 1,000,000 Option Shares.

The Underwriters will be paid a fee per share equal to \$0.25 for each share sold to institutions and \$0.75 for all other shares sold on account of underwriting services rendered in connection with the offering, which fee will be paid out of the Bank’s general funds.

After the Underwriters have made a reasonable effort to sell all of the Preferred Shares Series 15 at \$25.00 per share, the Underwriters may subsequently reduce, and thereafter change, from time to time, the price at which the Preferred Shares Series 15 are offered to an amount not greater than \$25.00 per share and, in such case, the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Preferred Shares Series 15 is less than the gross proceeds paid by the Underwriters to the Bank.

The Underwriters may not, throughout the period of distribution, bid for or purchase any Preferred Shares Series 15. The foregoing restriction is subject to certain exceptions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Preferred Shares Series 15. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing, in connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares Series 15 at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Bank has applied to list on the TSX the Preferred Shares Series 15, the Preferred Shares Series 16 and the Common Shares into which such shares may be converted upon the occurrence of a Trigger Event. Listing of such securities will be subject to the Bank fulfilling all of the requirements of the TSX.

Laurentian Bank Securities Inc., one of the Underwriters, is the Bank’s wholly-owned subsidiary. The Bank is therefore a related and connected issuer of Laurentian Bank Securities Inc. under applicable securities legislation. The decision to distribute the Preferred Shares Series 15 and the determination of the terms of this offering, including the offering price, were made through negotiations between the Bank on the one hand and the Underwriters on the other.

Laurentian Bank Securities Inc. will not receive any benefit from the Bank in connection with this offering other than a portion of the Underwriters' fee. Under applicable securities laws, BMO Nesbitt Burns Inc., TD Securities Inc. and RBC Dominion Securities Inc. are independent underwriters in connection with this offering and are not related or connected to the Bank or to Laurentian Bank Securities Inc. In that capacity, BMO Nesbitt Burns Inc., TD Securities Inc. and RBC Dominion Securities Inc. participated with all other Underwriters in due diligence meetings relating to this prospectus supplement with the Bank and their representatives, have reviewed this prospectus supplement and have had the opportunity to propose such changes to this prospectus supplement as they considered appropriate. In addition, BMO Nesbitt Burns Inc., TD Securities Inc. and RBC Dominion Securities Inc. have participated, together with the other Underwriters, in the pricing of this offering.

The Preferred Shares Series 15 have not been and will not be registered under the U.S. Securities Act, or any U.S. state securities laws and may not be offered or sold in the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement, the Preferred Shares Series 15 may not be offered or sold within the United States. Each Underwriter has agreed that it will not offer or sell the Preferred Shares Series 15 within the United States or to U.S. persons except in transactions exempt from the registration requirements of the U.S. Securities Act.

No action has been taken in any jurisdiction other than Canada that would permit a public offering of the Preferred Shares Series 15, or the possession, circulation or distribution of this prospectus supplement or any other material relating to the Bank, or the Preferred Shares Series 15 in any jurisdiction where action for that purpose is required. Accordingly, the Preferred Shares Series 15 may not be offered or sold, directly or indirectly, and neither this prospectus supplement nor any other material or advertisements in connection with the Preferred Shares Series 15 may be distributed or published in any form in any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws, rules and regulations in any such country or jurisdiction.

#### **USE OF PROCEEDS**

The net proceeds to the Bank from the sale of the Preferred Shares Series 15, after deducting estimated expenses of this offering and the Underwriters' fee (assuming the Underwriters' fee is \$0.75 for all Preferred Shares Series 15 sold), will be approximately \$96,650,000 assuming no exercise of the Option, or approximately \$145,150,000 assuming full exercise of the Option. The net proceeds from this offering will be added to the Bank's general funds and will be used for general corporate purposes.

#### **RISK FACTORS**

An investment in Preferred Shares Series 15 of the Bank is subject to certain risks including those set out in the Prospectus and the following:

The value of the Preferred Shares Series 15 and the Preferred Shares Series 16 and the ability of the Bank to pay dividends thereon will be affected by the general creditworthiness of the Bank. The section entitled "Management's Discussion and Analysis" contained in the Bank's Annual Report for the year ended October 31, 2015 and the Management's Discussion and Analysis on the Bank's unaudited interim consolidated financial statements for the first quarter ended January 31, 2016 are incorporated by reference in the Prospectus. Each of these analyses discusses, among other things, known material trends and events, and risks and uncertainties that are reasonably expected to have a material effect on the Bank's business, financial condition or results of operations.

Real or anticipated changes in the creditworthiness of the Bank or in credit ratings on the Preferred Shares Series 15 or the Preferred Shares Series 16, if any, may affect the market value of the Preferred Shares Series 15 and the Preferred Shares Series 16, respectively. An actual or anticipated downgrade in the credit ratings of the Bank or its securities by any rating agency could affect the market value or rating of the Preferred Shares Series 15 and the Preferred Shares Series 16, respectively. In addition, such actual or anticipated changes in the Bank's credit ratings could also affect the cost at which the Bank can transact or obtain funding, and thereby affect the Bank's liquidity, business, financial condition or results of operations.

The value of the Preferred Share Series 15 and the Preferred Shares Series 16 may be affected by market value fluctuations resulting from factors which influence the Bank's operations, including regulatory developments, competition and global market activity.

The Preferred Shares Series 15 and the Preferred Shares Series 16 are non-cumulative and dividends are payable at the discretion of the Board of Directors. See "Earnings Coverage Ratios" in this prospectus supplement and "Bank Act Restrictions and Approvals" in the Prospectus, each of which are relevant to an assessment of the risk that the Bank will be unable to pay dividends on the Preferred Shares Series 15 or the Preferred Shares Series 16.

The redemption of Preferred Shares Series 15 or Preferred Shares Series 16 is subject to the consent of the Superintendent and other restrictions contained in the Bank Act. See "Bank Act Restrictions and Approvals" in the Prospectus.

Neither the Preferred Shares Series 15 nor the Preferred Shares Series 16 have a fixed maturity date and are not redeemable at the option of the holders of Preferred Shares Series 15 or Preferred Shares Series 16, as applicable. The ability of a holder to liquidate its holdings of Preferred Shares Series 15 or Preferred Shares Series 16, as applicable, may be limited.

