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Laurentian Bank Financial Group reports 2018 results

MONTREAL, Dec. 05, 2018 (GLOBE NEWSWIRE) --

The financial information reported herein is based on the condensed interim consolidated (unaudited) information for the three-month period ended October 31, 2018, and on the audited annual consolidated financial statements for the year ended October 31, 2018, 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 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 2018 results: “Our 2018 results reflect our actions to strengthen the Group’s financial foundation, including maintaining healthy liquidity levels and our investments in people, processes and technology. This positions us well to deliver our strategic objectives.”

Mr. Desjardins added: “We look forward to profitable growth and reaping the benefits of investments in business opportunities. In short, we are investing in the right places to support future growth and expect to maintain a strong balance sheet into 2019. 2019 will be a year where our customers will see the first tangible benefits of our new digital offer, which will be gradually launched across Canada under two of our brands: Laurentian Bank and B2B Bank.”

Highlights of 2018

- Total revenue exceeds $1.0 billion, up 5% year-over-year.
- Adjusted net income(1) of $241.6 million, up 5% year-over-year, and reported net income of $224.6 million, up 9% year-over-year.
- Adjusted return on common shareholders’ equity(1) of 10.5%. Return on common shareholders’ equity of 9.7%.
- Adjusted efficiency ratio(1) of 66.7% and reported efficiency ratio of 68.7%.
- Net interest margin up 10 basis points year-over-year.
- Common Equity Tier 1 (CET1) capital ratio at 9.0%.

Highlights of fourth quarter 2018

- Adjusted net income of $54.3 million, down 18% year-over-year, and reported net income of $50.8 million, down 13% year over-year.
- Adjusted return on common shareholders’ equity of 9.0%. Return on common shareholders’ equity of 8.4%.
- Credit losses include a $10.0 million loss on a single syndicated commercial exposure ($7.3 million after income taxes or $0.17 per share).
- Quarterly common share dividend raised by $0.01 to $0.65 per share.

In millions of Canadian dollars, except per share and percentage amounts (Unaudited)	For the three months ended October 31 2018	October 31 2017	Variance	For the year ended October 31 2018	October 31 2017	Variance
Reported basis						
Net income	**$ 50.8**	$ 58.6	(13)%	**$ 224.6**	$ 206.5	9 %
Diluted earnings per share	**$ 1.13**	$ 1.42	(20)%	**$ 5.10**	$ 5.40	(6)%
Return on common shareholders’ equity	**8.4%**	11.1%		**9.7%**	10.9%	
Efficiency ratio	**69.0%**	68.8%		**68.7%**	69.2%	
Common Equity Tier 1 capital ratio – All-in basis	**9.0%**	7.9%				
Adjusted basis (1)						
Adjusted net income	**$ 54.3**	$ 66.5	(18)%	**$ 241.6**	$ 230.7	5 %
Adjusted diluted earnings per share	**$ 1.22**	$ 1.63	(25)%	**$ 5.51**	$ 6.09	(10)%
Adjusted return on common shareholders' equity	**9.0%**	12.7%		**10.5%**	12.3%	
Adjusted efficiency ratio	**67.2%**	64.3%		**66.7%**	66.1%	

(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.

Laurentian Bank Financial Group reported net income of $50.8 million or $1.13 diluted per share for the fourth quarter of 2018, compared with net income of $58.6 million or $1.42 diluted per share for the fourth quarter of 2017. Return on common shareholders’ equity was 8.4% for the fourth quarter of 2018, compared with 11.1% for the fourth quarter of 2017. On an adjusted basis, net income totalled $54.3 million or $1.22 diluted per share for the fourth quarter of 2018, down 18% and 25% respectively, compared with $66.5 million or $1.63 diluted per share for the same period in 2017. Adjusted return on common shareholders' equity was 9.0% for the fourth quarter of 2018, compared with 12.7% a year ago. Reported results included adjusting items for the fourth quarter of 2018 and for the fourth quarter of 2017, as detailed in the Non-GAAP measures section.

Net income was $224.6 million or $5.10 diluted per share for the year ended October 31, 2018, compared with $206.5 million or $5.40 diluted per share for the year ended October 31, 2017. Return on common shareholders' equity was 9.7% for the year ended October 31, 2018, compared with 10.9% for the year ended October 31, 2017. On an adjusted basis, net income totalled $241.6 million or $5.51 diluted per share for the year ended October 31, 2018, up 5% and down 10% respectively, compared with $230.7 million or $6.09 diluted per share for the year ended October 31, 2017. Adjusted return on common shareholders' equity was 10.5% for the year ended October 31, 2018, compared with 12.3% for the year ended October 31, 2017. Reported results for the year ended October 31, 2018 and for the year ended October 31, 2017 included adjusting items, as detailed in the Non-GAAP measures section.

