Press Release
FOR IMMEDIATE RELEASE

LAURENTIAN BANK

The financial information reported herein is based on the condensed interim consolidated (unaudited) information for the three-month period ended July 31, 2023 and has been prepared in accordance with International Financial Reporting standards (IFRS), as issued by the International Accounting Standards Board (IASB). All amounts are denominated in Canadian dollars. The Laurentian Bank of Canada and its entities are collectively referred to as "Laurentian Bank" or the "Bank" and provide deposit, investment, loan, securities, trust and other products or services.

Laurentian Bank of Canada reports third quarter 2023 results

Montreal, August 31, 2023 — Laurentian Bank of Canada reported net income of $49.3 million and diluted earnings per share of $1.03 for the third quarter of 2023, compared with $55.9 million and $1.18 for the third quarter of 2022. Return on common shareholders' equity was 6.9% for the third quarter of 2023, compared with 8.4% for the third quarter of 2022. Adjusted net income(1) was $57.6 million and adjusted diluted earnings per share were $1.22 for the third quarter of 2023, compared with $58.2 million and $1.24 for the third quarter of 2022. Adjusted return on common shareholders' equity was 8.2% for the third quarter of 2023, compared with 8.7% for the same period a year ago.

For the nine months ended July 31, 2023, reported net income was $150.5 million and diluted earnings per share were $3.22, compared with $170.9 million and $3.69 for the nine months ended July 31, 2022. Return on common shareholders' equity was 7.4% for the nine months ended July 31, 2023, compared with 8.9% for the nine months ended July 31, 2022. Adjusted net income was $163.6 million and adjusted diluted earnings per share were $3.53 for the nine months ended July 31, 2023, compared with $179.2 million and $3.88 for the nine months ended July 31, 2022. Adjusted return on common shareholders' equity was 8.0% for the nine months ended July 31, 2023, compared with 9.4% for the same period a year ago.

"We announced solid results this quarter, and I am extremely pleased with the progress we continue to make on our fiscal year 2023 priorities, in particular, our continued focus on enhancing the customer experience," said Rania Llewellyn, President & CEO.

In millions of dollars, except per share and percentage amounts (Unaudited)	For the three months ended			For the nine months ended		
	July 31, 2023	July 31, 2022	Variance	**July 31, 2023**	July 31, 2022	Variance
Reported basis						
Net income	**$ 49.3**	$ 55.9	(12)%	**$ 150.5**	$ 170.9	(12)%
Diluted earnings per share	**$ 1.03**	$ 1.18	(13)%	**$ 3.22**	$ 3.69	(13)%
Return on common shareholders' equity(1)	**6.9 %**	8.4 %		**7.4 %**	8.9 %	
Efficiency ratio(2)	**72.9 %**	68.3 %		**71.5 %**	67.9 %	
Common Equity Tier 1 (CET1) capital ratio(3)	**9.8 %**	9.1 %				
Adjusted basis						
Adjusted net income(4)	**$ 57.6**	$ 58.2	(1)%	**$ 163.6**	$ 179.2	(9)%
Adjusted diluted earnings per share(1)	**$ 1.22**	$ 1.24	(2)%	**$ 3.53**	$ 3.88	(9)%
Adjusted return on common shareholders' equity(1)	**8.2 %**	8.7 %		**8.0 %**	9.4 %	
Adjusted efficiency ratio(1)	**68.5 %**	67.1 %		**69.2 %**	66.4 %	

(1) This is a non-GAAP ratio. For more information, refer to the Non-GAAP Financial and Other Measures section below and beginning on page 5 of the Third Quarter 2023 Report to Shareholders, including the Management's Discussion and Analysis (MD&A) for the period ended July 31, 2023, which pages are incorporated by reference herein. The MD&A is available on SEDAR at www.sedar.com

(2) This is a supplementary financial measure. For more information, refer to the Non-GAAP Financial below and beginning on page 5 of the Third Quarter 2023 Report to Shareholders, including the MD&A for the period ended July 31, 2023, which pages are incorporated by reference herein.

