LAURENTIAN BANK

FIRST QUARTER 2015

Report to Shareholders

For the period ended January 31, 2015

Laurentian Bank reports first quarter results

Highlights of the first quarter of 2015

- Solid growth in the commercial loan portfolio including BAs, up 20% year-over-year
- B2B Bank segment mortgages up 8% year-over-year
- Strong credit performance, with continued low loan losses of $10.5 million
- Positive adjusted operating leverage year-over-year
- Bank of Canada rate change temporarily impacting earnings per share by $0.04

	NET INCOME (IN MILLIONS OF $)	DILUTED EARNINGS PER SHARE	RETURN ON COMMON SHAREHOLDERS' EQUITY
Reported basis	$35.8	$1.15	9.9%
Adjusted basis[1]	$40.5	$1.32	11.3%

Laurentian Bank of Canada reported adjusted net income of $40.5 million or $1.32 diluted per share for the first quarter of 2015, up 3% and 2% respectively, compared with $39.3 million or $1.29 diluted per share for the same period in 2014. Adjusted return on common shareholders' equity was 11.3% for the first quarter of 2015, compared with 11.7% for the first quarter of 2014. Adjusting items for the first quarter of 2015 include a charge of $3.6 million after tax or $0.12 per share, impacting reported net income, related to the recent announcement of the Bank's President and Chief Executive Officer's retirement. On a reported basis, net income totalled $35.8 million or $1.15 diluted per share for the first quarter of 2015, compared with $35.5 million or $1.16 diluted per share for the first quarter of 2014. Also on a reported basis, return on common shareholders' equity was 9.9% for the first quarter of 2015, compared with 10.5% for the first quarter of 2014.

Commenting on the Bank's financial results for the first quarter of 2015, Réjean Robitaille, President and Chief Executive Officer, mentioned: "We performed well during the first quarter, delivering a further 7% increase in our commercial loan portfolio, which has now increased 20% over the past twelve months. The 25 basis points decline in the Bank of Canada's overnight rate in January has temporarily weighed on our first quarter results; however, it should be relatively neutral on EPS for the full year. Furthermore, in this challenging interest rate environment, our rigorous control over expenses and the sustained credit quality of the loan portfolio contributed to our financial performance."

Mr. Robitaille added: "Looking ahead, we will continue to focus on further developing our higher-margin business activities within our Business Services and B2B Bank. We remain committed to unlocking value for our shareholders and we are working diligently to continuously achieve greater operational efficiency, maximize operating leverage and generate sustained earnings growth in each of our business segments."

[1] Certain analyses presented throughout this document are based on the Bank's core activities and therefore exclude certain charges designated as adjusting items. Refer to the Adjusting Items and Non-GAAP Financial Measures sections for further details.

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: 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 and developments in the 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 in the Management's Discussion and Analysis under the title “Risk Appetite and Risk Management Framework” and other public filings available at www.sedar.com.

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.

Contents

Highlights

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2015	OCTOBER 31 2014	VARIANCE	JANUARY 31 2014	VARIANCE
Profitability					
Total revenue	**$ 218,160**	$ 221,421	(1)%	$ 216,109	1 %
Net income	**$ 35,835**	$ 33,754	6 %	$ 35,525	1 %
Diluted earnings per share	**$ 1.15**	$ 1.09	6 %	$ 1.16	(1)%
Return on common shareholders' equity [1]	**9.9 %**	9.5 %		10.5%	
Net interest margin (on average earning assets) - updated measure [1] [2]	**1.83 %**	1.84 %		1.86%	
Efficiency ratio [1]	**73.7 %**	75.1 %		73.6%	
Operating leverage [1]	**1.9 %**	(5.8)%		8.1%	
Per common share					
Share price - Close	**$ 46.81**	$ 49.58	(6)%	$ 45.73	2 %
Price / earnings ratio (trailing four quarters)	**10.4x**	11.0x		11.8x	
Book value [1]	**$ 46.34**	$ 45.89	1 %	$ 44.03	5 %
Market to book value [1]	**101 %**	108 %		104%	
Dividends declared	**$ 0.54**	$ 0.52	4 %	$ 0.51	6 %
Dividend yield [1]	**4.6 %**	4.2 %		4.5%	
Dividend payout ratio [1]	**46.7 %**	47.8 %		44.1%	
Adjusted financial measures					
Adjusted net income [1]	**$ 40,468**	$ 42,591	(5)%	$ 39,261	3 %
Adjusted diluted earnings per share [1]	**$ 1.32**	$ 1.39	(5)%	$ 1.29	2 %
Adjusted return on common shareholders' equity [1]	**11.3 %**	12.2 %		11.7%	
Adjusted efficiency ratio [1]	**71.4 %**	70.3 %		71.8%	
Adjusted operating leverage [1]	**(1.5)%**	(0.1)%		1.1%	
Adjusted dividend payout ratio [1]	**41.1 %**	37.3 %		39.6%	
Financial position (in millions of Canadian dollars)					
Balance sheet assets [3]	**$ 37,435**	$ 36,483	3 %	$ 34,273	9 %
Loans and acceptances	**$ 27,760**	$ 27,430	1 %	$ 27,092	2 %
Deposits	**$ 24,647**	$ 24,523	1 %	$ 23,804	4 %
Basel III regulatory capital ratios — All-in basis					
Common Equity Tier I	**7.8 %**	7.9 %		7.6%	
Tier 1	**9.3 %**	9.4 %		9.1%	
Total	**12.0 %**	12.6 %		12.4%	
Other information					
Number of full-time equivalent employees	**3,718**	3,667		3,850	
Number of branches	**151**	152		153	
Number of automated banking machines	**417**	418		422	

[1] Refer to the Non-GAAP Financial Measures section.

[2] Calculated as net interest income divided by average earning assets. Refer to the External Reporting Changes - Offsetting of Financial Instruments and Impact on Net Interest Margin section on page 4 and the Non-GAAP Financial Measures section for further details.

[3] Comparative figures for 2014 reflect the adoption of amendments to IAS 32, *Financial Instruments: Presentation*. Refer to Note 2 in the unaudited condensed interim consolidated financial statements.

Review of Business Highlights

The Personal and Commercial segment, which is comprised of Retail Services and Business Services groups, performed well again this quarter, posting a 9% net income growth over the first quarter of 2014.

