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Laurentian Bank Financial Group reports second quarter 2019 results

The financial information reported herein is based on the condensed interim consolidated statements (unaudited) as at and for the period ended April 30, 2019, and has been prepared in accordance with International Financial Reporting standards (IFRS), as issued by the International Accounting Standards Board (IASB). All amounts are presented in Canadian dollars. The Laurentian Bank of Canada and its entities are collectively referred to as Laurentian Bank Financial Group (the “Group” or the “Bank”) and provide deposit, investment, loan, securities, trust and other products or services.

François Desjardins, President and Chief Executive Officer, commented on the second quarter of 2019 highlights: “I am pleased to report that we successfully completed the negotiations of a collective agreement that supports performance, efficiency and growth. This strategically changes the business going forward.”

M. Desjardins added: “This quarter's performance continues to be impacted by transformation related investments and costs related to labour relations which can now be reduced. Management remains committed to achieve mid-term targets and ultimately, create long-term value for its shareholders.”

“The team achieved strong growth in loans to business customers and increased revenues from Capital Market related activities. Retail Operations Groups are now turning their complete attention to growth and performance, as our teams are engaged and eager to succeed in the pursuit of our mission to help customers improve their financial health.”

M. Desjardins concluded: “Laurentian Bank Financial Group is moving forward. It continues to have solid capital and liquidity levels as well as industry low loan loss provisions. Even if there is more work to do, it has never been stronger in terms of processes and technology.”

Highlights of second quarter 2019

- Adjusted net income⁽¹⁾ of \$48.7 million, and reported net income of \$43.3 million.
- Adjusted return on common shareholders' equity⁽¹⁾ of 8.3%, and reported return on common shareholders' equity of 7.3%.
- Adjusted efficiency ratio⁽¹⁾ of 73.5%, and reported efficiency ratio of 76.3%.
- Common Equity Tier 1 ratio at 9.0%.
- Solid credit quality, with provisions for credit losses at 0.11%.
- Quarterly common share dividend raised by \$0.01 to \$0.66 per share.
- New collective agreement signed with unionized employees.

In millions of Canadian dollars, except per share and percentage amounts (Unaudited)	For the three months ended			For the six months ended		
	April 30 2019	April 30 2018	Variance	April 30 2019	April 30 2018	Variance

Reported basis

Net income	\$43.3	\$59.2	(27)%	\$83.6	\$118.9	(30)%
Diluted earnings per share	\$0.95	\$1.34	(29)%	\$1.83	\$2.74	(33)%
Return on common shareholders' equity	7.3%	10.5%		6.9%	10.7%	

Efficiency ratio	76.3%	67.6%		76.3%	67.0%
Common Equity Tier 1 capital ratio	9.0%	8.6%			
Adjusted basis⁽¹⁾					
Adjusted net income	\$48.7	\$64.6	(25)%	\$93.4	\$127.8 (27)%
Adjusted diluted earnings per share	\$1.08	\$1.47	(27)%	\$2.06	\$2.96 (30)%
Adjusted return on common shareholders' equity	8.3%	11.6%		7.8%	11.5%
Adjusted efficiency ratio	73.5%	65.1%		73.7%	64.9%

(1) Certain measures presented throughout this document exclude the effect of certain amounts designated as adjusting items and are Non-GAAP measures. Refer to the Non-GAAP measures section for further details.

MONTRÉAL, May 30, 2019 (GLOBE NEWSWIRE) -- Laurentian Bank Financial Group reported net income of \$43.3 million or \$0.95 diluted per share for the second quarter of 2019, compared with net income of \$59.2 million or \$1.34 diluted per share for the second quarter of 2018. Return on common shareholders' equity was 7.3% for the second quarter of 2019, compared with 10.5% for the second quarter of 2018. On an adjusted basis, net income totalled \$48.7 million or \$1.08 diluted per share for the second quarter of 2019, down 25% and 27% respectively, compared with \$64.6 million or \$1.47 diluted per share for the second quarter of 2018. Adjusted return on common shareholders' equity was 8.3% for the second quarter of 2019, compared with 11.6% a year ago. Reported results included adjusting items, such as net restructuring charges of \$3.4 million for the second quarter of 2019, as detailed in the Non-GAAP measures section.