(3) In accordance with the Office of the Superintendent of Financial Institutions' (OSFI) "Capital Adequacy Requirements" guideline.

(4) This is a non-GAAP financial measure. For more information, refer to the Non-GAAP Financial and Other Measures below and beginning on page 5 of the Third Quarter 2023 Report to Shareholders, including the MD&A for the period ended July 31, 2023, which pages are incorporated by reference herein.

Non-GAAP Financial and Other Measures

In addition to financial measures based on generally accepted accounting principles (GAAP), management uses non-GAAP financial measures to assess the Bank's underlying ongoing business performance. Non-GAAP financial measures presented throughout this document are referred to as "adjusted" measures and exclude amounts designated as adjusting items. Adjusting items include the amortization of acquisition-related intangible assets, and certain items of significance that arise from time to time which management believes are not reflective of underlying business performance. 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. The Bank believes non-GAAP financial measures are useful to readers in obtaining a better understanding of how management assesses the Bank's performance and in analyzing trends.

The following tables show a reconciliation of the non-GAAP financial measures to their most directly comparable financial measure that is disclosed in the primary financial statements of the Bank.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES — CONSOLIDATED STATEMENT OF INCOME

	For the three months ended			For the nine months ended	
In thousands of dollars (Unaudited)	**July 31 2023**	April 30 2023	July 31 2022	**July 31 2023**	July 31 2022
Non-interest expenses	**$ 190,062**	$ 182,472	$ 177,479	**$ 556,209**	$ 527,514
Less: Adjusting items, before income taxes					
Amortization of acquisition-related intangible assets(1)	**3,178**	3,221	3,074	**9,609**	9,132
Restructuring charges(2)	**5,480**	—	—	**5,480**	—
Strategic review-related charges(3)	**2,713**	—	—	**2,713**	2,065
	11,371	3,221	3,074	**17,802**	11,197
Adjusted non-interest expenses	**$ 178,691**	$ 179,251	$ 174,405	**$ 538,407**	$ 516,317
Income before income taxes	**$ 57,431**	$ 58,526	$ 65,844	**$ 176,918**	$ 210,550
Adjusting items, before income taxes (detailed above)	**11,371**	3,221	3,074	**17,802**	11,197
Adjusted income before income taxes	**$ 68,802**	$ 61,747	$ 68,918	**$ 194,720**	$ 221,747
Reported net income	**$ 49,263**	$ 49,291	$ 55,866	**$ 150,464**	$ 170,933
Adjusting items, net of income taxes					
Amortization of acquisition-related intangible assets(1)	**2,361**	2,393	2,287	**7,140**	6,793
Restructuring charges(2)	**4,027**	—	—	**4,027**	—
Strategic review-related charges(3)	**1,995**	—	—	**1,995**	1,518
	8,383	2,393	2,287	**13,162**	8,311
Adjusted net income	**$ 57,646**	$ 51,684	$ 58,153	**$ 163,626**	$ 179,244
Net income available to common shareholders	**$ 44,662**	$ 48,003	$ 51,265	**$ 139,974**	$ 160,443
Adjusting items, net of income taxes (detailed above)	**8,383**	2,393	2,287	**13,162**	8,311
Adjusted net income available to common shareholders	**$ 53,045**	$ 50,396	$ 53,552	**$ 153,136**	$ 168,754

(1) Amortization of acquisition-related intangible assets results from business acquisitions and is included in the Non-interest expenses line item.

(2) In the third quarter of 2023, restructuring charges resulted from the right-sizing of the Bank's Capital Markets franchise and were mainly comprised of severance charges. Restructuring charges were included in the Impairment and restructuring charges line-item.