The development of the Business Services activities continued to be the main growth engine during the quarter. With a 20% increase in commercial loans and 11% in commercial mortgage loans year-over-year, the total value of the business portfolios is $6.2 billion today, representing 22% of the Bank's total loans. Over the past two years – since the first quarter of 2013 – these portfolios have grown by $1.4 billion, or 28%.

Business Services' activities are all the more productive for the Bank given the continued strong credit quality of its portfolios. The Bank's strategy of operating in specific market niches only – which were targeted notably on the basis of borrower quality – has proven to be a judicious one. Moreover, these targeted segments have strong growth potential for the Bank namely as a result of the high level of expertise required to serve these markets. Such specialized niches include energy, manufacturing, health care, daycares and equipment financing.

With the RRSP season in full swing, the Retail Services team is taking advantage of this time to review deposit and investment strategies with their clients. The solid base of clients who entrust their savings to the Bank constitutes an important asset for the Bank. Testifying to the effectiveness of its investment solutions, the Bank's mutual fund revenues continued to grow at the rate of 24% year-over-year.

For its part, B2B Bank pursued the development of its mortgage loan market. Thanks to its comprehensive range of products – one of the most complete lines available to mortgage brokers – B2B Bank's offerings are able to effectively meet the varied needs of these brokers' clients, including the demand for alternative mortgage solutions. Aside from the quality of its other offerings, such as investment loans, high-interest accounts and other investment vehicles, B2B Bank's success also rests on its unique business model, which concentrates exclusively on the financial advisor and broker market.

Finally, with close to $3 billion of assets under administration, the Laurentian Bank Securities and Capital Markets business segment is at a scale that enables it to effectively compete and serves as a solid complement to the Bank's operations.

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) is a narrative explanation, through the eyes of management, of the Bank's financial condition as at January 31, 2015, and of how it performed during the three-month period then ended. This MD&A, dated February 26, 2015, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended January 31, 2015, prepared in accordance with IAS 34 *Interim financial reporting,* as issued by the International Accounting Standards Board (IASB). Supplemental information on risk management, critical accounting policies and estimates, and off-balance sheet arrangements is also provided in the Bank's 2014 Annual Report.

Additional information about the Laurentian Bank of Canada, including the Annual Information Form, is available on the Bank's website at www.laurentianbank.ca and on SEDAR at www.sedar.com.

External Reporting Changes - Offsetting of Financial Instruments and Impact on Net Interest Margin

Effective November 1, 2014, the Bank adopted the amendments to IAS 32, *Financial Instruments: Presentation*, which clarified requirements for offsetting financial instruments. As a result, certain securities purchased under reverse repurchase agreements and related obligations that were previously offset on the balance sheet, are now presented on a gross basis. This restatement increased total assets and total liabilities and had no impact on the Bank's comprehensive income, shareholders' equity or cash flows. The following table presents the adjustments.

In thousands of Canadian dollars (Unaudited)	AS AT JANUARY 31 2014	AS AT APRIL 30 2014	AS AT JULY 31 2014	AS AT OCTOBER 31 2014
Total assets - Previously reported	$ 33,631,283	$ 34,260,996	$ 34,328,155	$ 34,848,681
Impact of IAS 32 on total assets	641,379	1,670,840	1,961,122	1,634,104
Total assets	$ 34,272,662	$ 35,931,836	$ 36,289,277	$ 36,482,785

In light of this change, the Bank revised its use of the net interest margin financial measure to provide a more useful indicator and better align with industry practice. Net interest margin is now defined as the ratio of net interest income to average earning assets, excluding average earning assets of the Laurentian Bank Securities and Capital Markets' (LBS & CM) business segment. This new measure focuses on banking operations and eliminates net interest margin volatility related to variation in assets used in brokerage operations and trading activities. Net interest margin and average earning assets measures for the quarters and for the year ended in 2014 have been amended accordingly and are presented in the following table.

	FOR THE THREE MONTHS ENDED					FOR THE YEAR ENDED
In thousands of Canadian dollars, except percentage amounts (Unaudited)	JANUARY 31 2014	APRIL 30 2014	JULY 31 2014	OCTOBER 31 2014	**JANUARY 31 2015**	OCTOBER 31 2014
Net interest income (A)	$ 140,856	$ 138,726	$ 141,249	$ 140,149	**$ 139,496**	$ 560,980
Average assets - Previously reported (B)	33,648,044	33,774,419	34,030,333	34,632,148	**n.a.**	34,023,265
Average earning assets - Previously reported	32,815,867	32,667,273	32,914,630	33,488,875	**n.a.**	32,974,163
Impact of IAS 32 on average earning assets	711,026	1,431,353	2,209,391	1,792,491	**n.a.**	1,536,926
Average earning assets of LBS & CM	(3,546,023)	(4,564,592)	(5,407,252)	(5,097,813)	**n.a.**	(4,654,654)
Average earning assets - Updated measure (C)	$29,980,870	$29,534,034	$29,716,769	$30,183,553	**$30,219,544**	$29,856,435
Net interest margin - Previously reported (A/B)	1.66%	1.68%	1.65%	1.61%	**n.a.**	1.65%
Net interest margin - Updated measure (A/C)	1.86%	1.93%	1.89%	1.84%	**1.83%**	1.88%

Economic Outlook

The decline in oil prices, driven mostly by abundant supply, is highly supportive for global growth in 2015, although at unequal speeds. In the United States, the pace of economic growth accelerated from moderate to solid, and improved labour market conditions support modest increases in the policy rate in the second half of 2015. In Canada, lower oil prices are projected to have a slightly negative impact on the economy, deteriorating terms of trade and dampening income growth. Short-term impacts tied to the oil shock have started to emerge in late 2014 and early 2015 in oil-producing provinces, notably Alberta, as companies in the oil sector have reduced capital spending and staff. Oil prices are expected to stay low in the near-term in light of rising inventories, but could rebound in the second half of 2015 if the stand-off between the Organization of the Petroleum Exporting Countries (OPEC) and North American oil producers comes to an end.

The substantial depreciation in the Canadian dollar during the last two years, lower energy costs and confident US consumers have already led to a rapid shift in regional economic performances. Economic growth in Ontario and Québec are showing concrete signs of acceleration, led by non-energy exports. Capital spending in the manufacturing sector has also started to improve and, with exports and unemployment improving, business investment is also expected to firm up in Central Canada. Altogether, the Canadian economy is expected to grow at a pace of approximately 2.0% in 2015 and 2.4% in 2016, following a 2.4% performance in 2014.