For the six months ended April 30, 2019, net income was \$83.6 million or \$1.83 diluted per share, compared with \$118.9 million or \$2.74 diluted per share for the six months ended April 30, 2018. Return on common shareholders' equity was 6.9% for the six months ended April 30, 2019, compared with 10.7% for the six months ended April 30, 2018. On an adjusted basis, net income totalled \$93.4 million or \$2.06 diluted per share for the six months ended April 30, 2019, down 27% and 30% respectively, compared with \$127.8 million or \$2.96 diluted per share for the six months ended April 30, 2018. Adjusted return on common shareholders' equity was 7.8% for the six months ended April 30, 2019, compared with 11.5% for the same period a year ago. Reported results included adjusting items, as detailed in the Non-GAAP measures section.

Non-GAAP measures

Management uses both generally accepted accounting principles (GAAP) and non-GAAP measures to assess the Bank's performance. Results prepared in accordance with GAAP are referred to as "reported" results. Non-GAAP measures presented throughout this document are referred to as "adjusted" measures and exclude the effect of certain amounts designated as adjusting items. Adjusting items are related to restructuring plans and to business combinations and have been designated as such as management does not believe they are indicative of underlying business performance. Non-GAAP measures are considered useful to readers in obtaining a better understanding of how management analyzes the Bank's results and in assessing underlying business performance and related trends. 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 issuers.

The following table shows adjusting items and their impact on reported results.

IMPACT OF ADJUSTING ITEMS ON REPORTED RESULTS

In thousands of Canadian dollars, except per share amounts (Unaudited)	For the three months ended			For the six months ended	
	April 30 2019	January 31 2019	April 30 2018	April 30 2019	April 30 2018
Impact on income before income taxes					
Reported income before income taxes	\$47,160	\$46,720	\$74,232	\$93,880	\$151,036

Adjusting items before income taxes

Restructuring charges⁽¹⁾					
Severance charges	2,420	1,347	—	3,767	—
Other restructuring charges	1,020	659	1,751	1,679	2,669
	3,440	2,006	1,751	5,446	2,669
Items related to business combinations					
Amortization of net premium on purchased financial instruments ⁽²⁾	390	442	601	832	1,254
Amortization of acquisition-related intangible assets ⁽³⁾	3,436	3,433	2,986	6,869	5,969
Other costs related to business combinations ⁽⁴⁾	—	—	1,758	—	2,357
	3,826	3,875	5,345	7,701	9,580
	7,266	5,881	7,096	13,147	12,249
Adjusted income before income taxes	\$54,426	\$52,601	\$81,328	\$107,027	\$163,285
Impact on net income					
Reported net income	\$43,313	\$40,256	\$59,195	\$83,569	\$118,942
Adjusting items, net of income taxes					
Restructuring charges⁽¹⁾					
Severance charges	1,776	989	—	2,765	—
Other restructuring charges	749	483	1,283	1,232	1,956
	2,525	1,472	1,283	3,997	1,956
Items related to business combinations					
Amortization of net premium on purchased financial instruments ⁽²⁾	286	325	442	611	922
Amortization of acquisition-related intangible assets ⁽³⁾	2,602	2,600	2,418	5,202	4,296
Other costs related to business combinations ⁽⁴⁾	—	—	1,287	—	1,726
	2,888	2,925	4,147	5,813	6,944
	5,413	4,397	5,430	9,810	8,900
Adjusted net income	\$48,726	\$44,653	\$64,625	\$93,379	\$127,842
Impact on diluted earnings per share					
Reported diluted earnings per share	\$ 0.95	\$ 0.88	\$ 1.34	\$ 1.83	\$ 2.74
Adjusting items					
Restructuring charges	0.06	0.03	0.03	0.09	0.05
Items related to business combinations	0.07	0.07	0.10	0.14	0.17
	0.13	0.10	0.13	0.23	0.22
Adjusted diluted earnings per share	\$ 1.08	\$ 0.98	\$ 1.47	\$ 2.06	\$ 2.96

(1) Restructuring charges mainly result from the optimization of our Retail Services operations and the streamlining of back-office and corporate functions. Restructuring charges mostly relate to severance charges, salaries, provisions related to the termination of lease contracts, communication expenses and professional fees. Restructuring charges are included on the Non-interest expenses line item. For the three and six-month periods ended April 30, 2019, severance charges are presented net of a \$4.8 million curtailment gain on pension plans and other post-employment benefits obligations and reversals of provisions amounting to \$3.5 million.