(3) In the third quarter of 2023, strategic review-related charges resulted from the Bank's review of strategic options to maximize shareholder and stakeholder value and mainly included professional fees. In 2022, strategic review-related charges related to lease contracts following the completion of the reduction of leased corporate office premises in Montreal and Toronto, as well as to other updates to estimates initially recorded in 2021. Strategic review-related charges were included in the Impairment and restructuring charges line-item

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES — CONSOLIDATED BALANCE SHEET

In thousands of dollars (Unaudited)	For the three months ended **July 31 2023**	 April 30 2023	 July 31 2022	For the nine months ended **July 31 2023**	 July 31 2022
Shareholders' equity	**$ 2,821,415**	$ 2,845,993	$ 2,726,823	**$ 2,821,415**	$ 2,726,823
Plus (less):					
Preferred shares	**(122,071)**	(122,071)	(122,071)	**(122,071)**	(122,071)
Limited recourse capital notes	**(123,487)**	(123,516)	(121,543)	**(123,487)**	(121,543)
Cash flow hedge reserve(1)	**7,328**	(32,591)	(31,511)	**7,328**	(31,511)
Common shareholders' equity	**$ 2,583,185**	$ 2,567,815	$ 2,451,698	**$ 2,583,185**	$ 2,451,698
Impact of averaging month-end balances(2)	**(14,911)**	(24,981)	(21,160)	**(39,743)**	(52,523)
Average common shareholders' equity	**$ 2,568,274**	$ 2,542,834	$ 2,430,538	**$ 2,543,442**	$ 2,399,175

(1) The cash flow hedge reserve is presented in the Accumulated other comprehensive income (loss) line item.

(2) Based on the month-end balances for the period.

Consolidated Results

Three months ended July 31, 2023 financial performance

Net income was $49.3 million and diluted earnings per share were $1.03 for the third quarter of 2023, compared with $55.9 million and $1.18 for the third quarter of 2022. Of note, reported results for the third quarter of 2023 included restructuring and strategic-review related charges of $8.2 million ($6.0 million after income taxes), or $0.14 per share, as further detailed in the Non-GAAP financial measures section. Adjusted net income was $57.6 million and adjusted diluted earnings per share were $1.22 for the third quarter of 2023, compared with $58.2 million and $1.24 for the third quarter of 2022.

Total revenue

Total revenue was $260.8 million for the third quarter of 2023 mainly unchanged compared with the third quarter of 2022.

Net interest income increased by $3.6 million or 2% to $192.1 million for the third quarter of 2023, compared with $188.5 million for the third quarter of 2022. The increase was due to higher interest income from commercial loans, partly offset by higher funding costs and lower mortgage pre-payment penalties. The net interest margin was 1.84% for the third quarter of 2023, an increase of 1 basis point compared with the third quarter of 2022, mainly due to favourable changes in the Bank's business mix, partly offset by higher funding costs as a result of the rising interest rate environment.

Other income decreased by $2.7 million or 4% to $68.7 million for the third quarter of 2023, compared with $71.4 million for the third quarter of 2022. Unfavourable market conditions impacted financial markets related revenue in the third quarter of 2023, including income from financial instruments, fees and securities brokerage commissions and income from mutual funds.

Provision for credit losses

The provision for credit losses was $13.3 million for the third quarter of 2023 compared with $16.6 million for the third quarter of 2022, an improvement of $3.3 million reflecting lower provisions on performing loans due to volume reduction and credit migration, partly offset by higher provisions on impaired loans. The provision for credit losses as a percentage of average loans and acceptances was 14 basis points for the quarter, compared with 18 basis points for the same quarter a year ago. Refer to the “Risk management” section on pages 16 to 18 of the Bank's MD&A for the third quarter of 2023 and to Note 5 to the Condensed Interim Consolidated Financial Statements for more information on provision for credit losses and allowances for credit losses.

Non-interest expenses

Non-interest expenses amounted to $190.1 million for the third quarter of 2023, an increase of $12.6 million compared with the third quarter of 2022. In the third quarter of 2023, non-interest expenses included restructuring and strategic-review related charges of $8.2 million; refer to the Non-GAAP Financial and Other Measures section for further details. Adjusted non-interest expenses increased by $4.3 million or 2% to $178.7 million for the third quarter of 2023, compared with $174.4 million for the third quarter of 2022.