Highlights

	For the three months ended					For the year ended		
As at or for the years ended October 31 (Thousands of Canadian dollars, except when noted)	**October 31 2018**	July 31 2018	Variance	October 31 2017	Variance	**October 31 2018**	October 31 2017	Variance
Operating results								
Total revenue	**$255,857**	$260,664	(2) %	$267,968	(5) %	**$1,043,410**	$996,410	5 %
Net income	**$ 50,801**	$ 54,903	(7) %	$ 58,635	(13) %	**$ 224,646**	$206,461	9 %
Adjusted net income (1)	**$ 54,344**	$ 59,374	(8) %	$ 66,476	(18) %	**$ 241,560**	$230,741	5 %
Operating performance								
Diluted earnings per share	**$ 1.13**	$ 1.23	(8) %	$ 1.42	(20) %	**$ 5.10**	$ 5.40	(6) %
Adjusted diluted earnings per share	**$ 1.22**	$ 1.34	(9) %	$ 1.63	(25) %	**$ 5.51**	$ 6.09	(10) %
Return on common shareholders' equity	**8.4 %**	9.2 %		11.1 %		**9.7 %**	10.9 %	
Adjusted return on common shareholders' equity (1)	**9.0 %**	10.0 %		12.7 %		**10.5 %**	12.3 %	
Net interest margin	**1.77 %**	1.77 %		1.75 %		**1.78 %**	1.68 %	
Efficiency ratio	**69.0 %**	71.8 %		68.8 %		**68.7 %**	69.2 %	
Adjusted efficiency ratio (1)	**67.2 %**	69.7 %		64.3 %		**66.7 %**	66.1 %	
Operating leverage	**3.9 %**	(6.4) %		(1.5) %		**0.7 %**	7.4 %	
Adjusted operating leverage (1)	**3.4 %**	(7.1) %		2.2 %		**(0.9) %**	5.4 %	
Financial position ($ millions)								
Loans and acceptances	**$ 34,395**	$ 35,392	(3) %	$ 36,696	(6) %			
Balance sheet assets	**$ 45,895**	$ 46,631	(2) %	$ 46,683	(2) %			
Deposits	**$ 28,007**	$ 29,085	(4) %	$ 28,930	(3) %			
Common shareholders' equity	**$ 2,260**	$ 2,244	1 %	$ 1,994	13 %			
Key growth drivers ($ millions)								
Loans to business customers	**$ 12,036**	$ 12,311	(2) %	$ 12,171	(1) %			
Residential mortgage loans through independent brokers and advisors	**$ 7,733**	$ 8,092	(4) %	$ 8,571	(10) %			
Assets under administration at Laurentian Bank Securities	**$ 4,028**	$ 4,200	(4) %	$ 3,904	3 %			
Assets under administration from Retail Services clients (2)	**$ 10,479**	$ 10,784	(3) %	$ 11,049	(5) %			
Total deposits from clients (3)	**$ 24,410**	$ 25,346	(4) %	$ 25,173	(3) %			
Basel III regulatory capital ratios								
Common Equity Tier 1 capital ratio (4)	**9.0 %**	8.8 %		7.9 %				
CET1 risk-weighted assets ($ millions)	**$ 20,239**	$ 20,571		$ 20,427				
Credit quality								
Net impaired loans as a % of loans and acceptances	**0.42 %**	0.37 %		0.30 %				
Provision for credit losses as a % of average loans and acceptances	**0.20 %**	0.05 %		0.13 %		**0.12 %**	0.11 %	
Common share information								
Closing share price (5)	**$ 41.56**	$ 46.62	(11) %	$ 60.00	(31) %	**$ 41.56**	$ 60.00	(31) %
Price / earnings ratio (trailing four quarters)	**8.1x**	8.6x		11.1x		**8.1x**	11.1x	
Book value per share	**$ 53.72**	$ 53.43	1 %	$ 51.18	5 %	**$ 53.72**	$ 51.18	5 %
Dividends declared per share	**$ 0.64**	$ 0.64	— %	$ 0.62	3 %	**$ 2.54**	$ 2.46	3 %
Dividend yield	**6.2 %**	5.5 %		4.1 %		**6.1 %**	4.1 %	
Dividend payout ratio	**56.5 %**	51.8 %		44.3 %		**49.6 %**	45.7 %	
Adjusted dividend payout ratio (1)	**52.6 %**	47.7 %		38.7 %		**45.9 %**	40.5 %	
Other information								
Number of full-time equivalent employees	**3,642**	3,739		3,732				
Number of branches	**96**	103		104				
Number of automated banking machines	**222**	281		341				

(1) Refer to the Non-GAAP Measures section.
(2) Including deposits and mutual funds from Retail clients.
(3) Including deposits from branches, independent brokers and advisors and commercial clients.
(4) Presented on an "all-in" basis, using the Standardized Approach in determining credit risk and operational risk.
(5) Toronto Stock Exchange (TSX) closing market price.

Medium-Term Financial Objectives

2018 performance

The following table shows the performance and growth targets for the Bank, as set out in the 2017 Annual Report, and the Bank's performance for 2018. These medium-term objectives depend on a number of assumptions, as detailed in our 2018 Annual Report under the heading "Outlook".

2020 MEDIUM-TERM FINANCIAL OBJECTIVES AND 2018 PERFORMANCE

(Billions of Canadian dollars, except per share and percentage amounts)	2020 Objectives		**2018**		2017	Variance 2018/2017
Adjusted financial performance (1)						
Adjusted return on common shareholders' equity	Narrow gap to 300 bps (2)		**10.5 %**		12.3 %	Current gap at 610 bps
Adjusted efficiency ratio	<65%		**66.7 %**		66.1 %	0.6 %
Adjusted diluted earnings per share	Grow by 5% to 10% annually	**$**	**5.51**	$	6.09	(10) %
Adjusted operating leverage	Positive		**(0.9) %**		5.4 %	n. m.
Key growth drivers						
Loans to business customers	Grow to $14.0B	**$**	**12.0**	$	12.2	(1) %
Residential mortgage loans through independent brokers and advisors	Grow to $10.0B	**$**	**7.7**	$	8.6	(10) %
Assets under administration at Laurentian Bank Securities	Grow to $4.3B	**$**	**4.0**	$	3.9	3 %
Assets under administration from Retail Services clients (3)	Grow to $12.6B	**$**	**10.5**	$	11.0	(5) %
Total deposits from clients (4)	Grow to $27.1B	**$**	**24.4**	$	25.2	(3) %

(1) The 2020 financial objectives are based on non-GAAP measures that exclude adjusting items related to restructuring plans and to business combinations. Refer to the Non-GAAP Measures section.
(2) Compared to the major Canadian banks, based on the Bank using the Standardized approach in determining credit risk and operational risk. The current gap is based on the average of major Canadian banks for the nine months ended July 31, 2018.
(3) Including deposits and mutual funds from Retail clients.
(4) Including deposits from branches, independent brokers and advisors and commercial clients.

2018 was a year of rebalancing our loan portfolio, following two years of accelerated growth. During the year, we also invested in our people, processes and technology. We also strengthened our liquidity and capital positions. Furthermore, changes in the residential mortgage environment ensuing from regulatory reform, higher interest rates and market conditions, in addition to delays incurred in optimizing our Retail Services activities, affected growth in loans and revenue. As a result, profitability metrics for 2018 were impacted. Adjusted return on common shareholders' equity was 10.5% in 2018 compared with 12.3% in fiscal 2017, and the ROE gap relative to the major Canadian banks widened.