- (2) Amortization of net premium on purchased financial instruments results from a one-time gain on a business acquisition in 2012 and is included on the Amortization of net premium on purchased financial instruments line item.
- (3) Amortization of acquisition-related intangible assets results from business acquisitions in 2016 and 2017 and is included on the Non-interest expenses line-item.
- (4) Other costs related to business combinations result from the integration of a business acquired in 2016 and are included on the Non-interest expenses line-item.

Strategic Plan

Three years ago, we launched a 7-year plan focused on becoming a better and different bank which will address advancements in technology, globalization of banking and better meet our customers' needs. To achieve this, we outlined 3 strategic objectives: Build a stronger foundation; Invest in profitable growth; and Improve financial performance. We strive to execute on these strategic objectives with our ultimate goal – to improve the Bank's performance and achieve a profitability level similar to that of the other Canadian banks.

In the second quarter of 2019, we continued to make important progress on our key initiatives. In those regards, 2019 remains a year of investments in our people, processes and technology. But perhaps our most significant achievement was signing a new collective agreement for our Quebec-based retail operations, which strengthens our foundation and will contribute to improve financial performance.

To evolve and be successful in our transformation, we needed a renewed collective agreement. The new agreement is now limited to specific existing positions, mainly financial advisors and client-facing positions in our branch network in the province of Quebec. In addition, the new agreement promotes a modern culture of performance. We now have working conditions that are comparable to those offered by our competition and this is key in being able to attract new talent who wants to be hired, assessed and promoted based on their qualifications and performance. Changes to the agreement, including the elimination of job security, also provide us with more flexibility to carry out our activities in the most efficient and scalable manner. For example, in late April, we started the optimization of certain Retail Services back-office, credit and collections functions internally and through outsourcing agreements to generate efficiencies of scale. These measures led to net restructuring charges of \$3.4 million in the quarter.

Another immediate positive impact is that we no longer have to incur the incremental expenses associated with a potential work conflict. This means that we are reducing our liquidity to more normal levels, reducing the expenses on legal matters and other labour related costs and re-tasking members to more productive priorities. Last quarter, we indicated that on an annual basis, carrying the right level of liquidity would improve net interest income by \$7 million, reducing legal and labor related expenses would cut non-interest expenses by \$3 million and lowering the headcount would reduce expenses by \$15 to \$20 million. We remain on track to deliver these results gradually over the next 9 months.

With this milestone behind us, Retail Operations in Quebec can turn its complete attention to growth and performance, as our branch network is streamlined and staff are engaged and eager to succeed in the pursuit of our mission to help our customers improve their financial health.

Update on key initiatives

Core-banking system

During the first quarter of 2019, we migrated the remaining products for B2B Bank and most Business Services loans onto the new platform, marking the conclusion of Phase 1 of the program. As previously mentioned, Phase 2 of the program will encompass all Retail Services accounts and products, as well as the few remaining Business Services products. With the current momentum in our retail operations, we intend to accelerate the implementation of the core banking initiative relating to branch operations. The target for completion is December 2020, at which time, 100% of all products will have been migrated from the old banking platform to our new core banking platform.

Digital offering

As we completed Phase 1 of the implementation of our core-banking system in January, we are now focusing on the latest development stage of our new digital banking offering. This new offering, expected to be launched to independent advisors and brokers in the Fall and direct to customers across Canada at the end of the year, should improve funding and positively contribute to results.

Optimization of Retail Services operations

In the first half of 2019, we merged five branches. Furthermore, the conversion of our retail branches to advice-only branches is expected to progressively be completed by the end of 2019. As we continue to simplify the Bank's retail branch operations, we are progressing toward our goal of becoming a renewed financial institution by 2022.

Advanced Internal Rating-Based approach to credit risk

We are also progressing on our project to adopt, subject to regulatory approval, the AIRB Approach to credit risk used to determine the Bank's regulatory capital requirements. With a sharp focus on the core-banking system, our digital offer, balance sheet growth and efficiency gains, we will be slowing down the AIRB initiative by 12 to 18 months. We are now planning the implementation between the end of 2021 and the first half of 2022, with benefits to be realized in 2022 and beyond.

Prudent management

As we are fully devoted to these initiatives, we are being prudent in managing the Bank's assets. Our credit quality remains strong. We also continue to improve compliance and regulatory frameworks to better manage risks. In addition, we are maintaining healthy levels of capital and liquid assets, as we are progressing towards our transformation. Gradually redeploying capital should contribute to the resumption of profitable loan growth. Being mindful of the significant investments required to achieve our transformation, we remain committed to improving efficiency.