The dividend rate in respect of the Preferred Shares Series 15 and the Preferred Shares Series 16 will reset every five years and quarterly, respectively. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

An investment in the Preferred Shares Series 15 may become an investment in Preferred Shares Series 16 without the consent of the holder in the event of an automatic conversion in the circumstances described under "Details of the Offering — Certain Provisions of the Preferred Shares Series 15 as a Series — Conversion of Preferred Shares Series 15 into Preferred Shares Series 16" above. Upon the automatic conversion of the Preferred Shares Series 15 into Preferred Shares Series 16, the dividend rate on the Preferred Shares Series 16 will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may fluctuate over time and be affected by a number of interrelated factors, including economic, financial and political events over which the Bank has no control.

Prevailing yields on similar securities will affect the market value of the Preferred Shares Series 15 and the Preferred Shares Series 16. Assuming all other factors remain unchanged, the market value of the Preferred Shares Series 15 and the Preferred Shares Series 16 will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Preferred Shares Series 15 and the Preferred Shares Series 16.

Stock market volatility may affect the market price of the Preferred Shares Series 15 and the Preferred Shares Series 16 for reasons unrelated to the Bank's performance. Also, the financial markets are generally characterized by extensive interconnections among financial institutions. As such, defaults by other financial institutions in Canada, the United States or other countries could adversely affect the Bank and the market price of the Preferred Shares Series 15 or the Preferred Shares Series 16. Additionally, the respective value of the Preferred Shares Series 15 and the Preferred Shares Series 16 is subject to market value fluctuations based upon factors which influence the Bank's operations, such as legislation or regulatory developments, competition, technological change and global capital market activity.

There can be no assurance that an active trading market will develop for the Preferred Shares Series 15 after this offering or for the Preferred Shares Series 16 following the issuance of any of those shares, or if developed, that such a market will be sustained at the offering price of the Preferred Shares Series 15 or the issue price of the Preferred Shares Series 16.

Following the occurrence of a Trigger Event and an NVCC Automatic Conversion, there is no certainty as to the value of the Common Shares to be received by the holders of the Preferred Shares Series 15 or the Preferred Shares Series 16 and the value of such Common Shares could be significantly less than the issue price or face value of the Preferred Shares Series 15 or the Preferred Shares Series 16, as applicable. A Trigger Event involves a subjective determination by OSFI that is outside the control of the Bank. If an NVCC Automatic Conversion occurs, then the interest of depositors, other creditors of the Bank and holders of Bank securities which are not contingent instruments

will all rank in priority to the holders of contingent instruments, including the Preferred Shares Series 15 and the Preferred Shares Series 16. Upon an NVCC Automatic Conversion, the rights, privileges, restrictions and conditions attaching to the Preferred Shares Series 15 and the Preferred Shares Series 16, including with respect to priority and rights on liquidation, will no longer be relevant as all such shares will have been converted on a full and permanent basis without the consent of the holders thereof into Common Shares ranking on parity with all other outstanding Common Shares. Given the nature of the Trigger Event, a holder of Preferred Shares Series 15 or the Preferred Shares Series 16 will become a holder of Common Shares at a time when the Bank's financial condition has deteriorated. The Preferred Shares Series 15 rank and the Preferred Shares Series 16 will, if issued, rank, equally with other Class A Preferred Shares of the Bank in the event of an insolvency or winding-up of the Bank where an NVCC Automatic Conversion has not occurred. If the Bank becomes insolvent or is wound-up where an NVCC Automatic Conversion has not occurred, the Bank's assets must be used to pay deposit liabilities and other debt, including subordinated debt, before payments may be made on the Preferred Shares Series 15 or the Preferred Shares Series 16. If an NVCC Automatic Conversion has occurred, the ranking of the Preferred Shares Series 15 and Preferred Shares Series 16 will not be relevant since all Preferred Shares Series 15 and Preferred Shares Series 16 will be converted into Common Shares which will rank on a parity with all other Common Shares of the Bank.

The Bank is expected to have outstanding from time to time other preferred shares and subordinated debt that will automatically convert into Common Shares upon a Trigger Event. In the case of such subordinated debt, the number of Common Shares to be received on conversion will be calculated by reference to the principal amount of such debt, together with accrued and unpaid interest and, in order to take into account the hierarchy of claims in a liquidation, holders of subordinated debt are expected to receive economic entitlements which are more favourable than preferred shareholders. Subordinated debt that is convertible into Common Shares upon a Trigger Event will likely use, and other preferred shares that are convertible into Common Shares upon a Trigger Event may also use, a lower effective floor price or a higher multiplier than that applicable to the Preferred Shares Series 15 and Preferred Shares Series 16 to determine the maximum number of Common Shares to be issued to holders of such instruments upon an NVCC Automatic Conversion. Accordingly, holders of Preferred Shares Series 15 and Preferred Shares Series 16 will receive Common Shares pursuant to an NVCC Automatic Conversion at a time when subordinated debt is converted into Common Shares at a conversion rate that is more favourable to the holder of such instruments and other preferred shares are converted into Common Shares at a conversion rate that may be more favourable to the holder of such instruments, in each case, than the rate applicable to the Preferred Shares Series 15 and Preferred Shares Series 16, thereby causing substantial dilution to holders of Common Shares (including the holders of Preferred Shares Series 15 and Preferred Shares Series 16, who will become holders of Common Shares upon the Trigger Event).

No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Québec and the federal laws of Canada applicable therein or administrative practice after the date of this prospectus supplement and before the date on which the Preferred Shares Series 15 are issued. Any such change could materially adversely impact the value of any Preferred Shares affected by it. Such changes in federal laws may include, but are not limited to, the introduction of a "bail-in" regime, described below, which may affect the rights of holders of securities issued by the Bank, including the Preferred Shares Series 15 and the Preferred Shares Series 16 in the event the Bank is designated as a domestic systemically important bank.