Salaries and employee benefits amounted to $98.6 million for the third quarter of 2023, a decrease of $1.4 million compared with the third quarter of 2022, mostly due to lower performance-based compensation. This was partly offset by salary increases and talent acquisition to invest in strategic priorities, improve the customer experience, and support growth.

Premises and technology costs were $49.2 million for the third quarter of 2023, an increase of $5.0 million compared with the third quarter of 2022. The increase year-over-year is mainly due to higher technology costs as the Bank is investing in its infrastructure and strategic priorities, as well as increased amortization charges resulting from new projects.

Other non-interest expenses were $34.0 million for the third quarter of 2023, an increase of $0.8 million compared with the third quarter of 2022 mainly resulting from higher advertising, business development and travel expenses.

Impairment and restructuring charges were $8.2 million for the third quarter of 2023, compared with nil for the third quarter of 2022. In the third quarter of 2023, this line-item included restructuring charges of $5.5 million resulting from the right-sizing of the Bank's Capital Markets franchise, as well as charges of $2.7 million resulting from the Bank's review of strategic options to maximize shareholder and stakeholder value. Refer to the Non-GAAP financial measures for further details.

Efficiency ratio

The efficiency ratio on a reported basis was 72.9% for the third quarter of 2023, compared with 68.3% for the third quarter of 2022. The increase year-over-year is mainly due to the restructuring and strategic-review related charges incurred in the third quarter of 2023. The adjusted efficiency ratio was 68.5% for the third quarter of 2023, compared to 67.1% for the third quarter of 2022 mainly as a result of investments in strategic priorities.

Income taxes

For the third quarter of 2023, income taxes were $8.2 million, and the effective tax rate was 14.2%. The lower effective tax rate, compared to the statutory rate, is attributed to a lower taxation level of income from foreign operations, as well as from the favourable effect of the interest paid semi-annually on the limited recourse capital notes. For the third quarter of 2022, the income tax expense was $10.0 million, and the effective tax rate was 15.2%. The lower effective tax rate, compared to the statutory rate, is attributed to a lower taxation level of income from foreign operations, as well as from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income and of the interest paid semi-annually on the limited recourse capital notes.

Financial Condition

As at July 31, 2023, total assets amounted to $50.6 billion, relatively in line with $50.7 billion as at October 31, 2022.

Liquid assets

As at July 31, 2023, liquid assets amounted to $12.2 billion, an increase of $0.4 billion compared with $11.8 billion as at October 31, 2022.

The Bank continues to prudently manage its level of liquid assets. The Bank’s funding sources remain well diversified and sufficient to meet all liquidity requirements. Liquid assets represented 24% of total assets as at July 31, 2023, compared with 23% as at October 31, 2022.

Loans

Loans and bankers’ acceptances, net of allowances, stood at $36.7 billion as at July 31, 2023, a decrease of $0.6 billion since October 31, 2022. During the first nine months of 2023, the decrease in personal and commercial loans was partly offset by an increase in residential mortgage loans. Commercial loans and acceptances amounted to $17.8 billion as at July 31, 2023, a decrease of $0.4 billion or 2% since October 31, 2022. The decrease resulted mainly from a seasonal reduction in inventory financing volumes. Personal loans of $2.7 billion as at July 31, 2023 decreased by $0.5 billion from October 31, 2022, mainly as a result of a decline in the investment loan portfolio driven by volatile market conditions. Residential mortgage loans of $16.4 billion as at July 31, 2023 increased by $0.3 billion or 2% from October 31, 2022.

Deposits

Deposits decreased by $0.8 billion to $26.3 billion as at July 31, 2023 compared with $27.1 billion as at October 31, 2022, relatively in line with the reduction in loans.

