Source: *Banque Laurentienne du Canada*

September 04, 2018 07:20 ET

Laurentian Bank Financial Group reports third quarter 2018 results

The financial information reported herein is based on the condensed interim consolidated financial statement (unaudited) for the period ended July 31, 2018, prepared in accordance with IAS 34 Interim financial reporting, 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 as Laurentian Bank Financial Group (the "Group" or the "Bank") and provide deposit, investment, loan, securities, trust and other products or services.
The complete Third Quarter 2018 Report to Shareholders is available today on our website at www.lbcfg.ca and on SEDAR at www.sedar.com.

François Desjardins, President and Chief Executive Officer, commented on the resolution of the mortgage loan portfolio review: "We have now completed our mortgage loan portfolio review and have resolved the situation with both CMHC and the third-party purchaser, with no impact on our customers. The review was completed within the guidance given last quarter. This has been a tremendous learning experience and in the end, makes us stronger and more determined than ever to become a renewed financial institution, committed to being different and better and to deliver value to our customers."

Mr. Desjardins added: "We are maintaining strong liquidity and capital positions to allow us to withstand market volatility and execute our plan. All this will ensure the financial strength of this organization."

Highlights of third quarter 2018

- Adjusted net income [1] down 1% year-over-year, and reported net income essentially unchanged
- Adjusted return on common shareholders' equity [1] of 10.0% and 9.2% on a reported basis
- Adjusted efficiency ratio of 69.7% and reported efficiency ratio of 71.8%
- Net interest margin up 14 basis points year-over-year
- Common Equity Tier 1 (CET1) ratio at 8.8%
- Loans to business customers up 14% year-over-year, from both organic growth and the acquisition of NCF [2]
- Mortgage loan portfolio review resolved within the guidance given last quarter

In millions of Canadian dollars, except per share and percentage amounts (Unaudited)	For the three months ended			For the nine months ended		
	July 31 2018	July 31 2017	Variance	**July 31 2018**	July 31 2017	Variance
Reported basis						
Net income	**$ 54.9**	$ 54.8	— %	**$ 173.8**	$ 147.8	18 %
Diluted earnings per share	**$ 1.23**	$ 1.48	(17)%	**$ 3.97**	$ 3.97	— %
Return on common shareholders' equity	**9.2 %**	11.8 %		**10.2 %**	10.8 %	
Efficiency ratio	**71.8 %**	67.9 %		**68.6 %**	69.3 %	
Common Equity Tier 1 capital ratio – All-in basis	**8.8 %**	7.9 %				
Adjusted basis [1]						
Adjusted net income	**$ 59.4**	$ 59.9	(1)%	**$ 187.2**	$ 164.3	14 %

Adjusted diluted earnings per share	**$1.34**	$1.63	(18)%	**$ 4.30**	$ 4.46	(4)%
Adjusted return on common shareholders' equity	**10.0%**	13.0%		**11.0%**	12.1%	
Adjusted efficiency ratio	**69.7%**	65.6%		**66.5%**	66.7%	

(1) Certain measures presented throughout this document exclude the effect of certain amounts designated as adjusting items due to their nature or significance. Refer to the Non-GAAP measures section for further details.
(2) Northpoint Commercial Finance

MONTREAL, Sept. 04, 2018 (GLOBE NEWSWIRE) -- Laurentian Bank Financial Group reported net income of $54.9 million or $1.23 diluted per share for the third quarter of 2018, compared with net income of $54.8 million or $1.48 diluted per share for the same period last year. Return on common shareholders' equity was 9.2% for the third quarter of 2018, compared with 11.8% for the third quarter of 2017. On an adjusted basis, net income totalled $59.4 million or $1.34 diluted per share for the third quarter of 2018, down 1% and 18% respectively, compared with $59.9 million or $1.63 diluted per share for the same period in 2017. Adjusted return on common shareholders' equity was 10.0% for the third quarter of 2018, compared with 13.0% a year ago. Reported results included adjusting items for the third quarter of 2018 and for the third quarter of 2017, as detailed in the Non-GAAP measures section.