Prior to the oil shock, underlying inflationary pressures were muted due to excess slack in the economy and modest wage growth. Lower oil prices have amplified the downside risks to the inflation outlook. Accordingly, the Bank of Canada reduced its overnight rate target by 25 basis points to 0.75% in January while markets expect a further reduction in the short-term, failing a potential agreement among OPEC members to cut production or any other development that would prompt a sustainable increase in oil prices. As such, the policy rate could end the year 2015 at 0.50%. As interest rates are expected to remain at historically low levels throughout 2015, all signs point to a soft landing for the Canadian housing sector, which remains sensitive to macroeconomic factors related to the level of interest rates and unemployment.

Despite slightly softer interest rates expected in 2015, stronger economic growth in Central Canada, the Bank's targeted approach to grow in higher-yielding niche markets, renewed efforts on business development and its strong capital position should contribute positively to the performance of the Bank in 2015.

2015 Financial Performance

The following table presents management's financial objectives and the Bank's performance for 2015. These financial objectives were based on the assumptions noted on page 23 of the Bank's 2014 Annual Report under the title “Key assumptions supporting the Bank's objectives” and excluded adjusting items.

2015 FINANCIAL OBJECTIVES [1]

	2015 OBJECTIVES	FOR THE THREE MONTHS ENDED JANUARY 31, 2015
Adjusted diluted earnings per share	5% to 8% growth	**2%**
Adjusted efficiency ratio	< 71.0%	**71.4%**
Adjusted operational leverage [2]	Positive	**0.5%**
Adjusted return on common shareholders' equity	≥ 12.0%	**11.3%**
Common Equity Tier I capital ratio — All-in basis	> 7.0%	**7.8%**

[1] Refer to the Non-GAAP Financial Measures section.

[2] For the purpose of calculating 2015 financial objectives, year-to-date growth rates are calculated year-over-year (i.e. current period versus the corresponding prior year period).

In an increasingly challenging interest rate environment, management believes that the Bank remains in line to meet its objectives. Disciplined management of expenses and focus on materializing revenue opportunities should improve efficiency. Good organic growth in higher-margin products, mainly through commercial activities, and strong credit quality should also contribute to the overall financial performance.

Analysis of Consolidated Results

CONDENSED CONSOLIDATED RESULTS

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2015	OCTOBER 31 2014	JANUARY 31 2014
Net interest income	**$ 139,496**	$ 140,149	$ 140,856
Other income	**78,664**	81,272	75,253
Total revenue	**218,160**	221,421	216,109
Amortization of net premium on purchased financial instruments	**1,472**	1,508	1,136
Provision for loan losses	**10,500**	10,500	10,500
Non-interest expenses	**160,697**	166,299	159,133
Income before income taxes	**45,491**	43,114	45,340
Income taxes	**9,656**	9,360	9,815
Net income	**$ 35,835**	$ 33,754	$ 35,525
Preferred share dividends, including applicable taxes	**2,399**	2,395	2,501
Net income available to common shareholders	**$ 33,436**	$ 31,359	$ 33,024
Diluted earnings per share	**$ 1.15**	$ 1.09	$ 1.16

Adjusting items

The Bank has designated certain amounts as adjusting items and presents adjusted results to facilitate understanding of its underlying business performance and related trends. The Bank assesses performance on a GAAP basis and non-GAAP basis and considers both measures to be 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.

Adjusting items are related to business combinations which are included in the B2B Bank business segment's reported results, to restructuring charges which are included in the Personal & Commercial business segment and Other sector's reported results, as well as to a compensation charge which is reported in the Other sector's reported results, as detailed below.

Following Mr. Robitaille's decision to retire on November 1, 2015, the Bank and Mr. Robitaille entered into a new Employment, Retention and Transition Agreement on January 21, 2015. As a result, the cost related to certain enhancements to his pension plan valued at $2.1 million on January 21, 2015, and, upon retirement, 24 months of short-term compensation valued at $2.8 million were fully provisioned in the first quarter of 2015. As shown below, these items were classified as adjusting items in the quarter.

Adjusted results and measures are non-GAAP measures. Comments on the uses and limitations of such measures are disclosed in the Non-GAAP Financial Measures section hereafter.

IMPACT OF ADJUSTING ITEMS [1]

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED **JANUARY 31 2015**	OCTOBER 31 2014	JANUARY 31 2014
Impact on net income			
Reported net income	**$ 35,835**	$ 33,754	$ 35,525
Adjusting items			
Items related to business combinations, net of income taxes			
Amortization of net premium on purchased financial instruments	**1,083**	1,108	836
Costs related to business combinations (T&I Costs)	**—**	2,138	2,900
	1,083	3,246	3,736
Restructuring charges, net of income taxes			
Severance charges [2]	**—**	4,429	—
Impairment charges related to IT projects [3]	**—**	1,162	—
	—	5,591	—
Retirement compensation charge, net of income taxes [2]	**3,550**	—	—
	4,633	8,837	3,736
Adjusted net income	**$ 40,468**	$ 42,591	$ 39,261
Impact on diluted earnings per share			
Reported diluted earnings per share	**$ 1.15**	$ 1.09	$ 1.16
Adjusting items			
Items related to business combinations	**0.04**	0.12	0.13
Restructuring charges	**—**	0.19	—
Retirement compensation charge	**0.12**	—	—
	0.16	0.31	0.13
Adjusted diluted earnings per share [4]	**$ 1.32**	$ 1.39	$ 1.29

[1] Refer to the Non-GAAP Financial Measures section.
[2] The severance and retirement compensation charges are included in the line item Salaries and benefits in the consolidated statement of income.
[3] Impairment charges related to IT projects are included in the line item Premises and technology in the consolidated statement of income.
[4] The impact of adjusting items on a per share basis does not add due to rounding for the quarters ended October 31, 2014 and January 31, 2015.

Three months ended January 31, 2015 compared with the three months ended January 31, 2014

Net income was $35.8 million or $1.15 diluted per share for the first quarter of 2015, compared with $35.5 million or $1.16 diluted per share for the first quarter of 2014. Adjusted net income was $40.5 million for the first quarter ended January 31, 2015, up from $39.3 million for the same quarter of 2014, while adjusted diluted earnings per share were $1.32, compared with $1.29 diluted per share in 2014.

