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## Laurentian Bank of Canada reports 2021 results

The financial information reported herein is based on the condensed interim consolidated (unaudited) information for the three-month period ended October 31, 2021 and on the audited consolidated financial statements for the year ended October 31, 2021, 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. Laurentian Bank of Canada (the "Bank") provides deposit, investment, loan, securities, trust and other products or services.

The Bank's 2021 Annual Report (which includes the Audited Consolidated Financial Statements and accompanying Management's Discussion & Analysis) will be available today on the Bank's website at [www.lbcfg.ca](http://www.lbcfg.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### Highlights of 2021 (compared with 2020)

- Reported net income of \$57.1 million, compared with \$114.1 million.
- Adjusted net income<sup>(1)</sup> of \$211.2 million for 2021, compared with \$138.2 million.
- Diluted loss per share of \$1.03, compared with diluted earnings per share of \$2.37.
- Adjusted diluted earnings per share<sup>(2)</sup> of \$4.57, compared with \$2.93.

### Highlights of fourth quarter 2021 (compared with fourth quarter 2020)

- Reported net loss of \$102.9 million, compared with reported net income of \$36.8 million.
- Adjusted net income<sup>(1)</sup> of \$47.8 million, compared with \$42.3 million.
- Diluted loss per share of \$2.39, compared with diluted earnings per share of \$0.79.
- Adjusted diluted earnings per share<sup>(2)</sup> of \$1.06, compared with \$0.91.

MONTREAL, Dec. 10, 2021 (GLOBE NEWSWIRE) -- Laurentian Bank of Canada reported net income of \$57.1 million and diluted earnings per share of \$1.03 for the year ended October 31, 2021, compared with \$114.1 million and \$2.37 for the year ended October 31, 2020. Return on common shareholders' equity was 1.9% for the year ended October 31, 2021, compared with 4.4% for the year ended October 31, 2020. Of note, reported results for 2021 include impairment and restructuring charges of \$191.8 million (\$150.3 million after income taxes), or \$3.45 per share, mainly related to the strategic review of the Bank's operations completed in the fourth quarter of 2021 and to the impairment of the Personal Banking segment. Refer to the Non-GAAP Financial and Other Measures section and the Business Highlights section for further details. Adjusted net income was \$211.2 million and adjusted diluted earnings per share were \$4.57 for the year ended October 31, 2021, up from \$138.2 million and \$2.93 for the year ended October 31, 2020. Adjusted return on common shareholders' equity was 8.3% for the year ended October 31, 2021, compared with 5.5% for the same period a year ago.

For the fourth quarter of 2021, net loss was \$102.9 million and diluted loss per share was \$2.39 for the fourth quarter of 2021, compared with net income of \$36.8 million and diluted earnings per share of \$0.79 for the fourth quarter of 2020. Return on common shareholders' equity was (16.9)% for the fourth quarter of 2021, compared with 5.9% for the fourth quarter of 2020. Of note, reported results for the fourth quarter of 2021 include impairment and restructuring charges of \$189.4 million (\$148.5 million after income taxes), or \$3.40 per share, mainly related to the strategic review of the Bank's operations completed in the fourth quarter of 2021 and to the impairment of the Personal Banking segment. Adjusted net income was \$47.8 million and diluted earnings per share were \$1.06 for the fourth quarter of 2021, up from \$42.3 million and \$0.91 for the fourth quarter of 2020. Adjusted return on common shareholders' equity was 7.5% for the fourth quarter of 2021, compared with 6.8% a year ago.

"I am extremely proud of everything we accomplished in resetting and rebuilding the Bank in 2021 as One Winning Team. I look forward to 2022 – a year of execution – with optimism, excitement, and renewed confidence." said Rania Llewellyn, President and Chief Executive Officer.

In millions of dollars, except per share and percentage amounts (Unaudited)	For the three months ended			For the year ended		
	October 31, 2021	October 31, 2020	Variance	October 31, 2021	October 31, 2020	Variance
<b>Reported basis</b>						
Net income (loss)	\$ (102.9)	\$ 36.8	(379) %	\$ 57.1	\$ 114.1	(50) %

Diluted earnings (loss) per share	\$ (2.39)	\$ 0.79	(403) %	\$ 1.03	\$ 2.37	(57) %
Return on common shareholders' equity <sup>(2)</sup>	(16.9) %	5.9 %		1.9 %	4.4 %	
Efficiency ratio <sup>(3)</sup>	142.3 %	72.9 %		87.8 %	75.6 %	
Common Equity Tier 1 capital ratio <sup>(4)</sup>	10.2 %	9.6 %				

### Adjusted basis

Adjusted net income <sup>(1)</sup>	\$ 47.8	\$ 42.3	13 %	\$ 211.2	\$ 138.2	53 %
Adjusted diluted earnings per share <sup>(2)</sup>	\$ 1.06	\$ 0.91	16 %	\$ 4.57	\$ 2.93	56 %
Adjusted return on common shareholders' equity <sup>(2)</sup>	7.5 %	6.8 %		8.3 %	5.5 %	
Adjusted efficiency ratio <sup>(2)</sup>	65.5 %	69.9 %		68.2 %	72.3 %	

(1) This is a non-GAAP financial measure. For more information, refer to the Non-GAAP Financial and Other Measures below and beginning on page 28 of the Annual Report, including the Management's Discussion and Analysis (MD&A) for the fiscal year ended October 31, 2021, which page is incorporated by reference therein. The MD&A is available on SEDAR at www.sedar.com.

(2) This is a non-GAAP ratio. For more information, refer to the Non-GAAP Financial and Other Measures section below and beginning on page 28 of the Annual Report, including the MD&A for the fiscal year ended October 31, 2021, which page is incorporated by reference therein.

(3) This is a supplementary financial measure. For more information, refer to the Non-GAAP Financial and Other Measures section beginning on page 28 of the Annual Report, including the MD&A for the fiscal year ended October 31, 2021, which page is incorporated by reference therein.

(4) In accordance with OSFI's "Capital Adequacy Requirements" guideline.

### Highlights

In thousands of dollars, except when noted (Unaudited)	For the three months ended				For the year ended			
	October 31 2021	July 31 2021	Variance	October 31 2020	Variance	October 31 2021	October 31 2020	Variance

### Operating results

Total revenue	\$ 250,431	\$ 254,884	(2) %	\$ 243,539	3 %	\$ 1,002,457	\$ 971,009	3 %
Net income (loss)	\$ (102,876)	\$ 62,064	(266) %	\$ 36,811	(379) %	\$ 57,069	\$ 114,085	(50) %
Adjusted net income <sup>(1)</sup>	\$ 47,829	\$ 59,046	(19) %	\$ 42,311	13 %	\$ 211,151	\$ 138,206	53 %

