Press Release
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LAURENTIAN BANK

LAURENTIAN BANK RELEASES A SELECTED FINANCIAL INFORMATION PACKAGE REFLECTING IMPLEMENTATION OF THE AMENDED IFRS ACCOUNTING STANDARD ON EMPLOYEE BENEFITS AND ITS SEGMENT REALIGNMENT

Montréal, February 12, 2014 - Laurentian Bank of Canada released today a Selected Financial Information package presenting its unaudited quarterly and full year financial results for 2013 reflecting changes related to the Bank's adoption of the amendments to the existing International Financial Reporting Standards (IFRS) accounting standard on employee benefits, IAS 19, with retrospective application effective November 1, 2012 as well as a realignment of its reportable segments. The Selected Financial Information package is available on the Bank's website at www.laurentianbank.ca.

The release of the Bank's unaudited Selected Financial Information for the period ended October 31, 2013, provides a detailed view of the key impacts of the above changes on its financial results for 2013, which will prove useful when analyzing the Bank's financial results for the upcoming quarters. The following table summarizes the impact of the retrospective application of the amended standard on the Bank's financial performance for each quarter and for the year ended in 2013, and should be read in conjunction with the Future Changes to Accounting Policies section presented on page 61 of the Bank's 2013 Annual Report available at www.laurentianbank.ca.

Key Performance Indicators for 2013

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED OCTOBER 31 2013	JULY 31 2013	APRIL 30 2013	JANUARY 31 2013	FOR THE YEAR ENDED OCTOBER 31 2013
Net income					
Net income - previously reported	$ 27,167	$ 28,284	$ 35,139	$ 34,090	$ 124,680
Impact of adoption of IAS 19 - net of income taxes	(1,301)	(1,300)	(1,300)	(1,302)	(5,203)
Net income - amended	$ 25,866	$ 26,984	$ 33,839	$ 32,788	$ 119,477
Diluted earnings per share					
Previously reported	$ 0.86	$ 0.91	$ 1.10	$ 1.12	$ 3.99
Amended	$ 0.82	$ 0.86	$ 1.05	$ 1.07	$ 3.80
Return on common shareholders' equity [1]					
Previously reported	7.7%	8.1%	10.3%	10.3%	9.1%
Amended	7.6%	8.1%	10.4%	10.3%	9.1%
Adjusted financial measures [1] [2]					
Adjusted net income [1] [2]					
Adjusted net income - previously reported	$ 35,220	$ 39,847	$ 40,547	$ 40,418	$ 156,032
Impact of adoption of IAS 19 - net of income taxes	(1,301)	(1,300)	(1,300)	(1,302)	(5,203)
Adjusted net income - amended	$ 33,919	$ 38,547	$ 39,247	$ 39,116	$ 150,829
Adjusted diluted earnings per share [1] [2]					
Previously reported	$ 1.14	$ 1.31	$ 1.29	$ 1.34	$ 5.09
Amended	$ 1.10	$ 1.27	$ 1.24	$ 1.30	$ 4.91
Adjusted return on common shareholders' equity [1] [2]					
Previously reported	10.2%	11.8%	12.1%	12.2%	11.6%
Amended	10.2%	12.0%	12.2%	12.5%	11.7%

[1] Refer to the Non-GAAP financial measures section.

[2] Adjusted measures are based on the Bank's core activities and therefore exclude the effect of certain amounts designated as adjusting items. These items mainly relate to integration-related costs that arise as a result of the acquisitions of the MRS Companies and AGF Trust.

As shown in the table above, adjusted net income totalled $150.8 million or $4.91 diluted per share for the year ended October 31, 2013, compared with $156.0 million or $5.09 diluted per share previously reported, essentially as a result of the $7.1 million charge ($5.2 million net of income taxes) resulting from the adoption of the amended version of the IFRS accounting standard on employee benefits. Adjusted return on common shareholders' equity as amended was 11.7% for the year ended October 31, 2013, compared with 11.6% as previously reported.