The adjusted efficiency ratio of 66.7% for 2018 was slightly above the 2017 level and trended higher in the second half of the year given additional operating costs. Adjusted diluted earnings per share of $5.51 for 2018 were down 10% year-over-year, essentially for the same reasons as noted above.

Medium-term financial performance

In 2019, we will continue our investments in people, processes and technology, maintain a strong balance sheet and work to resolve our labour relations issues. We will also begin to gradually redeploy capital as we resume profitable loan growth. The table below shows our updated medium-term financial objectives and the key growth drivers that are the most meaningful and reflect our global corporate view.

2021 MEDIUM-TERM FINANCIAL OBJECTIVES

(Billions of Canadian dollars, except per share and percentage amounts)	2021 Objectives		**2018**
Adjusted financial performance (1)			
Adjusted return on common shareholders' equity	Narrow gap to 250 bps (2)		**10.5 %**
Adjusted efficiency ratio	<63%		**66.7 %**
Adjusted diluted earnings per share	Grow by 5% to 10% annually	**$**	**5.51**
Adjusted operating leverage	Positive		**(0.9) %**
Key growth drivers			
Loans to business customers	Grow to $16.0 B	**$**	**12.0**

Residential mortgage loans	Grow to $19.0 B	**$ 17.0**
Deposits from clients (3)	Grow to $28.0 B	**$ 24.4**

(1) The 2021 financial objectives are based on non-GAAP measures that exclude adjusting items related to restructuring plans and to business combinations. Refer to the Non-GAAP Measures section.
(2) Compared to the major Canadian banks, based on the Bank using the AIRB approach in determining credit risk and the Standardized approach in determining operational risk.
(3) Including deposits from branches, independent brokers and advisors and commercial clients.

Business Services has been and will continue to be a growth engine for the Bank. With the resumption of profitable growth in 2019 as we redeploy capital, we expect loans to business customers to reach $16.0 billion in 2021. This reflects our decision to evolve the portfolio toward higher-yielding commercial loans and the opportunities that we have as we leverage our investments. Furthermore, as we evolve toward managing the Bank more holistically, we are introducing a target for growth in total residential mortgage loans at $19.0 billion in 2021. We are no longer tracking assets under administration for Laurentian Bank Securities and Retail Services, as we put more emphasis on growing our deposits from clients and to focus on our key strategies. Lastly, we are increasing our objective for growth in deposits from clients to $28.0 billion in 2021.

Our 2021 financial objectives are also shown in the table above. The revised ROE objective is to narrow the gap with the major banks to 250 basis points in 2021 as compared to 300 basis points in 2020. As we plan to adopt the AIRB approach to credit risk in late 2020, this gap reflects the initial benefit of gradually redeploying capital. We are also targeting an efficiency ratio of below 63% in 2021, an improvement from below 65% in 2020, and we are continuing to aim for positive operating leverage. Lastly, we are working toward an adjusted diluted earnings per share growth objective, over the medium-term, of 5% to 10% annually.

We remain as committed as ever to execute our strategic plan and work toward our ultimate goal – to improve the Bank's performance and achieve a profitability level similar to that of the other Canadian banks in 2022, as we reap increasing benefits from the adoption of the AIRB approach to credit risk.

Strategic Plan

Strengthening our foundation

In 2018, we invested in our people, processes and technologies and have strengthened the Bank's financial foundation. We are well positioned to continue progressing towards our transformation, including the implementation of our core banking system, the development of our digital solutions and the adoption of the AIRB approach.

Core-banking system

The Bank is well advanced in its multi-year plan to replace its core-banking system. The new account management platform provides the necessary tools to improve our product offering and advance our transformation to digital banking. During the transition period, we are running concurrent platforms for our core-banking systems.

The program began in 2016 with the first product and account migrations occurring in November 2017 and September 2018 for B2B Bank investment loans and deposit products respectively. The remaining products for B2B Bank and most of Business Services loans are targeted to be migrated at the outset of 2019, marking the conclusion of Phase 1 of the program. Phase 2 of the program will encompass all Retail Services accounts and products, as well as the remaining Business Services products. The target completion date of this phase will be determined once the uncertainty associated with the renewal of the collective bargaining agreement, which expired on December 31, 2017, is clarified.

Total program cost is expected to reach approximately $200 million, relatively in line with initial estimates. As we are nearing the completion of Phase 1, which encompasses the foundation for most of the Bank's operations, approximately $145 million has been invested. The remainder will mostly cover the migration of Phase 2 portfolios.

Advanced Internal Ratings-Based approach to credit risk

As part of our plan to improve the Bank's foundation, we are pursuing our initiative to adopt the AIRB approach to credit risk. This project was first started in 2012. Once fully implemented, it will enable the Bank to optimize regulatory capital, improve profitability and provide a level playing field for credit underwriting activities, as the Bank will be able to calculate its capital requirements on the same basis as its industry peers.

In late 2013, the Bank made the decision to suspend its AIRB development and implementation due to the uncertainty regarding the AIRB approach at the international level. However, several AIRB adoption building blocks were integrated into the Bank's operations and systems and are contributing to enhance the Bank's processes.

Given positive indications, the Bank renewed its commitment to pursuing the AIRB project in early 2016 and defined a comprehensive program to realize the remaining steps toward the adoption of the AIRB approach. The Bank's objective is to obtain the AIRB accreditation in late 2020. As such, the program to achieve AIRB accreditation is expected to be completed in two years, subject to regulatory approval.

Total program cost is expected to reach $105 million, of which approximately $60 million has been invested to date.

Optimization of the Retail Services activities

At the beginning of 2016, we announced our strategic plan, which included optimizing and simplifying Retail Services operations. This strategy led to the decision, in September 2016, to reorganize the branch network. By the end of 2017, we had merged 46 branches and have converted an additional 23 branches into advice-only branches. The response has been largely positive, and the impact on operations and results is in line with expectations. Building on this positive outcome, we decided in September 2017 to focus on delivering financial advice through our branch network, and on migrating customers to electronic and web-based platforms, thus progressing toward our objective to further digitize services.

In fiscal 2018, we merged eight more branches and continued to monitor the impact of branch mergers on our core client base. We are still committed to achieving the conversion to advice-only branches progressively throughout 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. However, the uncertainty associated with the renewal of the collective bargaining agreement may impact the pace at which we will execute this plan.