### Operating performance

Diluted earnings (loss) per share	\$ (2.39)	\$ 1.32	(281) %	\$ 0.79	(403) %	\$ 1.03	\$ 2.37	(57) %
Adjusted diluted earnings per share <sup>(2)</sup>	\$ 1.06	\$ 1.25	(15) %	\$ 0.91	16 %	\$ 4.57	\$ 2.93	56 %
Return on common shareholders' equity <sup>(2)</sup>	(16.9) %	9.4 %		5.9 %		1.9 %	4.4 %	
Adjusted return on common shareholders' equity <sup>(2)</sup>	7.5 %	8.9 %		6.8 %		8.3 %	5.5 %	
Net interest margin <sup>(3)</sup>	1.83 %	1.86 %		1.82 %		1.85 %	1.84 %	
Efficiency ratio <sup>(3)</sup>	142.3 %	66.8 %		72.9 %		87.8 %	75.6 %	
Adjusted efficiency ratio <sup>(2)</sup>	65.5 %	68.4 %		69.9 %		68.2 %	72.3 %	
Operating	(111.1) %	7.2 %		1.3 %		(16.7) %	(0.7) %	

leverage <sup>(3)</sup>									
Adjusted operating leverage <sup>(2)</sup>	<b>4.2 %</b>	2.2%		(2.7)%		<b>5.8 %</b>		— %	

### Financial position (\$ millions)

Loans and acceptances	\$ <b>33,645</b>	\$ 32,968	2 %	\$ 33,193	1 %
Total assets	\$ <b>45,077</b>	\$ 44,853	— %	\$ 44,168	2 %
Deposits	\$ <b>22,988</b>	\$ 23,162	(1) %	\$ 23,920	(4) %
Common shareholders' equity <sup>(2)</sup>	\$ <b>2,353</b>	\$ 2,463	(4) %	\$ 2,324	1 %

### Basel III regulatory capital ratios

Common Equity Tier 1 (CET1) capital ratio <sup>(4)</sup>	<b>10.2 %</b>	10.3%		9.6 %
CET1 risk-weighted assets (\$ millions) <sup>(4)</sup>	\$ <b>20,007</b>	\$ 19,675		\$ 19,669

### Credit quality

Gross impaired loans as a % of loans and acceptances <sup>(3)</sup>	<b>0.75 %</b>	0.81%		0.82 %		
Net impaired loans as a % of loans and acceptances <sup>(3)</sup>	<b>0.49 %</b>	0.53%		0.59 %		
Provision for credit losses as a % of average loans and acceptances <sup>(3)</sup>	<b>0.30 %</b>	0.07%		0.29 %	<b>0.15 %</b>	0.35 %

### Common share information

Closing share price <sup>(5)</sup>	\$ <b>41.67</b>	\$ 42.40	(2) %	\$ 26.21	59 %	\$ <b>41.67</b>	\$ 26.21	59 %
Price / earnings ratio (trailing four quarters) <sup>(3)</sup>	<b>40.5 x</b>	10.0x		11.1 x		<b>40.5 x</b>	11.1 x	
Book value per share <sup>(2)</sup>	\$ <b>53.99</b>	\$ 56.61	(5) %	\$ 53.74	— %	\$ <b>53.99</b>	\$ 53.74	— %
Dividends declared per share	\$ <b>0.40</b>	\$ 0.40	— %	\$ 0.40	— %	\$ <b>1.60</b>	\$ 2.14	(25) %
Dividend yield <sup>(3)</sup>	<b>3.8 %</b>	3.8%		6.1 %		<b>3.8 %</b>	8.2 %	
Dividend payout ratio <sup>(3)</sup>	<b>n.m.</b>	30.3%		50.8 %		<b>154.9 %</b>	90.2 %	
Adjusted dividend	<b>37.4 %</b>	31.9%		43.7 %		<b>34.9 %</b>	72.9 %	

(1) This is a non-GAAP financial measure. For more information, refer to the Non-GAAP Financial and Other Measures section below and beginning on page 28 of the Annual Report, including the MD&A for the fiscal year ended October 31, 2021, which page is incorporated by reference therein.

(2) This is a non-GAAP ratio. For more information, refer to the Non-GAAP Financial and Other Measures section below and beginning on page 28 of the Annual Report, including the MD&A for the fiscal year ended October 31, 2021, which page is incorporated by reference therein.

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(4) In accordance with OSFI's "Capital Adequacy Requirements" guideline.

(5) Toronto Stock Exchange (TSX) closing market price.

### Non-GAAP Financial and Other Measures

Management uses financial measures based on generally accepted accounting principles (GAAP) and non-GAAP financial measures to assess the Bank's performance. Non-GAAP financial measures presented throughout this document are referred to as "adjusted" measures and exclude amounts designated as adjusting items. Non-GAAP financial measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements of the Bank and might not be comparable to similar financial measures disclosed by other issuers. Adjusting items have been designated as such as management does not believe they are indicative of underlying business performance. Non-GAAP financial 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.

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

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

In thousands of dollars, except per share amounts (Unaudited)	For the three months ended			For the year ended	
	October 31, 2021	July 31, 2021	October 31, 2020	October 31, 2021	October 31, 2020
<b>Non-interest expenses</b>	<b>\$ 356,480</b>	<b>\$ 170,258</b>	<b>\$ 177,592</b>	<b>\$ 880,362</b>	<b>\$ 733,787</b>
Adjusting items, before income taxes					
Strategic review-related charges <sup>(1)</sup>	96,067	—	—	96,067	—
Personal Banking segment impairment charges <sup>(2)</sup>	93,392	—	—	93,392	—
Restructuring charges <sup>(3)</sup>	(88)	(38)	4,162	2,385	18,289
Net gain on the settlement of pension plans resulting from annuity purchases <sup>(4)</sup>	—	(7,064)	—	(7,064)	—
Amortization of acquisition-related intangible assets <sup>(5)</sup>	3,009	2,946	3,180	12,042	13,641
	<b>192,380</b>	<b>(4,156)</b>	<b>7,342</b>	<b>196,822</b>	<b>31,930</b>
<b>Adjusted non-interest expenses</b>	<b>\$ 164,100</b>	<b>\$ 174,414</b>	<b>\$ 170,250</b>	<b>\$ 683,540</b>	<b>\$ 701,857</b>
<b>Income (loss) before income taxes</b>	<b>\$ (130,949)</b>	<b>\$ 79,226</b>	<b>\$ 41,647</b>	<b>\$ 72,595</b>	<b>\$ 120,284</b>
Adjusting items, before income taxes					
Adjusting items impacting non-interest expenses (detailed above)	192,380	(4,156)	7,342	196,822	31,930
Amortization of net premium on purchased financial instruments <sup>(6)</sup>	—	—	100	—	638
	<b>192,380</b>	<b>(4,156)</b>	<b>7,442</b>	<b>196,822</b>	<b>32,568</b>
<b>Adjusted income before income taxes</b>	<b>\$ 61,431</b>	<b>\$ 75,070</b>	<b>\$ 49,089</b>	<b>\$ 269,417</b>	<b>\$ 152,852</b>
<b>Reported net income (loss)</b>	<b>\$ (102,876)</b>	<b>\$ 62,064</b>	<b>\$ 36,811</b>	<b>\$ 57,069</b>	<b>\$ 114,085</b>
Adjusting items, net of income taxes					
Strategic review-related charges <sup>(1)</sup>	70,638	—	—	70,638	—
Personal Banking segment impairment charges <sup>(2)</sup>	77,884	—	—	77,884	—
Restructuring charges <sup>(3)</sup>	(65)	(29)	3,061	1,753	13,443
Net gain on the settlement of pension plans resulting from annuity purchases <sup>(4)</sup>	—	(5,194)	—	(5,194)	—
Amortization of acquisition-related intangible assets <sup>(5)</sup>	2,248	2,205	2,362	9,001	10,206