The Canada Deposit Insurance Corporation, Canada's resolution authority, was granted additional powers in 2009 to transfer certain assets and liabilities of a bank to a newly created "bridge bank" for such consideration as it determines in the event of a bank getting into distress, presumably to facilitate a sale of the bank to another financial institution as a going concern. Upon exercise of such power, any remaining assets and liabilities would remain with the "bad bank" which would then be wound up. As such, in this scenario, any securities of the Bank, including Preferred Shares Series 15, Preferred Shares Series 16 and Common Shares into which such shares may be converted upon the occurrence of a Trigger Event, that remain with the "bad bank" would be effectively written off, subject to only partial repayment, devalued or otherwise become worthless, in the ensuing winding-up.

On August 1, 2014, the Canadian Department of Finance issued for comment the "Taxpayer Protection and Bank Recapitalization Regime: Consultation Paper" which outlines a proposed bail-in regime applicable to Canada's domestic systemically important banks ("D-SIBs"), in line with key international standards such as the Financial Stability Board's "Key Attributes of Effective Resolution Regimes for Financial Institutions". In the federal budget tabled on April 21, 2015, the Government of Canada confirmed that it would be implementing the bail-in regime proposed in the consultation paper. The Bank has not been designated as a D-SIB by OSFI as of the date of this

prospectus supplement and as such the proposed regime would not, when implemented, be applicable to the Bank to the extent its designation remains unchanged. Under the proposed regime, among other things, the Government of Canada would be granted two significant conversion powers with respect to D-SIBs' outstanding capital and debt: (i) first, the Government would be granted the power to permanently convert "eligible liabilities" of the D-SIB ("eligible liabilities" consisting solely of long term senior debt, which is senior unsecured debt that is tradable and transferable with an original term of over 400 days and is issued or renegotiated after an implementation date to be set by the Government of Canada) into common equity, and (ii) the Government would be granted the power to permanently cancel existing common shares of the D-SIB. Each of those powers would only be exercisable if two preconditions were met: (a) first, the Superintendent would need to have determined that the D-SIB has ceased or is about to cease being viable and (b) second, the full conversion of the D-SIB's securities following the occurrence of a Trigger Event would need to have occurred. The proposed conversion powers would apply only to "eligible liabilities" issued or negotiated after the implementation of the regime with no retroactive application to existing debt.

If this proposed regime is implemented and if the Bank is designated as a D-SIB, any "eligible liabilities" issued after such implementation would be subject to the conversion powers described above and holders of such "eligible liabilities" may receive Common Shares in exchange for their "eligible liabilities" in the event that the Bank ceases or is about to cease being viable. Moreover, in the event that the Bank is designated as a D-SIB, holders of Preferred Shares Series 15 and the Preferred Shares Series 16 who receive Common Shares following the occurrence of a Trigger Event and as a result of an NVCC Automatic Conversion may sustain substantial dilution following the conversion of such "eligible liabilities", as it is expected that the conversion rate of such "eligible liabilities" will be significantly more favourable to the holders of such obligations than the rate applicable to holders of Preferred Shares Series 15 and the Preferred Shares Series 16.

As described above, the Bank has not been designated as a D-SIB by OSFI as of the date of this prospectus supplement and as such the proposed regime would not, when implemented, be applicable to the Bank to the extent its designation remains unchanged.

#### **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for the Preferred Shares Series 15, the Preferred Shares Series 16 and the Common Shares is Computershare Investor Services Inc. at its principal office in Montréal.

#### **LEGAL MATTERS**

Legal matters in connection with the issue and sale of the Preferred Shares Series 15 will be passed upon, on behalf of the Bank, by Norton Rose Fulbright Canada LLP and, on behalf of the Underwriters, by Fasken Martineau DuMoulin LLP. As at March 10, 2015, partners and associates of each of Norton Rose Fulbright Canada LLP and Fasken Martineau DuMoulin LLP, collectively, beneficially owned, directly or indirectly, less than 1% of any class of issued and outstanding securities of the Bank or any associates or affiliates of the Bank.

#### **PURCHASER'S STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

## CERTIFICATE OF THE UNDERWRITERS

Dated: March 10, 2016

To the best of our knowledge, information and belief, the short form prospectus of Laurentian Bank of Canada dated November 10, 2014 (the "Prospectus"), together with the documents incorporated in the Prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the Prospectus and this supplement as required by the *Bank Act* (Canada) and the regulations thereunder and the securities legislation of all provinces of Canada.

**BMO NESBITT BURNS INC.**

By: *(Signed) Annie Lapointe*

**TD SECURITIES INC.**

By: *(Signed) Jonathan Broer*

**RBC DOMINION SECURITIES INC.**

By: *(Signed) John Bylaard*

**CIBC WORLD MARKETS INC.**

By: *(Signed) Paul St-Michel*

**LAURENTIAN BANK SECURITIES INC.**

By: *(Signed) Michel Richard*

**NATIONAL BANK FINANCIAL INC.**

By: *(Signed) Maude Leblond*

**SCOTIA CAPITAL INC.**

By: *(Signed) Elaine Barsalou*

**DESJARDINS SECURITIES INC.**

By: *(Signed) A. Thomas Little*

**CANACCORD GENUITY CORP.**

By: *(Signed) Ron Sedran*

## Short Form Base Shelf Prospectus

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This short form base shelf prospectus is a base shelf prospectus and has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and, except as stated under "Plan of Distribution", may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act).*

*Information has been incorporated by reference in this short form base shelf prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Laurentian Bank of Canada, 1981 McGill College Avenue, 20<sup>th</sup> Floor, Montréal, Québec, H3A 3K3 (Telephone: (514) 284-4500, ext. 7545), and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## SHORT FORM BASE SHELF PROSPECTUS

New Issue

November 10, 2014



**\$1,000,000,000**

**Debt Securities (subordinated indebtedness)**

**Common Shares**

**Class A Preferred Shares**

Laurentian Bank of Canada (the "Bank") may from time to time offer and issue the following securities: (i) unsecured subordinated debt securities (the "Debt Securities"); (ii) common shares (the "Common Shares"); and (iii) Class A Preferred Shares (the "Preferred Shares"). The Debt Securities, Common Shares and Preferred Shares (collectively, the "Securities") offered hereby may be offered separately or together, in separate series, in amounts, at prices and on terms to be set forth in an accompanying shelf prospectus supplement and any applicable pricing supplement (collectively, a "Prospectus Supplement"). All information permitted under applicable securities legislation to be omitted from this short form base shelf prospectus (the "Prospectus") will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. The Bank may sell up to \$1,000,000,000 in aggregate initial offering price of Securities (or the Canadian dollar equivalent thereof if any of the Securities are denominated in a foreign currency or currency unit) during the 25 month period that this Prospectus, including any amendments thereto, remains valid. All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise indicated.