For the nine months ended July 31, 2018, net income was $173.8 million or $3.97 diluted per share, compared with $147.8 million or $3.97 diluted per share for the nine months ended July 31, 2017. Return on common shareholders' equity was 10.2% for the nine months ended July 31, 2018, compared with 10.8% for the nine months ended July 31, 2017. On an adjusted basis, net income totalled $187.2 million or $4.30 diluted per share for the nine months ended July 31, 2018, up 14% and down 4% respectively, compared with $164.3 million or $4.46 diluted per share for the nine months ended July 31, 2017. Adjusted return on common shareholders' equity was 11.0% for the nine months ended July 31, 2018, compared with 12.1% for the same period a year ago. Reported results for the nine months ended July 31, 2018 and for the nine months ended July 31, 2017 included adjusting items, as detailed in the Non-GAAP measures section.

Consolidated Results
Non-GAAP measures

Management uses both generally accepted accounting principles (GAAP) and certain non-GAAP measures to assess performance. Non-GAAP measures presented throughout this document exclude the effect of certain amounts designated as adjusting items due to their nature or significance. These non-GAAP measures are considered useful to readers in obtaining a better understanding of how management analyzes 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 presents the impact of adjusting items on reported results.

IMPACT OF ADJUSTING ITEMS

	For the three months ended			For the nine months ended	
In thousands of Canadian dollars, except per share amounts (Unaudited)	**July 31 2018**	April 30 2018	July 31 2017	**July 31 2018**	July 31 2017
Impact on net income					
Reported net income	**$54,903**	$59,195	$54,798	**$173,845**	$147,826
Adjusting items, net of income taxes					
Restructuring charges [(1)]	**1,645**	1,283	1,584	**3,601**	3,524
Items related to business combinations					
Amortization of net premium on purchased financial instruments [(2)]	**402**	442	563	**1,324**	1,968
Amortization of acquisition-related intangible assets [(3)]	**2,424**	2,418	181	**6,720**	545
Other costs related to business combinations [(4)]	**—**	1,287	2,780	**1,726**	10,402

	2,826	4,147	3,524	**9,770**	12,915
	4,471	5,430	5,108	**13,371**	16,439
Adjusted net income	**$59,374**	$64,625	$59,906	**$187,216**	$164,265
Impact on diluted earnings per share					
Reported diluted earnings per share	**$ 1.23**	$ 1.34	$ 1.48	**$ 3.97**	$ 3.97
Adjusting items					
Restructuring charges	**0.04**	0.03	0.05	**0.09**	0.10
Items related to business combinations	**0.07**	0.10	0.10	**0.24**	0.39
	0.11	0.13	0.15	**0.33**	0.48
Adjusted diluted earnings per share (5)	**$ 1.34**	$ 1.47	$ 1.63	**$ 4.30**	$ 4.46

(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. They have been designated as adjusting items due to their nature and the significance of the amounts.
(2) The amortization of net premium on purchased financial instruments arose as a result of a one-time gain on acquisition and is considered an adjusting item since it represents, according to management, a significant non-cash and non-recurring adjustment.
(3) The amortization of intangible assets related to the acquisitions of CIT Canada and NCF is considered as an adjusting item since it represents, according to management, a significant non-cash and non-recurring adjustment. The amortization of acquisition-related intangible assets is included in the line item Other non-interest expenses in the Consolidated Statement of Income.
(4) Costs related to the integration of CIT Canada and transaction costs related to the acquisition of NCF.
(5) The impact of adjusting items on a per share basis does not add due to rounding for the nine months ended July 31, 2017.

Three months ended July 31, 2018 financial performance

Net income was $54.9 million or $1.23 diluted per share for the third quarter of 2018, compared with $54.8 million or $1.48 diluted per share for the third quarter of 2017. Adjusted net income was $59.4 million for the third quarter of 2018, down 1% from $59.9 million for the third quarter of 2017, while adjusted diluted earnings per share were $1.34, down 18% compared with $1.63 in the third quarter of 2017. The decrease in earnings per share, compared with the third quarter of 2017, reflects the common share issuance completed at the beginning of the year.

Total revenue

Total revenue increased by $12.7 million or 5% to $260.7 million for the third quarter of 2018 from $248.0 million for the third quarter of 2017. This increase was driven by growth in net interest income stemming from volume growth in the commercial loan portfolio resulting mainly from the acquisition of NCF.