Amortization of net premium on purchased financial instruments<sup>(6)</sup> — — 77 — 472

	150,705	(3,018)	5,500	154,082	24,121
<b>Adjusted net income</b>	<b>\$ 47,829</b>	<b>\$ 59,046</b>	<b>\$ 42,311</b>	<b>\$ 211,151</b>	<b>\$ 138,206</b>
<b>Net income (loss) available to common shareholders</b>	<b>\$ (104,231)</b>	<b>\$ 57,387</b>	<b>\$ 33,937</b>	<b>\$ 44,804</b>	<b>\$ 101,619</b>
Adjusting items, net of income taxes (detailed above)	150,705	(3,018)	5,500	154,082	24,121
<b>Adjusted net income available to common shareholders</b>	<b>\$ 46,474</b>	<b>\$ 54,369</b>	<b>\$ 39,437</b>	<b>\$ 198,886</b>	<b>\$ 125,740</b>

(1) The strategic review-related charges relate to the renewed strategic direction for the Bank, as detailed in the Business highlights section. Strategic review-related charges are included in the Impairment and restructuring charges line-item and include impairment charges, severance charges and charges related to lease and other contracts.

(2) The Personal Banking segment impairment charges relate to the impairment of the Personal Banking segment as part of the annual goodwill impairment test, as detailed in the Business highlights section. Impairment charges are included in the Impairment and restructuring charges line-item.

(3) Restructuring charges mainly consisted of charges associated with the optimization of the branch network and the related streamlining of certain back-office and corporate functions, as well as the resolution of the union grievances and complaints in 2021. Restructuring charges are included in the Impairment and restructuring charges line-item and include severance charges, salaries, legal fees, communication expenses, professional fees and charges related to lease contracts.

(4) The net gain on the settlement of pension plans resulting from annuity purchases is related to the purchase of group annuity contracts de-risking the Bank's pension plans (or buy-out) and is included in the Non-interest expenses line item.

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

(6) Amortization of net premium on purchased financial instruments resulted from a one-time gain on a business acquisition in 2012 and is included in the Amortization of net premium on purchased financial instruments line item.

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES — CONSOLIDATED BALANCE SHEET

In thousands of dollars, except per share amounts	For the three months ended			For the year ended	
	October 31, 2021	July 31, 2021	October 31, 2020	October 31, 2021	October 31, 2020
<b>Shareholders' equity</b>	<b>\$2,640,870</b>	\$2,747,216	\$2,611,241	<b>\$2,640,870</b>	\$2,611,241
<b>Less:</b>					
Preferred shares	(122,071)	(244,038)	(244,038)	(122,071)	(244,038)
Limited recourse capital notes	(123,612)	—	—	(123,612)	—
Cash flow hedges reserve <sup>(1)</sup>	(42,095)	(43,593)	(43,593)	(42,095)	(43,593)
<b>Common shareholders' equity</b>	<b>\$2,353,092</b>	\$2,463,082	\$2,323,610	<b>\$2,353,092</b>	\$2,323,610
<b>Impact of averaging month-end balances<sup>(2)</sup></b>	<b>99,451</b>	(37,658)	(16,199)	<b>45,225</b>	(28,215)
<b>Average common shareholders' equity</b>	<b>\$2,452,543</b>	\$2,425,424	\$2,307,411	<b>\$2,398,317</b>	\$2,295,395

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

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

## Business Highlights

### Strategic review

On November 23, 2021, the Bank announced that it will unveil on December 10, 2021 its new strategic plan, under the leadership of its new President & CEO and management team. As a result of its strategic review, the Bank recorded charges of \$96.1 million (\$70.6 million after income taxes) in 2021, as further detailed below.

### Technology

In 2016, the Bank began a multi-year program to replace its core-banking system over two phases. While Phase 1 of the program has been completed and deployed, the Bank reassessed, as part of its strategic review, the second phase of the project, which mostly included accounts and products from the retail branch network. Given the rapid evolution and advancement of technology, the Bank is looking to leverage new capabilities through partnerships to deliver products and services in a faster, more efficient way to market, while improving the overall customer experience. As a result, the Bank made the decision to cease Phase 2 of the program and recorded in 2021 a charge related to the impairment of the core-banking system intangible asset of \$31.5 million and a charge related to other contracts of \$6.3 million.

### Future of work

The pandemic has shifted the way many people work. As a result, over the past few months, the Bank has been working to refine its future of work plans, considering both customer and employee expectations. The Bank has decided to pursue and will be adopting a hybrid model, where working from home will be the first approach for all tasks that can be performed remotely. This is in line with the Bank's new strategic plan to be a more customer and people-focused Bank and is a key differentiator to attracting talent. Given the

shift to work-from-home, the Bank recorded in 2021 charges of \$48.8 million related to a 50 percent planned reduction in leased corporate office premises in Toronto, Burlington and Montreal and taking into account anticipated sublease agreements. This does not impact the Bank's branch footprint.

### Organizational changes

In pursuing a performance-oriented culture while simplifying the organizational structure, the Bank recorded severance charges of \$9.4 million in 2021 related to 64 positions across all levels, within different entities, and are split between roles in Ontario (60%) and Quebec (40%).

### Personal Banking Segment Impairment

Annually, the Bank conducts a goodwill impairment test. As a result of this year's test, the Bank recorded an impairment charge on the value of its Personal Banking segment. This impairment reflects the recent decline in assets and deposit volumes, which, combined with the Bank's limited digital capabilities to support the ongoing changing needs of customers during the pandemic, made it challenging to retain existing customers and acquire net new ones. In addition, the Bank has also previously commented on the fact that it currently has two digital platforms, resulting in an inconsistent customer experience. In order to simplify the structure of the Bank and improve the customer experience the Bank will consolidate its two digital platforms into one. As a result, the Bank recorded an impairment charge of \$93.4 million in 2021 as follows: 1) goodwill for an amount of \$34.9 million, 2) software and intangible assets for \$52.7 million and, 3) premises and equipment for \$5.8 million.

Refer to the Critical accounting and estimates section on page 79 of the Bank's MD&A for the fiscal year ended October 31, 2021 for additional information.

### Other Business Highlights

#### Residential mortgage loans end to end process review

As part of its plan to improve the customer experience and to renew growth in residential mortgage loans, the Bank completed an end to end review for both the broker and branch channel mortgage processes and identified improvements and opportunities for harmonization and simplification. This led to the launch of several pilot projects to improve broker business response times and service levels, as well as to eliminate overlapping manual processes.

In the fourth quarter of 2021, to drive greater accountability and cross-functional collaboration, the mortgage underwriting team was integrated into the recently created Residential Real Estate Secured Lending business unit. Throughout the year, efforts related to retention continued, including deployment of predictive analytics and the launch of a pilot retention team, as well as the creation of a team dedicated to deepening customer relationships. New technology tools were also adopted to improve the customer experience, including "DocuSign" for ease, convenience, and collection of customer approvals. While improving the performance of the mortgage business is expected to be a multi-year journey, it should gradually yield benefits along the way.