Consolidated Results

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 **October 31 2018**	July 31 2018	October 31 2017	For the year ended **October 31 2018**	October 31 2017
Impact on income before income taxes					
Reported income before income taxes	**$ 61,325**	$ 67,972	$ 71,396	**$ 280,333**	$ 266,668
Adjusting items, net of income taxes					
Restructuring charges (1)					
Severance charges	**925**	—	3,228	**925**	3,228
Other restructuring charges	**107**	2,243	2,445	**5,019**	7,257
	1,032	2,243	5,673	**5,944**	10,485
Items related to business combinations					
Amortization of net premium on purchased financial instruments (2)	**495**	547	707	**2,296**	3,383
Amortization of acquisition-related intangible assets (3)	**3,366**	3,370	3,545	**12,705**	4,291
Other costs related to business combinations (4)	**—**	—	2,862	**2,357**	16,091
	3,861	3,917	7,114	**17,358**	23,765
	4,893	6,160	12,787	**23,302**	34,250
Adjusted income before income taxes	**$ 66,218**	$ 74,132	$ 84,183	**$ 303,635**	$ 300,918
Impact on net income					
Reported net income	**$ 50,801**	$ 54,903	$ 58,635	**$ 224,646**	$ 206,461
Adjusting items, net of income taxes					
Restructuring charges (1)					
Severance charges	**678**	—	2,364	**678**	2,364
Other restructuring charges	**78**	1,645	1,791	**3,679**	5,315
	756	1,645	4,155	**4,357**	7,679
Items related to business combinations					
Amortization of net premium on purchased financial instruments (2)	**364**	402	519	**1,688**	2,487
Amortization of acquisition-related intangible assets (3)	**2,423**	2,424	2,226	**9,143**	2,771
Other costs related to business combinations (4)	**—**	—	941	**1,726**	11,343
	2,787	2,826	3,686	**12,557**	16,601
	3,543	4,471	7,841	**16,914**	24,280
Adjusted net income	**$ 54,344**	$ 59,374	$ 66,476	**$ 241,560**	$ 230,741
Impact on diluted earnings per share					
Reported diluted earnings per share	**$ 1.13**	$ 1.23	$ 1.42	**$ 5.10**	$ 5.40
Adjusting items					
Restructuring charges	**0.02**	0.04	0.11	**0.11**	0.22
Items related to business combinations	**0.07**	0.07	0.10	**0.30**	0.47
	0.08	0.11	0.21	**0.41**	0.69
Adjusted diluted earnings per share (5)	**$ 1.22**	$ 1.34	$ 1.63	**$ 5.51**	$ 6.09

(1) Restructuring charges result from the optimization of our Retail Services activities and mostly relate to 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.

(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 transaction and integration of business acquisitions in 2016 and 2017 and are included on the Non-interest expenses line item.

(5) The impact of adjusting items on a per share basis does not add due to rounding for the quarter ended October 31, 2018.

Three months ended October 31, 2018 compared with three months ended October 31, 2017

Net income was $50.8 million or $1.13 diluted per share for the fourth quarter of 2018, compared with $58.6 million or $1.42 diluted per share for the fourth quarter of 2017. Adjusted net income was $54.3 million for the fourth quarter of 2018, down 18% from $66.5 million for the fourth quarter of 2017, while adjusted diluted earnings per share were $1.22, down 25% compared with $1.63 in the fourth quarter of 2017. The decrease in earnings per share for the fourth quarter of 2018 is further detailed below and also reflects the common share issuance completed at the beginning of 2018.

Total revenue

Total revenue decreased by $12.1 million or 5% to $255.9 million for the fourth quarter of 2018 from $268.0 million for the fourth quarter of 2017. This decrease was mostly driven by lower other income.

Net interest income decreased by $3.1 million or 2% to $173.2 million for the fourth quarter of 2018, from $176.2 million for the fourth quarter of 2017. The decrease was due to lower year-over-year loan volumes and to the higher level of liquid assets, partly offset by higher margins on loans to business customers as a result of changes in the portfolio mix. Net interest margin stood at 1.77% for the fourth quarter of 2018, an increase of 2 basis points compared with the fourth quarter of 2017, mainly due to the higher proportion of higher-yielding loans to business customers, as well as to recent increases in the prime rate, partly offset by the higher level of lower- yielding liquid assets.

Other income decreased by $9.0 million to $82.7 million for the fourth quarter of 2018, compared with $91.7 million for the fourth quarter of 2017, mainly as results for the fourth quarter of 2017 included a $5.9 million gain on the sale of the Bank's investment in Verico Financial Group Inc. ("Verico"). In addition, fees and commissions on loans and deposits decreased by $2.0 million compared with the fourth quarter of 2017, mainly driven by lower transaction fees and service charges as clients continue to modify their banking behaviour and as a result of product simplification. Income from brokerage operations also decreased by $2.1 million compared with the fourth quarter of 2017, mostly as a result of a lower activity level. These reductions in other income were partly offset by an improved contribution from treasury and financial market operations whose revenues increased by $3.2 million compared with the fourth quarter of 2017, mainly as a result of higher net securities gains.

Amortization of net premium on purchased financial instruments

For the fourth quarter of 2018, amortization of net premium on purchased financial instruments amounted to $0.5 million, compared with $0.7 million for the fourth quarter of 2017. Refer to Note 3.3 to the annual consolidated financial statements for additional information.

Provision for credit losses

The provision for credit losses amounted to $17.6 million for the fourth quarter of 2018 compared with $11.5 million for the fourth quarter of 2017. During the fourth quarter of 2018, credit losses were impacted by a $10.0 million loss on a single syndicated commercial exposure.

Non-interest expenses

Non-interest expenses amounted to $176.4 million for the fourth quarter of 2018, a decrease of $7.9 million compared with the fourth quarter of 2017. Adjusted non-interest expenses slightly decreased to $172.0 million for the fourth quarter of 2018, compared with $172.3 million for the fourth quarter of 2017.

Salaries and employee benefits decreased by $6.4 million or 7% to $87.8 million for the fourth quarter of 2018, compared with the fourth quarter of 2017, mainly due to lower performance-based compensation and lower headcount, partly offset by the full-quarter impact of the acquisition of NCF.

