LAURENTIAN BANK

Laurentian Bank reports its 2015 results

Dec 9, 2015

The Bank's Annual Report, which includes the Audited Annual Consolidated Financial Statements and accompanying Management's Discussion and Analysis for 2015, will also be available today on the Bank's website at www.laurentianbank.ca.

Highlights of the fourth quarter of 2015

- Strong adjusted core earnings at $44.1 million or $1.44 per share, both up 4% year-over-year
- Continued focus on loan growth, up $1.4 billion sequentially, including a $613.1 million investment loan portfolio purchase
- Reported net loss of $18.7 million or $0.73 per share, including special impairment and restructuring charges of $78.4 million ($61.8 million after income taxes), or $2.13 per share [primarily non-cash with a minimal impact of 7 basis points on the Commond Equity Tier 1 (CET 1) capital ratio]
- CET 1 capital ratio remains solid at 7.6%
- Quarterly common share dividend raised by $0.02 to $0.58 per share

Highlights of the year ended October 31, 2015

- Adjusted net income of $172.2 million or $5.62 per share, respectively up 5% and 6% year-over-year
- Reported net income of $102.5 million or $3.21 per share, respectively down 27% and 29% year-over-year, including special impairment and restructuring charges of $78.4 million
- Excellent credit quality with loan losses of $34.9 million, 17% lower than last year
- Strong loan growth of $2.7 billion year-over-year:
  - B2B Bank mortgages up 34% year-over-year
  - Loans to businesses up 18% year-over-year
- No direct exposure to the oil and gas industry

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	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED		
	OCTOBER 31 2015	OCTOBER 31 2014	VARIANCE	**OCTOBER 31 2015**	OCTOBER 31 2014	VARIANCE
Reported basis						
Net income (loss)	**$(18.7)**	$33.8	n. m.	**$102.5**	$140.4	(27)%
Diluted earnings (loss) per share	**$(0.73)**	$1.09	n. m.	**$3.21**	$4.50	(29)%
Return on common shareholders' equity	**(6.1)%**	9.5%		**6.8%**	10.1%	
Adjusted basis[1]						
Adjusted net income	**$44.1**	$42.6	4%	**$172.2**	$163.6	5%

Adjusted diluted earnings per share	**$1.44**	$1.39	4%	**$5.62**	$5.31	6%
Adjusted return on common shareholders' equity	**12.1%**	12.2%		**12.0%**	11.9%	

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[1] Certain analyses presented throughout this document are based on the Bank's core activities and therefore exclude certain charges designated as adjusting items. Refer to the Adjusting Items and Non-GAAP Financial Measures sections for further details.

MONTRÉAL, Dec. 9, 2015 /CNW Telbec/ - Laurentian Bank of Canada (the Bank) reported net income of $44.1 million on an adjusted basis or $1.44 diluted per share for the fourth quarter of 2015, both up 4%, compared with $42.6 million or $1.39 diluted per share for the same period in 2014. Adjusted return on common shareholders' equity was 12.1% for the fourth quarter of 2015, compared with 12.2% a year ago. On a reported basis, net loss totalled $18.7 million or a loss of $0.73 diluted per share for the fourth quarter of 2015, compared with net income of $33.8 million or earnings of $1.09 diluted per share for the same period last year. On a reported basis, return on common shareholders' equity was negative 6.1% for the fourth quarter of 2015, compared with 9.5% for the fourth quarter of 2014. Reported results for the fourth quarter of 2015 and for the fourth quarter of 2014 took into account adjusting items, including impairment and restructuring charges, as detailed below.

For the year ended October 31, 2015, adjusted net income totalled $172.2 million or $5.62 diluted per share, respectively up 5% and 6%, compared with adjusted net income of $163.6 million or $5.31 diluted per share for the year ended October 31, 2014. Adjusted return on common shareholders' equity was 12.0% for the year ended October 31, 2015, compared with 11.9% in 2014. On a reported basis, net income was $102.5 million or $3.21 diluted per share for the year ended October 31, 2015, compared with $140.4 million or $4.50 diluted per share in 2014. On a reported basis, return on common shareholders' equity was 6.8% for the year ended October 31, 2015, compared with 10.1% for the same period in 2014. Reported results for 2015 and 2014 took into account adjusting items, including impairment and restructuring charges, as detailed below.

François Desjardins, President and Chief Executive Officer, commented on the Bank's financial condition: "We delivered strong core earnings growth throughout the year and met our profitability objectives. In addition, our focus on our priority activities have generated tangible returns, with the B2B Bank mortgage loan portfolio increasing by 34% and the loans to businesses increasing by 18%. Given our solid core financial performance and the support that our Board of Directors has in our transformation plan, I am pleased to announce that the Board has approved an increase in our quarterly common share dividend of $0.02 to $0.58 per share."

Transformation Plan

In an environment where technology and demographics are significantly changing customer expectations and where the economic context and regulatory framework are constantly evolving, the challenge for all financial institutions is to develop a winning formula.

To be implemented over the next 7 years, the transformation plan will be structured in manageable phases and will be progressive. At the heart of these key initiatives is a common objective: to become a simpler, more efficient and modern organization with a solid foundation for sustainable growth focused on:

- Transforming the Bank to improve profitability by investing in:
  - Rebuilding the account management platform
  - Modernizing the retail distribution network
  - Accelerating the transition to Advanced Internal Ratings-Based approach (AIRB)
- Moving towards a simpler and less expensive operating mode by optimizing operations, including:
  - Simplifying the retail product offering
  - Reducing the cost of corporate functions and increasing efforts relating to compliance and oversight
  - Focusing team members' efforts on serving clients better
  - Harmonizing branding
  - Promoting a culture based on achieving common goals
- Leveraging current strengths to generate solid growth.

This is an ambitious plan supported by a thorough analysis, that is achievable given the Bank's size, agility, as well as the talent and dedication of team members.

This will improve how the Bank will serve its customer base and further rally team members. The annual report provides more insights on the plan.

Commenting on the Bank's transformation plan introduced today, Mr. Desjardins mentioned: "After a year of review, we concluded that in order to progress, a true transformation is required. We are convinced that it is the right time to progressively transform the Bank. We are determined to succeed and are excited about the future."

Impairment and restructuring charges for the quarter and year ended October 31, 2015

Following the comprehensive strategic review of its retail activities completed during the fourth quarter of 2015, the Bank reviewed the value of its Retail unit (which encompasses all branch activities and other retail banking activities in Québec) and recorded a charge of $72.2 million. This charge was related to the impairment of goodwill for an amount of $29.2 million, of software and intangible assets for $33.1 million and of premises and equipment for $9.9 million.

This impairment charge is the result of a combination of factors, including the continued pressure on net interest margins stemming from the persistent low interest rates and competitive landscape, the change in customers' behavior driven by significant changes in technology and lifestyle, the emergence of new competitors, as well as the additional administrative burden associated with new regulatory measures.

This impairment charge does not affect the Bank's operations or its liquidity. The impact of this impairment charge on the Common Equity Tier 1 capital ratio was limited to 4 bps, as goodwill and software are already deducted from regulatory capital. At 7.6% as at October 31, 2015, the Common Equity Tier 1 capital ratio remained well above minimum requirements.

The Bank also previously announced in the fourth quarter of 2015 a new organizational structure and executive team. Certain activities were restructured as a first step of the transformation plan towards a simpler and more efficient operating model. Consequently, severance and impairment charges of $6.2 million were recorded in non-interest expenses.

Impairment of goodwill, software and intangible assets, and premises and equipment as well as restructuring charges are designated as adjusting items. These are primarily included in the reported results of the Personal & Commercial business segment and Other sector. Reported results for 2014 also included similar restructuring charges. Refer to the Adjusting items and Non-GAAP financial measures sections below for further details.

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	FOR THE QUARTER AND YEAR ENDED OCTOBER 31, 2015		
	BEFORE INCOME TAXES (IN MILLIONS OF DOLLARS)	AFTER INCOME TAXES (IN MILLIONS OF DOLLARS)	DILUTED EARNINGS PER SHARE [1]
Impairment of goodwill, software and intangible assets, and premises and equipment	**$72.2**	**$57.2**	**$1.98**
Restructuring charges	**$6.2**	**$4.5**	**$0.16**
	$78.4	**$61.8**	**$2.13**

[1] The impact of adjusting items on a per share basis does not add due to rounding.

Caution Regarding Forward-looking Statements

In this document and in other documents filed with Canadian regulatory authorities or in other communications, Laurentian Bank of Canada may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements include, but are not limited to, statements regarding the Bank's business plan and financial objectives. The forward-looking statements contained in this document are used to assist 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 have been 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 Management's Discussion and Analysis under the title "Risk Appetite and Risk Management Framework" in the Bank's Annual Report, as well as to other public filings available at www.sedar.com.

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

Highlights

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	FOR THE THREE MONTHS ENDED					FOR THE YEAR ENDED		
In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	**OCTOBER 31 2015**	JULY 31 2015	VARIANCE	OCTOBER 31 2014	VARIANCE	**OCTOBER 31 2015**	OCTOBER 31 2014	VARIANCE
Profitability								
Total revenue	**$ 231,649**	$ 226,638	2 %	$ 221,421	5 %	**$ 897,126**	$ 874,065	3 %
Net income (loss)	**$ (18,719)**	$ 44,166	n.m.	$ 33,754	n.m.	**$ 102,470**	$ 140,365	(27) %
Diluted earnings (loss) per share	**$ (0.73)**	$ 1.44	n.m.	$ 1.09	n.m.	**$ 3.21**	$ 4.50	(29) %
Return on common share	**(6.1) %**	12.1 %		9.5 %		**6.8 %**	10.1 %	

holders' equity [1]								
Net interest margin (on average earning assets) [1]	**1.84 %**	1.85 %		1.84 %		**1.84 %**	1.88 %	
Efficiency ratio [1]	**104.6 %**	71.1 %		75.1 %		**80.6 %**	73.4 %	
Operating leverage [1]	**(48.3) %**	1.3 %		(5.8) %		**(10.1) %**	5.9 %	
Per common share								
Share price - Close	**$ 52.97**	$ 49.48	7 %	$ 49.58	7 %	**$ 52.97**	$ 49.58	7 %
Price / earnings ratio (trailing four quarters)	**16.5 x**	9.8 x		11.0 x		**16.5 x**	11.0 x	
Book value [1]	**$ 46.33**	$ 47.45	(2) %	$ 45.89	1 %	**$ 46.33**	$ 45.89	1 %
Market to book value [1]	**114 %**	104 %		108 %		**114 %**	108 %	
Dividends	**$ 0.5**	$ 0.5	— %	$ 0.5	8 %	**$ 2.2**	$ 2.0	7 %

declared	**6**	6		2		**0**	6	
Dividend yield [1]	**4.2 %**	4.5 %		4.2 %		**4.2 %**	4.2 %	
Dividend payout ratio [1]	**n.m.**	38.8 %		47.8 %		**68.6 %**	45.7 %	
Adjusted financial measures								
Adjusted net income [1]	**$ 44,127**	$ 45,291	(3) %	$ 42,591	4 %	**$ 172,199**	$ 163,582	5 %
Adjusted diluted earnings per share [1]	**$ 1.44**	$ 1.48	(3) %	$ 1.39	4 %	**$ 5.62**	$ 5.31	6 %
Adjusted return on common shareholders' equity [1]	**12.1 %**	12.4 %		12.2 %		**12.0 %**	11.9 %	
Adjusted efficiency ratio [1]	**70.8 %**	71.1 %		70.3 %		**71.3 %**	71.0 %	
Adjusted operating leverage [1]	**0.4 %**	1.3 %		(0.1) %		**(0.4) %**	2.4 %	