Total revenue

Total revenue increased by $2.1 million or 1% to $218.2 million for the first quarter of 2015, compared with $216.1 million for the first quarter of 2014, as growth in other income was partly offset by lower net interest income year-over-year.

Net interest income decreased by $1.4 million or 1% to $139.5 million for the first quarter of 2015, from $140.9 million for the first quarter of 2014, mainly due to the compression stemming from the decrease in the higher-yielding personal loan portfolios over the past twelve months. Overall, net interest margin (as a percentage of average earning assets) decreased to 1.83% for the first quarter of 2015 from 1.86% for the first quarter of 2014, mainly as a result of a slightly less favourable mix in personal lending and lower yields on mortgages.

Other income increased by $3.4 million or 5% and amounted to $78.7 million for the first quarter of 2015, compared with $75.3 million for the first quarter of 2014. Higher income from treasury and financial market operations mainly due to higher realized net gains on securities, as well as continued solid mutual fund commissions mainly contributed to the year-over-year increase. At the end of the first quarter of 2015, the revaluation of certain derivatives used in hedging activities caused a $1.3 million loss in other income as a result of the sudden decline in short term rates. However this loss should be fully offset over the remainder of the year. Furthermore, fees and commissions on loans and deposits were up $0.2 million compared with the first quarter of 2014 which had benefitted from higher loan prepayment penalties in the commercial portfolios amounting to $1.8 million.

Amortization of net premium on purchased financial instruments

For the first quarter of 2015, the amortization of net premium on purchased financial instruments amounted to $1.5 million, compared with $1.1 million for the first quarter of 2014. Refer to Note 12 to the unaudited condensed interim consolidated financial statements.

Provision for loan losses

The provision for loan losses amounted to $10.5 million for the first quarter of 2015, unchanged from the first quarter of 2014. Loan losses remained at a low level reflecting the overall underlying quality of the loan portfolios and the continued favourable credit environment. Refer to the Risk Management section below for additional information.

Non-interest expenses

Non-interest expenses increased by $1.6 million to $160.7 million for the first quarter of 2015, compared with $159.1 million for the first quarter of 2014. This increase mostly reflects the net effect of adjusting items, as a retirement compensation charge of $4.9 million incurred in the first quarter of 2015 was partly offset by $3.9 million lower costs related to business combinations as integration work at B2B Bank was completed in the fourth quarter of 2014. The Bank continues to manage its costs through tight cost control and process reviews and, as a result, adjusted non-interest expenses remained essentially unchanged as detailed below.

Salaries and employee benefits increased by $2.8 million or 3% to $88.3 million for the first quarter of 2015, compared with the first quarter of 2014. As mentioned above, salaries for the first quarter of 2015 included a compensation charge of $4.9 million. Lower headcount from the optimization of certain retail and corporate activities in the fourth quarter of 2014, combined with final B2B Bank cost synergies achieved in 2014, generated a $2.1 million decline in the cost of salaries and employee benefits year-over-year.

Premises and technology costs increased by $2.5 million to $48.4 million compared with the first quarter of 2014. The increase mostly stems from ongoing business growth and enhanced on-line services.

Other non-interest expenses were relatively unchanged at $24.0 million for the first quarter of 2015, compared with the first quarter of 2014, reflecting continued stringent cost control.

The adjusted efficiency ratio was 71.4% for the first quarter of 2015, compared with 71.8% for the first quarter of 2014. Management remains committed to exercising disciplined control over expenses in light of historically low interest rates and slower growth environments.

Income taxes

For the quarter ended January 31, 2015, the income tax expense was $9.7 million and the effective tax rate was 21.2%. 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 and the lower taxation level on revenues from foreign insurance operations. For the quarter ended January 31, 2014, the income tax expense was $9.8 million and the effective tax rate was 21.6%.

Three months ended January 31, 2015 compared with the three months ended October 31, 2014

Net income was $35.8 million or $1.15 diluted per share for the first quarter of 2015 compared with $33.8 million or $1.09 diluted per share for the fourth quarter of 2014. As noted above, net income for the first quarter of 2015 was impacted by a retirement compensation charge of $4.9 million ($3.6 million after income taxes), or $0.12 diluted per share. Net income for the fourth quarter of 2014 included restructuring charges of $7.6 million ($5.6 million after income taxes), or $0.19 diluted per share. Adjusted net income was $40.5 million or $1.32 diluted per share, compared with $42.6 million or $1.39 diluted per share for the fourth quarter of 2014.

Total revenue decreased to $218.2 million for the first quarter of 2015, compared with $221.4 million for the previous quarter. Net interest income decreased by $0.7 million sequentially to $139.5 million for the first quarter of 2015, mainly due to seasonally lower residential mortgage prepayment penalties. The Bank's net interest margin (as a percentage of average earning assets) decreased sequentially by 1 basis point to 1.83% for the first quarter of 2015, compared with 1.84% for the fourth quarter of 2014, essentially for the same reason.

Other income decreased by $2.6 million sequentially to $78.7 million for the first quarter of 2015, mainly due to lower lending fees stemming from lower loan prepayment penalties in the commercial mortgage portfolio, as well as to the $1.3 million loss related to the revaluation of certain derivatives used in hedging activities, as noted above. This was partly offset by higher income from treasury and financial market operations due to higher realized net gains on securities.

The line-item "Amortization of net premium on purchased financial instruments" amounted to $1.5 million for the first quarter of 2015, unchanged compared with the fourth quarter of 2014. Refer to Note 12 to the unaudited condensed interim consolidated financial statements for additional information.

The provision for loan losses remained low at $10.5 million for the first quarter of 2015, unchanged compared with the fourth quarter of 2014, reflecting the continued high quality of the portfolio and the favourable credit environment.

Non-interest expenses amounted to $160.7 million for the first quarter of 2015, compared with $166.3 million for the fourth quarter of 2014. Excluding a compensation charge incurred in the first quarter of 2015 and T&I Costs and restructuring charges incurred in the fourth quarter of 2014, non-interest expenses were unchanged sequentially, as the Bank continued to prudently control costs.