Personal deposits stood at $22.4 billion as at July 31, 2023, an increase of $0.2 billion compared with $22.2 billion as at October 31, 2022. Of note, personal deposits sourced through the retail channel increased by $0.3 billion or 4% compared with October 31, 2022. Personal notice and demand deposits from partnerships also increased by $0.3 billion or 9% since October 31, 2022, and deposits from advisors and brokers decreased by $0.3 billion. Personal deposits represented 85% of total deposits as at July 31, 2023, compared with 82% as at October 31, 2022, and contributed to the Bank's sound liquidity position. Business and other deposits decreased by $1.0 billion over the same period to $3.9 billion, partly offset by an increase in cost-effective long-term debt related to securitization activities, as detailed below.

Debt related to securitization activities

Debt related to securitization activities increased by $0.4 billion or 3% compared with October 31, 2022 and stood at $12.6 billion as at July 31, 2023. Since the beginning of the year, new issuances of cost-effective long-term debt related to securitization activities more than offset maturities of liabilities, as well as normal repayments.

Shareholders' equity and regulatory capital

Shareholders' equity stood at $2.8 billion as at July 31, 2023 and increased by $40.3 million compared with October 31, 2022. Retained earnings increased by $75.7 million compared to October 31, 2022, mainly as a result of the net income contribution of $150.5 million, partly offset by dividends. For additional information, please refer to the Capital Management section of the Bank's MD&A and to the Consolidated Statement of Changes in Shareholders' Equity for the period ended July 31, 2023.

The Bank's book value per common share was $59.30 as at July 31, 2023 compared to $58.02 as at October 31, 2022.

The CET1 capital ratio was 9.8% as at July 31, 2023, in excess of the minimum regulatory requirement and the Bank's target management levels. The CET1 capital ratio increased by 70 basis points compared with October 31, 2022 due to internal capital generation and the seasonal inventory financing loan reduction. The Bank met OSFI's capital and leverage requirements throughout the quarter.

On August 30, 2023, the Board of Directors declared a quarterly dividend of $0.47 per common share, payable on November 1, 2023, to shareholders of record on October 2, 2023. This quarterly dividend is equal to the dividend declared in the previous quarter and is 4% higher compared with the dividend declared in the previous year. The Board also determined that shares attributed under the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan will be made in common shares issued from Corporate Treasury with a 2% discount.

Caution Regarding Forward-Looking Statements

From time to time, Laurentian Bank of Canada and, as applicable its subsidiaries (collectively referred to as the "Bank") may make written or oral forward-looking statements. These forward-looking statements are made in accordance with the "safe harbor" provisions and are intended to be forward-looking statements in accordance with applicable Canadian and U.S. securities legislation. Forward-looking statements include, but are not limited to, statements regarding the Bank's vision, strategic goals, business plans and strategies, priorities and financial performance objectives; the economic and market review and outlook for Canadian, U.S., European, and global economies; the regulatory environment in which the Bank operates; the risk environment, including, credit risk, liquidity, and funding risks; the statements under the headings "Outlook" and "Risk Appetite and Risk Management Framework" contained in the 2022 Annual Report for the year ended October 31, 2022 (the "2022 Annual Report"), including the Management's Discussion and Analysis for the fiscal year ended October 31, 2022; and other statements that are not historical facts. The forward-looking statements contained in, or incorporated by reference in, this document are used to assist readers in obtaining a better understanding of the Bank's financial position and the results of operations as at and for the periods ended on the dates presented and may not be appropriate for other purposes.

Forward-looking statements typically are identified with words or phrases such as "believe", "assume", "estimate", "forecast", "outlook", "project", "vision", "expect", "foresee", "anticipate", "intend", "plan", "goal", "aim", "target", and expressions of future or conditional verbs such as "may", "should", "could", "would", "will", "intend" or the negative of any of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature, which give rise to the possibility that the Bank's predictions, forecasts, projections, expectations, or conclusions may prove to be inaccurate; that the Bank's assumptions may be incorrect (in whole or in part); and that the Bank's financial performance objectives, visions, and strategic goals may not be achieved. Forward-looking statements should not be read as guarantees of future performance or results, or indications of whether or not actual results will be achieved. Material economic assumptions underlying such forward-looking statements are set out in the 2022 Annual Report under the heading "Outlook", which assumptions are incorporated by reference herein.