Adjusted dividend payout ratio [1]	**38.9 %**		37.8 %				37.3 %			**39.2 %**	38.7 %	
Financial position (in millions of Canadian dollars)												
Balance sheet assets [2]	**$ 39,660**		$ 39,558	— %			$ 36,483	9 %				
Loans and acceptances	**$ 30,093**		$ 28,655	5 %			$ 27,430	10 %				
Deposits	**$ 26,604**		$ 25,800	3 %			$ 24,523	8 %				
Average earning assets	**$ 32,563**		$ 31,556	3 %			$ 30,184	8 %		**$ 31,248**	$ 29,856	5 %
Basel III regulatory capital ratios — All-in basis												
Common Equity Tier I	**7.6 %**		7.7 %				7.9 %					
Total [3]	**10.8 %**		11.7 %				12.6 %					
Leverage ratio	**3.5 %**		3.6 %				n.a					
Other information												

Number of full-time equivalent employees	**3,656**	3,761	3,667
Number of branches	**150**	150	152
Number of automated banking machines	**405**	408	418

[1] Refer to the Non-GAAP Financial Measures section.
[2] Comparative figures for 2014 reflect the adoption of amendments to IAS 32, *Financial Instruments: Presentation*. Refer to Note 4 in the audited annual consolidated financial statements.
[3] Including the effect of the announced redemption of the Series 2010-1 subordinated Medium Term Notes.

Financial Review

The following sections present a summary analysis of the Bank's financial condition as at October 31, 2015, and of how it performed during the three-month period and year then ended. The analysis should be read in conjunction with the unaudited financial information for the fourth quarter of 2015 presented below.

The Bank's audited Annual Consolidated Financial Statements and accompanying Management's Discussion and Analysis for 2015, as well as additional information about the Laurentian Bank of Canada, including the Annual Information Form are also available on the Bank's website at www.laurentianbank.ca. and on SEDAR at www.sedar.com.

2015 Financial Performance

The following table presents management's financial objectives and the Bank's performance for 2015. These financial objectives were based on the assumptions noted on page 23 of the Bank's 2014 Annual Report under the title "Key assumptions supporting the Bank's objectives" and excluded adjusting items.

2015 FINANCIAL OBJECTIVES [1]

	2015 OBJECTIVES	**FOR THE YEAR ENDED OCTOBER 31, 2015**

Adjusted diluted earnings per share	5% to 8% growth	**6%**
Adjusted efficiency ratio	71.0%	**71.3%**
Adjusted operational leverage	Positive	**(0.4)%**
Adjusted return on common shareholders' equity	≥ 12.0%	**12.0%**
Common Equity Tier I capital ratio — All-in basis	> 7.0%	**7.6%**

[1] Refer to the Non-GAAP Financial Measures section.

The Bank met its profitability and capital objectives for the year 2015. Good volume growth in loan portfolios, higher mutual fund commissions and continued strong credit quality were the key drivers of the Bank's financial performance. However, continued pressure on net interest income ensuing from the very low interest rate environment, as well as sustained regulatory and technology cost pressure contributed to the Bank slightly missing its annual efficiency ratio and operating leverage objectives.

How the Bank Will Measure its Performance

With the introduction of the new transformation plan aimed at improving performance, the Bank will focus entirely on meeting its Strategic Goal to double the size of the company by 2022 and achieve banking industry average performance while building a solid strategic foundation. Given the plan, return on equity should increase above the 14% level in 4 years and, with the implementation of AIRB, to a level which would be comparable to the industry in 7 years. To meet these objectives, the Bank will have to execute its plan and ensure that it maintains its focus on its key initiatives.

These strategic objectives translate into the following medium-term financial objectives:

- Grow earnings per share by 5% to 10% annually
- Move the efficiency ratio below 68%
- Generate positive operating leverage
- Continue to leverage the Bank's strengths and grow by 2019:
  - Loans to business customers by more than 60% to $13 billion
  - Residential mortgage loans through independent brokers and advisors by more than 50% to $9 billion
  - Mutual funds to retail clients by more than 80% to $6 billion
  - Assets under management at Laurentian Bank Securities by more than 25% to $4 billion

Analysis of Consolidated Results

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CONDENSED CONSOLIDATED RESULTS	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
In thousands of Canadian dollars, except per share amounts	**OCTOBER 31 2015**	JULY 31 2015	OCTOBER 31 2014	**OCTOBER 31 2015**	OCTOBER 31 2014

(Unaudited)					
Net interest income	**$ 150,667**	$ 147,229	$ 140,149	**$ 575,083**	$ 560,980
Other income	**80,982**	79,409	81,272	**322,043**	313,085
Total revenue	**231,649**	226,638	221,421	**897,126**	874,065
Amortization of net premium on purchased financial instruments and revaluation of contingent consideration	**1,465**	1,531	1,508	**5,999**	9,653
Provision for loan losses	**9,400**	7,000	10,500	**34,900**	42,000
Non-interest expenses [1]	**242,340**	161,037	166,299	**722,824**	641,309
Income (loss) before income taxes	**(21,556)**	57,070	43,114	**133,403**	181,103
Income taxes (recovery)	**(2,837)**	12,904	9,360	**30,933**	40,738
Net income (loss)	**$ (18,719)**	$ 44,166	$ 33,754	**$ 102,470**	$ 140,365
Preferred share dividends, including applicable taxes	**2,406**	2,399	2,395	**9,602**	10,985
Net income	**$ (21,125)**	$ 41,767	$ 31,359	**$ 92,868**	$ 129,380

(loss) available to common shareholders										
Diluted earnings (loss) per share	**$**	**(0.73)**	$	1.44	$	1.09	**$**	**3.21**	$	4.50
Adjusted net income [2]	**$**	**44,127**	$	45,291	$	42,591	**$**	**172,199**	$	163,582
Adjusted diluted earnings per share [2]	**$**	**1.44**	$	1.48	$	1.39	**$**	**5.62**	$	5.31

[1] Non-interest expenses include certain adjusting items, as detailed in the section below.
[2] Refer to the Non-GAAP Financial Measures section.

Adjusting items

The Bank has designated certain amounts as adjusting items and presents adjusted results to facilitate understanding of its underlying business performance and related trends. The Bank assesses performance on a GAAP basis and non-GAAP basis and considers both measures to be useful to investors and analysts in obtaining a better understanding of the Bank's financial results and analyzing its growth and profit potential more effectively.

Adjusting items are related to:

- Impairment of goodwill, software and intangible assets, and premises and equipment, which are included in the reported results of the Personal & Commercial business segment;
- Restructuring charges, which are included in the reported results of all of the business segments and the Other Sector;
- A compensation charge recorded in the first quarter of 2015 related to the retirement of the Bank's former President and Chief Executive Officer, which is included in the reported results of the Other sector;
- Costs related to business combinations, which are included in the reported results of the B2B Bank business segment.

Adjusted results and measures are non-GAAP measures. Comments on the uses and limitations of such measures are disclosed in the Non-GAAP Financial Measures section hereafter.

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IMPACT OF ADJUSTING ITEMS [1]

	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
In thousands of	**OCTOBE**	JULY	OCTOBE	**OCTOBE**	OCTOBE

LAURENTIAN BANK

Canadian dollars, except per share amounts (Unaudited)		**R 31 2015**		31 2015		R 31 2014		**R 31 2015**		R 31 2014
Impact on net income										
Reported net income (loss)	**$**	**(18,719)**	$	44,166	$	33,754	**$**	**102,470**	$	140,365
Adjusting items, net of income taxes										
Impairment of goodwill, software and intangible assets, and premises and equipment		**57,245**		—		—		**57,245**		—
Restructuring charges										
Severance charges [2]		**3,372**		—		4,429		**3,372**		4,429
Impairment charges related to IT projects [3]		**1,153**		—		1,162		**1,153**		1,162
		4,525		—		5,591		**4,525**		5,591
Retirement compensation charge [2]		**—**		—		—		**3,550**		—
Items related to business combinations										
Amortization of net premium on purchased financial instruments and revaluation of contingent consideration										
Amortization of net premium on purchased financial instrume		**1,076**		1,125		1,108		**4,409**		4,079

nts Revaluation of contingent consideration	**—**	—	—	**—**	4,100
Integration costs related to business combinations	**—**	—	2,138	**—**	9,447
	1,076	1,125	3,246	**4,409**	17,626
	62,846	1,125	8,837	**69,729**	23,217
Adjusted net income	**$ 44,127**	$ 45,291	$ 42,591	**$ 172,199**	$ 163,582
Impact on diluted earnings per share					
Reported diluted earnings (loss) per share	**$ (0.73)**	$ 1.44	$ 1.09	**$ 3.21**	$ 4.50
Adjusting items					
Impairment of goodwill, software and intangible assets, and premises and equipment	**1.98**	—	—	**1.98**	—
Restructuring charges	**0.16**	—	0.19	**0.16**	0.19
Retirement compensation charge	**—**	—	—	**0.12**	—
Items related to business combinations	**0.04**	0.04	0.12	**0.15**	0.62
	2.17	0.04	0.31	**2.41**	0.81
Adjusted diluted earnings per share [4]	**$ 1.44**	$ 1.48	$ 1.39	**$ 5.62**	$ 5.31

[1] Refer to the Non-GAAP Financial Measures section.
[2] Severance and retirement compensation charges are included in the line item Salaries and employee benefits in the consolidated statement of income.
[3] Impairment charges related to IT projects are included in the line item Premises and technology in the consolidated statement of income.
[4] The impact of adjusting items on a per share basis does not add due to rounding for the quarters.

Year ended October 31, 2015 compared with the year ended October 31, 2014

Net income was $102.5 million or $3.21 diluted per share for the year ended October 31, 2015, compared with $140.4 million or $4.50 diluted per share for the year ended October 31, 2014. Adjusted net income was $172.2 million for the year ended October 31, 2015, up 5% compared with $163.6 million in 2014, while adjusted diluted earnings per share was $5.62, up 6% compared with $5.31 diluted per share in 2014.