Consolidated Results

Three months ended April 30, 2019 financial performance

Net income was \$43.3 million or \$0.95 diluted per share for the second quarter of 2019, compared with \$59.2 million or \$1.34 diluted per share for the second quarter of 2018. Adjusted net income was \$48.7 million for the second quarter of 2019, down 25% from \$64.6 million for the second quarter of 2018, while adjusted diluted earnings per share were \$1.08, down 27% compared with \$1.47 for the second quarter of 2018.

Total revenue

Total revenue decreased by \$20.0 million or 8% to \$239.9 million for the second quarter of 2019 from \$259.9 million for the second quarter of 2018.

Net interest income decreased by \$12.5 million or 7% to \$164.6 million for the second quarter of 2019, from \$177.1 million for the second quarter of 2018. The decrease was mainly due to lower year-over-year loan volumes. Over the last 18 months, we have been repositioning our portfolio to further increase the proportion of higher yielding loans to business customers in order to optimize capital allocation. As we continue to effect this strategy, we anticipate to see margins gradually improving. However, given the labour situation, we have been carrying a significantly higher level of liquid assets which has had a negative impact on interest margins and income. As the new collective agreement was signed at the end of March, we have started to gradually decrease the level of liquid assets, while remaining prudent as we pursue our transformation plan. Net interest margin stood at 1.77% for the second quarter of 2019, a decrease of 5 basis points compared with the second quarter of 2018, mainly as a result of the higher level of lower-yielding liquid assets as noted above.

Other income decreased by \$7.5 million or 9% to \$75.3 million for the second quarter of 2019, compared with \$82.8 million for the second quarter of 2018. In the second quarter of 2018, other income included a \$5.3 million net gain on the sale of the agricultural commercial loan portfolio. Fees and commissions on loans and deposits decreased by \$2.4 million compared with the second quarter of 2018, mainly driven by lower deposit and payment service charges as clients gradually modify their banking behavior. Commissions on sales of mutual funds decreased by \$1.1 million compared with the second quarter of 2018. These decreases were offset by higher market related revenues, including securities gains and income from treasury and financial market operations, which increased by a combined \$4.1 million compared with the second quarter of 2018. This increase was mostly driven by higher gains on inventory held for brokerage activities and to a lesser extent, higher gains on other trading activities.

Amortization of net premium on purchased financial instruments

For the second quarter of 2019, amortization of net premium on purchased financial instruments amounted to \$0.4 million, compared with \$0.6 million for the second quarter of 2018. Refer to Note 3.3 to the 2018 annual consolidated financial statements for additional information.

Provision for credit losses

The provision for credit losses amounted to \$9.2 million for the second quarter of 2019 compared with \$9.5 million for the second quarter of 2018. During the quarter, the Bank continued to benefit from the ongoing favorable economic conditions, as well as from the overall underlying good credit quality of the loan portfolios.

Non-interest expenses

Non-interest expenses amounted to \$183.1 million for the second quarter of 2019, an increase of \$7.6 million or 4% compared with the second quarter of 2018. Adjusted non-interest expenses increased similarly to \$176.3 million for the second quarter of 2019.

Salaries and employee benefits decreased by \$1.1 million to \$90.5 million for the second quarter of 2019, compared with the second quarter of 2018, mainly as a result of lower salaries from lower headcount, and despite higher share-based compensation.

Premises and technology costs increased by \$2.6 million or 5% to \$50.6 million for the second quarter of 2019 compared with the second quarter of 2018, mainly as a result of higher technology costs incurred to run concurrent core-banking platforms, as well as to enhance IT service levels and security on an ongoing basis. Higher amortization expense for the completed Phase 1 of the core-banking system program also contributed to the increase. This was partly offset by lower rent expenses following the move to the new corporate office in Montreal in the fourth quarter of 2018.

Other non-interest expenses amounted to \$38.6 million for the second quarter of 2019, an increase of \$6.1 million or 19% compared with the second quarter of 2018. This increase was mainly due to higher regulatory expenses, including year-over-year increases in costs related to deposit insurance, new IFRS standards implementation, anti-money laundering and regulatory compliance management, as well as to higher professional fees and labour relation costs related to the new collective agreement.

Restructuring charges amounted to \$3.4 million for the second quarter of 2019 and mainly included expenses for the optimization of the Retail Services operations, as well as for the streamlining of certain back-office and corporate functions. Costs related to the restructuring measures of \$11.7 million for the second quarter of 2019, mainly related to severance charges, were partly offset by a \$4.8 million curtailment gain on pension plans and other post-employment benefits obligations and reversals of provisions amounting to \$3.5 million.