#### Digital enablement

As part of its plan to drive customer acquisition, deepen customer relationships and enhance the customer experience, the Bank is making good progress on its digital strategy. The Bank has been focusing on simplifying its offering and closing foundational capability gaps. To that end, the Bank has launched the first phase of its Mobile Banking App on both iOS and Android. The Mobile App will allow customers to do their most common banking transactions on the go. Using an agile approach, the Bank will continue to update and enhance its app and customers will see continuous improvements through ongoing releases.

#### Advanced internal ratings-based approach to credit risk

As part of the objective to improve its foundation, the Bank is pursuing the adoption of the AIRB approach to credit risk, subject to regulatory approval. The Bank remains committed to complete the project given the anticipated positive impact on required capital levels, as well as on the overall capital and credit management processes. In the current context of its strategic review and priorities, the Bank is not expecting to complete the process before 2025.

#### Medium-term performance targets

As economies reopen in North America and as the renewed management team now has a clearer view of the strategic direction for Laurentian Bank, medium-term financial targets reflecting the global corporate view are being reintroduced. The following table shows the Bank's new medium-term performance targets and the Bank's performance for 2021.

#### MEDIUM-TERM PERFORMANCE TARGETS

Per share and percentage amounts	Mid-term Targets	2021
Adjusted diluted earnings per share growth <sup>(1)</sup>	7% to 10% \$	4.57
Adjusted return on common shareholders' equity <sup>(1)</sup>	>10%	8.3%
Adjusted efficiency ratio <sup>(1)</sup>	<65%	68.2%
Adjusted operating leverage <sup>(1)</sup>	Positive	5.8%

(1) The financial objectives are non-GAAP ratios based on non-GAAP financial measures. Refer to the Non-GAAP Financial and Other Measures section above for more information.

#### Key assumptions supporting the Bank's medium-term objectives

The following assumptions are the most significant items considered in setting the Bank's strategic and financial objectives. The Bank's objectives do not constitute guidance and are based on certain key planning assumptions. Other factors such as those

detailed in the Caution Regarding Forward-Looking Statements section on page 26 of the Bank's MD&A for the year ended October 31, 2021 and in the "Risk Appetite and Risk Management Framework" section of this document could also cause future results to differ materially from these objectives.

Considering the economic environment described above, management believes the following factors will underpin its financial outlook for the medium term:

- Organic growth to continue in commercial loans;
- Growth to resume in personal and residential mortgage loans;
- Relatively stable product margins in the Bank's main markets and higher overall net interest margin due to improved portfolio mix;
- Continued progress on optimization of the Bank's operations;
- Loan loss provisions to revert to normalized levels, at the lower end of the industry level; and
- Expenses to be tightly controlled and include cost reduction initiatives.

## **Consolidated Results**

### ***Three months ended October 31, 2021 financial performance***

Net loss was \$102.9 million and diluted loss per share was \$2.39 for the fourth quarter of 2021, compared with net income of \$36.8 million and diluted earnings per share of \$0.79 for the fourth quarter of 2020. Of note, reported results for the fourth quarter of 2021 include impairment and restructuring charges of \$189.4 million (\$148.5 million after income taxes), or \$3.40 per share, mainly related to the strategic review of the Bank's operations completed in the fourth quarter of 2021 and to the impairment of the Personal Banking segment. Adjusted net income was \$47.8 million for the fourth quarter of 2021, up from \$42.3 million for the fourth quarter of 2020, and adjusted diluted earnings per share were \$1.06, compared with \$0.91 for the fourth quarter of 2020. Net income available to common shareholders included the dividend declared on the Preferred Shares Series 13 in the fourth quarter of 2021, whereas, in the fourth quarter of 2020, it included dividends declared on the Preferred Shares Series 13 and on the Preferred Shares Series 15 redeemed in June 2021.

### **Total revenue**

Total revenue was \$250.4 million for the fourth quarter of 2021, up 3% compared with \$243.5 million for the fourth quarter of 2020.

*Net interest income* increased by \$3.7 million to \$173.1 million for the fourth quarter of 2021, compared with \$169.3 million for the fourth quarter of 2020. The increase was mainly due to improved funding costs, mostly as the utilization of secured funding increased year-over-year. Net interest margin was 1.83% for the fourth quarter of 2021, an increase of 1 basis point compared with the fourth quarter of 2020 for the same reasons.

*Other income* increased by \$3.1 million or 4% to \$77.3 million for the fourth quarter of 2021, compared with \$74.2 million for the fourth quarter of 2020. The increase was mainly due to higher commissions from sales of mutual funds \$0.7 million compared with the fourth quarter of 2020, partly offset by lower income from financial instruments.

### **Provision for credit losses**

The provision for credit losses was \$24.9 million for the fourth quarter of 2021 compared with \$24.2 million for the fourth quarter of 2020, an increase of \$0.7 million as higher provisions on performing loans were partly offset by lower provisions on impaired loans. The provision for credit losses as a percentage of average loans and acceptances stood at 30 bps for the quarter, compared to 29 bps for the same quarter a year ago.

The provision for credit losses on performing loans was \$22.0 million for the fourth quarter of 2021 and increased by \$10.9 million compared with the fourth quarter of 2020, primarily reflecting higher provisions on the personal loan portfolio, partly offset by lower provisions on commercial loans and residential mortgage loans due to the prior year impact of the COVID-19 pandemic. In the fourth quarter of 2021, the Bank reviewed its strategy in relation to its investment loan portfolio and reassessed the product design and credit standards. Consequently, remediation will be accelerated for a portion of the investment loan portfolio, which led to an increase of \$19.3 million in allowances and provisions for credit losses in the quarter related to this portfolio. The provision for credit losses on impaired loans was \$2.9 million for the fourth quarter of 2021 and decreased by \$10.2 million, due to lower provisions on residential mortgage loans and commercial loans, partly offset by higher provisions on personal loans.

Refer to the "Credit risk management" section on pages 54 to 61 of the Bank's MD&A for the year ended October 31, 2021 and to Note 6 to the Consolidated Financial Statements for more information on provision for credit losses and allowances for credit losses.

### **Non-interest expenses**

Non-interest expenses amounted to \$356.5 million for the fourth quarter of 2021, an increase of \$178.9 million compared with the fourth quarter of 2020. Of note, reported results for the fourth quarter of 2021 include impairment and restructuring charges of \$189.4 million mainly related to the strategic review of the Bank's operations completed in the fourth quarter of 2021 and to the impairment of the Personal Banking segment. Refer to the Non-GAAP Financial and Other Measures section and the Business Highlights section for further details. Adjusted non-interest expenses amounted to \$164.1 million for the fourth quarter of 2021, a decrease of \$6.2 million or 4% compared with the fourth quarter of 2020.

*Salaries and employee benefits* amounted to \$87.7 million for the fourth quarter of 2021 a decrease of \$1.2 million compared with the fourth quarter of 2020. Lower employee benefits were partly offset by higher performance-based compensation related to the Bank's improved performance, on an adjusted basis, compared with the fourth quarter of 2020.