Total revenue

Total revenue increased by $23.1 million to $897.1 million for the year ended October 31, 2015, compared with $874.1 million for the year ended October 31, 2014.

Net interest income increased by $14.1 million or 3% to $575.1 million for the year ended October 31, 2015, from $561.0 million for the year ended October 31, 2014. Good loan growth over the last year had a positive impact on net interest income, while margins remained under pressure. When compared with the year ended October 31, 2014, net interest margin (as a percentage of average earning assets) decreased by 4 basis points to 1.84% for the year ended October 31, 2015. This decrease was mainly due to the persistent low interest rates which resulted in tighter margins, as well as additional lower-yielding liquid assets held throughout the year, notably to finance the purchase of an investment loan portfolio in the fourth quarter.

Other income increased by $9.0 million or 3% and amounted to $322.0 million for the year ended October 31, 2015, compared with $313.1 million for the year ended October 31, 2014. Solid mutual fund commissions, up $9.6 million or 33%, significantly contributed to the year-over-year increase, partly driven by new sales, as well as additional fee-based revenues earned on the co-branded LBC-Mackenzie mutual fund assets under administration. Income from treasury and financial market operations also increased by $7.2 million due to a better contribution from trading activities and higher foreign-exchange revenues. These increases were partly offset by lower insurance income due to a higher level of claims, as well as lower income from investment accounts compared with the year ended October 31, 2014. Of note, other income in the year ended October 31, 2014 included a $3.7 million gain on the sale of a $102.4 million commercial mortgage loan portfolio.

Amortization of net premium on purchased financial instruments and revaluation of contingent consideration

For the year ended October 31, 2015, the line item "Amortization of net premium on purchased financial instruments and revaluation of contingent consideration" amounted to $6.0 million, compared with $9.7 million for the year ended October 31, 2014. The higher charge in 2014 essentially resulted from a $4.1 million non tax-deductible charge to settle the contingent consideration related to the AGF Trust acquisition. The amortization of net premium on purchased financial instruments amounted to $6.0 million for the year ended October 31, 2015, compared with $5.6 million for the year ended October 31, 2014. Refer to Note 30 to the audited annual consolidated financial statements.

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Provision for loan losses

	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
In thousands of Canadian dollars, except percenta	**OCTOBER 31 2015**	JULY 31 2015	OCTOBER 31 2014	**OCTOBER 31 2015**	OCTOBER 31 2014

ge amounts (Unaudited)

Personal loans	**$ 8,444**	$ 7,968	$ 7,610	**$ 29,677**	$ 25,062
Residential mortgage loans	**1,545**	1,866	2,154	**5,694**	5,330
Commercial mortgage loans	**(329)**	(1,227)	264	**(460)**	4,407
Commercial and other loans (including acceptances)	**(260)**	(1,607)	472	**(11)**	7,201
	$ 9,400	$ 7,000	$ 10,500	**$ 34,900**	$ 42,000
As a % of average loans and acceptances	**0.13 %**	0.10 %	0.15 %	**0.12 %**	0.15 %

The provision for loan losses decreased by $7.1 million to $34.9 million for the year ended October 31, 2015 from $42.0 million for the year ended October 31, 2014. The current level of provisions continues to reflect the underlying strong credit quality of the Bank's loan portfolios and prolonged favourable lending conditions in the Canadian market. Also, the Bank has no direct exposure to the oil and gas industry.

For the year ended October 31, 2015, loan losses on personal loans increased by $4.6 million compared with last year, mainly due to a return to a normalized provision level in the retail and B2B Bank's portfolios. Loan losses on residential mortgage loans increased by $0.4 million, a level that remained low as a result of the favourable credit conditions and strong underwriting criteria. Loan losses on commercial mortgages and commercial loans amounted to a combined negative $0.5 million compared with losses of $11.6 million for the same period in 2014. The year-over-year decrease of $12.1 million reflects the good underlying credit quality of the portfolios and a higher amount of favourable settlements compared to last year.

The overall level of losses, expressed as a percentage of average loans, stood at a very low 0.12% reflecting the excellent condition of the loan portfolio.

Non-interest expenses

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED OCTOBER 31 2015	JULY 31 2015	OCTOBER 31 2014	FOR THE YEAR ENDED OCTOBER 31 2015	OCTOBER 31 2014
Salaries and employee benefits	**$ 89,797**	$ 84,753	$ 87,509	**$ 346,387**	$ 340,394
Premises and technology	**52,516**	50,149	49,624	**199,843**	186,671
Other	**27,801**	26,135	26,255	**104,368**	101,383
Impairment of goodwill, software and intangible assets, and premises and equipment	**72,226**	—	—	**72,226**	—
Costs related to business combinations	**—**	—	2,911	**—**	12,861
	$ 242,340	$ 161,037	$ 166,299	**$ 722,824**	$ 641,309
Adjusted non-interest expenses [1]	**$ 163,931**	$ 161,037	$ 155,747	**$ 639,560**	$ 620,807

[1] Refer to the Adjusting items and Non-GAAP Financial Measures sections.

Non-interest expenses increased by $81.5 million and totalled $722.8 million for the year ended October 31, 2015, compared with $641.3 million for the year ended October 31, 2014. The increase is essentially related to the goodwill and other assets impairment charge totalling $72.2 million, partly offset by $12.9 million of lower costs at B2B Bank, owing to the completion of the integration work at the end of last year.

Adjusted non-interest expenses increased by $18.8 million or 3%, mainly as a result of higher ongoing technology costs, as detailed below.

Salaries and employee benefits increased by $6.0 million or 2% to $346.4 million for the year ended October 31, 2015, compared with the year ended October 31, 2014. As mentioned above, salaries for the year ended October 31, 2015 included severance charges of $4.6 million as part of restructuring initiatives, compared with a similar charge of $6.1 million in 2014. In addition, salaries included a retirement compensation charge of $4.9 million related to the adjustment to the employment contract of the Bank's former CEO. On an adjusted basis, salaries and employee benefits increased by $2.6 million mainly due to regular salary increases and higher payroll taxes introduced in December 2014, partly offset by lower headcount from restructuring initiatives at the end of 2014.

Premises and technology costs increased by $13.2 million to $199.8 million compared with the year ended October 31, 2014. The increase mostly stems from higher project expenses, in part as a result of additional costs amounting to $4.0 million incurred to improve branch-level account administration systems in light of the new Client Relationship Model - Phase 2 (CRM2) standards prescribed by the Canadian Securities Administrators.

Other non-interest expenses slightly increased by $3.0 million to $104.4 million for the year ended October 31, 2015, from $101.4 million for the year ended October 31, 2014, essentially as a result of increased business development activities and higher sales taxes.

Impairment of goodwill, software and intangible assets, and premises and equipment amounted to $72.2 million for the year ended October 31, 2015, as detailed above. Refer to notes 8 to 10 to the audited annual consolidated financial statements.

The adjusted efficiency ratio was 71.3% for the year ended October 31, 2015, compared with 71.0% for the year ended October 31, 2014. The adjusted operating leverage was slightly negative year-over-year, reflecting the challenging environment for revenue growth and sustained regulatory and technology costs pressure.

Income taxes

For the year ended October 31, 2015, the income tax expense was $30.9 million and the effective tax rate was 23.2%. The lower tax rate, compared to the statutory rate, resulted mainly from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income and the lower taxation level on revenues from foreign insurance operations, partly offset by the mostly non tax-deductible goodwill impairment charge recorded in 2015. For the year ended October 31, 2014, the income tax expense was $40.7 million and the effective tax rate was 22.5%. The lower tax rate, compared to the statutory rate, resulted from the same favourable items as noted above, and included the effect of the $4.1 million non tax-deductible final settlement of the contingent consideration related to the AGF Trust acquisition.

Three months ended October 31, 2015 compared with the three months ended October 31, 2014

Net loss was $18.7 million or a loss of $0.73 diluted per share for the fourth quarter of 2015, compared with net income of $33.8 million or earnings of $1.09 diluted per share for the fourth quarter of 2014. As noted above, results for the fourth quarter of 2015 were adversely impacted by an impairment charge of $72.2 million ($57.2 million after income taxes) or $1.98 diluted per share, and restructuring charges of $6.2 million ($4.5 million after income taxes), or $0.16 diluted per share recorded in the context of the Bank's new transformation plan. Adjusted net income was $44.1 million for the fourth quarter ended October 31, 2015, up from $42.6 million for the same quarter of 2014, while adjusted diluted earnings per share were $1.44, up 4% compared with $1.39 diluted per share in 2014.

Total revenue

Total revenue increased by $10.2 million or 5% to $231.6 million for the fourth quarter of 2015, compared with $221.4 million for the fourth quarter of 2014, essentially as a result of growth in net interest income year-over-year.

Net interest income increased by $10.5 million or 8% to $150.7 million for the fourth quarter of 2015, from $140.1 million for the fourth quarter of 2014. The increase was mainly generated by strong volume growth in loan portfolios. Net interest margin (as a percentage of average earning assets) stood at 1.84% for the fourth quarter of 2015, unchanged compared with the fourth quarter of 2014, as the effect of persistent pressure on lending rates was offset by lower funding costs.

Other income slightly decreased by $0.3 million and amounted to $81.0 million for the fourth quarter of 2015, compared with $81.3 million for the fourth quarter of 2014. Fees and commissions on loans and deposits decreased by $2.9 million, essentially due to lower loan prepayment penalties in the commercial mortgage loan portfolio. This was partly offset by an increase of $2.3 million or 29% in mutual fund commissions compared with the fourth quarter of 2014, largely driven by new sales and additional fee-based revenues earned on the co-branded LBC-Mackenzie mutual fund assets under administration.

Amortization of net premium on purchased financial instruments and revaluation of contingent consideration

For the fourth quarter of 2015, the amortization of net premium on purchased financial instruments amounted to $1.5 million, unchanged compared with the fourth quarter of 2014. Refer to Note 30 to the audited annual consolidated financial statements.

Provision for loan losses

The provision for loan losses decreased by 10% to $9.4 million for the fourth quarter of 2015 from $10.5 million for the fourth quarter of 2014. This low level of loan losses continues to be consistent with the overall underlying good quality of the loan portfolios. Loan losses on personal loans increased by $0.8 million compared with the fourth quarter of 2014 and stood at $8.4 million in the fourth quarter of 2015, mainly due to an additional provision related to the $0.6 billion investment loan portfolio purchased in early August. Loan losses on residential mortgage loans decreased by $0.6 million compared with the fourth quarter of 2014. Loan losses on commercial mortgages and commercial loans cumulatively amounted to negative $0.6 million in the fourth quarter of 2015, a decrease of $1.3 million compared with the same quarter last year, mainly resulting from a higher amount of favourable settlements and improvements during the fourth quarter of 2015.