The Bank cautions readers against placing undue reliance on forward-looking statements, as a number of factors, many of which are beyond the Bank's control and the effects of which can be difficult to predict or measure, could influence, individually or collectively, the accuracy of the forward-looking statements and cause the Bank's 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: credit; market; liquidity and funding; insurance; operational; regulatory compliance (which could lead to the Bank being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties, and fines); strategic; reputation; legal and regulatory environment; competitive and systemic risks; supply chain disruptions; geopolitical events and uncertainties; government sanctions; conflict, war, or terrorism; and other significant risks discussed in the risk-related portions of the Bank's 2022 Annual Report, such as those related to: Canadian and global economic conditions (including the risk of higher inflation and rising interest rates); geopolitical issues; Canadian housing and household indebtedness; technology, information systems and cybersecurity; technological disruption, privacy, data and third-party related risks; competition and the Bank's ability to execute on its strategic objectives; the economic climate in the U.S. and Canada; digital disruption and innovation (including, emerging fintech competitors); Interbank offered rate (IBOR) transition; changes in currency and interest rates; accounting policies, estimates and developments; legal and regulatory compliance and changes; changes in government fiscal, monetary and other policies; tax risk and transparency; modernization of Canadian payment systems; fraud and criminal activity; human capital; insurance; business continuity; business infrastructure; emergence of widespread health emergencies or public health crises; environmental and social risks; including climate change; and the Bank's ability to manage, measure or model operational, regulatory, legal, strategic or reputational risks, all of which are described in more detail in the section titled “Risk Appetite and Risk Management Framework” beginning on page 48 of the 2022 Annual Report, including the Management’s Discussion and Analysis for the fiscal year ended October 31, 2022, which information is incorporated by reference herein. The Bank further cautions that the foregoing list of factors is not exhaustive. When relying on the Bank's forward-looking statements to make decisions involving the Bank, investors and others should carefully consider the foregoing factors, uncertainties, and current or potential events.

Any forward-looking statements contained herein or incorporated by reference represent the views of management of the Bank only as at the date such statements were or are made, are presented for the purposes of assisting investors, financial analysts, and others in understanding certain key elements of the Bank’s financial position, current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Bank’s business and anticipated financial performance and operating environment and may not be appropriate for other purposes. The Bank does not undertake any obligation to update any forward-looking statements made by the Bank or on its behalf whether as a result of new information, future events or otherwise, except to the extent required by applicable securities regulations and laws. Additional information relating to the Bank can be located on SEDAR at www.sedar.com.

Access to Quarterly Results Materials

This press release can be found on the Bank's website at www.lbcfg.ca, under the Press Room tab, and the Bank's Report to Shareholders, Investor Presentation and Supplementary Financial Information under the Investor Centre tab, Financial Results.

Conference Call

Laurentian Bank of Canada invites media representatives and the public to listen to the conference call to be held at 9:00 a.m. (ET) on August 31, 2023. The live, listen-only, toll-free, call-in number is 1-888-664-6392, code 72396970. 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 from 12:00 p.m. (ET) on August 31, 2023, until 12:00 p.m. (ET) on October 1, 2023, 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 of Canada

At Laurentian Bank, we believe we can change banking for the better. By seeing beyond numbers.

Founded in Montréal in 1846, Laurentian Bank helps families, businesses and communities thrive. Today, we have approximately 3,000 employees working together as one team, to provide a broad range of financial services and advice-based solutions for customers across Canada and the United States. We protect, manage and grow $50.6 billion in balance sheet assets and $27.4 billion in assets under administration.

We drive results by placing our customers first, making the better choice, acting courageously, and believing everyone belongs.