Financial condition

CONDENSED BALANCE SHEET [1]

In thousands of Canadian dollars (Unaudited)		**AS AT JANUARY 31 2015**		AS AT OCTOBER 31 2014		AS AT JANUARY 31 2014
ASSETS						
Cash and deposits with other banks	**$**	**241,499**	$	248,855	$	176,097
Securities		**5,332,076**		4,880,460		4,763,022
Securities purchased under reverse repurchase agreements		**3,226,135**		3,196,781		1,565,200
Loans and acceptances, net		**27,644,488**		27,310,208		26,972,559
Other assets		**990,730**		846,481		795,784
	$	**37,434,928**	$	36,482,785	$	34,272,662
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits	**$**	**24,647,244**	$	24,523,026	$	23,803,938
Other liabilities		**5,679,489**		5,103,778		3,692,582
Debt related to securitization activities		**5,062,301**		4,863,848		4,865,326
Subordinated debt		**448,044**		447,523		445,977
Shareholders' equity		**1,597,850**		1,544,610		1,464,839
	$	**37,434,928**	$	36,482,785	$	34,272,662

[1] Comparative figures for 2014 reflect the adoption of amendments to IAS 32, *Financial Instruments: Presentation*. Refer to Note 2 in the unaudited condensed interim consolidated financial statements.

Balance sheet assets amounted to $37.4 billion as at January 31, 2015, up $1.0 billion or 3% from $36.5 billion as at October 31, 2014. This increase reflects the higher level of liquid assets and growth in the loan portfolio as explained below.

Liquid assets

Liquid assets, including cash, deposits with other banks, securities and securities purchased under reverse repurchase agreements, totalled $8.8 billion as at January 31, 2015, an increase of $0.5 billion compared with October 31, 2014. The higher level of liquid assets mainly reflects the increase in assets used in capital market operations. Overall, the Bank continues to prudently manage the level of liquidity and to hold sufficient cash resources from various sources in order to meet its current and future financial obligations, under both normal and stressed conditions.

Loans

Loans and bankers' acceptances, net of allowances, stood at $27.6 billion as at January 31, 2015, up $334.3 million from October 31, 2014, as continued organic growth in the higher-margin business portfolios and growth in B2B Bank's residential mortgage loan portfolio were slightly offset by continued repayments in the investment loan portfolio. Commercial loans, including acceptances, increased by $208.3 million or 7% since October 31, 2014 while commercial mortgage loans increased by $169.3 million or 6% over the same period, as the Bank continues to focus on the development of its commercial activities. Personal loans decreased by $97.8 million or 1% since October 31, 2014, as attrition in the investment loan portfolio continued, albeit at a slower pace, and despite gross sales of $72.0 million. Residential mortgage loans were up by $50.8 million from October 31, 2014, mostly driven by B2B Bank's mortgage solutions.

Liabilities

Personal deposits stood at $18.5 billion as at January 31, 2015, decreasing by $0.2 billion or 1% from $18.7 billion as at October 31, 2014, as the Bank optimized its current funding strategy by focusing on direct client deposits through its retail branch network, increasing its access to institutional funding sources, and reducing the overall contribution of broker-sourced funding at B2B Bank. Alternatively, business and other deposits increased by $0.4 billion or 6% since October 31, 2014 to $6.2 billion as at January 31, 2015, mainly explained by new institutional deposits raised during the first quarter of 2015 as funding costs from this source continued to decline. Personal deposits represented 75% of total deposits as at January 31, 2015 relatively unchanged compared with 76% as at October 31, 2014. This ratio remains nonetheless well above the Canadian average and contributes to the Bank's solid liquidity position.

Debt related to securitization activities stood at $5.1 billion, remains a preferred source of fixed rate funding and increased by $198.5 million or 4% compared with October 31, 2014. Subordinated debt remained relatively unchanged compared with October 31, 2014 and stood at $0.4 billion as at January 31, 2015.

Shareholders' equity

Shareholders' equity stood at $1,597.9 million as at January 31, 2015, compared with $1,544.6 million as at October 31, 2014. This increase is mainly explained by the variation of the cash flow hedge reserve within accumulated other comprehensive income, and the net income contribution for the year, net of declared dividends. The Bank's book value per common share appreciated to $46.34 as at January 31, 2015 from $45.89 as at October 31, 2014. There were 28 944 619 common shares and 20 000 share purchase options outstanding as at February 20, 2015.

Capital Management

Regulatory capital

The regulatory capital calculation is determined based on the guidelines issued by the Office of the Superintendent of Financial Institutions Canada (OSFI) originating from the Basel Committee on Banking Supervision (BCBS) regulatory risk based capital framework. Under OSFI's Capital Adequacy Requirements Guideline (the CAR Guideline), transitional requirements for minimum Common Equity Tier 1, Tier 1 and Total capital ratios were set at 4.5%, 6.0% and 8.0% respectively for 2015, which, for the Bank, will be fully phased-in to 7.0%, 8.5% and 10.5% by 2019, including the effect of capital conservation buffers.

In its CAR Guideline, OSFI indicated that it expects deposit-taking institutions to attain target capital ratios without transition arrangements equal to or greater than the 2019 minimum capital ratios plus capital conservation buffer levels (the "all-in" basis). The "all-in" basis includes all of the regulatory adjustments that will be required by 2019, while retaining the phase-out rules of non-qualifying capital instruments. Refer to the Bank's 2014 Annual Report under the title “Capital Management” for additional information on the Bank's regulatory capital.

As detailed in the table below, on an "all-in" basis, the Common Equity Tier 1, Tier 1 and Total capital ratios stood at 7.8%, 9.3% and 12.0%, respectively, as at January 31, 2015. These ratios meet all current requirements.

REGULATORY CAPITAL [1]

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT JANUARY 31 2015**	AS AT OCTOBER 31 2014	AS AT JANUARY 31 2014
Regulatory capital			
Common Equity Tier 1 capital	**$ 1,105,961**	$ 1,087,224	$ 1,014,033
Tier 1 capital	**$ 1,325,594**	$ 1,306,857	$ 1,219,237
Total capital	**$ 1,711,702**	$ 1,747,526	$ 1,665,670
Total risk-weighted assets [2]	**$ 14,244,056**	$ 13,844,014	$ 13,400,908
Regulatory capital ratios			
Common Equity Tier 1 capital ratio	**7.8%**	7.9%	7.6%
Tier 1 capital ratio	**9.3%**	9.4%	9.1%
Total capital ratio	**12.0%**	12.6%	12.4%

[1] The amounts are presented on an "all-in" basis.