Non-interest expenses

Non-interest expenses increased by $76.0 million to $242.3 million for the fourth quarter of 2015, compared with $166.3 million for the fourth quarter of 2014, essentially as a result of the impairment of goodwill and other assets totalling $72.2 million, partly offset by lower restructuring charges and costs related to business combinations. Adjusted non-interest expenses increased by $8.2 million or 5%, as a result of higher salaries and employee benefits, as well as higher technology costs, as detailed below.

Salaries and employee benefits increased by $2.3 million or 3% to $89.8 million for the fourth quarter of 2015, compared with the fourth quarter of 2014. As noted above, salaries for the fourth quarter of 2015 included $4.6 million of severance charges related to restructuring initiatives, compared with a similar $6.1 million charge in the fourth quarter of 2014. On an adjusted basis, salaries and employee benefits increased by $3.7 million mainly due to regular annual salary increases and higher staffing levels in business services, partly offset by lower headcount from the optimization of certain retail and corporate activities in the fourth quarter of 2014. Higher performance-based compensation and higher payroll taxes introduced in December 2014 also contributed to the increase.

Premises and technology costs increased by $2.9 million to $52.5 million compared with the fourth quarter of 2014. The increase mostly stems from higher project expenses, in part as a result of additional costs amounting to $1.9 million incurred to meet the new CRM2 standards, as described above.

Other non-interest expenses increased by $1.5 million to $27.8 million compared with the fourth quarter of 2014, essentially due to higher business development expenses.

Impairment of goodwill, software and intangible assets, and premises and equipment amounted to $72.2 million for the fourth quarter of 2015, as detailed above. Refer to notes 8 to 10 to the audited annual consolidated financial statements.

The adjusted efficiency ratio was 70.8% for the fourth quarter of 2015, compared with 70.3% for the fourth quarter of 2014.

Income taxes

For the quarter ended October 31, 2015, the income tax recovery was $2.8 million and the effective tax rate was 13.2%. The tax rate, compared to the statutory rate, was impacted by the goodwill impairment charge recorded during the quarter which was only partly tax-deductible. For the quarter ended October 31, 2014, the income tax expense was $9.4 million and the effective tax rate was 21.7%. The lower tax rate, compared to the statutory rate, resulted mainly from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income and the lower taxation level on revenues from foreign insurance operations.

Three months ended October 31, 2015 compared with the three months ended July 31, 2015

Net loss was $18.7 million or $0.73 diluted per share for the fourth quarter of 2015 compared with net income of $44.2 million or $1.44 diluted per share for the third quarter of 2015. As noted above, net loss for the fourth quarter of 2015 was adversely impacted by impairment and restructuring charges incurred in the context of the Bank's new transformation plan. Adjusted net income was $44.1 million or $1.44 diluted per share, compared with $45.3 million or $1.48 diluted per share for the third quarter of 2015.

Total revenue increased to $231.6 million for the fourth quarter of 2015, compared with $226.6 million for the previous quarter. Net interest income increased by $3.4 million sequentially to $150.7 million for the fourth quarter of 2015, as growth resulting from the investment loan portfolio purchased in early August and revised pricing of high-yield deposit accounts was partly offset by the seasonally lower level of prepayment penalties on residential mortgage loans. The Bank's net interest margin (as a percentage of average earning assets) remained relatively stable at 1.84% for the fourth quarter of 2015, compared with 1.85% for the third quarter of 2015.

Other income increased by $1.6 million sequentially to $81.0 million for the fourth quarter of 2015, mainly due to a $3.1 million increase in income from treasury and financial market operations, resulting from the recognition of net losses on securities in the third quarter. This increase was partly offset by slightly lower card service revenues.

The line-item "Amortization of net premium on purchased financial instruments" amounted to $1.5 million for the fourth quarter of 2015, unchanged compared with the third quarter of 2015. Refer to Note 30 to the audited annual consolidated financial statements for additional information.

Provision for loan losses totalled $9.4 million for the fourth quarter of 2015, a $2.4 million increase compared with $7.0 million for the third quarter of 2015, as loan losses on commercial mortgages and commercial loans had benefitted from a higher amount of favourable settlements and improvements in the third quarter of 2015.

Non-interest expenses amounted to $242.3 million for the fourth quarter of 2015, compared with $161.0 million for the third quarter of 2015. Excluding the impairment charge of $72.2 million and restructuring charges of $6.2 million incurred in the fourth quarter of 2015, non-interest expenses remained well under control and only increased by 2% sequentially mainly due to higher advertising and business development expenses.

Financial condition
CONDENSED BALANCE SHEET [1]

In thousands of Canadian dollars (Unaudited)		**AS AT OCTOBER 31 2015**	AS AT OCTOBER 31 2014
ASSETS			
	Cash and deposits with other banks	**$ 200,864**	$ 248,855
	Securities	**4,487,357**	4,880,460
	Securities purchased under reverse repurchase agreements	**3,911,439**	3,196,781
	Loans and acceptances, net	**29,981,392**	27,310,208
	Other assets	**1,078,452**	846,481
		$ 39,659,504	$ 36,482,785
LIABILITIES AND SHAREHOLDERS' EQUITY			
	Deposits	**$ 26,604,304**	$ 24,523,026
	Other liabilities	**5,524,930**	5,103,778
	Debt related to securitization activities	**5,493,602**	4,863,848
	Subordinated debt	**449,641**	447,523
	Shareholders' equity	**1,587,027**	1,544,610
		$ 39,659,504	$ 36,482,785

[1] Comparative figures for 2014 reflect the adoption of amendments to IAS 32, *Financial Instruments: Presentation*. Refer to Note 4 in the audited annual consolidated financial statements.

Balance sheet assets amounted to $39.7 billion as at October 31, 2015, up $3.2 billion or 9% from $36.5 billion as at October 31, 2014. This increase mainly reflects loan growth of $2.7 billion as explained below.

Liquid assets

Liquid assets, including cash, deposits with other banks, securities and securities purchased under reverse repurchase agreements, totalled $8.6 billion as at October 31, 2015, an increase of $0.3 billion compared with October 31, 2014. This reflects deposit gathering from multiple sources and securitization activities, used to finance the Bank's expected organic loan growth, particularly in the residential mortgage and commercial loan portfolios. Overall, the Bank continues to prudently manage the level of liquidity and hold sufficient cash resources in order to meet its current and future financial obligations, under both normal and stressed conditions.

Loans

Loans and bankers' acceptances, net of allowances, stood at $30.0 billion as at October 31, 2015, up $2.7 billion from October 31, 2014 as a result of continued strong growth in the Bank's higher-margin business portfolios and B2B Bank's residential mortgage loan portfolio. More than half of the growth in 2015 occurred in the fourth quarter of the year, as the Bank generated $0.8 billion in organic growth while the purchase of an investment loan portfolio in early August added $0.6 billion.

Commercial loans, including acceptances, increased by $622.0 million or 20% since October 31, 2014, while commercial mortgage loans increased by $404.3 million or 15% over the same period as the Bank focused on its growth strategies. Residential mortgage loans were up by $1.4 billion from October 31, 2014, mostly driven by B2B Bank's enhanced mortgage solutions. In its new transformation plan, the Bank will further focus on growing these portfolios. Personal loans also increased by $270.2 million or 4% since October 31, 2014, as a $0.6 billion loan purchase was partly offset by net repayments in the investment loan portfolio, reflecting continued attrition.

Liabilities

Personal deposits stood at $19.4 billion as at October 31, 2015, up $0.6 billion compared with October 31, 2014, while business and other deposits increased by $1.4 billion to $7.2 billion over the same period. The Bank continues to optimize its current funding strategy by focusing on client deposits through its retail branch network and B2B Bank's advisor relationships, which contribute to the Bank's good liquidity position. During the year, the Bank further diversified its funding sources by increasing its usage of institutional funding and solidifying its presence in that market, in light of strong loan growth. As a result, personal deposits represented 73% of total deposits as at October 31, 2015, compared with 76% as at October 31, 2014.

Debt related to securitization activities totalling $5.5 billion remains a preferred source of term funding and increased by $0.6 billion or 13% compared with October 31, 2014. The Bank optimized this funding source for residential mortgages during the year through its participation in both the Canada Mortgage Bond program and a third-party multi-seller mortgage securitization facility.

Subordinated debt stood at $449.6 million as at October 31, 2015, essentially unchanged compared with $447.5 million as at October 31, 2014 On November 2, 2015, the Bank redeemed all of its Series 2010-1 subordinated Medium Term Notes maturing in 2020, with an aggregate notional amount of $250.0 million. The Series 2010-1 subordinated Medium Term Notes were redeemed at par plus accrued and unpaid interest to the date of redemption.

Shareholders' equity

Shareholders' equity stood at $1,587.0 million as at October 31, 2015, compared with $1,544.6 million as at October 31, 2014. This $42.4 million increase is mainly explained by the net income contribution for the year, net of declared dividends. The Bank's book value per common share appreciated to $46.33 as at October 31, 2015 from $45.89 as at October 31, 2014. There were 28,964,619 common shares and no share purchase options outstanding as at December 2, 2015.

Capital Management

Regulatory capital

The Office of the Superintendent of Financial Institutions Canada (OSFI) requires banks to meet minimum risk-based capital ratios drawn on the Basel Committee on Banking Supervision (BCBS) capital framework, commonly referred to as Basel III. Under OSFI's Capital Adequacy Requirements Guideline (the CAR Guideline), transitional requirements for minimum Common Equity Tier 1, Tier 1 and Total capital ratios were set at 4.5%, 6.0% and 8.0% respectively for 2015, which, for the Bank, will be fully phased-in to 7.0%, 8.5% and 10.5% by 2019, including capital conservation buffers.

In its CAR Guideline, OSFI indicated that it expects deposit-taking institutions to attain target capital ratios without transition arrangements equal to or greater than the 2019 minimum capital ratios plus capital conservation buffer levels (the "all-in" basis). The "all-in" basis includes all of the regulatory adjustments that will be required by 2019 but retains the phase-out rules of non-qualifying capital instruments. Refer to the Bank's 2015 Annual Report under the title "Capital Management" for additional information on the Bank's regulatory capital.

As detailed in the table below, on an "all-in" basis, the Common Equity Tier 1, Tier 1 and Total capital ratios stood at 7.6%, 9.0% and 10.8%, respectively, as at October 31, 2015. These ratios meet all current requirements.