*Premises and technology costs* were \$45.4 million for the fourth quarter of 2021, a decrease of \$4.5 million compared with the fourth quarter of 2020. The decrease mostly stems from \$4.1 million lower amortization charges and rent expenses resulting from the strategic review and the impairment effected as at the beginning of the fourth quarter of 2021.

Other non-interest expenses were \$34.0 million for the fourth quarter of 2021, a decrease of \$0.7 million compared with the fourth quarter of 2020, mainly resulting from cost discipline.

Impairment and restructuring charges were \$189.4 million for the fourth quarter of 2021, an increase of \$185.2 million compared with the fourth quarter of 2020. In the fourth quarter of 2021, impairment and restructuring charges mainly resulted from the strategic review of the Bank's operations for \$96.1 million, the impairment of the Personal Banking segment for \$93.4 million, as detailed in the Business highlights section. The Impairment and restructuring charges line-item mainly includes impairment charges, severance charges and charges related to lease and other contracts. In the fourth quarter of 2020, restructuring charges mainly resulted from branch mergers and other measures aimed at improving efficiency and included severance charges, as well as charges and provisions related to the termination of lease contracts.

### **Efficiency ratio**

The efficiency ratio on a reported basis was 142.3% for the fourth quarter of 2021, compared with 72.9% for the fourth quarter of 2020. The increase year-over-year is mainly due to the impairment and restructuring charges recorded in 2021 described above. The adjusted efficiency ratio was 65.5% for the fourth quarter of 2021, compared to 69.9% for the fourth quarter of 2020. This 440 basis point improvement was a result of an increase in total revenue and a decrease in adjusted non-interest expenses.

### **Income taxes**

For the quarter ended October 31, 2021, the income tax recovery was \$28.1 million, and the effective tax rate was 21.4%. The lower effective tax rate, compared to the statutory rate, is mostly attributed to the non tax-deductible goodwill impairment charge recorded in the fourth quarter of 2021. For the quarter ended October 31, 2020, the income tax expense was \$4.8 million, and the effective tax rate was 11.6%.

### ***Three months ended October 31, 2021 compared with three months ended July 31, 2021***

Net loss was \$102.9 million and diluted loss per share was \$2.39 for the fourth quarter of 2021, compared with net income of \$62.1 million and diluted earnings per share of \$1.32 for the third quarter of 2021. Adjusted net income was \$47.8 million and adjusted diluted earnings per share were \$1.06 for the fourth quarter of 2021, compared with \$59.0 million and \$1.25 for the third quarter of 2021. Of note, reported results for the fourth quarter of 2021 include impairment and restructuring charges of \$189.4 million (\$148.5 million after income taxes), or \$3.40 per share, mainly related to the strategic review of the Bank's operations completed in the fourth quarter of 2021 and to the impairment of the Personal Banking segment.

Total revenue decreased by \$4.5 million to \$250.4 million for the fourth quarter of 2021, compared with \$254.9 million for the previous quarter.

Net interest income decreased by \$1.6 million sequentially to \$173.1 million. The decrease mainly reflects sequentially lower prepayment penalties, partly offset by increased inventory financing volumes. Net interest margin was 1.83% for the fourth quarter of 2021, a decrease of 3 basis points compared with 1.86% for the third quarter of 2021, essentially for the same reasons.

Other income amounted to \$77.3 million for the fourth quarter of 2021, a decrease of \$2.9 million compared with \$80.2 million for the previous quarter, mainly as a result of lower income from financial instruments.

Provision for credit losses was \$24.9 million for the fourth quarter of 2021, an increase of \$19.5 million compared with \$5.4 million for the third quarter of 2021. As previously mentioned, the Bank reviewed its strategy in relation to its investment loan portfolio and reassessed the product design and credit standards. Consequently, remediation will be accelerated for a portion of the investment loan portfolio, which led to an increase of \$19.3 million in allowances and provisions for credit losses in the quarter related to this portfolio.

Non-interest expenses increased by \$186.2 million to \$356.5 million for the fourth quarter of 2021 from \$170.3 million in the third quarter of 2021. As previously mentioned, reported results for the fourth quarter of 2021 include impairment and restructuring charges of \$189.4 million mainly related to the strategic review of the Bank's operations completed in the fourth quarter of 2021 and to the impairment of the Personal Banking segment. Adjusted non-interest expenses amounted to \$164.1 million in the fourth quarter of 2021, a \$10.3 million decrease compared with the third quarter of 2021. The decrease mostly stems from sequentially lower employee benefits and performance-based compensation, as well as \$4.1 million lower amortization charges and rent expenses resulting from the strategic review and the impairment effected as at the beginning of the fourth quarter of 2021.

### **Financial Condition**

As at October 31, 2021, total assets amounted to \$45.1 billion, a 2% increase from \$44.2 billion as at October 31, 2020, mostly due to the higher level of liquid assets and loans.

#### ***Liquid assets***

Liquid assets consist of cash, deposits with banks, securities and securities purchased under reverse repurchase agreements. As at October 31, 2021, these assets amounted to \$9.9 billion, an increase of \$0.3 billion compared with \$9.6 billion as at October 31, 2020.

The Bank continues to prudently manage its level of liquid assets. The Bank's funding sources remain well diversified and sufficient to meet all liquidity requirements. Liquid assets represented 22% of total assets as at October 31, 2021, in line with October 31, 2020.

#### ***Loans***

Loans and bankers' acceptances, net of allowances, stood at \$33.4 billion as at October 31, 2021, an increase of \$0.4 billion or 1% since October 31, 2020. During 2021, commercial loan growth resumed, while personal loans and residential mortgage loans declined.

Commercial loans and acceptances amounted to \$14.1 billion as at October 31, 2021, an increase of 11% since October 31, 2020. Real estate lending accounted for most of the increase and continued to show resilience during the COVID-19 pandemic. Growth in

inventory financing volumes at the end of 2021 also contributed to the increase, despite the impact of continued supply chain challenges and high consumer demand for recreational products reducing the need for inventory financing.

Personal loans amounted to \$3.7 billion as at October 31, 2021, a decrease of \$0.4 billion or 11% since October 31, 2020, mainly as a result of the continued decline in the investment loan portfolio.

Residential mortgage loans amounted to \$15.9 billion as at October 31, 2021, a decrease of \$0.5 billion or 3% since October 31, 2020. This decline is reflective of the challenges faces by the Personal Banking segment to fully support the ongoing changing needs of customers. As discussed in the Other business highlights section, as part of its plan to renew growth in residential mortgage loans, the Bank completed an end to end review for both the broker and branch channel mortgage processes and identified improvements and opportunities for harmonization and simplification.

### ***Deposits***

Deposits decreased by \$0.9 billion or 4% to \$23.0 billion as at October 31, 2021 compared with \$23.9 billion as at October 31, 2020, mainly as the Bank optimized its funding sources to align with its asset levels. Personal deposits stood at \$18.2 billion as at October 31, 2021, down \$0.6 billion compared with October 31, 2020. The decrease mainly resulted from lower term deposits sourced through intermediaries, managed down as the Bank increased its debt related to securitization activities to optimize funding costs, partly offset by growth in personal notice and demand deposits of \$0.8 billion or 16% over the same period.