Net interest income increased by $19.3 million or 12% to $177.0 million for the third quarter of 2018, from $157.7 million for the third quarter of 2017. The increase was due to strong volume growth in the commercial loan portfolio, resulting mainly from the acquisition of NCF, as well as from the higher margins earned on these loans. Net interest margin stood at 1.77% for the third quarter of 2018, an increase of 14 basis points compared with the third 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 $6.6 million to $83.7 million for the third quarter of 2018, compared with $90.3 million for the third quarter of 2017. Fees and commissions on loans and deposits decreased by $2.2 million compared with the third quarter of 2017, mainly driven by lower transaction fees and service charges as clients continue to modify their banking behavior and as a result of product simplification. Income from brokerage operations decreased by $2.1 million compared with the third quarter of 2017, mostly as a result of a lower activity level. Insurance income also decreased by $0.7 million compared with the third quarter of 2017, mainly as a result of lower premiums and higher claims.

Amortization of net premium on purchased financial instruments

For the third quarter of 2018, the amortization of net premium on purchased financial instruments amounted to $0.5 million, compared with $0.8 million for the third quarter of 2017. Refer to the Non-GAAP measures section for additional information.

Provision for credit losses

The provision for credit losses amounted to $4.9 million for the third quarter of 2018 compared with $6.4 million for the third quarter of 2017. During the quarter, the Bank continued to benefit from the ongoing favorable economic conditions, as well as from the overall underlying good credit quality of the loan portfolios.

Non-interest expenses

Non-interest expenses amounted to $187.2 million for the third quarter of 2018, an increase of $18.9 million compared with the third quarter of 2017. Adjusted non-interest expenses increased by 12% to $181.6 million for the third quarter of 2018, compared with $162.7 million for the third quarter of 2017, mainly due to the acquisition of NCF, regular salary increases and higher other non-interest expenses.

Salaries and employee benefits increased by $3.9 million or 4% to $93.0 million for the third quarter of 2018, compared with the third quarter of 2017, mainly due to regular annual salary increases and the addition of employees from NCF.

Premises and technology costs increased by $3.7 million or 8% to $48.8 million for the third quarter of 2018 compared with the third quarter of 2017, mainly as a result of higher technology costs related to the costs incurred to run concurrent core-banking platforms, as well as to ongoing activities to enhance IT service levels and security.

Other non-interest expenses amounted to $43.2 million for the third quarter of 2018, an increase of $14.4 million or 50% compared with the third quarter of 2017. This increase was mainly due to the newly acquired NCF business, including the amortization charge related to acquisition-related intangibles, as well as advisory service expenses to support our plan. Furthermore, the Bank incurred additional regulatory expenses, including increases in deposit insurance costs and other costs related to various compliance projects such as the conversion to IFRS 9, anti-money laundering process upgrades, business continuity plan updates, as well as costs related to the review of the Bank's mortgage loan portfolio. During the quarter, we also recorded a $1.5 million write-off resulting from the cancellation of mortgage portfolio insurance in light of the aforementioned review. We anticipate that the ongoing costs will remain at a similar level over the next few quarters.

Restructuring charges amounted to $2.2 million for the third quarter of 2018 and mainly included provisions related to the termination of lease contracts in light of the reorganization of the retail operations.

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

Adjusted efficiency ratio

The adjusted efficiency ratio was 69.7% for the third quarter of 2018, compared with 65.6% for the third quarter of 2017. The adjusted operating leverage was negative year-over-year, mainly as other non-interest expenses increased at a faster pace than revenue growth. As previously mentioned, we expect that this ratio will remain volatile and high over the next few quarters.

Income taxes

For the quarter ended July 31, 2018, the income tax expense was $13.1 million and the effective tax rate was 19.2%. 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 July 31, 2017, the income tax expense was $17.7 million and the effective tax rate was 24.4%. The lower tax rate, compared to the statutory rate, resulted from the same items as mentioned above. The lower tax rate for the third quarter of 2018, when compared to the third quarter of 2017, mainly resulted from the proportionally lower domestic revenue.