REGULATORY CAPITAL [1]

In thousands of Canadian dollars, except percentage amounts (Unaudited)		**AS AT OCTOBER 31 2015**		AS AT OCTOBER 31 2014	
Regulatory capital					
	Common Equity Tier 1 capital	**$ 1,175,238**		$	1,087,224
	Tier 1 capital	**$ 1,394,871**		$	1,306,857
	Total capital [2]	**$ 1,668,416**		$	1,747,526
Total risk-weighted assets [3]		**$ 15,422,282**		$	13,844,014
Regulatory capital ratios					
	Common Equity Tier 1 capital ratio	**7.6**	**%**	7.9	%
	Tier 1 capital ratio	**9.0**	**%**	9.4	%
	Total capital ratio	**10.8**	**%**	12.6	%

[1] The amounts are presented on an "all-in" basis.
[2] Including the effect of the announced redemption of the Series 2010-1 subordinated Medium Term Notes.
[3] Using the Standardized Approach in determining credit risk and operational risk.

The Common Equity Tier 1 capital ratio decreased to 7.6% as at October 31, 2015, compared with 7.9% as at October 31, 2014, as internal capital generation did not fully offset the impact of higher risk-weighted exposures and of the decrease in value of available-for-sale securities.

Basel III Leverage ratio

The Basel III capital reforms introduced a non-risk based leverage ratio requirement to act as a supplementary measure to the risk-based capital requirements. Under OSFI's Leverage Requirements Guideline issued in October 2014, the previous Asset to Capital Multiple (ACM) was replaced with a new leverage ratio as of January 1, 2015. Federally regulated deposit-taking institutions are expected to maintain a Basel III leverage ratio that meets or exceeds 3% at all times. The leverage ratio is currently defined as the Tier 1 capital divided by unweighted on-balance sheet assets and off-balance sheet commitments, derivatives and securities financing transactions, as defined within the requirements. It differs from OSFI's previous ACM requirement in that it includes more off-balance-sheet exposures and a narrower definition of capital (Tier 1 Capital instead of Total Capital).

As detailed in the table below, the leverage ratio stood at 3.5% as at October 31, 2015 and exceeded current requirements.

BASEL III LEVERAGE RATIO

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT OCTOBER 31 2015**	
Tier 1 capital	**$ 1,394,871**	
Total exposures	**$ 39,557,300**	
Basel III leverage ratio	**3.5**	**%**

Dividends

On November 4, 2015, the Board of Directors declared the regular dividend on the Preferred Shares Series 11 and Preferred Shares Series 13 to shareholders of record on December 7, 2015. On December 9, 2015, given its solid core results, balance sheet and capital position, the Bank announced an increase of $0.02 per share, or 4%, to the quarterly dividend of $0.58 per common share, payable on February 1, 2016, to shareholders of record on January 4, 2016. The Board of Directors also determined that shares attributed under the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan will be made in Common Shares issued from treasury at a 2% discount.

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COMMON SHARE DIVIDENDS AND PAYOUT RATIO

In Canadian dollars, except payout ratios (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED			
	OCTOBER 31 2015	JULY 31 2015	OCTOBER 31 2014	**OCTOBER 31 2015**	OCTOBER 31 2014	OCTOBER 31 2013	OCTOBER 31 2012
Dividends declared per common share	**$ 0.56**	$ 0.56	$ 0.52	**$ 2.20**	$ 2.06	$ 1.98	$ 1.84
Dividend payout ratio [1]	**n. m.**	38.8 %	47.8 %	**68.6 %**	45.7 %	52.0 %	37.0 %
Adjusted dividend payout ratio [1]	**38.9 %**	37.8 %	37.3 %	**39.2 %**	38.7 %	39.0 %	36.9 %

[1] Refer to the Non-GAAP Financial Measures section.

Segmented Information

This section outlines the Bank's operations according to its organizational structure. Services to individuals, businesses, financial intermediaries and institutional clients are offered through the following three business segments: Personal & Commercial, which is comprised of Retail Services and Business Services groups, B2B Bank, as well as Laurentian Bank Securities & Capital Markets. The Bank's other activities are grouped into the Other sector.

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Personal & Commercial

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
	OCTOBER 31 2015	JULY 31 2015	OCTOBER 31 2014	**OCTOBER 31 2015**	OCTOBER 31 2014
Net interest income	**$ 104,490**	$ 104,430	$ 99,724	**$ 409,868**	$ 394,961
Other income	**53,572**	54,291	54,083	**210,219**	202,677
Total revenue	**158,062**	158,721	153,807	**620,087**	597,638
Provision for loan losses	**6,174**	4,295	6,786	**25,517**	33,235
Non-interest expenses	**181,213**	106,297	108,929	**493,712**	411,040
Income (loss) before income taxes	**(29,325)**	48,129	38,092	**100,858**	153,363
Income taxes (recovery)	**(4,698)**	11,912	9,493	**26,377**	36,251
Net income (loss)	**$ (24,627)**	$ 36,217	$ 28,599	**$ 74,481**	$ 117,112
Efficiency ratio [1]	**114.6 %**	67.0 %	70.8 %	**79.6 %**	68.8 %
Adjusted net income [1]	**$ 33,185**	$ 36,217	$ 33,359	**$ 132,293**	$ 121,872
Adjusted non-	**$ 108,213**	$ 106,297	$ 102,423	**$ 420,712**	$ 404,534

interest expenses [1]										
Adjusted efficiency ratio [1]	**68.5**	**%**	67.0	%	66.6	%	**67.8**	**%**	67.7	%

[1] Refer to the Non-GAAP Financial Measures section. Adjusted financial measures exclude impairment and restructuring charges designated as adjusting items.

Year ended October 31, 2015

For the year ended October 31, 2015, reported net income of the Personal & Commercial business segment was $74.5 million compared with $117.1 million for the year ended October 31, 2014. Reported results of the segment were adversely impacted by an impairment charge of $72.2 million ($57.2 million after income taxes), and restructuring charges of $0.8 million ($0.6 million after income taxes). Adjusted net income was $132.3 million, a 9% increase compared with $121.9 million for the year ended October 31, 2014.

Total revenue increased by $22.4 million from $597.6 million for the year ended October 31, 2014 to $620.1 million for the year ended October 31, 2015, mainly driven by good volume growth in the business loan portfolios and a strong increase in other income. Net interest income increased by $14.9 million to $409.9 million, reflecting a better loan portfolio mix, partly offset by persistent low interest rates which resulted in tighter margins. Other income increased by 4% or $7.5 million to $210.2 million for the year ended October 31, 2015, mainly due to higher mutual fund commissions.

Loan losses decreased by $7.7 million from $33.2 million for the year ended October 31, 2014 to $25.5 million for the year ended October 31, 2015. This year-over-year decrease mainly reflects the underlying good credit quality of the portfolios and lower losses on commercial mortgages and commercial loans. This was mainly attributable to a higher amount of favourable settlements compared to last year, as well as continued improvements in the underlying portfolios.

Non-interest expenses increased by $82.7 million, from $411.0 million for the year ended October 31, 2014 to $493.7 million for the year ended October 31, 2015. The increase is essentially related to the goodwill and other assets impairment charge affecting the Retail unit totalling $72.2 million. Adjusted non-interest expenses only increased by $16.2 million, as higher ongoing technology costs and higher staffing levels in business services were partly offset by lower salaries from the optimization of certain retail activities in the fourth quarter of 2014.

The adjusted efficiency ratio was 67.8% for the year ended October 31, 2015, compared with 67.7% for the year ended October 31, 2014.

Three months ended October 31, 2015

For the fourth quarter of 2015, the Personal & Commercial business segment reported a net loss of $24.6 million, compared with net income of $28.6 million for the fourth quarter of 2014. The segment's results for the fourth quarter of 2015 were adversely impacted by an impairment charge of $72.2 million ($57.2 million after income taxes) and restructuring charges of $0.8 million ($0.6 million after income taxes) in the context of the Bank's new transformation plan. Adjusted net income was $33.2 million for the fourth quarter of 2015, essentially unchanged compared with $33.4 million for the fourth quarter of 2014.

Total revenue increased by $4.3 million or 3%, from $153.8 million for the fourth quarter of 2014 to $158.1 million for the fourth quarter of 2015. Net interest income increased by $4.8 million to $104.5 million, mainly reflecting the 18% volume growth in loans to businesses year-over-year. Other income decreased by $0.5 million to $53.6 million in the fourth quarter of 2015, as lower commercial mortgage loan prepayment penalties were partly offset by higher mutual fund commissions.

Loan losses decreased by $0.6 million from $6.8 million for the fourth quarter of 2014 to $6.2 million for the fourth quarter of 2015, as the credit quality of both retail and commercial portfolios remained solid.

Non-interest expenses increased by $72.3 million from $108.9 million for the fourth quarter of 2014 to $181.2 million for the fourth quarter of 2015, essentially related to the goodwill and other assets impairment charge attributed to the segment totalling $72.2 million. Non-interest expenses for the fourth quarter of 2015 also included severance charges of $0.8 million as part of restructuring initiatives, compared with a similar charge of $5.3 million in the fourth quarter of 2014. Adjusted non-interest expenses increased by $5.8 million, as higher technology costs and higher staffing levels in business services were partly offset by lower salaries from the optimization of certain retail activities in the fourth quarter of 2014.

Compared with the third quarter of 2015, adjusted net income decreased by $3.0 million mainly due to higher loan losses and costs related to the CRM2 project, as noted above.

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B2B Bank

	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**OCTOBER 31 2015**	JULY 31 2015	OCTOBER 31 2014	**OCTOBER 31 2015**	OCTOBER 31 2014
Net interest income	**49,9 $ 20**	45,8 $ 96	43,5 $ 91	**179,4 $ 88**	177,5 $ 67
Other income	**7,799**	8,652	8,348	**33,707**	35,361
Total revenue	**57,719**	54,548	51,939	**213,195**	212,928
Amortization of net premium on purchased financial instruments and revaluation of contingent consideration	**1,465**	1,531	1,508	**5,999**	9,653
Provision for loan losses	**3,226**	2,705	3,714	**9,383**	8,765
Non-interest expenses	**32,672**	30,615	35,141	**126,802**	138,191
Income before income taxes	**20,356**	19,697	11,576	**71,011**	56,319
Income taxes	**5,524**	5,386	3,120	**19,313**	16,313
Net income	**14,8 $ 32**	14,3 $ 11	8,45 $ 6	**51,69 $ 8**	40,00 $ 6
Efficiency ratio [1]	**56.6 %**	56.1 %	67.7 %	**59.5 %**	64.9 %
Adjusted net	**$ 16,3**	$ 15,4	$ 11,7	**$ 56,55**	$ 57,63

LAURENTIAN BANK

income [1]	**54**	36	02	**3**	2
Adjusted non-interest expenses [1]	**$ 32,0 60**	$ 30,6 15	$ 32,2 30	**$ 126,1 90**	$ 125,3 30
Adjusted efficiency ratio [1]	**55.5 %**	56.1 %	62.1 %	**59.2 %**	58.9 %

[1] Refer to the Non-GAAP Financial Measures section. Adjusted financial measures exclude restructuring charges and items related to business combinations designated as adjusting items.