Business and other deposits decreased by \$0.3 billion over the same period to \$4.8 billion, mostly due to a decrease in wholesale funding as the Bank optimized its funding costs as outlined above. Business and other deposits now include the Bank's covered bonds.

Personal deposits represented 79% of total deposits as at October 31, 2021, in line with October 31, 2020, and contributed to the Bank's good liquidity position.

### ***Debt related to securitization activities***

Debt related to securitization activities increased by \$1.1 billion or 11% compared with October 31, 2020 and stood at \$11.3 billion as at October 31, 2021, contributing to the improvement in funding costs. Since the beginning of the year, mortgage loan securitization through the CMHC programs, supplemented by other secured funding, more than offset maturities of liabilities related to the Canada Mortgage Bond program, as well as normal repayments. For additional information on the Bank's securitization activities, please refer to Notes 7 and 14 to the Consolidated Financial Statements.

### ***Shareholders' equity and regulatory capital***

Shareholders' equity amounted to \$2,640.9 million as at October 31, 2021, compared with \$2,611.2 million as at October 31, 2020.

Compared to October 31, 2020, retained earnings increased by \$42.3 million, mainly as a result of the net income contribution of \$57.1 million, as well as to other gains related to employee benefit plans and equity securities designated at fair value through other comprehensive income of \$69.9 million. These increases were partly offset by dividends amounting to \$81.7 million. Accumulated other comprehensive income decreased by \$28.7 million, mainly as a result of a reduction in the cumulative foreign currency translation amount. During the third quarter of 2021, the Bank also redeemed the Non-Cumulative Class A Preferred Shares, Series 15 (Non-Viability Contingent Capital (NVCC)) and issued Limited Recourse Capital Notes. For additional information, please refer to the Consolidated Statement of Changes in Shareholders' Equity in the Consolidated Financial Statements.

The Bank's book value per common share was \$53.99 as at October 31, 2021 compared to \$53.74 as at October 31, 2020.

The Common Equity Tier 1 capital ratio stood at 10.2% as at October 31, 2021, compared with 9.6% as at October 31, 2020. The increase compared with October 31, 2020 mainly results from internal capital generation and other gains related to employee benefit plans and equity securities designated at fair value through other comprehensive income. This level of capital provides the Bank with the necessary operational flexibility to resume growth and to pursue key initiatives prudently, considering economic conditions.

On December 9, 2021, the Board of Directors declared a quarterly dividend of \$0.44 per common share, payable on February 1, 2022 to shareholders of record on January 3, 2022. This quarterly dividend is up 10% compared with the dividend declared the previous quarter and previous year. The Board also determined that shares attributed under the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan will now be made in common shares issued from Corporate Treasury without a discount. The Board also approved the Bank's intention to launch a normal course issuer bid ("NCIB"), subject to the approval of the OSFI and the TSX, permitting the purchase for cancellation of up to 875,000 of its common shares, representing approximately 2% of the Bank's issued and outstanding common shares.

## **Condensed Interim Consolidated Financial Statements (unaudited)**

### ***Consolidated Balance Sheet***

In thousands of dollars (Unaudited)	<b>As at October 31 2021</b>	As at October 31 2020
<b>Assets</b>		
<b>Cash and non-interest bearing deposits with banks</b>	<b>\$ 69,002</b>	<b>\$ 69,661</b>
<b>Interest-bearing deposits with banks</b>	<b>598,121</b>	<b>603,181</b>
<b>Securities</b>		
At amortized cost	<b>3,189,455</b>	<b>3,109,698</b>
At fair value through profit or loss (FVTPL)	<b>3,050,658</b>	<b>2,414,939</b>
At fair value through other comprehensive income (FVOCI)	<b>259,080</b>	<b>274,579</b>

<b>Securities purchased under reverse repurchase agreements</b>	<b>6,499,193</b>	<b>5,799,216</b>
	<b>2,764,281</b>	<b>3,140,228</b>
<b>Loans</b>		
Personal	3,681,341	4,120,875
Residential mortgage	15,856,999	16,341,890
Commercial	14,106,423	12,730,360
	33,644,763	33,193,125
Allowances for loan losses	(195,056)	(173,522)
	33,449,707	33,019,603
<b>Other</b>		
Derivatives	263,014	295,122
Premises and equipment	100,576	199,869
Software and other intangible assets	278,295	380,259
Goodwill	78,429	117,286
Deferred tax assets	58,492	62,216
Other assets	917,914	481,019
	1,696,720	1,535,771
	<b>\$ 45,077,024</b>	<b>\$ 44,167,660</b>
<b>Liabilities and shareholders' equity</b>		
<b>Deposits</b>		
Personal	<b>\$ 18,151,044</b>	<b>\$ 18,796,150</b>
Business, banks and other	4,837,185	5,124,053
	22,988,229	23,920,203
<b>Other</b>		
Obligations related to securities sold short	3,251,682	3,020,709
Obligations related to securities sold under repurchase agreements	2,771,474	2,411,649
Derivatives	153,069	127,412
Deferred tax liabilities	48,244	55,333
Other liabilities	1,618,144	1,487,174
	7,842,613	7,102,277
<b>Debt related to securitization activities</b>	<b>11,255,530</b>	<b>10,184,497</b>
<b>Subordinated debt</b>	<b>349,782</b>	<b>349,442</b>
<b>Shareholders' equity</b>		
Preferred shares	122,071	244,038
Limited recourse capital notes	123,612	—
Common shares	1,172,722	1,159,488
Retained earnings	1,195,264	1,152,973
Accumulated other comprehensive income	23,534	52,215
Share-based compensation reserve	3,667	2,527
	2,640,870	2,611,241
	<b>\$ 45,077,024</b>	<b>\$ 44,167,660</b>

### Consolidated Statement of Income

In thousands of dollars, except per share amounts (Unaudited)	For the three months ended			For the year ended	
	October 31 2021	July 31 2021	October 31 2020	October 31 2021	October 31 2020
<b>Interest and dividend income</b>					
Loans	<b>\$ 272,606</b>	\$ 279,614	\$ 290,794	<b>\$ 1,118,161</b>	\$ 1,288,850
Securities	11,499	11,005	10,662	45,661	57,798
Deposits with banks	425	506	281	1,821	4,294
Other, including derivatives	19,751	20,561	28,839	87,672	71,311
	304,281	311,686	330,576	1,253,315	1,422,253
<b>Interest expense</b>					
Deposits	82,204	86,588	112,874	364,291	532,062
Debt related to securitization activities	44,366	45,139	42,531	175,964	179,930
Subordinated debt	3,835	3,835	3,824	15,208	15,222