Financial Condition

As at July 31, 2018, total assets amounted to $46.6 billion, a decrease of $0.1 billion compared with $46.7 billion as at October 31, 2017. This mainly reflects a decrease in loans of $1.3 billion, partly offset by an increase in liquid assets of $1.1 billion as well as an increase in other assets of $91.2 million, as explained below. As at April 30, 2018, total assets amounted to $47.6 billion.

Liquid assets

Liquid assets consist of cash, deposits with other banks, securities and securities purchased under reverse repurchase agreements. As at July 31, 2018, these assets totalled $10.2 billion, an increase of $1.1 billion compared with October 31, 2017. Overall, we continue to prudently manage the level of liquid assets as we are progressing on our various initiatives. The Bank benefits from well diversified funding sources and the current level of cash resources is sufficient to meet obligations, under both normal and stressed conditions.

Loans

Loans and bankers' acceptances, net of allowances, stood at $35.3 billion as at July 31, 2018, a decrease of $1.3 billion since October 31, 2017. The decrease mainly occurred over the last quarter as we were optimizing our portfolio mix in order to better position the Bank to foster profitable growth, and as further explained by the items outlined below.

Personal loans amounted to $5.5 billion and decreased by $493.8 million since October 31, 2017, mainly due to net repayments in the investment loan portfolio, reflecting consumer behaviour to accelerate repayment following strong capital market performance.

Residential mortgage loans stood at $17.5 billion as at July 31, 2018, a decrease of $1.0 billion since October 31, 2017. This mostly reflects 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 contributed to the decrease in volumes. Furthermore, as expected, since January 1, 2018 growth was slowed by the newly applicable Office of the Superintendent of Financial Institutions' 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.

Commercial loans amounted to $12.3 billion as at July 31, 2018, up 1% since October 31, 2017. This increase is mainly due to strong growth in inventory financing loans stemming from our recently acquired NCF business, as well as from real estate financing, partly offset by the $380 million agricultural commercial loan portfolio sale during the second quarter of 2018.

Other assets

Other assets increased by $91.2 million as at July 31, 2018, compared with October 31, 2017, primarily reflecting the increase in cash reserve deposits related to securitization activities, as well as additions to intangibles as we completed the deployment of LBC Capital's financing and leasing system and continued to progress on the development of our new core banking system and project to adopt the AIRB Approach to credit risk. Additions to premises and equipment related to our new Montreal corporate office also contributed to the increase.

Liabilities

Deposits increased by $0.2 billion to $29.1 billion as at July 31, 2018, compared with October 31, 2017. Personal deposits stood at $21.9 billion as at July 31, 2018, up $0.7 billion compared with October 31, 2017. The increase was mainly driven by higher term deposits sourced through independent brokers and advisors, partly offset by lower demand deposits sourced through the branch network and from independent brokers and advisors. Retail deposits sourced through the branch network have slightly decreased by 2% since the beginning of the year and were down marginally by 1% over the last three months. Business and other deposits decreased by $544.3 million to $7.2 billion since the beginning of the year, mainly as we optimized our funding and in light of the reduction in total assets. Personal deposits represented 75% of total deposits as at July 31, 2018, compared with 73% as at October 31, 2017, and contribute to our good liquidity position.

Debt related to securitization activities decreased by $0.4 billion compared with October 31, 2017 and stood at $7.8 billion as at July 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 as detailed in the Review of Mortgage Portfolio section below and normal repayments. During the quarter, the Bank securitized $135.7 million mortgage loans.

Shareholders' equity and regulatory capital

Shareholders' equity stood at $2,484.1 million as at July 31, 2018, compared with $2,330.4 million as at October 31, 2017. The increase results in part 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.

Our book value per common share appreciated to $53.43 as at July 31, 2018 from $51.18 as at October 31, 2017. There were 41,995,699 common shares outstanding as at August 23, 2018.

The CET1 ratio stood at 8.8% as at July 31, 2018 compared with 7.9% as at October 31, 2017 and 7.9% as at July 31, 2017. The common share offering completed in January 2018 for net proceeds of $139.2 million contributed to the improvement in capital ratios since the beginning of the year. 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 Advanced Internal Ratings-Based Approach to credit risk. Over the last six months, we also gradually managed asset growth more tightly to balance the product mix profitability maximization and the related risk-weighted exposures to maintain strong capital ratios. These measures were only partly offset by the additional deductions to capital for intangible assets related to ongoing projects.