Premises and technology costs increased by $2.9 million or 6% to $48.4 million for the fourth quarter of 2018 compared with the fourth quarter of 2017, mainly as a result of higher technology costs incurred to run concurrent core-banking platforms, as well as to ongoing activities to enhance IT service levels and security. During the quarter, we also moved to the new corporate office in Montreal, which generated additional rent expense as the two leases overlapped.

Other non-interest expenses amounted to $39.2 million for the fourth quarter of 2018, an increase of $3.1 million or 9% compared with the fourth quarter of 2017. This increase was mainly due to higher regulatory expenses, including increases in deposit insurance costs and other costs related to various compliance projects.

Restructuring charges amounted to $1.0 million for the fourth quarter of 2018 and mainly included expenses for the reorganization of the Retail Services operations.

Costs related to business combinations were nil for the fourth quarter of 2018 as the integration of CIT Canada's operations was substantially completed in the second quarter of 2018.

Efficiency ratio
The adjusted efficiency ratio was 67.2% for the fourth quarter of 2018, compared with 64.3% for the fourth quarter of 2017, mainly as a result of lower revenue. The adjusted operating leverage was also negative year-over-year. The efficiency ratio, on a reported basis, remained relatively stable at 69.0% for the fourth quarter of 2018, compared with 68.8% for the fourth quarter of 2017, as lower restructuring charges and lower costs related to business combinations were offset by lower revenues.

Income taxes

For the quarter ended October 31, 2018, income tax expense was $10.5 million and the effective tax rate was 17.2%. The lower tax rate, compared to the statutory rate, mainly resulted from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income, as well as from the lower taxation level on revenues from foreign operations. For the quarter ended October 31, 2017, income tax expense was $12.8 million and the effective tax rate was 17.9%. The lower tax rate, compared to the statutory rate, resulted from the same items as mentioned above, as well as from the lower taxation on the gain resulting from the sale of the Bank's investment in Verico.

Three months ended October 31, 2018 compared with three months ended July 31, 2018

Net income was $50.8 million or $1.13 diluted per share for the fourth quarter of 2018 compared with $54.9 million or $1.23 diluted per share for the third quarter of 2018. Adjusted net income was $54.3 million or $1.22 diluted per share for the fourth quarter of 2018, compared with $59.4 million or $1.34 diluted per share for the third quarter of 2018.

Total revenue decreased by $4.8 million to $255.9 million for the fourth quarter of 2018, compared with $260.7 million for the previous quarter. Net interest income decreased by $3.9 million sequentially to $173.2 million, essentially due to the lower level of loans, as well as from the seasonally lower level of prepayment penalties on residential mortgage loans. Net interest margin stood at 1.77% for the fourth quarter of 2018, unchanged compared with the third quarter of 2018.

Other income decreased by $0.9 million or 1% to $82.7 million for the fourth quarter of 2018, compared with $83.7 million for the previous quarter, mainly as a result of a loss on the sale of commercial loan portfolios in the fourth quarter of 2018. Fees and commissions on loans and deposits were unchanged compared with the previous quarter, as higher lending fees were offset by lower transaction fees and service charges as clients continue to modify their banking behavior and as a result of product simplification.

The line item "Amortization of net premium on purchased financial instruments" amounted to $0.5 million for the fourth quarter of 2018, essentially unchanged from the third quarter of 2018. Refer to Note 3.3 to the annual consolidated financial statements for additional information.

Provision for credit losses totalled $17.6 million for the fourth quarter of 2018, a $12.7 million increase compared with $4.9 million for the third quarter of 2018. As noted above, credit losses for the fourth quarter of 2018 were impacted by a $10.0 million loss on a single syndicated commercial exposure.

Non-interest expenses decreased by $10.8 million to $176.4 million for the fourth quarter of 2018 from $187.2 million in the third quarter of 2018. Adjusted non-interest expenses decreased by $9.6 million and amounted to $172.0 million in the current quarter, compared with $181.6 million in the third quarter of 2018. The decrease is mainly due to lower salaries due to higher capitalized project costs and lower employee benefits. The $1.5 million write-off resulting from the cancellation of mortgage portfolio insurance recorded in the third quarter of 2018 also contributed to the sequential decrease in non-interest expenses for the quarter.

Financial Condition

As at October 31, 2018, the Bank's total assets amounted to $45.9 billion a 2% decrease compared with $46.7 billion as at October 31, 2017. This mainly reflects a decrease in loans of $2.3 billion, partly offset by an increase in liquid assets of $1.2 billion as well as an increase in other assets of $324.2 million, as explained below. As at July 31, 2018, total assets amounted to $46.6 billion.

Liquid assets

Liquid assets consist of cash, deposits with banks, securities and securities purchased under reverse repurchase agreements. As at October 31, 2018, these assets totalled $10.2 billion, an increase of $1.2 billion compared with $9.0 billion as at October 31, 2017.

Over the past year, we continued 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 $34.3 billion as at October 31, 2018, down $2.3 billion or 6% from October 31, 2017. This decrease mostly reflected the gradual decrease in residential mortgage loans and personal loans, as well as the sale of certain commercial loans as detailed below.

Personal loans amounted to $5.4 billion and decreased by $0.7 billion or 11% since October 31, 2017, mainly due to net repayments in the investment loan portfolio, reflecting expected attrition given some deleveraging in the retail consumer market.

Residential mortgage loans stood at $17.0 billion as at October 31, 2018, a decrease of $1.5 billion or 8% year-over-year. This mostly reflected a gradual decrease in origination as we focus on higher yielding commercial loans in order to optimize product mix. The decision of Retail Services to solely originate residential mortgages through the branch network and no longer through the mortgage broker channel in Quebec as of November 1, 2017 also resulted in lower volumes. Furthermore, since January 1, 2018, growth was slowed by the newly applicable Office of the Superintendent of Financial Institution Canada (OSFI) B-20 mortgage underwriting regulation and the ensuing challenging prime mortgage market conditions. The decrease was partly offset by the acquisition of mortgage loans originated by third parties as part of our program initiated in 2016 to optimize the usage of National Housing Act mortgage-backed securities (NHA MBS) allocations.