Costs related to business combinations were nil for the second quarter of 2019 as the integration of the equipment financing operations acquired in 2016 was substantially completed in the second quarter of 2018.

Efficiency ratio

The adjusted efficiency ratio was 73.5% for the second quarter of 2019, compared with 65.1% for the second quarter of 2018. As the Bank invests in its transformation, this ratio is currently impacted by lower revenues due to a higher level of liquid assets and by the higher level of expenses. Therefore, as previously mentioned, this ratio is expected to remain high over the next few quarters. Operating dual core-banking platforms and implementing new compliance and regulatory risk-related projects as noted above are necessitating additional expenditures. The adjusted operating leverage was also negative year-over-year. We are still targeting an efficiency ratio of below 63% in 2021, and are continuing to aim for positive operating leverage.

The efficiency ratio, on a reported basis, was 76.3% for the second quarter of 2019, compared with 67.6% for the second quarter of 2018, essentially for the same reasons as noted above.

Income taxes

For the quarter ended April 30, 2019, the income tax expense was \$3.8 million and the effective tax rate was 8.2%. The lower tax rate, compared to the statutory rate, mainly resulted from a lower taxation level on revenues from foreign operations, including a \$1.5 million favorable adjustment related to insurance activities, as well as from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income. For the quarter ended April 30, 2018, the income tax expense was \$15.0 million and the effective tax rate was 20.3%. The lower tax rate, compared to the statutory rate, resulted from the same items as mentioned above. The lower tax rate for the second quarter of 2019, when compared to the second quarter of 2018, mainly resulted from the proportionally lower domestic income.

Financial Condition

As at April 30, 2019, total assets amounted to \$44.7 billion, a decrease of \$1.2 billion compared with \$45.9 billion as at October 31, 2018. This mainly reflects a decrease in liquid assets of \$0.9 billion and a decrease in loans of \$0.3 billion, as explained below.

Liquid assets

Liquid assets consist of cash, deposits with other banks, securities and securities purchased under reverse repurchase agreements. As at April 30, 2019, these assets totalled \$9.3 billion, a decrease of \$0.9 billion compared with October 31, 2018. Overall, we continue to prudently manage the level of liquid assets as we are progressing on our various initiatives. The Bank benefits from well diversified funding sources and the current level of cash resources is sufficient to meet obligations, under both normal and stressed conditions.

Loans

Loans and bankers' acceptances, net of allowances, stood at \$34.0 billion as at April 30, 2019, a decrease of \$0.3 billion since October 31, 2018. This is consistent with the continued optimization of our portfolio mix aimed at improving capital allocation and returns on risk-weighted assets. Variances are further explained by the items outlined below.

Personal loans amounted to \$5.1 billion and decreased by \$0.3 billion since October 31, 2018, mainly as a result of the continued reduction in the investment loan portfolio, reflecting the ongoing consumer behavior to reduce leverage.

Residential mortgage loans stood at \$16.3 billion as at April 30, 2019, a decrease of \$0.7 billion since October 31, 2018. This mostly reflects a gradual decrease in origination as we focus on higher yielding commercial loans in order to optimize product mix. The decrease was partly offset by the acquisition of mortgage loans originated by third-parties as part of our program to optimize the usage of National Housing Act mortgage-backed securities (NHA MBS) allocations.

Commercial loans and acceptances amounted to \$12.7 billion as at April 30, 2019. In the first half of 2019, we generated growth of approximately \$0.8 billion or 7% excluding loan sales, mainly due to inventory financing volumes through NCF and real estate financing loans. As previously mentioned, we sold lower-yielding commercial loans amounting to \$105 million at the beginning of the year, which concluded the realignment of our commercial loan portfolio. As a result, the commercial loan portfolio increased by 6% net of loan sales since October 31, 2018.

Other assets

Other assets were essentially unchanged compared with October 31, 2018 and stood at \$1.4 billion as at April 30, 2019.

Liabilities

Deposits decreased by \$0.9 billion to \$27.1 billion as at April 30, 2019 compared with October 31, 2018, as we optimized our funding and in light of the reduction in total assets. Personal deposits stood at \$20.6 billion as at April 30, 2019, down \$0.4 billion compared with October 31, 2018, driven by lower term deposits sourced through independent brokers and advisors. Business and other deposits decreased by \$0.5 billion to \$6.5 billion since the beginning of the year. Personal deposits represented 76% of total deposits as at April 30, 2019, compared with 75% as at October 31, 2018, and contribute to our solid liquidity position.