[2] Using the Standardized Approach in determining credit risk and operational risk.

The Common Equity Tier 1 capital ratio decreased to 7.8% as at January 31, 2015, compared with 7.9% as at October 31, 2014, as the impact of higher risk-weighted commercial business was only partly offset by internal capital generation.

Basel III Leverage ratio

The Basel III capital reforms introduced a non-risk based leverage ratio requirement to act as a supplementary measure to the risk-based capital requirements. Under OSFI's Leverage Requirements Guideline issued in October 2014, the Asset to Capital Multiple (ACM) was replaced with a new leverage ratio as of January 1, 2015. Federally regulated deposit-taking institutions are expected to maintain a Basel III leverage ratio that meets or exceeds 3% at all times. The leverage ratio is currently defined as the Tier 1 capital divided by unweighted on-balance sheet assets and off-balance sheet commitments, derivatives and securities financing transactions, as defined within the requirements. It differs from OSFI’s previous ACM requirement in that it includes more off-balance-sheet exposures and a narrower definition of capital (Tier 1 Capital instead of Total Capital).

As detailed in the table below, the leverage ratio stood at 3.7% as at January 31, 2015 and met current requirements.

BASEL III LEVERAGE RATIO

In thousands of Canadian dollars, except percentage amounts (Unaudited)		**AS AT JANUARY 31 2015**
Tier 1 capital	**$**	**1,325,594**
Total exposures	**$**	**36,207,486**
Basel III leverage ratio		**3.7%**

Dividends

On February 11, 2015, the Board of Directors declared the regular dividend on the Preferred Shares Series 11 and Preferred Shares Series 13 to shareholders of record on March 6, 2015. At its meeting on February 26, 2015, the Board of Directors declared a dividend of $0.54 per common share, payable on May 1, 2015, to shareholders of record on April 1, 2015. Consistent with the previous quarter, the Board of Directors determined that shares attributed under the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan will be purchased in the open market. As such, no discount will be applied to the purchase price of these common shares.

COMMON SHARE DIVIDENDS AND PAYOUT RATIO

	FOR THE THREE MONTHS ENDED			FOR THE YEARS ENDED		
In Canadian dollars, except payout ratios (Unaudited)	**JANUARY 31 2015**	OCTOBER 31 2014	JANUARY 31 2014	OCTOBER 31 2014	OCTOBER 31 2013	OCTOBER 31 2012
Dividends declared per common share	**$ 0.54**	$ 0.52	$ 0.51	$ 2.06	$ 1.98	$ 1.84
Dividend payout ratio [1]	**46.7%**	47.8%	44.1%	45.7%	52.0%	37.0%
Adjusted dividend payout ratio [1]	**41.1%**	37.3%	39.6%	38.7%	39.0%	36.9%

[1] Refer to the Non-GAAP Financial Measures section.

Risk Management

The Bank is exposed to various types of risks owing to the nature of its activities. These risks are mainly related to the use of financial instruments. In order to manage these risks, controls such as risk management policies and various risk limits have been implemented. These measures aim to optimize the risk/return ratio in all operating segments. Refer to the section "Risk Appetite and Risk Management Framework" on page 42 of the Bank's 2014 Annual Report for additional information.

Credit risk

The following sections provide further details on the credit quality of the Bank's loan portfolios.

PROVISION FOR LOAN LOSSES

	FOR THE THREE MONTHS ENDED		
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**JANUARY 31 2015**	OCTOBER 31 2014	JANUARY 31 2014
Personal loans	**$ 5,550**	$ 7,610	$ 4,473
Residential mortgage loans	**1,523**	2,154	648
Commercial mortgage loans	**1,908**	264	2,892
Commercial and other loans (including acceptances)	**1,519**	472	2,487
	$ 10,500	$ 10,500	$ 10,500
As a % of average loans and acceptances	**0.15%**	0.15%	0.15%

The provision for loan losses amounted to $10.5 million in the first quarter of 2015, unchanged from the fourth quarter of 2014 and the same quarter a year ago. The continued low level of provision for loan losses reflects the underlying strong credit quality of the Bank's loan portfolios and prolonged low interest rates in the Canadian market.

Loan losses on personal loans increased by $1.1 million compared with the very low loan losses in the first quarter of 2014, mainly due to normalized provisions in the B2B Bank's portfolios. On a sequential basis, loan losses on personal loans decreased by $2.1 million, mostly explained by lower losses at B2B Bank in the first quarter of 2015.

Loan losses on residential mortgage loans were up $0.9 million from the very low first quarter of 2014 level. On a sequential basis, loan losses on residential mortgage loans decreased by $0.6 million.

Loan losses on commercial mortgages and commercial loans totalled $3.4 million in the first quarter of 2015, a year-over-year decrease of $2.0 million, resulting from favourable settlements and improvements during the first quarter of 2015. On a sequential basis, loan losses in these portfolios increased by a combined $2.7 million as loan losses in the fourth quarter of 2014 had notably benefitted from a favourable settlement on a commercial loan exposure.

IMPAIRED LOANS

In thousands of Canadian dollars, except percentage amounts (Unaudited)		**AS AT JANUARY 31 2015**		AS AT OCTOBER 31 2014		AS AT JANUARY 31 2014
Gross impaired loans						
Personal	**$**	**22,183**	$	22,359	$	22,752
Residential mortgages		**37,456**		32,843		32,384
Commercial mortgages		**43,277**		16,633		23,701
Commercial and other (including acceptances)		**22,873**		30,245		35,095
		125,789		102,080		113,932
Allowances for loan losses against impaired loans						
Individual allowances		**(15,310)**		(21,951)		(31,026)
Collective allowances		**(25,552)**		(17,238)		(18,558)
		(40,862)		(39,189)		(49,584)
Net impaired loans	**$**	**84,927**	$	62,891	$	64,348
Collective allowances against other loans	**$**	**(74,852)**	$	(80,182)	$	(69,472)
Impaired loans as a % of loans and acceptances						
Gross		**0.45%**		0.37%		0.42%
Net		**0.31%**		0.23%		0.24%

Gross impaired loans amounted to $125.8 million as at January 31, 2015, up from $102.1 million as at October 31, 2014. Overall, higher impaired commercial mortgage loans, essentially resulting from a well secured net exposure, offset the continued improvement in the commercial loan portfolio since the beginning of the year. A $4.6 million increase in impaired loans in the residential mortgage loan portfolio, in line with B2B Bank's growing portfolio, also contributed to the overall increase in gross impaired loans since the beginning of the year. Despite these increases, gross impaired loans remain at historically low levels and borrowers continue to benefit from the favourable low interest rate environment and business conditions in Canada.