Year ended October 31, 2015

For the year ended October 31, 2015, reported net income of the B2B Bank business segment was $51.7 million, compared with $40.0 million for the year ended October 31, 2014. Adjusted net income was $56.6 million for the year ended October 31, 2015, slightly down $1.1 million compared with $57.6 million for the year ended October 31, 2014.

Total revenue slightly increased to $213.2 million for the year ended October 31, 2015 from $212.9 million for the year ended October 31, 2014. Net interest income increased by $1.9 million to $179.5 million due to strong residential and investment loan growth over the last year, partly offset by tighter margins. Other income amounted to $33.7 million for the year ended October 31, 2015, down $1.7 million compared with $35.4 million for the year ended October 31, 2014, mainly explained by lower income from self-directed accounts and related services charges.

As shown above, the line item "Amortization of net premium on purchased financial instruments and revaluation of contingent consideration" amounted to $6.0 million for the year ended October 31, 2015, compared with $9.7 million for the year ended October 31, 2014. The higher charge in 2014 essentially resulted from a $4.1 million non tax-deductible charge to settle the contingent consideration related to the AGF Trust acquisition. The amortization of net premium on purchased financial instruments amounted to $6.0 million for the year ended October 31, 2015, compared with $5.6 million for the year ended October 31, 2014. Refer to Note 30 to the audited annual consolidated financial statements.

Loan losses increased by $0.6 million compared with the year ended October 31, 2014 and amounted to $9.4 million for the year ended October 31, 2015. The modest increase reflects a return to a normalized provision level in the personal loan portfolios. Overall, loan losses remained low, reflecting the strong credit quality of the portfolio.

Non-interest expenses decreased by $11.4 million to $126.8 million for the year ended October 31, 2015 compared with $138.2 million for the year ended October 31, 2014, essentially as a result of $12.9 million lower costs related to the integration work at B2B Bank, which was completed at the end of last year. Adjusted non-interest expenses growth was limited to 1% year-over-year, reflecting tight cost control. The adjusted efficiency ratio was 59.2% for the year ended October 31, 2015, compared with 58.9% for the year ended October 31, 2014.

Three months ended October 31, 2015

The B2B Bank business segment's reported net income for the fourth quarter of 2015 was $14.8 million compared with $8.5 million for the same quarter a year ago. Adjusted net income was $16.4 million for the fourth quarter of 2015, up 40% from $11.7 million for the fourth quarter of 2014.

Total revenue increased to $57.7 million for the fourth quarter of 2015 from $51.9 million for the fourth quarter of 2014. Net interest income increased by $6.3 million to $49.9 million for the fourth quarter of 2015 compared with the fourth quarter of 2014. This increase mainly stems from strong organic growth in mortgages and the $0.6 billion investment loan portfolio purchase. Other income amounted to $7.8 million in the fourth quarter of 2015, compared with $8.3 million in the fourth quarter of 2014, essentially as a result of lower income from investment accounts due to a lower level of retail accounts.

As shown above, the line item "Amortization of net premium on purchased financial instruments and revaluation of contingent consideration" amounted to $1.5 million in the fourth quarter of 2015, unchanged compared with the fourth quarter of 2014. Refer to Note 30 to the audited annual consolidated financial statements.

Loan losses decreased by $0.5 million compared with the fourth quarter of 2014 and amounted to $3.2 million in the fourth quarter of 2015. The decrease mainly results from lower provisions on residential mortgage loans, partly offset by an additional provision related to the $0.6 billion investment loan portfolio purchased in early August.

Non-interest expenses decreased by $2.5 million and amounted to $32.7 million for the fourth quarter of 2015, essentially as a result of $2.9 million lower costs related to business combinations. Non-interest expenses for the fourth quarter of 2015 also included restructuring charges of $0.6 million.

Compared with the third quarter of 2015, adjusted net income increased by $0.9 million. The improvement mainly stems from higher net interest income resulting from the investment loan portfolio purchased in early August and revised pricing of high-yield deposit accounts. Higher project, advertising and business development expenses partly offset the sequential increase in revenues.

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Laurentian Bank Securities & Capital Markets

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED **OCTOBER 31 2015**	JULY 31 2015	OCTOBER 31 2014	FOR THE YEAR ENDED **OCTOBER 31 2015**	OCTOBER 31 2014
Total revenue	**$ 18,082**	$ 17,089	$ 16,159	**$ 71,507**	$ 68,406
Non-interest expenses	**14,701**	13,680	12,845	**56,810**	54,332
Income before income	**3,381**	3,409	3,314	**14,697**	14,074

taxes Income taxes	**901**		717		890		**3,003**		3,777	
Net income	**$ 2,480**		$ 2,692		$ 2,424		**$ 11,694**		$ 10,297	
Efficiency ratio [1]	**81.3**	**%**	80.1	%	79.5	%	**79.4**	**%**	79.4	%
Adjusted net income [1]	**$ 2,874**		$ 2,692		$ 2,424		**$ 12,088**		$ 10,297	
Adjusted non-interest expenses [1]	**$ 14,162**		$ 13,680		$ 12,845		**$ 56,271**		$ 54,332	
Adjusted efficiency ratio [1]	**78.3**	**%**	80.1	%	79.5	%	**78.7**	**%**	79.4	%

[1] Refer to the Non-GAAP Financial Measures section. Adjusted financial measures exclude restructuring charges designated as adjusting items.

Year ended October 31, 2015

For the year ended October 31, 2015, reported net income of the Laurentian Bank Securities & Capital Markets business segment increased to $11.7 million, compared with $10.3 million for the year ended October 31, 2014. Adjusted net income was $12.1 million, a 17% increase compared with $10.3 million for the year ended October 31, 2014.

Total revenue increased by $3.1 million to $71.5 million for the year ended October 31, 2015, as higher revenues from growth in underwriting activities in the fixed income market and higher trading revenues were partly offset by lower underwriting fees in the small-cap equity market. Non-interest expenses increased by $2.5 million to $56.8 million for the year ended October 31, 2015, mainly due to higher performance-based compensation, commissions and transaction fees, in-line with higher market-driven income. Non-interest expenses for the year ended October 31, 2015 also included adjusting items related to severance charges of $0.5 million as part of restructuring initiatives.

Three months ended October 31, 2015

For the fourth quarter of 2015, reported net income of the Laurentian Bank Securities & Capital Markets business segment was $2.5 million for the fourth quarter of 2015, compared with $2.4 million for the fourth quarter of 2014. Adjusted net income was $2.9 million, a 19% increase compared with $2.4 million for the fourth quarter of 2014.

Total revenue increased by $1.9 million to $18.1 million for the fourth quarter of 2015 compared with $16.2 million for the fourth quarter of 2014, mainly due to higher underwriting fees in the fixed income market and trading revenue. Non-interest expenses increased by $1.9 million to $14.7 million for the fourth quarter of 2015, mainly due to higher performance-based compensation, commissions and transaction fees. As noted above, non-interest expenses for the fourth quarter of 2015 also included adjusting items related to severance charges of $0.5 million as part of restructuring initiatives.

Compared with the third quarter of 2015, adjusted net income slightly increased mainly due to higher trading revenues.

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Other sector

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
	OCTOBER 31 2015	JULY 31 2015	OCTOBER 31 2014	**OCTOBER 31 2015**	OCTOBER 31 2014
Net interest income	**$ (4,997)**	$ (3,916)	$ (4,733)	**$ (17,787)**	$ (14,872)
Other income	**2,783**	196	4,249	**10,124**	9,965
Total revenue	**(2,214)**	(3,720)	(484)	**(7,663)**	(4,907)
Non-interest expenses	**13,754**	10,445	9,384	**45,500**	37,746
Loss before income taxes	**(15,968)**	(14,165)	(9,868)	**(53,163)**	(42,653)
Income taxes recovery	**(4,564)**	(5,111)	(4,143)	**(17,760)**	(15,603)
Net loss	**$ (11,404)**	$ (9,054)	$ (5,725)	**$ (35,403)**	$ (27,050)
Adjusted net loss [1]	**$ (8,286)**	$ (9,054)	$ (4,894)	**$ (28,735)**	$ (26,219)
Adjusted non-interest expenses [1]	**$ 9,496**	$ 10,445	$ 8,249	**$ 36,387**	$ 36,611

[1] Refer to the Non-GAAP Financial Measures section. Adjusted financial measures exclude restructuring charges and a retirement compensation charge designated as adjusting items.

Year ended October 31, 2015

For the year ended October 31, 2015, the Other sector's contribution to reported net income was negative $35.4 million, compared with negative $27.1 million for the year ended October 31, 2014. Adjusted net income was negative $28.7 million for the year ended October 31, 2015, compared with negative $26.2 million for the year ended October 31, 2014.

Net interest income decreased to negative $17.8 million for the year ended October 31, 2015 compared with negative $14.9 million for the year ended October 31, 2014, mainly as a result of additional lower-yielding liquid assets held throughout the year, notably to finance the purchase of an investment loan portfolio in the fourth quarter. Other income increased by $0.2 million and amounted to $10.1 million for the year ended October 31, 2015, as higher trading and foreign-exchange revenues were partly offset by lower net securities gains. Of note, a $2.5 million portion of a gain related to the sale of commercial mortgage loans attributed to Corporate Treasury was presented in this sector in 2014.

Non-interest expenses increased by $7.8 million to $45.5 million for the year ended October 31, 2015 compared with $37.7 million for the year ended October 31, 2014. Non-interest expenses for the year ended October 31, 2015 included a $4.9 million retirement compensation charge and restructuring charges totalling $4.3 million, compared with a similar restructuring charge of $1.1 million for the year ended October 31, 2014. Excluding these items, adjusted non-interest expenses decreased by 1%.

Three months ended October 31, 2015

For the fourth quarter of 2015, the Other sector generated a reported net loss of $11.4 million, compared with a reported net loss of $5.7 million for the fourth quarter of 2014. Adjusted net loss was $8.3 million, compared with $4.9 million for the fourth quarter of 2014.

Net interest income slightly decreased by $0.3 million to negative $5.0 million for the fourth quarter of 2015 compared with negative $4.7 million for the fourth quarter of 2014. Other income decreased to $2.8 million for the fourth quarter of 2015, compared with $4.2 million for the fourth quarter of 2014, mainly as a result of lower revenues from treasury operations, including lower net securities gains. Non-interest expenses increased by $4.4 million to $13.8 million for the fourth quarter of 2015 compared with $9.4 million for the fourth quarter of 2014. Non-interest expenses for the fourth quarter of 2015 included restructuring charges totalling $4.3 million, compared with a similar charge of $1.1 million for the fourth quarter of 2014. On an adjusted basis, non-interest expenses increased by $1.2 million, resulting mainly from higher unallocated IT and regulatory project costs.