In 2018, we generated organic growth of approximately $572 million or 5% in commercial loans and acceptances, mostly in inventory financing volumes through NCF and in real estate financing loans. As a result of the loan portfolio sales to optimize portfolio mix, the commercial loan portfolio decreased by $135.1 million or 1% since October 31, 2017. The Bank sold lower-yielding commercial loan portfolios amounting to $708 million in 2018, including $328 million in the second half of 2018, which mostly conclude the realignment of our commercial loan portfolio.

Other assets

Other assets increased by $324.2 million to $1.4 billion as at October 31, 2018, compared with $1.1 billion as at October 31, 2017, and mainly included cheques and other items in transit, cash reserve deposits related to securitization activities, software and other intangible assets, as well as goodwill. Additions to intangibles of $107.7 million during the year contributed to the increase, development progressed on our new core-banking system and our project to adopt the AIRB approach to credit risk, and as we completed the deployment of LBC Capital's financing and leasing system. Additions to premises and equipment of $53.3 million mostly related to our new Montreal corporate office also explain the increase in other assets.

Liabilities

Deposits decreased by $0.9 billion or 3% to $28.0 billion as at October 31, 2018 compared with $28.9 billion as at October 31, 2017. Personal deposits stood at $21.0 billion as at October 31, 2018, down $0.2 billion compared with October 31, 2017, mainly driven by a slight decrease in deposits sourced through the branch network. Business and other deposits decreased by $0.7 billion to $7.0 billion over the same period, mainly as we optimized our funding and in light of the reduction in total assets. Personal deposits represented 75% of total deposits as at October 31, 2018, compared with 73% as at October 31, 2017, and contributed to our good liquidity position.

Debt related to securitization activities decreased by $0.4 billion or 5% compared with October 31, 2017 and stood at $7.8 billion as at October 31, 2018. The decrease mostly stems from maturities of liabilities related to the Canada Mortgage Bond program, as well as the repurchase of certain mortgage loans and normal repayments. In 2018, the Bank securitized $1.2 billion of residential mortgage loans in relation to new financing transactions. For additional information, please refer to the Securitization and Off-Balance Sheet Arrangements section of our 2018 Annual Report.

Subordinated debt was essentially unchanged and stood at $348.8 million as at October 31, 2018, compared with $348.4 million as at October 31, 2017.

Shareholders' equity and regulatory capital

Shareholders' equity stood at $2,496.2 million as at October 31, 2018, compared with $2,330.4 million as at October 31, 2017. This $165.8 million increase mainly results from the 2,624,300 common share public offering completed in January 2018 for gross proceeds of $143.8 million (net proceeds of $139.2 million), which was partially offset by the $100.0 million Class A Preferred Shares Series 11 redemption in December 2017. Shareholders' equity also increased as a result of the net income contribution, net of declared dividends, 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 annual consolidated statement of changes in shareholders' equity.

The Bank's book value per common share appreciated to $53.72 as at October 31, 2018 from $51.18 as at October 31, 2017.

The CET1 ratio stood at 9.0% as at October 31, 2018 compared with 8.8% as at July 31, 2018 and 7.9% as at October 31, 2017. The common share offering completed in January 2018 for net proceeds of $139.2 million contributed to the improvement in capital ratios in 2018. As the Bank moves through an evolving economic environment, we replaced the preferred share issue that was redeemed on December 15, 2017 with common equity. This strengthened the Bank's capital base and provided greater flexibility to pursue organic growth, as well as to continue to invest in the implementation of our core banking system, the development of our digital solutions and the project to adopt the AIRB approach to credit risk. During the year, we also reviewed asset growth to manage capital, as well as to optimize the product mix with a view to improve profitability as we redeploy capital. These measures were only partly offset by the additional deductions to capital for intangible assets related to ongoing projects.

Risk Management

Risk related to labour relations

Approximately 33% of the Bank's employees are represented by a union and are covered by a collective bargaining agreement which expired on December 31, 2017. Most of these employees work in Laurentian Bank branches in the Province of Quebec, and certain of them are employed in Corporate Offices in Montreal. Renegotiating the expired collective bargaining agreement could result in higher costs which could have a material effect on our business, results of operations and financial condition. In addition, should we be unable to reach an acceptable negotiated collective bargaining agreement on a timely basis, a strike by affected employees, lock-out or other work disruption may occur which could adversely affect service to Retail Services clients and operations and, in turn, financial performance.

Future Accounting Changes to Accounting Policies

The IASB has issued new standards and amendments to existing standards on financial instruments, revenue from contracts with customers, leases, insurance contracts and employee benefits which were not yet effective for the year ended October 31, 2018. These future accounting changes will be applicable for the Bank in various annual periods beginning on November 1, 2018.

Additional information on the new standards and amendments to existing standards can be found in Note 4 to the annual consolidated financial statements and in the "Future Accounting Changes to Accounting Policies" section in our 2018 Annual Report.

Transition Impact for IFRS 9, Financial instruments and IFRS 15, Revenue from Contracts with Customers

IFRS 9, *Financial Instruments* (IFRS 9) and IFRS 15, *Revenue from Contracts with Customers* (IFRS 15) are effective November 1, 2018 for the Bank.The adoption of IFRS 9 is expected to result in certain differences in the classification of financial assets when compared to the classification under IAS 39. The most significant changes include approximately $2.3 billion of debt securities previously classified as available-for-sale to be classified as amortized cost, and approximately $0.3 billion of equity and debt securities previously classified as available-for-sale to be classified as fair value through other comprehensive income. Based on current estimates, the decrease in shareholders' equity at transition for IFRS 9 and IFRS 15 is not expected to exceed $20 million in total, or an approximate decrease of up to 10 basis points of the Common Equity Tier 1 capital ratio. The Bank is finalizing its analyses, including potential refinements and validations to the new impairment models which may change the actual impact on adoption.