The specific terms of the Securities in respect of which this Prospectus is being delivered will be set forth in the applicable Prospectus Supplement and may include, where applicable: (i) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, maturity, interest provisions, authorized denominations, offering price, any terms for redemption at the option of the Bank or the holder, any exchange or conversion terms and any other specific terms; (ii) in the case of Common Shares, the number of shares and the offering price; and (iii) in the case of Preferred Shares, the designation of the particular series, the aggregate number of shares offered, the issue price, the dividend rate, the dividend payment dates, any terms for redemption at the option of the Bank or the holder, any exchange or conversion terms and any other specific terms. This Prospectus does not qualify for issuance of Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or a bankers' acceptance rate, or to recognized market benchmark interest rates such as LIBOR.

The outstanding Common Shares and Preferred Shares Series 11 and 13 of the Bank are listed on the Toronto Stock Exchange.

Effective January 1, 2013, in accordance with capital adequacy requirements adopted by the Office of the Superintendent of Financial Institutions Canada (the “Superintendent”), non-common capital instruments issued after January 1, 2013, including Debt Securities and Preferred Shares, must include terms providing for the full and permanent conversion of such securities into Common Shares upon the occurrence of certain trigger events relating to financial viability (the “Non-Viable Capital Contingency Provisions”) in order to qualify as regulatory capital. The specific terms of any Non-Viable Capital Contingency Provisions for any Debt Securities and Preferred Shares that the Bank issues under this Prospectus will be described in one or more Prospectus Supplements relating to such Securities.

The Securities may be sold through underwriters or agents and by the Bank directly pursuant to applicable statutory exemptions. See “Plan of Distribution”. The underwriters may decrease the price at which the Securities are distributed for cash from the initial offering price disclosed in a Prospectus Supplement, unless otherwise specified in a Prospectus Supplement. **See “Plan of Distribution” for additional disclosure concerning a possible price decrease.** Each Prospectus Supplement will identify each underwriter or agent engaged in connection with the offering and sale of those Securities, and will also set forth the terms of the offering of such Securities, including the net proceeds to the Bank and, to the extent applicable, any fees payable to the underwriters or agents. Each Prospectus Supplement will be deemed to be incorporated by reference in this Prospectus as of the date of such Prospectus Supplement, but only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains. The offerings are subject to approval of certain legal matters on behalf of the Bank by Norton Rose Fulbright Canada LLP.

**Unless otherwise specified in the applicable Prospectus Supplement, there is no market through which the Debt Securities may be sold and purchasers may not be able to resell the Debt Securities purchased under the Prospectus. This may affect the pricing of the Debt Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Debt Securities and the extent of issuer regulation. See “Risk Factors”.**

**The Debt Securities will be direct unsecured obligations of the Bank constituting subordinated indebtedness for the purposes of the *Bank Act* (Canada) and will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.**

The head office and executive offices of the Bank are at 1981 McGill College Avenue, Montréal, Québec, Canada, H3A 3K3.

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## **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

In this Prospectus and in any documents incorporated by reference therein, 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. These forward-looking statements are used to assist the Bank's security holders and financial analysts 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 believe, estimate, forecast, project, expect, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the forecasts, projections and other forward-looking statements will not be achieved or will prove to be inaccurate. Although 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.

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 capital market activity, changes in government monetary, fiscal and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition, credit ratings, scarcity of human resources and the technological environment. The Bank further cautions that the foregoing list of factors is not exhaustive. Additional information about these and other factors can be found in the "Risk Appetite and Risk Management Framework" on page 42 of the Bank's Annual Report for the year ended October 31, 2013.

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.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents that have been filed by the Bank with the various securities regulatory authorities in each of the provinces of Canada and with the Superintendent, are specifically incorporated by reference in, and form an integral part of, this Prospectus:

- (a) Annual Information Form dated December 11, 2013;
- (b) audited consolidated financial statements as at and for the year ended October 31, 2013 with comparative consolidated financial statements as at and for the year ended October 31, 2012, together with the independent auditors' report thereon and Management's Discussion and Analysis as contained in the Bank's Annual Report for the year ended October 31, 2013;
- (c) unaudited interim consolidated financial statements for the third quarter ended July 31, 2014, together with the Management's Discussion and Analysis thereon; and
- (d) Management Proxy Circular dated February 12, 2014 in connection with the annual meeting of shareholders of the Bank held on April 2, 2014.

Any documents of the type referred to in the preceding paragraph and any unaudited interim consolidated financial statements, information circulars, material change reports (excluding confidential material change reports), business acquisition reports and other disclosure document required to be incorporated by reference in this Prospectus filed by the Bank with a securities regulatory authority in Canada pursuant to the requirements of applicable securities legislation, after the date of this Prospectus and prior to the completion or withdrawal of the offering under any Prospectus Supplement, shall be deemed to be incorporated by reference herein.

**Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.**

A Prospectus Supplement containing the specific terms of an offering of Securities will be delivered to purchasers of such Securities together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of the Prospectus Supplement solely for the purposes of the offering of the Securities covered by such Prospectus Supplement, unless otherwise expressly provided therein.

Upon a new Annual Information Form or new audited annual consolidated financial statements, together with the independent auditors' report thereon and Management's Discussion and Analysis relating thereto, being filed by the Bank with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous Annual Information Form, audited annual consolidated financial statements and Management's Discussion and Analysis and all unaudited interim consolidated financial statements, material change reports, information circulars, business acquisition reports and other disclosure documents filed prior to the commencement of the Bank's financial year in which the new Annual Information Form or annual financial statements are filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder.

Where the Bank updates its disclosure of earnings coverage ratios by Prospectus Supplement, the Prospectus Supplement filed with the applicable securities regulatory authorities that contains the most recent updated disclosure of earnings coverage ratios and any Prospectus Supplement supplying any additional or updated information the Bank may elect to include (provided that such information does not describe a material change that has not already been the subject of a material change report or a Prospectus Amendment) will be delivered to all subsequent purchasers of Securities together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement or Prospectus Supplements.