Review of Mortgage Loan Portfolio

This section provides an update on the mortgage loans sold to (i) the Canada Mortgage and Housing Corporation's ("CMHC") securitization programs (previously referred to as the "Other Third-Party Purchaser") and (ii) a third-party purchaser (the "TPP").

All identified issues related to mortgages sold into CMHC's securitization programs and to the TPP have now been resolved, with no impact on our customers.

Further details are provided in our Third Quarter 2018 Report to Shareholders on our website at www.lbcfg.ca, under the Investor Centre tab, Financial Results.

CMHC programs

During the third quarter of 2018, the Bank completed, within the guidance given last quarter, the previously announced review of all B2B Bank and branch-originated mortgage loan portfolio insured by CMHC to identify and repurchase mortgage loans that were inadvertently portfolio insured and sold into CMHC's securitization programs. Further to the review, we have identified and repurchased mortgage loans inadvertently portfolio insured and sold into CMHC's securitization programs amounting to $135 million.

The Bank does not believe that the repurchase of these mortgage loans has a material impact on the Bank's business, capital, operations, liquidity and funding.

The CMHC's securitization programs remain available and the Bank has been securitizing mortgage loans as usual during 2018.

Third-party purchaser program

During the third quarter of 2018 and as previously indicated, the Bank repurchased certain ineligible mortgage loans originated through the Bank's branch network for an additional $115 million. The identified issues related to mortgage loans sold to the TPP were resolved at the end of the second quarter of 2018.

Strategic Plan

Strengthening our foundation

As announced at the beginning of the year, we have been investing in our people, processes and technologies. As well, over the past nine months we 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 Advanced Internal Ratings-Based Approach. As we deliver on these initiatives, we are maintaining a higher level of liquidity and continuing to manage the balance sheet conservatively to allow us to withstand market volatility and to meet increased industry requirements. While this is weighing on short term performance, it also ensures the financial strength of the Bank and sustainable profitability.

Core-banking system and Digital Banking Solutions

At the beginning of the year, we initiated the implementation of our new core-banking system. Toward the end of the year, we will migrate the remaining B2B Bank products and most Business Services loans onto the new platform. This new platform will provide the necessary tool to improve our product offering and advance our transformation to digital banking. During the transition period, we will be running concurrent platforms for our core-banking systems.

Furthermore, in March of this year, LBC Capital deployed its new financing and leasing system which provides improved scalability and greater flexibility to address customers' needs.

Advanced Internal Rating-Based Approach to credit risk

We are also progressing on our project to adopt in late 2020, pending regulatory approval, the Advanced Internal Rating-Based Approach to credit risk used to determine the Bank's regulatory capital ratios. In addition, we continue to improve compliance and regulatory frameworks to better manage risks.

Optimization of Retail Services activities

At the beginning of 2016, we announced our strategic plan, which included optimizing and simplifying retail 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. During the first quarter of 2018, we merged another branch, and by the end of fiscal 2018 we will merge 7 more branches. We continue to monitor the impact of these actions on our core client base. The response has been largely positive and the impact on operations and results are in line with expectations. Building on this positive outcome, we decided 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. However, the uncertainty associated with the renewal of the collective bargaining agreement, which expired on December 31, 2017, is impacting this portion of the plan and, for now, is forcing us to review the pace of the conversion to advice-only branches. We are still committed to achieve this transformation 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.

Risk Management

Risk related to labour relations

Approximately 38% of our employees are represented by a union and are covered by a collective bargaining agreement which expired on December 31, 2017. The majority 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 services to our Retail Services clients and operations and, in turn, financial performance.

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 2017 Annual Report and in our Third Quarter 2018 Report to Shareholders 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 2017 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" on page 44 of our Management's Discussion and Analysis as contained in our 2017 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 September 4, 2018. The live, listen-only, toll-free, call-in number is 1-800-239-9838, code 2517588. 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 September 4, 2018 until 2:00 p.m. on October 4, 2018, on our website under the Investor Centre tab, Financial Results.

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

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About Laurentian Bank Financial Group

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

With more than 3,700 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 $47 billion in balance sheet assets and $31 billion in assets under administration.