Since the beginning of the year, individual allowances decreased by $6.6 million to $15.3 million mainly explained by settlements of impaired commercial loans. Collective allowances against impaired loans increased by $8.3 million over the same period, in-line with the higher impaired loans level. At 0.45% of loans and acceptances as at January 31, 2015, 0.37% as at October 31, 2014 and 0.42% a year ago, gross impaired loans continue to compare favourably to the Canadian banking industry.

Liquidity and funding risk

Liquidity and funding risk represents the possibility that the Bank may not be able to gather sufficient cash resources, when required and on reasonable conditions, to meet its financial obligations. There have been no material changes to the Bank's liquidity and funding risk management framework from year-end 2014. The Bank continues to maintain liquidity and funding that is appropriate for the execution of its strategy, with liquidity and funding risk remaining well within its approved limits.

Regulatory developments concerning liquidity

In December 2010, the BCBS issued the *Basel III: International framework for liquidity risk measurement, standards and monitoring* (the Basel III liquidity framework), which outlines two new liquidity requirements in addition to other supplemental reporting metrics. This document prescribes the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as minimum regulatory standards. Further updates regarding the LCR, the NSFR and liquidity risk monitoring tools were published in 2013 and 2014.

In May 2014, OSFI issued a comprehensive domestic *Liquidity Adequacy Requirements* (LAR) Guideline that reflects the aforementioned BCBS liquidity standards (LCR and NSFR). These requirements are supplemented by additional monitoring metrics including the liquidity and intraday liquidity monitoring tools as considered in the Basel III liquidity framework and the OSFI-designated Net Cumulative Cash Flow (NCCF) supervisory tool. The LAR Guideline was subsequently updated in

November 2014 to clarify interpretation and applicability of certain guidance. The implementation date of the LCR standard was January 1, 2015. Subsequent to the quarter end, the Bank filed the LCR report with OSFI as at January 31, 2015, comfortably meeting the minimum requirement. The Bank also reported the NCCF supervisory tool.

On July 16, 2014, OSFI issued its LCR disclosure requirements for Domestic Systemically Important Banks (D-SIBs) in Guideline D-11 – *Public Disclosure Requirements for Domestic Systemically Important Banks on Liquidity Coverage Ratio,* which must be applied as of the second quarter of 2015. As the Bank is not a D-SIB, it is not subject to these disclosure requirements. The Bank is currently assessing how it will disclose the underlying information on liquidity.

On December 9, 2014, the BCBS issued for consultation the NSFR disclosure standards, following the publication of the NSFR standard in October 2014. This consultative document is open for comments until March 6, 2015.

Market risk

Market risk represents the financial losses that the Bank could incur following unfavourable fluctuations in the value of financial instruments subsequent to changes in the underlying factors used to measure them, such as interest rates, exchange rates or equity prices. This risk is inherent to the Bank's financing, investment, trading and asset and liability management (ALM) activities.

The purpose of ALM activities is to manage structural interest rate risk, which corresponds to the potential negative impact of interest rate movements on the Bank's revenues and economic value. Dynamic management of structural risk is intended to maximize the Bank's profitability while protecting the economic value of common shareholders' equity from sharp interest rate movements. As at January 31, 2015, the effect on the economic value of common shareholders' equity and on net interest income before taxes of a sudden and sustained 1% increase in interest rates across the yield curve was as follows.

STRUCTURAL INTEREST RATE SENSITIVITY ANALYSIS

In thousands of Canadian dollars (Unaudited)	**AS AT JANUARY 31 2015**	AS AT OCTOBER 31 2014
Effect of a 1% increase in interest rates		
Increase in net interest income before taxes over the next 12 months	**$ 16,393**	$ 10,297
Decrease in the economic value of common shareholders' equity (net of income taxes)	**$ (19,299)**	$ (21,990)

The table above provides a measure of the sensitivity to changes in interest rates of the Bank as at January 31, 2015. The Bank remains generally insulated from rapid shifts in interest rates over the long term. However, the timing of Bank of Canada overnight rate changes and ensuing variations in the prime rate and short-term bankers' acceptances (BA) rates can temporarily impact margins. Barring any further movements by the Bank of Canada, the recent interest rate decline should slightly impact net interest income in the second quarter, however, such negative impact would be offset in the subsequent quarters of 2015. Management continues to expect that long term rates will remain at current low levels, within a narrow range for now, prolonging pressure on interest rate margins.

Segmented Information

This section outlines the Bank's operations according to its organizational structure. Services to individuals, businesses, financial intermediaries and institutional clients are offered through the following three business segments: Personal & Commercial, which is comprised of Retail Services and Business Services groups, as well as B2B Bank, and Laurentian Bank Securities & Capital Markets. The Bank's other activities are grouped into the Other sector.

Personal & Commercial

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2015	OCTOBER 31 2014	JANUARY 31 2014
Net interest income	**$ 100,970**	$ 99,724	$ 98,054
Other income	**50,583**	54,083	48,630
Total revenue	**151,553**	153,807	146,684
Provision for loan losses	**9,172**	6,786	10,254
Non-interest expenses	**102,848**	108,929	99,809
Income before income taxes	**39,533**	38,092	36,621
Income taxes	**8,833**	9,493	8,343
Net income	**$ 30,700**	$ 28,599	$ 28,278
Efficiency ratio [1]	**67.9%**	70.8%	68.0%
Adjusted net income [1]	**$ 30,700**	$ 33,359	$ 28,278
Adjusted efficiency ratio [1]	**67.9%**	66.6%	68.0%

[1] Refer to the Non-GAAP Financial Measures section. Adjusted financial measures exclude restructuring charges designated as adjusting items.

Three months ended January 31, 2015

Reported net income for the Personal & Commercial business segment was $30.7 million for the first quarter of 2015 compared with reported net income of $28.3 million for the first quarter of 2014. Adjusted net income was the same as reported net income for the first quarter of 2015 and for the first quarter of 2014, as only the fourth quarter of 2014 included adjusting items.