On a sequential basis, the sector's adjusted net loss decreased by $0.8 million, essentially as a result of higher other income due to the recognition of net losses on securities in the third quarter. Adjusted non-interest expenses for the fourth quarter of 2015 decreased by $0.9 million due to lower unallocated project expenses.

Non-GAAP Financial Measures

The Bank uses both generally accepted accounting principles (GAAP) and certain non-GAAP measures to assess performance. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are unlikely to be comparable to any similar measures presented by other companies. These non-GAAP financial measures are considered useful to investors and analysts in obtaining a better understanding of the Bank's financial results and analyzing its growth and profit potential more effectively. The Bank's non-GAAP financial measures are defined as follows:

Common shareholders' equity

The Bank's common shareholders' equity is defined as the sum of the value of common shares, retained earnings and accumulated other comprehensive income, excluding cash flow hedge reserves.

Return on common shareholders' equity

Return on common shareholders' equity is a profitability measure calculated as the net income available to common shareholders as a percentage of average common shareholders' equity.

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RETURN ON COMMON SHAREHOLDERS' EQUITY

	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**OCTOBER 31 2015**	JULY 31 2015	OCTOBER 31 2014	**OCTOBER 31 2015**	OCTOBER 31 2014
Reported net income (loss) available to common shareholders	**$ (21,125)**	$ 41,767	$ 31,359	**$ 92,868**	$ 129,380
Adjusting items, net of income taxes	**62,846**	1,125	8,837	**69,729**	23,217
Adjusted net income available to common shareholders	**$ 41,721**	$ 42,892	$ 40,196	**$ 162,597**	$ 152,597
Average common shareholders' equity	**$ 1,367,775**	$ 1,372,357	$ 1,308,215	**$ 1,355,991**	$ 1,280,595
Return on common shareholders' equity	**(6.1) %**	12.1 %	9.5 %	**6.8 %**	10.1 %
Adjusted return on common sharehold	**12.1 %**	12.4 %	12.2 %	**12.0 %**	11.9 %

Book value per common share

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

Average earning assets

Effective November 1, 2014, the Bank has modified its definition of average earning assets, as further detailed in the External Reporting Changes section hereafter. All financial measures for the quarters and for the year ended in 2014 have been amended accordingly.

Average earning assets include the Bank's loans net of allowances, as well as interest-bearing deposits with other banks, securities, securities purchased under reverse repurchase agreements used in the Bank's treasury operations and derivatives, but excluding average earning assets of the Laurentian Bank Securities and Capital Markets' business segment. The averages are based on the daily balances for the period.

Net interest margin

Effective November 1, 2014, the Bank has modified its definition of net interest margin, as further detailed in the External Reporting Changes section hereafter. All financial measures for the quarters and for the year ended in 2014 have been amended accordingly.

Net interest margin is the ratio of net interest income to average earning assets, expressed as a percentage or basis points.

Efficiency ratio and operating leverage

The Bank uses the efficiency ratio as a measure of its productivity and cost control. This ratio is defined as non-interest expenses as a percentage of total revenue. The Bank also uses operating leverage as a measure of efficiency. Operating leverage is the difference between total revenue and non-interest expenses growth rates.

Dividend payout ratio

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

Dividend yield

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

Adjusted financial measures

Certain analyses presented throughout this document are based on the Bank's core activities and therefore exclude the effect of certain amounts designated as adjusting items, as detailed below and presented in the table in the Adjusting Items section.

Adjusting items

Adjusting items are related to impairment, restructuring plans and to a special retirement compensation charge, as well as to business combinations.

Impairment of goodwill, software and intangible assets, and premises and equipment follows the comprehensive strategic review of the Bank's retail activities completed during the fourth quarter of 2015. These charges have been designated as adjusting items due to their nature and the significance of the amounts. Impairment of goodwill, software and intangible assets, and premises and equipment are included in the reported results of the Personal & Commercial business segment.

Restructuring charges result from a realignment of strategic priorities and are comprised of severance charges and impairment charges related to IT projects. These charges have been designated as adjusting items due to their nature and the significance of the amounts. Restructuring charges are included in the reported results of all of the business segments and the Other Sector.

The retirement compensation charge is related to the adjustment to the employment contract of the Bank's former CEO following his retirement announcement. This charge has been designated as an adjusting item due to its nature and the significance of the amount. The compensation charge is included in the reported results of the Other sector.

Items related to business combinations relate to special gains and expenses that arose as a result of acquisitions. The one-time gain on acquisition and ensuing amortization of net premium on purchased financial instruments are considered adjusting items since they represent, according to management, significant non-cash and non-recurring adjustments. The revaluation of the contingent consideration and costs related to business combinations (T&I Costs) have been designated as adjusting items due to their nature and the significance of the amounts. Items related to business combinations are included in the reported results of the B2B Bank business segment.

External Reporting Changes - Offsetting of Financial Instruments and Impact on Net Interest Margin

As of November 1, 2014, the Bank adopted the amendments to IAS 32, *Financial Instruments: Presentation*, which clarified requirements for offsetting financial instruments. As a result, certain securities purchased under reverse repurchase agreements and related obligations that were previously offset on the balance sheet, are now presented on a gross basis. This restatement increased total assets and total liabilities and had no impact on the Bank's comprehensive income, shareholders' equity or cash flows. The following table presents the adjustments.

In thousands of Canadian dollars (Unaudited)	AS AT OCTOBER 31 2014
Total assets - Previously reported	$ 34,848,681
Impact of IAS 32 on total assets	1,634,104
Total assets - Restated	$ 36,482,785

In light of this change, the Bank revised its use of the net interest margin financial measure to provide a more useful indicator and better align with industry practice. Net interest margin is now defined as the ratio of net interest income to average earning assets, excluding average earning assets of the Laurentian Bank Securities and Capital Markets' (LBS & CM) business segment. This new measure focuses on banking operations and eliminates net interest margin volatility related to variation in assets used in brokerage operations and trading activities. Net interest margin and average earning assets measures for the quarters and for the year ended in 2014 have been amended accordingly and are presented in the following table.

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In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED **OCTOBER 31 2015**	 OCTOBER 31 2014	FOR THE YEAR ENDED **OCTOBER 31 2015**	 OCTOBER 31 2014
Net interest income (A)	**$ 150,667**	$ 140,149	**$ 575,083**	$ 560,980
Average assets - Previously reported (B)	**n.a.**	34,632,148	**n.a.**	34,023,265
Average earning assets - Previously reported	**n.a.**	33,488,875	**n.a.**	32,974,163
Impact of IAS 32 on average earning assets	**n.a.**	1,792,491	**n.a.**	1,536,926
Average earning assets of LBS & CM	**n.a.**	(5,097,813)	**n.a.**	(4,654,654)
Average earning assets - Updated measure ©	**$ 32,563,442**	$ 30,183,553	**$ 31,247,503**	$ 29,856,435
Net interest margin - Previously reported (A/B)	**n.a.**	1.61 %	**n.a.**	1.65 %
Net interest margin - Updated measure (A/C)	**1.84 %**	1.84 %	**1.84 %**	1.88 %

About Laurentian Bank

Laurentian Bank of Canada is a banking institution whose activities extend across Canada. The Bank serves one and a half million clients throughout the country and employs more than 3,600 people whose talent and dedication have made it a major player in numerous market segments. The Bank has more than $39 billion in balance sheet assets and $42 billion in assets under administration.

Laurentian Bank distinguishes itself through the excellence and simplicity of its services. The Bank caters to the needs of retail clients via its branch network. The Bank has also earned a solid reputation among small and medium-sized enterprises and real estate developers thanks to its specialized teams across Canada, namely in Ontario, Québec, Alberta, British Columbia and Nova Scotia. For their part, B2B Bank is a Canadian leader in providing banking and investment products and services to financial advisors and brokers, while the expertise and effectiveness of Laurentian Bank Securities' integrated brokerage services are known nationwide.

Access to Quarterly Results Materials

Interested investors, the media and others may review this press release, unaudited condensed interim consolidated financial statements, supplementary financial information and our report to shareholders which are posted on our web site at www.laurentianbank.ca.

Conference Call

Laurentian Bank invites media representatives and the public to listen to the conference call with financial analysts to be held at 2:00 p.m. Eastern Time on Wednesday, December 9, 2015. The live, listen-only, toll-free, call-in number is 416 204-9702 or 1 800 524-8850.

You can listen to the call on a delayed basis at any time from 5:00 p.m. on Wednesday, December 9, 2015 until 5:00 p.m. on January 7, 2016, by dialing the following playback number: 647 436-0148 or 1 888 203-1112 Code 408757. The conference call can also be heard through the Investor Relations section of the Bank's Web site at www.laurentianbank.ca. The Bank's Web site also offers additional financial information.

Unaudited Condensed Interim Consolidated Financial Statements

The audited annual consolidated financial statements for the year ended October 31, 2015, including the notes to consolidated financial statements, are also available on the Bank's Web site at www.laurentianbank.ca.

Consolidated Balance Sheet [1]

In thousands of Canadian dollars (Unaudited)	**AS AT OCTOBER 31 2015**	AS AT OCTOBER 31 2014
ASSETS		
Cash and non-interest-bearing deposits with other banks	**$ 109,055**	$ 126,247
Interest-bearing deposits with other banks	**91,809**	122,608
Securities		
Available-for-sale	**2,368,757**	2,577,017

	Held-to-maturity	**393,222**	323,007
	Held-for-trading	**1,725,378**	1,980,436
		4,487,357	4,880,460
Securities purchased under reverse repurchase agreements		**3,911,439**	3,196,781
Loans			
	Personal	**7,063,229**	6,793,078
	Residential mortgage	**16,192,009**	14,825,541
	Commercial mortgage	**3,055,619**	2,651,271
	Commercial and other	**3,308,144**	2,794,232
	Customers' liabilities under acceptances	**473,544**	365,457
		30,092,545	27,429,579
	Allowances for loan losses	**(111,153)**	(119,371)
		29,981,392	27,310,208
Other			
	Derivatives	**276,601**	132,809
	Premises and equipment	**45,562**	68,750
	Software and other intangible assets	**147,135**	207,188
	Goodwill	**34,853**	64,077
	Deferred tax assets	**17,450**	7,936
	Other assets	**556,851**	365,721
		1,078,452	846,481
		$ 39,659,504	$ 36,482,785
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
	Personal	**$ 19,377,716**	$ 18,741,981
	Business, banks and other	**7,226,588**	5,781,045
		26,604,304	24,523,026
Other			
	Obligations related to securities sold short	**1,839,837**	1,562,477
	Obligations related to securities sold under repurchase agreements	**2,296,890**	2,215,965
	Acceptances	**473,544**	365,457
	Derivatives	**125,683**	90,840
	Deferred tax liabilities	**8,294**	10
	Other liabilities	**780,682**	869,029
		5,524,930	5,103,778
Debt related to securitization activities		**5,493,602**	4,863,848
Subordinated debt		**449,641**	447,523
Shareholders' equity			
	Preferred shares	**219,633**	219,633
	Common shares	**466,336**	465,854
	Retained earnings	**886,656**	848,905
	Accumulated other comprehensive income	**14,366**	10,127
	Share-based payment reserve	**36**	91
		1,587,027	1,544,610
		$ 39,659,504	$ 36,482,785

LAURENTIAN BANK

[1] Comparative figures for 2014 reflect the adoption of amendments to IAS 32, Financial Instruments: Presentation. Refer to Note 4 in the audited annual consolidated financial statements.