When including adjusting items, net income totalled $119.5 million or $3.80 diluted per share for the year ended October 31, 2013, compared with $124.7 million or $3.99 diluted per share previously reported. Return on common shareholders' equity as amended remained unchanged at 9.1% for the year ended October 31, 2013.

Nature of Adjustments

The adjustments that impacted the Bank's financial statements are presented below.

Employee benefits

In June 2011, the IASB issued an amended version of IAS 19, Employee Benefits, which is effective for annual periods beginning on or after January 1, 2013, which was November 1, 2013 for the Bank, and is to be applied retrospectively.

The amendments to IAS 19 eliminate the option to defer the recognition of gains and losses resulting from defined benefit plans, known as the "corridor method", which was historically used by the Bank, and requires that remeasurements be presented in shareholders' equity. Accordingly, actuarial gains and losses will now be recognized in other comprehensive income as they occur, and may not subsequently be reclassified to the statement of income. The Bank elected to transfer those amounts within retained earnings.

The amendments also require recognition of expected return on plan assets in net income to be calculated based on the rate used to discount the defined benefit obligation, and full recognition of past service costs (gains) immediately in net income.

The impact of the adoption of this amended standard is shown in the tables below.

Impact on consolidated net income and comprehensive income

	FOR THE THREE MONTHS ENDED				FOR THE YEAR ENDED
In thousands of Canadian dollars, except per share amounts (Unaudited)	OCTOBER 31 2013	JULY 31 2013	APRIL 30 2013	JANUARY 31 2013	OCTOBER 31 2013
Increase in salaries and employee benefits	$ 1,778	$ 1,777	$ 1,777	$ 1,779	$ 7,111
Decrease in income taxes	(477)	(477)	(477)	(477)	(1,908)
Decrease in net income	$ (1,301)	$ (1,300)	$ (1,300)	$ (1,302)	$ (5,203)
Increase in actuarial gains and losses on employee benefit plans (net of income taxes)	5,103	19,832	(6,638)	2,348	20,645
Increase (decrease) in comprehensive income	$ 3,802	$ 18,532	$ (7,938)	$ 1,046	$ 15,442

Impact on consolidated shareholders' equity

	AS AT				
In thousands of Canadian dollars (Unaudited)	OCTOBER 31 2013	JULY 31 2013	APRIL 30 2013	JANUARY 31 2013	NOVEMBER 1 2012
Retained earnings - previously reported	$ 829,678	$ 819,371	$ 807,788	$ 792,669	$ 774,899
Impact of adoption of IAS 19 - net of income taxes	(53,422)	(57,224)	(75,756)	(67,818)	(68,864)
Retained earnings - amended	$ 776,256	$ 762,147	$ 732,032	$ 724,851	$ 706,035

Impact on regulatory capital

The adoption of this amended standard has reduced Common Equity Tier 1 capital by $31.2 million as at November 1, 2013. As reported earlier, on a *pro forma* basis, the Common Equity Tier 1 capital ratio as at October 31, 2013 would have been reduced by approximately 0.2% to 7.4%.

Realignment of reportable segments

Commencing November 1, 2013, the Bank will report its retail and commercial activities, which were previously reported in the Retail & SME-Québec and Real Estate & Commercial business segments, in the newly formed Personal & Commercial segment. The new business segment will better reflect the interdependencies associated with these activities. In addition, the new segments will more closely align the Bank's reporting to the industry practice. The B2B Bank and Laurentian Bank Securities & Capital Markets segments are not affected by this realignment. Comparative figures were reclassified to conform to the current presentation. Furthermore, certain restructurings implemented in the fourth quarter of 2013 resulted in small adjustments to segment allocation. The following table presents amended key financial measures for the year ended October 31, 2013.