## **LAURENTIAN BANK OF CANADA**

Laurentian Bank of Canada, a chartered bank subject to the provisions of the *Bank Act* (Canada) (the "Bank Act"), was founded in Montréal in 1846 as a mutual savings company and became a share capital corporation under a charter issued on April 27, 1871 pursuant to an act of the Parliament of Canada concerning savings banks. The head office and executive offices of the Bank are at 1981 McGill College Avenue, Montréal, Québec, Canada, H3A 3K3.

The Bank was known, before September 28, 1987, as the Montréal City and District Savings Bank. On that date, the Bank became a bank under Schedule II of the Bank Act pursuant to letters patent issued by the Minister of Finance (Canada). On January 1, 1994, Desjardins-Laurentian Financial Corporation became the majority shareholder of the Bank following its acquisition of the Bank's parent corporation, Laurentian Group Corporation. On November 12, 1997, the Bank continued as a bank named in Schedule I of the Bank Act following the secondary distribution by Desjardins-Laurentian Financial Corporation of its control block of approximately 57.5% of the Common Shares of the Bank.

The Bank serves individual consumers, small and medium-sized businesses as well as, through its direct and indirect wholly-owned subsidiary B2B Bank, independent financial advisors. It also provides

full-service brokerage solutions through Laurentian Bank Securities Inc. Laurentian Bank is well established in the Province of Québec and is an active player in specific market segments elsewhere in the country. The list of the principal subsidiaries of the Bank is contained in the Bank's Annual Report for the year ended October 31, 2013 and in the Bank's Annual Information Form dated December 11, 2013.

## DESCRIPTION OF DEBT SECURITIES

The following describes certain general terms and provisions of the Debt Securities. The particular terms and provisions of Debt Securities offered by a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in such Prospectus Supplement.

The Debt Securities will be direct unsecured obligations of the Bank, constituting subordinated indebtedness for the purposes of the Bank Act, ranking equally and rateably with all other subordinated indebtedness of the Bank from time to time issued and outstanding. In the event of the insolvency or winding-up of the Bank, the subordinated indebtedness of the Bank, including the Debt Securities (if a trigger event has not occurred as contemplated under the specific Non-Viable Capital Contingency Provisions applicable to such Debt Securities), will be subordinate in right of payment to the prior payment in full of the deposit liabilities of the Bank and all other liabilities of the Bank, except those which by their terms rank equally in right of payment with, or are subordinate to, such subordinated indebtedness.

Subject to regulatory capital requirements applicable to the Bank, there is no limit on the amount of Debt Securities the Bank may issue.

If the Bank becomes insolvent, the Bank Act provides that priorities among payments of the Bank's deposit liabilities and payments of all of the Bank's other liabilities (including payments in respect of Debt Securities) are to be determined in accordance with the laws governing priorities and, where applicable, by the terms of the indebtedness and liabilities. Because the Bank has subsidiaries, the Bank's right to participate in any distribution of the assets of the Bank's banking or nonbanking subsidiaries, upon a subsidiary's dissolution, winding-up, liquidation or other reorganization and thus a purchaser's ability to benefit indirectly from such distribution, is subject to the prior claims of creditors of that subsidiary, except to the extent that the Bank may be a creditor of that subsidiary and the Bank's claims are recognized. There are legal limitations on the extent to which some of the Bank's subsidiaries may extend credit, pay dividends or otherwise supply funds to, or engage in transactions with, the Bank or some of its other subsidiaries.

**The Debt Securities will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.**

The Debt Securities will be issued under one or more indentures (each, a "Trust Indenture"), in each case between the Bank and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee (each, a "Trustee"). The statements made below relating to any Trust Indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof, are not complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Trust Indenture.

Each Trust Indenture may provide that Debt Securities may be issued thereunder up to the aggregate principal amount which may be authorized from time to time by the Bank. Reference is made to the Prospectus Supplement which accompanies this Prospectus for the terms and other information with respect to the Debt Securities being offered thereby, including: (i) the designation, aggregate principal amount and authorized denominations of the Debt Securities; (ii) the currency for which the Debt Securities may be purchased and the currency in which the principal and any interest is payable (in either case, if other than Canadian dollars); (iii) the percentage of the principal amount at which the Debt Securities will be issued; (iv) the date or dates on which the Debt Securities will mature; (v) the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any); (vi) the dates

on which such interest will be payable and the record dates for such payments; (vii) the Trustee under the Trust Indenture pursuant to which the Debt Securities are to be issued; (viii) any redemption term or terms under which such Debt Securities may be defeased; (ix) whether the Debt Securities are to be issued in registered form, “book-entry only” form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof; (x) any exchange or conversion terms (including terms relating to any conversion of the Debt Securities into Common Shares); (xi) the ratings, if any, issued by rating agencies; and (xii) any other specific terms.

Unless otherwise specified in the Prospectus Supplement which accompanies this Prospectus, principal, premium (if any) and interest payable on Debt Securities are to be payable at any branch in Canada of the Bank, provided that such payments may also be made at the option of the Bank by electronic or wire transfer or by cheque mailed, delivered or otherwise transferred to the persons in whose names the Debt Securities are registered.

Debt Securities may, at the option of the Bank, be issued in fully registered form, in bearer form or in “book-entry only” form. See “Book-Entry Only Securities” below. Debt Securities in registered form will be exchangeable for other Debt Securities of the same series and tenor, registered in the same name, for the same aggregate principal amount in different authorized denominations and will be transferable at any time or from time to time at the corporate trust office of the Trustee for the Debt Securities. No charge will be made to the holder for any such exchange or transfer, except for any tax or government charge incidental thereto.

## **DESCRIPTION OF COMMON SHARES**

The authorized common share capital of the Bank consists of an unlimited number of Common Shares, without par value, of which 28,838,627 were issued and outstanding on September 30, 2014. The holders of Common Shares are entitled to one vote for each share held at all meetings of shareholders, except meetings at which only holders of preferred shares of one or more series are entitled to vote. The holders of Common Shares are entitled to receive dividends if, as and when declared by the board of directors, subject to the rights of holders of preferred shares (including the Preferred Shares). In the event of any liquidation, dissolution or winding-up of the Bank, subject to the rights of holders of preferred shares (including the Preferred Shares), the holders of Common Shares are entitled to participate rateably in any distribution of the remaining property of the Bank.