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Consolidated Statement of Income

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED **OCTOBER 31 2015**	JULY 31 2015	OCTOBER 31 2014	FOR THE YEAR ENDED **OCTOBER 31 2015**	OCTOBER 31 2014
Interest income					
Loans	**$ 260,688**	$ 261,357	$ 263,897	**$ 1,034,117**	$ 1,056,637
Securities	**9,213**	10,045	10,374	**40,144**	40,753
Deposits with other banks	**164**	263	175	**793**	751
Other, including derivatives	**20,864**	17,608	12,780	**66,104**	47,080
	290,929	289,273	287,226	**1,141,158**	1,145,221
Interest expense					
Deposits	**107,940**	108,999	114,038	**435,533**	449,101
Debt related to securitization activities	**27,554**	28,627	28,842	**113,102**	118,269
Subordinated debt	**4,086**	4,033	4,069	**16,094**	16,071
Other	**682**	385	128	**1,346**	800
	140,262	142,044	147,077	**566,075**	584,241
Net interest income	**150,667**	147,229	140,149	**575,083**	560,980
Other income					
Fees and commissions on loans and deposits	**35,289**	36,450	38,147	**141,589**	141,849
Income from brokerage operations	**15,258**	15,663	14,774	**63,294**	63,640
Income from sales of mutual funds	**10,267**	10,164	7,951	**38,811**	29,228
Income from investment accounts	**7,316**	7,636	7,516	**30,202**	31,658
Income from treasury and	**6,620**	3,479	5,124	**23,365**	16,138

financial market operations					
Insurance income, net	**4,618**	3,649	5,199	**16,903**	19,246
Other	**1,614**	2,368	2,561	**7,879**	11,326
	80,982	79,409	81,272	**322,043**	313,085
Total revenue	**231,649**	226,638	221,421	**897,126**	874,065
Amortization of net premium on purchased finan cial instruments and revaluation of contingent consideration	**1,465**	1,531	1,508	**5,999**	9,653
Provision for loan losses	**9,400**	7,000	10,500	**34,900**	42,000
Non-interest expenses					
Salaries and employee benefits	**89,797**	84,753	87,509	**346,387**	340,394
Premises and technology	**52,516**	50,149	49,624	**199,843**	186,671
Other	**27,801**	26,135	26,255	**104,368**	101,383
Impairment of goodwill, software and intangible assets, and premises and equipment	**72,226**	—	—	**72,226**	—
Costs related to business combinations	**—**	—	2,911	**—**	12,861
	242,340	161,037	166,299	**722,824**	641,309
Income (loss) before income taxes	**(21,556)**	57,070	43,114	**133,403**	181,103
Income taxes (recovery)	**(2,837)**	12,904	9,360	**30,933**	40,738
Net income (loss)	**$ (18,719)**	$ 44,166	$ 33,754	**$ 102,470**	$ 140,365
Preferred share dividends, including applicable taxes	**2,406**	2,399	2,395	**9,602**	10,985
Net income (loss) available to common shareholders	**$ (21,125)**	$ 41,767	$ 31,359	**$ 92,868**	$ 129,380
Average number of common					

shares outstanding (in thousands)					
Basic	**28,957**	28,951	28,873	**28,949**	28,724
Diluted	**28,960**	28,956	28,881	**28,955**	28,732
Earnings (loss) per share					
Basic	**$ (0.73)**	$ 1.44	$ 1.09	**$ 3.21**	$ 4.50
Diluted	**$ (0.73)**	$ 1.44	$ 1.09	**$ 3.21**	$ 4.50
Dividends declared per share					
Common share	**$ 0.56**	$ 0.56	$ 0.52	**$ 2.20**	$ 2.06
Preferred share - Series 10	**n.a.**	n.a.	n.a.	**n.a.**	$ 0.98
Preferred share - Series 11	**$ 0.25**	$ 0.25	$ 0.25	**$ 1.00**	$ 1.00
Preferred share - Series 13	**$ 0.27**	$ 0.27	$ 0.27	**$ 1.08**	$ 0.48

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Consolidated Statement of Comprehensive Income

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED **OCTOBER 31 2015**	JULY 31 2015	OCTOBER 31 2014	FOR THE YEAR ENDED **OCTOBER 31 2015**	OCTOBER 31 2014
Net income (loss)	**$ (18,71 9)**	$ 44,1 66	$ 33,75 4	**$ 102,47 0**	$ 140,36 5
Other comprehensive income (loss), net of income taxes					
Items that may subsequently be reclassified to the statement of income					
Unrealized net gains (losses) on available-for-sale securities	**(9,505)**	(10,301)	(74)	**(21,028)**	9,078
Reclassification of net (gains) losses on available-for-sale securities to net income	**(1,311)**	1,031	(1,448)	**(3,700)**	(5,277)
Net change in value of derivatives designated as	**(10,920)**	23,893	967	**28,967**	802

cash flow hedges					
	(21,736)	14,623	(555)	**4,239**	4,603
Items that may not be subsequently reclassified to the statement of income					
Actuarial gains (losses) on employee benefit plans	**15,865**	(6,138)	7,618	**8,574**	4,732
Comprehensive income (loss)	**$ (24,590)**	$ 52,651	$ 40,817	**$ 115,283**	$ 149,700

Income Taxes — Other Comprehensive Income

The following table presents the income taxes for each component of other comprehensive income.

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED **OCTOBER 31 2015**	JULY 31 2015	OCTOBER 31 2014	FOR THE YEAR ENDED **OCTOBER 31 2015**	OCTOBER 31 2014
Income tax expense (recovery) on:					
Unrealized net gains (losses) on available-for-sale securities	**$ (3,786)**	$ (3,358)	$ (26)	**$ (7,718)**	$ 3,151
Reclassification of net (gains) losses on available-for-sale securities to net income	**(334)**	311	(1,249)	**(1,433)**	(2,646)
Net change in value of derivatives designated as cash flow hedges	**(3,983)**	8,702	358	**10,570**	304
Actuarial gains (losses) on employeebenefit plans	**5,818**	(2,251)	2,691	**3,144**	1,633
	$ (2,285)	$ 3,404	$ 1,774	**$ 4,563**	$ 2,442

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Consolidated Statement of Changes in Shareholders' Equity

FOR THE YEAR ENDED OCTOBER 31, 2015

In thousands of Canadian	**PREFERRED SHARES**	**COMMON SHARES**	**RETAINED EARNINGS**	**ACCUMULATED OTHER COMPREHENSIVE INCOME** AVAILABLE-FOR-SALE SECU	**CASH FLOW HED**	**TOTAL**	**SHARE-BASED PAYMENT**	**TOTAL SHAREHOLDERS' EQUITY**

dollars (Unaudited)				RITIES	GES		RESERVE	
Balance as at October 31, 2014	**$ 219,633**	**$ 465,854**	**$ 848,905**	**$ 13,337**	**$ (3,210)**	**$ 10,127**	**$ 91**	**$ 1,544,610**
Net income			**102,470**					**102,470**
Other comprehensive income (net of income taxes)								
Unrealized net losses on available-for-sale securities				**(21,028)**		**(21,028)**		**(21,028)**
Reclassification of net gains on available-for-sale securities to net income				**(3,700)**		**(3,700)**		**(3,700)**
Net change in value of derivative					**28,967**	**28,967**		**28,967**

s designated as cash flow hedges								
Actuarial gains on employee benefit plans			**8,574**					**8,574**
Comprehensive income			**111,044**	**(24,728)**	**28,967**	**4,239**		**115,283**
Issuance of share capital		**482**					**(55)**	**427**
Dividends								
Preferred shares, including applicable taxes			**(9,602)**					**(9,602)**
Common shares			**(63,691)**					**(63,691)**
Balance as at October 31, 2015	**$ 219,633**	**$ 466,336**	**$ 886,656**	**$ (11,391)**	**$ 25,757**	**$ 14,366**	**$ 36**	**$ 1,587,027**

FOR THE YEAR ENDED OCTOBER 31, 2014

				ACCUMULATED OTHER COMPREHENSIVE INCOME				
In	PREF	COM	RETAI	AVAIL	CASH	TOTA	SHA RE-BASE	TOTAL SHAREHOLDERS'

LAURENTIAN BANK

thousands of Canadian dollars (Unaudited)	ERRED SHARES	MON SHARES	NED EARNINGS	ABLE-FOR-SALE SECURITIES	FLOW HEDGES	L	D PAYMENT RESERVE	EQUITY
Balance as at October 31, 2013	$ 205,204	$ 446,496	$ 776,256	$ 9,536	$ (4,012)	$ 5,524	$ 91	$ 1,433,571
Net income			140,365					140,365
Other comprehensive income (net of income taxes)								
Unrealized net gains on available-for-sale securities				9,078		9,078		9,078
Reclassification of net gains on available-for-sale securities to net income				(5,277)		(5,277)		(5,277)
Net change in valu					802	802		802

e of derivatives designated as cash flow hedges								
Actuarial gains on employee benefit plans			4,732					4,732
Comprehensive income			145,097	3,801	802	4,603		149,700
Issuance of share capital	122,071	19,358						141,429
Repurchase of share capital	(107,642)		(2,358)					(110,000)
Dividends								
Preferred shares, including applicable taxes			(10,985)					(10,985)
Common shares			(59,105)					(59,105)
Balance as at	$ 219,	$ 465,	$ 848,	$ 13,3	$ (3,21	$ 10,	$ 91	$ 1,544,

October 31, 2014	63 3	85 4	90 5	37	0)	1 2 7	61 0

SOURCE Laurentian Bank of Canada

For further information: Chief Financial Officer: François Laurin, 514 284-4500 #7997; Media and Investor Relations: Susan Cohen, 514 284-4500 #4926; cell: 514 970-0564