Other, including derivatives	781	1,428	2,001	5,511	12,615
	131,186	136,990	161,230	560,974	739,829
<b>Net interest income</b>	<b>173,095</b>	174,696	169,346	<b>692,341</b>	682,424
<b>Other income</b>					
Lending fees	17,581	18,720	16,893	69,446	62,595
Fees and securities brokerage commissions	16,886	16,132	12,570	64,226	48,030
Commissions from sales of mutual funds	13,075	12,522	11,183	49,088	42,985
Service charges	7,693	7,855	7,981	30,746	33,733
Income from financial instruments	5,502	8,445	9,082	29,590	33,728
Card service revenues	7,578	6,455	6,700	27,342	28,438
Fees on investment accounts	3,360	3,865	4,196	15,509	16,350
Insurance income, net	2,018	2,570	2,817	10,219	11,148
Other	3,643	3,624	2,771	13,950	11,578
	77,336	80,188	74,193	310,116	288,585
<b>Total revenue</b>	<b>250,431</b>	254,884	243,539	<b>1,002,457</b>	971,009
<b>Amortization of net premium on purchased financial instruments</b>	<b>—</b>	—	100	<b>—</b>	638
<b>Provision for credit losses</b>	<b>24,900</b>	5,400	24,200	<b>49,500</b>	116,300
<b>Non-interest expenses</b>					
Salaries and employee benefits	87,655	89,884	88,811	370,400	370,535
Premises and technology	45,449	49,231	49,949	193,005	200,529
Other	34,005	31,181	34,670	125,113	144,434
Impairment and restructuring charges	189,371	(38)	4,162	191,844	18,289
	356,480	170,258	177,592	880,362	733,787
<b>Income (loss) before income taxes</b>	<b>(130,949)</b>	79,226	41,647	<b>72,595</b>	120,284
Income taxes	(28,073)	17,162	4,836	15,526	6,199
<b>Net income (loss)</b>	<b>\$ (102,876)</b>	\$ 62,064	\$ 36,811	<b>\$ 57,069</b>	\$ 114,085
Preferred share dividends and limited recourse capital note interest	1,355	4,677	2,874	12,265	12,466
<b>Net income (loss) available to common shareholders</b>	<b>\$ (104,231)</b>	\$ 57,387	\$ 33,937	<b>\$ 44,804</b>	\$ 101,619
<b>Earnings per share</b>					
Basic	\$ (2.39)	\$ 1.32	\$ 0.79	\$ 1.03	\$ 2.37
Diluted	\$ (2.39)	\$ 1.32	\$ 0.79	\$ 1.03	\$ 2.37
<b>Dividends per common share</b>	<b>\$ 0.40</b>	\$ 0.40	\$ 0.40	<b>\$ 1.60</b>	\$ 2.14

**Consolidated Statement of Comprehensive Income**

In thousands of dollars (Unaudited)	For the three months ended			For the year ended	
	October 31 2021	July 31 2021	October 31 2020	October 31 2021	October 31 2020
<b>Net income (loss)</b>	<b>\$ (102,876)</b>	\$ 62,064	\$ 36,811	<b>\$ 57,069</b>	\$ 114,085

**Other comprehensive income (loss), net of income taxes**

Items that may subsequently be reclassified to the Statement of Income

Net change in debt securities at FVOCI

Unrealized net gains (losses) on debt	(217)	85	(26)	(1,271)	1,559
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securities at FVOCI					
Reclassification of net (gains) losses on debt securities at FVOCI to net income	(36)	40	(53)	(235)	(103)
	(253)	125	(79)	(1,506)	1,456
Net change in value of derivatives designated as cash flow hedges	3,681	(14,733)	(3,109)	(1,498)	22,544
Net foreign currency translation adjustments					
Net unrealized foreign currency translation gains (losses) on investments in foreign operations	(5,235)	7,422	(2,155)	(35,949)	5,005
Net gains (losses) on hedges of investments in foreign operations	1,957	(3,510)	1,201	10,272	2,263
	(3,278)	3,912	(954)	(25,677)	7,268
	150	(10,696)	(4,142)	(28,681)	31,268
Items that may not subsequently be reclassified to the Statement of Income					
Remeasurement gains (losses) on employee benefit plans	4,465	9,887	6,959	30,877	(5,420)
Net gains (losses) on equity securities designated at FVOCI	7,277	4,172	4,315	39,050	(6,008)
	11,742	14,059	11,274	69,927	(11,428)
Total other comprehensive income, net of income taxes	11,892	3,363	7,132	41,246	19,840
<b>Comprehensive income (loss)</b>	<b>\$ (90,984)</b>	<b>\$ 65,427</b>	<b>\$ 43,943</b>	<b>\$ 98,315</b>	<b>\$ 133,925</b>

#### Income Taxes — Other Comprehensive Income

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

In thousands of dollars (Unaudited)	For the three months ended			For the year ended	
	October 31 2021	July 31 2021	October 31 2020	October 31 2021	October 31 2020
Net change in debt securities at FVOCI					
Unrealized net gains (losses) on debt securities at FVOCI	\$ (178)	\$ 31	\$ (29)	\$ (558)	\$ 543
Reclassification of net (gains) losses on debt securities at FVOCI to net income	(13)	15	(19)	(85)	(37)
	(191)	46	(48)	(643)	506
Net change in value of derivatives designated as cash flow hedges	1,324	(5,305)	(1,157)	(543)	8,094
Net foreign currency translation adjustments					
Net gains (losses) on hedges of investments in foreign operations	(6)	(82)	(422)	(159)	(320)
Remeasurement gains (losses) on employee benefit plans	1,608	3,560	2,459	11,119	(2,005)
Net gains (losses) on equity securities designated at FVOCI	2,652	1,504	1,556	14,108	(2,169)
	\$ 5,387	\$ (277)	\$ 2,388	\$ 23,882	\$ 4,106

#### Consolidated Statement of Changes in Shareholders' Equity

For the year ended October 31, 2021  
Accumulated other comprehensive

In thousands of dollars (Unaudited)	income							Share-based compensation reserve	Total shareholders' equity	
	Preferred shares	Limited Recourse Capital Notes	Common shares	Retained earnings at FVOCI	Debt securities at FVOCI	Cash Translation flow of foreign hedges operations	Total			
Balance as at October 31, 2020	\$ 244,038	\$ —	\$ 1,159,488	\$ 1,152,973	\$ 1,784	\$ 43,593	\$ 6,838	\$ 52,215	\$ 2,527	\$ 2,611,241
Net income				57,069						57,069
Other comprehensive income, net of income taxes										
Unrealized net gains on debt securities at FVOCI					(1,271)			(1,271)		(1,271)
Reclassification of net gains on debt securities at FVOCI to net income					(235)			(235)		(235)
Net change in value of derivatives designated as cash flow hedges						(1,498)		(1,498)		(1,498)
Net unrealized foreign currency translation gains on investments in foreign operations							(35,949)	(35,949)		(35,949)
Net gains on hedges of investments in foreign operations							10,272	10,272		10,272
Remeasurement gains on employee benefit plans				30,877						30,877
Net gains on equity securities designated at FVOCI				39,050.27						39,050
Comprehensive income				126,996	(1,506)	(1,498)	(25,677)	(28,681)		98,315
Issuance of share capital			13,234							13,234
Issuance of limited recourse capital notes		123,612								123,612
Repurchase of share capital	(121,967)			(3,033)						(125,000)
Share-based compensation								1,140		1,140
Dividends and other										
Preferred shares and limited recourse capital notes				(12,265)						(12,265)
Common shares				(69,407)						(69,407)