## **DESCRIPTION OF PREFERRED SHARES**

The following describes certain general terms and provisions of the Preferred Shares. The particular terms and provisions of a series of Preferred Shares offered by a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement.

### **Certain Provisions of the Preferred Shares as a Class**

#### ***Issuance in Series***

The Preferred Shares (including any Preferred Shares issued hereunder if a trigger event has not occurred as contemplated under the specific Non-Viable Capital Contingency Provisions applicable to such Preferred Shares) are issuable in series and rank *pari passu* among themselves as to the payment of dividends and return of capital. The directors of the Bank have the right, by resolution, subject to the Bank Act, the provisions contained in the rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class and any conditions attaching to any series of Preferred Shares outstanding, to determine the number of shares in, and to determine the respective designation, rights, privileges, restrictions and conditions of, each series of Preferred Shares. Currently there are 4,000,000 Preferred Shares, Series 11 and 5,000,000 Preferred Shares, Series 13 issued and outstanding.

### ***Dividends***

The holders of any series of Preferred Shares are entitled to receive, in priority to the holders of Common Shares of the Bank and of shares of any other class of the Bank ranking as to the payment of dividends junior to the Preferred Shares, dividends, as declared by the board of directors, in the amounts specified or determinable in accordance with the provisions of such series, and such dividends may be cumulative or non-cumulative and payable in cash or by way of stock dividend or in any other manner provided for by the board of directors.

### ***Liquidation or Dissolution***

In the event of the liquidation or dissolution of the Bank, or any other distribution of its assets to its shareholders with a view to winding-up its business, before any amount shall be paid or any assets distributed to the holders of Common Shares of the Bank or of shares of any other class of shares of the Bank ranking junior to the Preferred Shares, the holders of Preferred Shares shall be entitled to receive to the extent provided for with respect to each series (i) an amount equal to the price at which such shares were issued, (ii) such premium, if any, as has been provided for with respect to such series, (iii) in the case of cumulative Preferred Shares, all unpaid cumulative dividends, and (iv) in the case of non-cumulative Preferred Shares, all declared and unpaid non-cumulative dividends. After the payment to the holders of Preferred Shares of the amounts so payable, the holders of Preferred Shares shall not be entitled to share in any further distribution of the assets of the Bank.

### ***Voting Rights***

Subject to the Bank Act and except as otherwise expressly provided in the rights, privileges, restrictions and conditions attaching to any series of Preferred Shares, the holders of Preferred Shares do not, as such, have any voting rights for the election of directors of the Bank or for any other purpose, nor are they entitled to receive any notice of or attend shareholders' meetings.

### ***Restrictions on the Creation or Issue of Additional Shares Having a Prior or Equal Rank***

The Bank shall not, without the prior approval of the holders of Preferred Shares as a class given as hereinafter specified (but subject to such approval as may be required by the Bank Act or any other legal requirement), create any additional Preferred Shares or shares of any other class ranking in priority to or pari passu with Preferred Shares. The Bank shall not, without the prior approval of the holders of Preferred Shares as a class as provided for hereinafter (but subject to such approval as may be required by the Bank Act or any other legal requirement), issue any additional series of Preferred Shares or shares of any other class ranking in priority to or pari passu with Preferred Shares, unless at the date of issue all cumulative dividends, including the dividend payment for the last complete period for which such cumulative dividend is payable, shall have been declared and paid or set apart for payment in respect of each series of cumulative Preferred Shares then outstanding and all declared and unpaid non-cumulative dividends shall have been paid or set apart for payment in respect of each series of non-cumulative Preferred Shares then outstanding.

### ***Shareholder Approval***

The approval of the holders of Preferred Shares in regard to any question, particularly concerning amendments to conditions attaching to Preferred Shares as a class, may be given in writing by the holders of all outstanding Preferred Shares or by a resolution carried by not less than two thirds of the votes cast by the holders of Preferred Shares at a duly held meeting of such shareholders. The holders of the majority of issued and outstanding Preferred Shares present or represented by proxy at the meeting constitutes the requisite quorum for any meeting of the holders of Preferred Shares, provided that there are no quorum requirements with respect to a reconvened meeting. At any meeting of the holders of Preferred Shares as a class, each holder shall be entitled to one vote for each Preferred Share held.

## **BOOK-ENTRY ONLY SECURITIES**

Except as otherwise provided in an accompanying Prospectus Supplement with respect to a particular issue of Securities, Debt Securities and Preferred Shares will be issued in “book-entry only” form. Securities issued in “book-entry only” form must be purchased, transferred or redeemed through participants (“Participants”) in the depository service of CDS Clearing and Depository Services Inc. or a successor (“CDS”) or its nominee. Each of the underwriters or agents, as the case may be, named in an accompanying Prospectus Supplement will be a Participant. On the closing of a book-entry only offering, the Bank may cause a global certificate or certificates representing the aggregate number or aggregate principal amount, as the case may be, of Securities subscribed for under such offering to be delivered to, and registered in the name of, CDS or its nominee. The Bank may also utilize the non-certificated issue system maintained by CDS in which case the aggregate number or aggregate principal amount, as the case may be, of Securities subscribed for under such offering will be delivered in the form of an electronic deposit in lieu of a global certificate or certificates and no physical certificate evidencing ownership of Securities will be issued. Except as described below, no purchaser of Securities will be entitled to a certificate or other instrument from the Bank or CDS evidencing that purchaser’s ownership thereof, and no purchaser will be shown on the records maintained by CDS, except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Securities will receive a customer confirmation of purchase from the registered dealer from which the Securities are purchased in accordance with the practices and procedures of such registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Securities. Reference in this Prospectus to a holder of Securities means, unless the context otherwise requires, the owner of the beneficial interest in the Securities.

Securities in fully registered and certificated form will be issued to beneficial owners of Securities only if: (i) required by applicable law; (ii) CDS’s book-entry-only system ceases to exist; (iii) the Bank or CDS advises that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Securities and the Bank is unable to locate a qualified successor; (iv) the Bank, at its option, decides to terminate its present arrangements with CDS; (v) if an event of default has occurred with regard to the Securities and has not been cured or waived; or (vi) as otherwise agreed by the Bank and CDS.

