

# Pre-announcement of Certain Q4/21 Charges

November 23, 2021



**LAURENTIAN  
BANK**  
FINANCIAL GROUP

# Caution Regarding Forward-Looking Statements

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Laurentian Bank of Canada (“the Bank”) may, from time to time, make written or oral forward-looking statements within the meaning of applicable securities legislation, including in this document and in other documents filed with Canadian regulatory authorities or in other written or oral communications. Forward-looking statements include, but are not limited to, statements regarding business plans and strategies, priorities and financial objectives, accounting estimates and expected accounting and financial reporting effects and cost savings (including those for the fourth quarter and year ended October 31, 2021 and future periods) the regulatory environment in which the Bank operates, the anticipated impact of the coronavirus (“COVID-19”) pandemic on the Bank’s operations, earnings results and financial performance and statements under the headings “Outlook”, “COVID-19 Pandemic” and “Risk Appetite and Risk Management Framework” contained in the Bank’s 2020 Annual Report, including the Management’s Discussion and Analysis for the fiscal year ended October 31, 2020, as updated by the Bank’s most recent quarterly Management’s Discussion and Analysis, and other statements that are not historical facts. Forward-looking statements typically are identified with words or phrases such as “believe”, “assume”, “estimate”, “forecast”, “outlook”, “project”, “vision”, “expect”, “foresee”, “anticipate”, “plan”, “goal”, “aim”, “target”, “may”, “should”, “could”, “would”, “will”, “intend” or the negative of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature. Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2020 Annual Report under the heading “Outlook”, as updated by the Bank’s most recent quarterly Management’s Discussion and Analysis. There is significant risk that the predictions, forecasts, projections or conclusions will prove to be inaccurate, that the Bank’s assumptions may not be correct, and that actual results may differ materially from such predictions, forecasts, projections or conclusions.

The Bank cautions readers against placing undue reliance on forward-looking statements, as a number of factors, many of which are beyond its control and the effects of which can be difficult to predict, could influence, individually or collectively, the accuracy of the forward-looking statements and cause actual future results to differ significantly from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These factors include, but are not limited to, risks relating to: the impacts of the COVID-19 pandemic on the Bank, its business, financial condition and prospects (including market, credit, funding and liquidity); technology, information systems and cybersecurity; technological disruption, competition and the Bank’s ability to execute on its strategic objectives; the economic climate in the U.S. and Canada; accounting policies, estimates and developments; legal and regulatory compliance; fraud and criminal activity; human capital; insurance; business continuity; business infrastructure; environmental and social risk and climate change; and its ability to manage operational, regulatory, legal, strategic, reputational and model risks, all of which are described in more detail in the section titled “Risk Appetite and Risk Management Framework” beginning on page 43 of the 2020 Annual Report, including the Management’s Discussion and Analysis for the fiscal year ended October 31, 2020, as updated by the Bank’s most recent quarterly Management’s Discussion and Analysis.

The Bank further cautions that the foregoing list of factors is not exhaustive. Additional risks and uncertainties not currently known to us or that the Bank currently deems to be immaterial may also have a material adverse effect on its financial position, financial performance, cash flows, business or reputation. Any forward-looking statements contained in this document represent the views of Management only as at the date hereof, are presented for the purposes of assisting investors and others in understanding certain key elements of the Bank’s current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Bank’s business and anticipated operating environment, and may not be appropriate for other purposes. The Bank does not undertake to update any forward-looking statements, whether oral or written, made by the Bank or on its behalf whether as a result of new information, future events or otherwise, except to the extent required under applicable securities regulation. Additional information relating to the Bank can be located on the SEDAR website at [www.sedar.com](http://www.sedar.com).



# Pre-announcement of Certain Q4/21 Charges

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## Key Highlights

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- As part of its strategic planning, the Bank conducted a review of its businesses and operations.
- As a result, certain charges were identified.
- These changes will reposition the Bank for profitable growth.
- The Bank's capital and liquidity position remain strong.
- The Bank will unveil its new strategic plan on December 10, 2021.

- **Personal Banking Segment Impairment**

- Impairment charge on the value of the Personal Banking segment, including the consolidation of two digital platforms into one

- **Future of Work**

- Planned reduction of about 50% in leased corporate office premises in Toronto, Burlington and Montreal
- Severance charges related to 64 positions

- **Technology**

- Cease Phase 2 of the core-banking program

- **Additional Credit Provisions**

- Review of the investment loan product design and credit standards



# Financial Summary

Q4/21 Expected charges (numbers may not add due to rounding)	Reported (\$ millions)		Adjusted <sup>1</sup> (\$ millions)	
	Pre-Tax	After Tax	Pre-Tax	After Tax
Personal Banking Segment Impairment	\$93	\$78	-	-
Future of Work	\$58	\$43	-	-
Technology	\$38	\$28	-	-
Credit Provisions	\$19	\$14	\$19	\$14
<b>Total</b>	<b>\$209</b>	<b>\$163</b>	<b>\$19</b>	<b>\$14</b>

Expected impact on expenses	(\$ millions)	
	Pre-Tax	After Tax
Fourth quarter 2021	\$4	\$3
<b>Ongoing annual cost reductions</b>	<b>\$20</b>	<b>\$15</b>

Q4/21 Expected Impact on Key Financial Metrics	Reported	Adjusted <sup>2</sup>
Impact on Earnings Per Share (EPS) from expected charges	(\$3.73)	(\$0.33)
Impact on Earnings Per Share (EPS) from expected cost reductions	\$0.07	\$0.07
<b>Total</b>	<b>(\$3.66)</b>	<b>(\$0.26)</b>

CET1 Capital<sup>3</sup>

Reduction of 25bps, expected to remain >10%



<sup>1</sup> This is non-GAAP financial measure. Non-GAAP financial measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements of the Bank and might not be comparable to similar financial measures disclosed by other issuers. See the Bank's Management's Discussion and Analysis for the nine months ending July 31, 2021 for more information.

<sup>2</sup> This is a non-GAAP ratio. Non-GAAP ratios are not standardized financial measures under the financial reporting framework used to prepare the financial statements of the Bank to which the non-GAAP ratios relate and might not be comparable to similar financial measures disclosed by other issuers. Adjusted measures used as a component of the non-GAAP ratios are non-GAAP financial measures.

<sup>3</sup> Capital ratios are disclosed by the Bank in accordance with OSFI's "Capital Adequacy Requirements" guideline.

# Investor Relations Contact Information

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For further information, please visit: [www.lbcfg.ca/investors-centre](http://www.lbcfg.ca/investors-centre)