Balance as at \$122,071 \$123,612 \$1,172,722 \$1,195,264 \$ 278 \$42,095 \$ (18,839) \$23,534 \$ 3,667 \$ 2,640,870  
 October 31, 2021

In thousands of dollars (Unaudited)	For the year ended October 31, 2020								
	Preferred shares	Common shares	Retained earnings at FVOCI	Accumulated Other Comprehensive Income			Share- based compen- sation reserve	Total shareholders' equity	
				Debt securities at FVOCI	Cash flow hedges	Translation of foreign operations			
Balance as at November 1, 2019	\$244,038	\$1,139,193	\$1,154,412	\$ 328	\$21,049	\$ (430)	\$20,947	\$ 1,815	\$ 2,560,405
Net income			114,085						114,085
Other comprehensive income, net of income taxes									
Unrealized net gains on debt securities at FVOCI				1,559			1,559		1,559
Reclassification of net gains on debt securities at FVOCI to net income				(103)			(103)		(103)
Net change in value of derivatives designated as cash flow hedges					22,544		22,544		22,544
Net unrealized foreign currency translation gains on investments in foreign operations						5,005	5,005		5,005
Net gains on hedges of investments in foreign operations						2,263	2,263		2,263
Remeasurement losses on employee benefit plans			(5,420)						(5,420)
Net losses on equity securities designated at FVOCI			(6,008)						(6,008)
Comprehensive income			102,657	1,456	22,544	7,268	31,268		133,925
Issuance of share capital		20,295							20,295
Share-based compensation							712		712
Dividends									
Preferred shares			(12,466)						(12,466)
Common shares			(91,630)						(91,630)
Balance as at October 31, 2020	\$244,038	\$1,159,488	\$1,152,973	\$ 1,784	\$43,593	\$ 6,838	\$52,215	\$ 2,527	\$ 2,611,241

### Caution Regarding Forward-Looking Statements

From time to time, Laurentian Bank of Canada (the "Bank") will make written or oral forward-looking statements within the meaning of applicable securities legislation, including such as those contained in this document (and in the documents incorporated by reference herein), and in other documents filed with Canadian regulatory authorities, in reports to shareholders, and in other written or oral communications. These forward-looking statements are made in accordance with, and are intended to be forward-looking statements under, current securities legislation in Canada. They include, but are not limited to, statements regarding the Bank's vision, strategic goals, business plans and strategies, priorities and financial performance objectives; the economic and market review and outlook for Canadian, United States (U.S.), European, and global economies; the regulatory environment in which the Bank operates; the risk environment, including, credit risk, liquidity, and funding risks; the anticipated ongoing and potential impact of the coronavirus (COVID-19) pandemic on the Bank's operations, earnings, financial results and financial performance, condition, objectives, and on the global economy and financial markets conditions; the statements under the headings "Outlook", "Impact of COVID-19 Pandemic" and "Risk Appetite and Risk Management Framework" contained in the Bank's 2021 Annual Report for the year ended October 31, 2021 (the

"2021 Annual Report"), including the Management's Discussion and Analysis for the fiscal year ended October 31, 2021; and other statements that are not historical facts.

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

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature, which give rise to the possibility that the Bank's predictions, forecasts, projections, expectations, or conclusions may prove to be inaccurate; that the Bank's assumptions may be incorrect (in whole or in part); and that the Bank's financial performance objectives, visions, and strategic goals may not be achieved. Forward-looking statements should not be read as guarantees of future performance or results, or indications of whether or not actual results will be achieved. Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2021 Annual Report under the heading "Outlook", which assumptions are incorporated by reference herein.

We caution readers against placing undue reliance on forward-looking statements, as a number of risk factors, many of which are beyond the Bank's control and the effects of which can be difficult to predict or measure, could influence, individually or collectively, the accuracy of the forward-looking statements and cause the Bank's actual future results to differ significantly from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risk factors include, but are not limited to, risks relating to: credit; market; liquidity and funding; insurance; operational; regulatory compliance (which could lead to us being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties, and fines); strategic; reputation; legal and regulatory environment; competitive and systemic risks; and other significant risks discussed in the risk-related portions of the Bank's 2021 Annual Report, such as those related to: the ongoing and potential impacts of the COVID-19 pandemic on the Bank, the Bank's business, financial condition and prospects; Canadian and global economic conditions; geopolitical issues; Canadian housing and household indebtedness; technology, information systems and cybersecurity; technological disruption, privacy, data and third-party related risks; competition and the Bank's ability to execute on its strategic objectives; the economic climate in the U.S. and Canada; digital disruption and innovation (including, emerging fintech competitors); Interbank offered rate (IBOR) transition; changes in currency and interest rates (including the possibility of negative interest rates); accounting policies, estimates and developments; legal and regulatory compliance and changes; changes in government fiscal, monetary and other policies; tax risk and transparency; modernization of Canadian payment systems; fraud and criminal activity; human capital; insurance; business continuity; business infrastructure; emergence of widespread health emergencies or public health crises; emergence of COVID-19 variants; development and use of 'vaccine passports'; environmental and social risk; and climate change; and the Bank's ability to manage, measure or model operational, regulatory, legal, strategic or reputational risks, all of which are described in more detail in the section titled "Risk Appetite and Risk Management Framework" beginning on page 50 of the 2021 Annual Report, including the Management's Discussion and Analysis for the fiscal year ended October 31, 2021.

We further caution that the foregoing list of factors is not exhaustive. Additional risks, events, and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on the Bank's financial position, financial performance, cash flows, business or reputation. When relying on the Bank's forward-looking statements to make decisions involving the Bank, investors and others should carefully consider the foregoing factors, uncertainties, and current and potential events.

The forward-looking information contained in this document presented for the purpose of assisting investors, financial analysts, and others in understanding the Bank's financial position and the results of the Bank's operations as at, and for the period ended on, the date presented, as well as the Bank's financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes.

Any forward-looking statements contained in this document represent the views of management only as at the date hereof, are presented for the purposes of assisting investors and others in understanding certain key elements of the Bank's current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Bank's business and anticipated operating environment and may not be appropriate for other purposes. We do not undertake to update any forward-looking statements, whether oral or written, made by the Bank or on its behalf whether as a result of new information, future events or otherwise, except to the extent required by applicable securities regulations. Additional information relating to the Bank can be located on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **Access to Quarterly Results Materials**

This press release can be found on our website at [www.lbcfg.ca](http://www.lbcfg.ca), under the Press Room tab, and our Report to Shareholders, Investor Presentation 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 8:00 a.m. (ET) on December 10, 2021. The live, listen-only, toll-free, call-in number is 1-866-548-4713, code 3170359. A live webcast will also be available on the Group's website under the Investor Centre tab, Financial Results.

The conference call playback will be available on a delayed basis from 11:00 a.m. (ET) on December 10, 2021 until 11:00 a.m. (ET) on January 9, 2022, 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.

### **Contact Information**

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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 2,800 employees guided by the values of proximity, simplicity and honesty, the Group provides a broad range of advice-based solutions and services to its personal, business and institutional customers. With pan-Canadian activities and a presence in the U.S., the Group is an important player in numerous market segments.

The Group has \$45.1 billion in balance sheet assets and \$31.0 billion in assets under administration.