### ***Transfer, Conversion or Redemption of Securities***

Transfer of ownership, conversions or redemptions of Securities will be effected through records maintained by CDS or its nominee for such Securities with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Holders who desire to purchase, sell or otherwise transfer ownership of or other interests in the Securities may do so only through Participants.

The ability of a holder to pledge a Security or otherwise take action with respect to such holder’s interest in a Security (other than through a Participant) may be limited due to the lack of a physical certificate.

### ***Payments and Notices***

As applicable, any payment of principal, redemption price, dividend and interest on a Security will be made by the Bank to CDS or its nominee, as the case may be, as the registered holder of the Security and the Bank understands that such payments will be credited by CDS or its nominee in the appropriate amounts to the relevant Participants. Payments to holders of Securities of amounts so credited will be the responsibility of the Participants.

As long as CDS or its nominee is the registered holder of the Securities, CDS or its nominee, as the case may be, will be considered the sole owner of the Securities for the purposes of receiving notices or payments on the Securities. In such circumstances, the responsibility and liability of the Bank in respect of

notices or payments on the Securities is limited to giving or making payment of any principal, redemption price, dividend and interest due on the Securities to CDS or its nominee.

Each holder must rely on the procedures of CDS and, if such holder is not a Participant, on the procedures of the Participant through which such holder owns its interest, to exercise any rights with respect to the Securities. The Bank understands that under existing policies of CDS and industry practices, if the Bank requests any action of holders or if a holder desires to give any notice or take any action which a registered holder is entitled to give or take with respect to the Securities, CDS would authorize the Participant acting on behalf of the holder to give such notice or to take such action, in accordance with the procedures established by CDS or agreed to from time to time by the Bank, any Trustee and CDS. Any holder that is not a Participant must rely on the contractual arrangement it has directly, or indirectly through its financial intermediary, with its Participant to give such notice or take such action.

The Bank, the underwriters or agents and any Trustee identified in an accompanying Prospectus Supplement, as applicable, will not have any liability or responsibility for: (i) records maintained by CDS relating to beneficial ownership interest in the Securities held by CDS or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to any such beneficial ownership interest; or (iii) any advice or representation made by or with respect to CDS and contained herein or in any Trust Indenture relating to the rules and regulations of CDS or any action to be taken by CDS or at the directions of the Participants. The rules governing CDS provide that it acts as the agent and depository for Participants. As a result, such Participants must look solely to CDS and beneficial owners of Securities must look solely to Participants for payment or deliveries made by or on behalf of the Bank to CDS in respect of the Securities.

#### **BANK ACT RESTRICTIONS AND APPROVALS**

Under the Bank Act, the Bank, with the prior consent of the Superintendent, may redeem or purchase any of its shares, unless there are reasonable grounds for believing that the Bank is, or the redemption or purchase would cause the Bank to be, in contravention of any regulation made under the Bank Act respecting the maintenance by banks of adequate capital and adequate and appropriate forms of liquidity, or any directive to the Bank issued by the Superintendent pursuant to subsection 485(3) of the Bank Act regarding its capital or its liquidity. No such directive to the Bank has been issued to date.

The Bank is also prohibited under the Bank Act from paying or declaring a dividend if there are reasonable grounds for believing that the Bank is, or the payment would cause the Bank to be, in contravention of any regulation made under the Bank Act respecting the maintenance by banks of adequate capital and adequate and appropriate forms of liquidity, or any directive to the Bank issued by the Superintendent pursuant to subsection 485(3) of the Bank Act regarding its capital or its liquidity. No such directive to the Bank has been issued to date.

#### **RESTRAINTS ON BANK SHARES UNDER THE BANK ACT**

The Bank Act contains restrictions on the issue, transfer, acquisition and beneficial ownership of all shares of a chartered bank. By way of summary, no person, or persons acting jointly or in concert, shall be a major shareholder of a bank if such bank has equity of \$12 billion or more. While the equity of the Bank is less than \$12 billion and the Bank Act would otherwise permit a person to own up to 100% of any class of shares of the Bank, the Bank is deemed to be a bank to which the ownership restrictions for banks with equity of \$12 billion or more apply until the Minister of Finance (Canada) specifies, on application by the Bank, that these restrictions no longer apply to the Bank. A person is a major shareholder of a bank where: (i) the aggregate shares of any class of voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 20% of that class of voting shares; or (ii) the aggregate shares of any class of non-voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 30% of that class of non-voting shares.

No person shall have a significant interest in any class of shares of a bank, including the Bank, unless the person first receives the approval of the Minister of Finance (Canada). For purposes of the Bank Act, a person has a significant interest in a class of shares of a bank where the aggregate shares of the class beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank.

In addition, the Bank Act prohibits banks, including the Bank, from transferring or issuing shares of any class to Her Majesty in right of Canada or of a province, an agent of Her Majesty, a foreign government or an agent of a foreign government.

#### **CHANGES TO SHARE CAPITAL AND SUBORDINATED INDEBTEDNESS**

There have been no material changes in the share capital or in the subordinated indebtedness of the Bank since July 31, 2014.

## EARNINGS COVERAGE RATIOS

The following consolidated financial ratios for the Bank, which are calculated for the 12 months ended October 31, 2013 and July 31, 2014, respectively, do not reflect the issue of any Securities under this Prospectus.

	<b>October 31, 2013</b>	<b>July 31, 2014</b>
Interest coverage on subordinated indebtedness . . . . .	10.8 times	11.6 times
Grossed up dividend coverage on Preferred Shares . . . . .	6.2 times	6.6 times
Interest and grossed up dividend coverage on subordinated indebtedness and Preferred Shares . . . . .	6.2 times	6.6 times

For the 12 months ended October 31, 2013, the Bank's dividend requirement on all of its outstanding preferred shares, adjusted to a before-tax equivalent using an effective tax rate of 21.1%, amounted to \$11.9 million. The Bank's interest requirements for its outstanding long-term debt for the 12 months ended October 31, 2013 amounted to \$16.1 million.