Condensed Interim Consolidated Financial Statements (unaudited)

Consolidated Balance Sheet

In thousands of Canadian dollars (Unaudited)		**As at October 31 2018**		As at October 31 2017
Assets				
Cash and non-interest-bearing deposits with banks	**$**	**116,490**	$	111,978
Interest-bearing deposits with banks		**374,237**		215,384
Securities				
Available-for-sale		**2,710,249**		3,032,159
Held-to-maturity		**655,757**		405,088
Held-for-trading		**2,695,138**		2,148,767
		6,061,144		5,586,014
Securities purchased under reverse repurchase agreements		**3,652,498**		3,107,841
Loans				
Personal		**5,372,468**		6,038,692
Residential mortgage		**16,986,338**		18,486,449
Commercial (1)		**11,839,106**		11,464,007
Customers' liabilities under acceptances		**196,776**		707,009
		34,394,688		36,696,157
Allowances for loan losses		**(93,026)**		(99,186)
		34,301,662		36,596,971
Other				
Derivatives		**94,285**		104,426
Premises and equipment		**80,961**		35,214
Software and other intangible assets		**367,345**		293,422
Goodwill		**116,617**		118,100
Deferred tax assets		**25,437**		38,702
Other assets		**704,007**		474,606
		1,388,652		1,064,470
	$	**45,894,683**	$	46,682,658
Liabilities and shareholders' equity				
Deposits				
Personal	**$**	**20,995,453**	$	21,198,982
Business, banks and other		**7,011,119**		7,731,378
		28,006,572		28,930,360
Other				
Obligations related to securities sold short		**3,008,666**		2,165,097
Obligations related to securities sold under repurchase agreements		**2,515,823**		2,678,629
Acceptances		**196,776**		707,009
Derivatives		**285,492**		217,785
Deferred tax liabilities		**19,081**		22,112
Other liabilities		**1,229,556**		1,051,908
		7,255,394		6,842,540
Debt related to securitization activities		**7,787,753**		8,230,921

Subordinated debt	**348,762**	348,427
Shareholders' equity		
Preferred shares	**244,038**	341,600
Common shares	**1,115,416**	953,536
Retained earnings	**1,152,470**	1,035,770
Accumulated other comprehensive income	**(15,990)**	(496)
Share-based compensation reserve	**268**	—
	2,496,202	2,330,410
	$ 45,894,683	$ 46,682,658

(1) Comparative figures have been reclassified to conform to the current year presentation.

Consolidated Statement of Income

In thousands of Canadian dollars, except per share amounts (Unaudited)	For the three months ended **October 31 2018**	July 31 2018	October 31 2017	For the year ended **October 31 2018**	October 31 2017
Interest income					
Loans	**$ 356,135**	$ 355,302	$ 325,714	**$ 1,396,936**	$ 1,169,852
Securities	**18,681**	16,391	11,591	**62,035**	42,469
Deposits with other banks	**1,488**	714	461	**3,428**	913
Other, including derivatives	**8,276**	7,958	7,617	**28,384**	42,311
	384,580	380,365	345,383	**1,490,783**	1,255,545
Interest expense					
Deposits	**158,290**	151,632	124,665	**583,203**	465,151
Debt related to securitization activities	**42,449**	42,064	36,780	**166,077**	134,900
Subordinated debt	**3,835**	3,835	5,256	**15,214**	11,718
Other	**6,854**	5,821	2,462	**20,377**	5,686
	211,428	203,352	169,163	**784,871**	617,455
Net interest income	**173,152**	177,013	176,220	**705,912**	638,090
Other income					
Fees and commissions on loans and deposits	**37,629**	37,624	39,640	**149,297**	154,584
Income from brokerage operations	**16,632**	16,227	18,726	**65,811**	75,123
Income from sales of mutual funds	**11,630**	11,907	12,242	**47,609**	47,088
Income from investment accounts	**4,508**	4,769	4,880	**20,146**	21,804
Income from treasury and financial market operations	**5,798**	5,358	2,607	**18,264**	17,776
Insurance income, net	**3,701**	3,808	4,493	**15,273**	18,188
Other	**2,807**	3,958	9,160	**21,098**	23,757
	82,705	83,651	91,748	**337,498**	358,320
Total revenue	**255,857**	260,664	267,968	**1,043,410**	996,410
Amortization of net premium on purchased financial instruments	**495**	547	707	**2,296**	3,383
Provision for credit losses	**17,600**	4,900	11,500	**44,000**	37,000
Non-interest expenses					
Salaries and employee benefits	**87,800**	93,010	94,203	**366,022**	361,001
Premises and technology	**48,358**	48,761	45,466	**192,377**	182,397
Other	**39,247**	43,231	36,161	**150,081**	119,385
Restructuring charges	**1,032**	2,243	5,673	**5,944**	10,485
Costs related to business combinations	**—**	—	2,862	**2,357**	16,091
	176,437	187,245	184,365	**716,781**	689,359
Income before income taxes	**61,325**	67,972	71,396	**280,333**	266,668
Income taxes	**10,524**	13,069	12,761	**55,687**	60,207
Net income	**$ 50,801**	$ 54,903	$ 58,635	**$ 224,646**	$ 206,461
Preferred share dividends, including applicable taxes	**3,253**	3,253	4,276	**14,038**	17,096
Net income available to common shareholders	**$ 47,548**	$ 51,650	$ 54,359	**$ 210,608**	$ 189,365
Average number of common shares outstanding (in thousands)					
Basic	**42,023**	41,894	38,228	**41,280**	35,059
Diluted	**42,023**	41,894	38,228	**41,280**	35,059
Earnings per share					
Basic	**$ 1.13**	$ 1.23	$ 1.42	**$ 5.10**	$ 5.40
Diluted	**$ 1.13**	$ 1.23	$ 1.42	**$ 5.10**	$ 5.40
Dividends declared per share					
Common share	**$ 0.64**	$ 0.64	$ 0.62	**$ 2.54**	$ 2.46
Preferred share - Series 11	**$ —**	$ —	$ 0.25	**$ 0.25**	$ 1.00
Preferred share - Series 13	**$ 0.27**	$ 0.27	$ 0.27	**$ 1.08**	$ 1.08
Preferred share - Series 15	**$ 0.37**	$ 0.37	$ 0.37	**$ 1.46**	$ 1.46