	FOR THE YEAR ENDED OCTOBER 31, 2013				
In thousands of Canadian dollars (Unaudited)	PERSONAL & COMMERCIAL	B2B BANK	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Total revenue (loss)	$ 578,109	$ 227,633	$ 67,831	$ (8,236)	$ 865,337
Net income (loss)	$ 101,917	$ 30,851	$ 10,852	$ (24,143)	$ 119,477
Average assets	$ 17,614,241	$ 9,338,540	$ 3,073,257	$ 4,172,639	$ 34,198,677

For more detailed information on the quarterly amended results, refer to the unaudited Selected Financial Information released today.

Other new accounting standards

The adoption of the new IFRS accounting standards on consolidation and fair value measurement on November 1, 2013 did not have any significant impact on the Bank's financial statements.

Caution Regarding Forward-looking Statements

In this document and in other documents filed with Canadian regulatory authorities or in other communications, Laurentian Bank of Canada 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 the Bank's business plan and financial objectives. The forward-looking statements contained in this document are used to assist the Bank's security holders and financial analysts in obtaining a better understanding of the Bank's financial position and the results of operations as at and for the periods ended on the dates presented and may not be appropriate for other purposes. Forward-looking statements typically use the conditional, as well as words such as prospects, 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 the Bank believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct.

The Bank cautions 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 capital market activity, changes in government monetary, fiscal and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition, credit ratings, scarcity of human resources and technological environment. The Bank further cautions that the foregoing list of factors is not exhaustive. For more information on the risks, uncertainties and assumptions that would cause the Bank's actual results to differ from current expectations, please also refer to the Bank's Annual Report under the title “Risk Appetite and Risk Management Framework” and other public filings available at www.sedar.com.

With respect to the anticipated benefits from the acquisition of the AGF Trust Company[1] (AGF Trust) and the Bank's statements with regards to this transaction being accretive to earnings, such factors also include, but are not limited to: the fact that synergies may not be realized in the time frame anticipated; the ability to promptly and effectively integrate the businesses; reputational risks and the reaction of B2B Bank's or AGF Trust's customers to the transaction; and diversion of management time on acquisition-related issues.

The Bank does not undertake to update any forward-looking statements, whether oral or written, made by itself or on its behalf, except to the extent required by securities regulations.

Non-GAAP Financial Measures

The Bank uses both generally accepted accounting principles (GAAP) and certain non-GAAP measures to assess performance. 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 companies. These non-GAAP financial measures are considered useful to investors and analysts in obtaining a better understanding of the Bank's financial results and analyzing its growth and profit potential more effectively.

Effective November 1, 2013, the Bank has modified its definition of common shareholders' equity, as detailed below. All ratios for the quarters and for the year ended in 2013 have been amended. For more information on other non-GAAP financial measures, see page 62 of the Bank's 2013 Annual Report.

Common shareholders' equity

The Bank has defined common shareholders' equity as the sum of the value of common shares, retained earnings and accumulated other comprehensive income, excluding cash flow hedge reserves. This definition is now better aligned with regulatory requirements.

About Laurentian Bank

Laurentian Bank of Canada is a banking institution whose activities extend across Canada. Recognized for its excellent service, proximity and simplicity, the Bank serves one and a half million clients throughout the country. Founded in 1846, it employs some 4,000 people who make it a major player in numerous market segments. The institution has $34 billion in balance sheet assets and more than $37 billion in assets under administration.

Laurentian Bank distinguishes itself through the excellence of its execution and its agility. Catering to the needs of retail clients via its extensive branch network and constantly evolving virtual offerings, the Bank has also earned a solid reputation among SMEs, larger businesses and real estate developers thanks to its growing presence across Canada and its teams in Ontario, Québec, Alberta and British Columbia. For its part, the organization's B2B Bank subsidiary is a Canadian leader in providing banking and investment products and services to financial advisors and brokers, while Laurentian Bank Securities is an integrated broker that is also widely known for its expert and effective services nationwide.

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[1] AGF Trust was amalgamated with B2B Bank as of September 1, 2013.