For the 12 months ended July 31, 2014, the Bank's dividend requirement on all of its outstanding preferred shares, adjusted to a before-tax equivalent using an effective tax rate of 22.0%, amounted to \$12.0 million. The Bank's interest requirements for its outstanding long-term debt for the 12 months ended July 31, 2014 amounted to \$16.1 million.

The Bank's net income before interest and income tax amounted to \$174.0 million for the 12 months ended October 31, 2013 and to \$186.0 million for the 12 months ended July 31, 2014, which are 6.2 times and 6.6 times the Bank's aggregate dividend and interest requirements for such respective periods.

The amounts and ratios reported above for the 12 months ended October 31, 2013 are derived from the Bank's audited annual consolidated financial statements for the year ended October 31, 2013, adjusted to reflect the issuance of the Preferred Shares Series 13 and the redemption of the Preferred Shares Series 10, which occurred earlier in 2014. The amounts and ratios reported above for the 12 months ended July 31, 2014 are derived from unaudited financial information.

The Bank will file updated earnings coverage ratios quarterly with the various securities commissions or similar authorities in each of the provinces of Canada, either as prospectus supplements or as exhibits to the Bank's unaudited interim and audited annual consolidated financial statements.

## PLAN OF DISTRIBUTION

The Bank may sell Securities to or through underwriters or agents, and may also sell Securities to one or more purchasers directly relying on applicable statutory exemptions. Debt Securities may be sold from time to time in one or more transactions at a fixed or non-fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices determined by reference to the prevailing market prices or at prices to be negotiated with purchasers. No convertible, exchangeable or exercisable securities for which any amounts will be payable to convert, exchange or exercise such securities will be offered by the Bank pursuant to this Prospectus.

A Prospectus Supplement will set forth the terms of any offering of Securities, including the type of Securities being offered, the name or names of any underwriters or agents involved in the offering and sale of the Securities, the initial public offering price, the purchase price of such Securities, the proceeds to the Bank, any underwriting discount or commission or discount or commission to be paid to any agents and any discounts, concessions or commissions allowed or reallocated or paid by any underwriters to other dealers. Only underwriters or agents so named in a Prospectus Supplement are deemed to be underwriters or agents, as applicable, in connection with the Securities offered.

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale, at market prices prevailing at the time of sale or at prices related to such prevailing market prices. The obligations of the underwriters to purchase such Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Securities offered by the Prospectus Supplement if any of such Securities are purchased. Any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time. In particular, in connection with any offering of the Securities (unless otherwise specified in a Prospectus Supplement), after the underwriters have made a reasonable effort to sell all of the Securities at the initial public offering price disclosed in a Prospectus Supplement, the public offering price may be decreased, and further changed from time to time, by the underwriters to an amount not greater than the initial public offering price disclosed in the Prospectus Supplement and, in such case, the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Securities is less than the gross proceeds paid by the underwriters to the Bank.

The Securities may also be sold directly by the Bank at such prices and upon such terms as agreed to by the Bank and the purchaser or through agents designated by the Bank from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Bank to such agent will be set forth, in the Prospectus Supplement.

The Bank may agree to pay the underwriters or agents a commission for various services relating to the issue and sale of any Securities offered hereby. Any such commission will be paid out of the general corporate funds of the Bank. Underwriters and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Bank to indemnification by the Bank against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters or agents may be required to make in respect thereof.

In connection with any offering of the Securities (unless otherwise specified in a Prospectus Supplement), the underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a higher level than that which might exist in the open market. These transactions may be commenced, interrupted or discontinued at any time.

The Securities to be issued hereunder have not been, and will not be, registered under the U.S. Securities Act and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act), except in certain transactions exempt from the requirements of the U.S. Securities Act.

## **TRADING PRICE AND VOLUME OF BANK'S SECURITIES**

Trading prices and volume of the Bank's Securities will be provided for all of the Bank's issued and outstanding Common Shares and Preferred Shares in each Prospectus Supplement.

## **PRIOR SALES**

Prior sales will be provided in a Prospectus Supplement with respect to the Securities being distributed under such Prospectus Supplement.

## **RISK FACTORS**

Investment in the Securities is subject to various risks including those risks inherent in conducting the business of a diversified financial institution. Before deciding whether to invest in any Securities, investors should consider carefully the risks set out herein and incorporated by reference in this Prospectus (including subsequently filed documents incorporated by reference) and those described in a Prospectus Supplement relating to a specific offering of Securities. Prospective investors should consider the categories of risks identified and discussed in the Annual Information Form of the Bank dated December 11, 2013 and the documents incorporated by reference therein, including, but not limited, to credit and counterparty risk, market risk, liquidity and funding risk, operational risk, business risk, reputation risk and other factors that may affect the Bank's results.

## **USE OF PROCEEDS**

Unless otherwise specified in a Prospectus Supplement, the net proceeds to the Bank from the sale of the Securities will be added to the general funds of the Bank and utilized for general banking purposes.

## **LEGAL MATTERS**

Unless otherwise specified in the Prospectus Supplement, certain legal matters relating to the Securities offered by a Prospectus Supplement will be passed upon, on behalf of the Bank, by Norton Rose Fulbright Canada LLP. As of the date hereof, partners, counsel and associates of Norton Rose Fulbright Canada LLP beneficially owned, directly or indirectly, less than one percent of any securities of the Bank or any associates or affiliates of the Bank.

## **AUDITORS**

The independent auditors of the Bank are Ernst & Young LLP, 800 René-Lévesque Blvd, Suite 1900, Montreal, Quebec, H3B 1X9. The auditors have confirmed to the Bank that they are independent within the meaning of the Code of Ethics of the Ordre des comptables professionnels agréés du Québec.

## **PURCHASER'S STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus, the accompanying prospectus supplements relating to securities purchased by a purchaser and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, the accompanying prospectus supplements relating to securities purchased by a purchaser and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the

purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

## CERTIFICATE OF THE BANK

Dated: November 10, 2014

This short form base shelf prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the *Bank Act* (Canada) and the regulations thereunder and the securities legislation of all provinces of Canada.

(Signed) RÉJEAN ROBITAILLE  
President and Chief Executive Officer

(Signed) MICHEL C. LAUZON  
Executive Vice-President and  
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) RICHARD BÉLANGER  
Director

(Signed) ISABELLE COURVILLE  
Director