Consolidated Statement of Comprehensive Income

In thousands of Canadian dollars (Unaudited)	For the three months ended October 31 2018	July 31 2018	October 31 2017	For the year ended October 31 2018	October 31 2017
Net income	**$ 50,801**	$ 54,903	$ 58,635	**$ 224,646**	$ 206,461
Other comprehensive income (loss), net of income taxes					
Items that may subsequently be reclassified to the statement of income					
Net change in available-for-sale securities					
Unrealized net gains (losses) on available-for-sale securities	**(4,797)**	722	4,679	**(7,672)**	10,424
Reclassification of net gains on available-for-sale securities to net income	**(3,144)**	(107)	(368)	**(5,206)**	(5,778)
	(7,941)	615	4,311	**(12,878)**	4,646
Net change in value of derivatives designated as cash flow hedges	**(5,191)**	(748)	10,565	**(4,951)**	(18,963)
Net foreign currency translation adjustments					
Net unrealized foreign currency translation gains on investments in foreign operations	**4,404**	4,742	5,257	**9,012**	5,257
Unrealized net losses on hedges of investments in foreign operations	**(3,341)**	(3,466)	(3,309)	**(6,677)**	(3,309)
	1,063	1,276	1,948	**2,335**	1,948
	(12,069)	1,143	16,824	**(15,494)**	(12,369)
Items that may not subsequently be reclassified to the statement of income					
Remeasurement gains (losses) on employee benefit plans	**58**	7,573	(6,134)	**13,023**	8,104
Total other comprehensive income (loss), net of income taxes	**(12,011)**	8,716	10,690	**(2,471)**	(4,265)
Comprehensive income	**$ 38,790**	$ 63,619	$ 69,325	**$ 222,175**	$ 202,196

Income Taxes — Other Comprehensive Income

The following table shows income tax expense (recovery) for each component of other comprehensive income.

In thousands of Canadian dollars (Unaudited)	For the three months ended October 31 2018	July 31 2018	October 31 2017	For the year ended October 31 2018	October 31 2017
Net change in available-for-sale securities					
Unrealized net gains (losses) on available-for-sale securities	**$ (1,670)**	$ 191	$ 1,743	**$ (2,584)**	$ 4,062
Reclassification of net gains on available-for-sale securities to net income	**(1,732)**	(39)	(471)	**(2,436)**	(2,453)
	(3,402)	152	1,272	**(5,020)**	1,609
Net change in value of derivatives designated as cash flow hedges	**(1,877)**	(274)	(345)	**(1,793)**	(6,877)
Net foreign currency translation adjustments					
Unrealized net losses on hedges of investments in foreign operations	**—**	(20)	(204)	**—**	(204)
Remeasurement gains (losses) on employee benefit plans	**22**	2,756	(2,278)	**4,740**	2,925
	$ (5,257)	$ 2,614	$ (1,555)	**$ (2,073)**	$ (2,547)

Consolidated Statement of Changes in Shareholders' Equity

In thousands of Canadian dollars (Unaudited)	Preferred shares	Common shares	Retained earnings	Accumulated other comprehensive income: Available-for-sale securities	Cash flow hedges	Translation of foreign operations	Total	Share-based compensation reserve	Total share-holders' equity
Balance as at October 31, 2017	$ 341,600	$ 953,536	$ 1,035,770	$ 4,849	$ (7,293)	$ 1,948	$ (496)	$ —	$ 2,330,410
Net income			**224,646**						**224,646**
Other comprehensive income (loss), net of income taxes									
Unrealized net losses on available-for-sale securities				**(7,672)**			**(7,672)**		**(7,672)**
Reclassification of net gains on				**(5,206)**			**(5,206)**		**(5,206)**

available-for- sale securities to net income									
Net change in value of derivatives designated as cash flow hedges					(4,951)		(4,951)		(4,951)
Net unrealized foreign currency translation gains on investments in foreign operations						9,012	9,012		9,012
Unrealized net losses on hedges of investments in foreign operations						(6,677)	(6,677)		(6,677)
Remeasurement gains on employee benefit plans			13,023						13,023
Comprehensive income			**237,669**	**(12,878)**	**(4,951)**	**2,335**	**(15,494)**		**222,175**
Issuance of share capital		161,880							161,880
Repurchase of share capital	(97,562)		(2,438)						(100,000)
Share-based compensation								268	268
Dividends									
Preferred shares, including applicable taxes			(14,038)						(14,038)
Common shares			(104,493)						(104,493)
Balance as at October 31, 2018	**$ 244,038**	**$ 1,115,416**	**$ 1,152,470**	**$ (8,029)**	**$ (12,244)**	**$ 4,283**	**$ (15,990)**	**$ 268**	**$ 2,496,202**
Balance as at October 31, 2016	$ 341,600	$ 696,493	$ 924,861	$ 203	$ 11,670	$ —	$ 11,873	$ —	$ 1,974,827
Net income			206,461						206,461
Other comprehensive income (loss), net of income taxes									
Unrealized net gains on available-for-sale securities				10,424			10,424		10,424
Reclassification of net gains on available-for-sale securities to net income				(5,778)			(5,778)		(5,778)
Net change in value of derivatives designated as cash flow hedges					(18,963)		(18,963)		(18,963)
Net unrealized foreign currency translation gains on investments in foreign operations						5,257	5,257		5,257
Unrealized net losses on hedges of investments in foreign operations						(3,309)	(3,309)		(3,309)
Remeasurement gains on employer benefit plans			8,104						8,104
Comprehensive income			214,565	4,646	(18,963)	1,948	(12,369)		202,196
Issuance of share capital		257,043							257,043
Dividends									

Preferred shares, including applicable taxes			(17,096)						(17,096)
Common shares			(86,560)						(86,560)
Balance as at October 31, 2017	$ 341,600	$ 953,536	$ 1,035,770	$ 4,849	$ (7,293)	$ 1,948	$ (496)	$ —	$ 2,330,410

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 retail branches, 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 11:00 a.m. Eastern Time on December 5, 2018. The live, listen-only, toll-free, call-in number is 1-800-239-9838, code 9066232. 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 2:00 p.m. on December 5, 2018 until 2:00 p.m. on January 4, 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 to as Laurentian Bank Financial Group (the “Group” or the “Bank”).

With more than 3,600 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 $46 billion in balance sheet assets and $29 billion in assets under administration.

Attachments:

- 01-LBC_Q4_2018_Press_Release 1.pdf