Debt related to securitization activities increased by \$0.1 billion compared with October 31, 2018 and stood at \$7.9 billion as at April 30, 2019. New debt issuances related to securitized residential mortgage loans through the CMHC programs and securitized finance lease receivables during the second quarter of 2019 were partly offset by maturities of liabilities related to the Canada Mortgage Bond program, as well as normal repayments.

Shareholders' equity and regulatory capital

Shareholders' equity stood at \$2,551.4 million as at April 30, 2019, compared with \$2,496.2 million as at October 31, 2018. As previously mentioned, the adoption of IFRS 9 resulted in a decrease of \$7.7 million of shareholders' equity as at November 1, 2018. This was offset by an increase in shareholder's equity as a result of the net income contribution, net of declared dividends, an increase in AOCI, as well as by the issuance of common shares under the Shareholder Dividend Reinvestment and Share Purchase plan. For additional information, please refer to the Consolidated Statement of Changes in Shareholders' Equity.

Our book value per common share was \$53.97 as at April 30, 2019 compared with \$53.72 as at October 31, 2018. There were 42,322,771 common shares outstanding as at May 23, 2019.

The CET1 capital ratio stood at 9.0% as at April 30, 2019, compared with 9.0% as at October 31, 2018. As previously mentioned, the adoption of IFRS 9 resulted in a decrease of 4 bps of the CET1 capital ratio as at November 1, 2018. During the six months ended April 30, 2019, we also continued to manage asset growth tightly to balance the product mix profitability maximization and the related risk-weighted exposures to maintain strong capital ratios.

Caution Regarding Forward-Looking Statements

In this document and in other documents filed with Canadian regulatory authorities or in other communications, we 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 our business plan and financial objectives including statements contained in our 2018 Annual Report under the heading "Outlook". The forward-looking statements contained in this document are used to assist readers in obtaining a better understanding of our financial position and the results of operations as at and for the periods ended on the dates presented and may not be appropriate for other purposes. Forward-looking statements typically use the conditional, as well as words such as prospect, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology.

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 we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurances that these expectations will prove to be correct. Certain important assumptions by us in making forward-looking statements include, but are not limited to, our estimates and statements regarding our business plan and financial objectives including statements contained in our 2018 Annual Report under the heading "Outlook".

We caution 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 with respect to labour relations, as well as developments in the technological environment. Furthermore, these factors include the ability to execute our plan and in particular the successful reorganization of the Retail Services operations, the modernization of the core banking system and the adoption of the Advanced Internal Ratings-Based approach to credit risk (the AIRB approach).

We further caution that the foregoing list of factors is not exhaustive. For more information on the risks, uncertainties and assumptions that would cause our actual results to differ from current expectations, please also refer to the "Risk Appetite and Risk Management Framework" section of our 2018 Annual Report, as well as to other public filings available at www.sedar.com.

We do not undertake to update any forward-looking statements, whether oral or written, made by us or on our behalf, except to the extent required by securities regulations.

Access to Quarterly Results Materials

Interested investors, the media and others may review this press release on our website at www.lbcfg.ca, under the Press Room tab, and our report to shareholders, presentation to investors and supplementary financial information under the Investor Centre tab, Financial Results.

Conference Call

Laurentian Bank Financial Group invites media representatives and the public to listen to the conference call to be held at 9:00 a.m. Eastern Time on May 30, 2019. The live, listen-only, toll-free, call-in number is 1-888-394-8218, code 9590879. A live webcast will also be available on the Group's website under the Investor Centre tab, Financial Results.

The conference call playback will be available on a delayed basis at any time from 12:00 p.m. on May 30, 2019 until 12:00 p.m. on June 29, 2019, on our website under the Investor Centre tab, Financial Results.

The presentation material referenced during the call will be available on our website under the Investor Centre tab, Financial Results.

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About Laurentian Bank Financial Group

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

With 3,300 employees guided by the values of proximity, simplicity and honesty, the Group provides a broad range of advice-based solutions and services to its retail, business and institutional customers. With pan-Canadian activities and a presence in the U.S., the Group is an important player in numerous market segments.

The Group has \$45 billion in balance sheet assets and \$30 billion in assets under administration.