Total revenue increased by $4.9 million from $146.7 million for the first quarter of 2014 to $151.6 million for the first quarter of 2015. Net interest income increased by $2.9 million to $101.0 million, reflecting good volume growth in the higher-margin commercial portfolios, partly offset by margin compression. Other income increased by $2.0 million to $50.6 million in the first quarter of 2015, mainly due to higher mutual fund commissions.

Loan losses decreased by $1.1 million from $10.3 million for the first quarter of 2014 to $9.2 million for the first quarter of 2015, as the credit quality of both retail and commercial portfolios remains excellent.

Non-interest expenses increased by $3.0 million or 3%, from $99.8 million for the first quarter of 2014 to $102.8 million for the first quarter of 2015, as higher premises and technology costs and staffing levels in business services were partly offset by lower salaries from the optimization of certain retail activities in the fourth quarter of 2014.

Compared with the fourth quarter of 2014, adjusted net income decreased by 8% mainly due to lower lending fees stemming from lower loan prepayment penalties in the commercial mortgage portfolio, as well as higher loan losses in the commercial portfolios. Reported net income for the fourth quarter of 2014 was adversely impacted by restructuring charges of $6.5 million ($4.8 million after income taxes).

B2B Bank

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2015	OCTOBER 31 2014	JANUARY 31 2014
Net interest income	**$ 42,060**	$ 43,591	$ 46,197
Other income	**8,716**	8,348	9,102
Total revenue	**50,776**	51,939	55,299
Amortization of net premium on purchased financial instruments	**1,472**	1,508	1,136
Provision for loan losses	**1,328**	3,714	246
Non-interest expenses	**30,980**	32,230	31,576
Costs related to business combinations [1]	**—**	2,911	3,949
Income before income taxes	**16,996**	11,576	18,392
Income taxes	**4,573**	3,120	4,959
Net income	**$ 12,423**	$ 8,456	$ 13,433
Efficiency ratio [2]	**61.0%**	67.7%	64.2%
Adjusted net income [2]	**$ 13,506**	$ 11,702	$ 17,169
Adjusted efficiency ratio [2]	**61.0%**	62.1%	57.1%

[1] Costs related to the integration of AGF Trust (T&I Costs).
[2] Refer to the Non-GAAP Financial Measures section. Adjusted financial measures exclude items related to business combinations designated as adjusting items.

Three months ended January 31, 2015

The B2B Bank business segment's contribution to adjusted net income was $13.5 million for the first quarter of 2015, down $3.7 million from $17.2 million for the first quarter of 2014. Reported net income for the first quarter of 2015 was $12.4 million compared with $13.4 million for the same quarter a year ago.

Total revenue decreased to $50.8 million for the first quarter of 2015 from $55.3 million for the first quarter of 2014. Net interest income decreased by $4.1 million to $42.1 million for the first quarter of 2015 compared with the corresponding period in 2014. This decrease mainly stems from the attrition in the high-margin investment loans incurred over the last 18 months. Furthermore, the Bank's decision to further take advantage of lower institutional funding costs led to a reduction in brokered deposit volumes, which also impacted net interest income in this segment. Other income amounted to $8.7 million in the first quarter of 2015, only slightly lower by $0.4 million from the first quarter of 2014.

As shown above, the line item "Amortization of net premium on purchased financial instruments" amounted to $1.5 million in the first quarter of 2015 compared with $1.1 million for the first quarter of 2014, reflecting higher amortization of net premium. For additional information, refer to Note 12 to the unaudited condensed interim consolidated financial statements.

Loan losses increased by $1.1 million compared with the unusually low level registered in the first quarter of 2014 and amounted to $1.3 million in the first quarter of 2015, still reflecting however the strong credit quality of the portfolio, as well as the good prevailing economic conditions.

Excluding costs related to business combinations, non-interest expenses decreased by $0.6 million or 2% to $31.0 million for the first quarter of 2015, compared with $31.6 million for the first quarter of 2014, essentially due to lower salary costs as expense synergies were partly offset by seasonally-higher sales and support staffing levels for the RRSP campaign. Costs related to business combinations for the first quarter of 2015 are nil, as integration activities were completed during the fourth quarter of 2014.

Compared with the fourth quarter of 2014, adjusted net income increased by $1.8 million, mainly as a result of the sequential decrease in other expenses and lower provisions for loan losses. The decrease in net interest income is mainly due to the slightly lower volume of investment loans, as repayments exceeded the relatively stronger disbursement level, as well as the sequential reduction in brokered deposit volumes. With the completion of integration activities in the fourth quarter of 2014 as mentioned above, costs related to business combinations decreased by $2.9 million and also contributed to the increase in the reported net income over the same period.

Laurentian Bank Securities & Capital Markets

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED **JANUARY 31 2015**	OCTOBER 31 2014	JANUARY 31 2014
Total revenue	**$ 17,210**	$ 16,159	$ 16,165
Non-interest expenses	**13,918**	12,845	13,087
Income before income taxes	**3,292**	3,314	3,078
Income taxes	**883**	890	826
Net income	**$ 2,409**	$ 2,424	$ 2,252
Efficiency ratio [1]	**80.9%**	79.5%	81.0%

[1] Refer to the Non-GAAP Financial Measures section.

Three months ended January 31, 2015

Laurentian Bank Securities & Capital Markets business segment's contribution to net income increased to $2.4 million for the first quarter of 2015, compared with $2.3 million for the first quarter of 2014. Total revenue increased by $1.0 million to $17.2 million for the first quarter of 2015 compared with $16.2 million for the first quarter of 2014, mainly due to higher underwriting fees in the fixed income market and higher trading revenues. Non-interest expenses increased by $0.8 million to $13.9 million for the first quarter of 2015, mainly due to higher performance-based compensation, commissions and transaction fees, in-line with slightly higher market-driven income.

Other sector

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED **JANUARY 31 2015**	OCTOBER 31 2014	JANUARY 31 2014
Net interest income	**$ (4,260)**	$ (4,733)	$ (4,078)
Other income	**2,881**	4,249	2,039
Total revenue	**(1,379)**	(484)	(2,039)
Non-interest expenses	**12,951**	9,384	10,712
Loss before income taxes	**(14,330)**	(9,868)	(12,751)
Income taxes recovery	**(4,633)**	(4,143)	(4,313)
Net loss	**$ (9,697)**	$ (5,725)	$ (8,438)
Adjusted net loss [1]	**$ (6,147)**	$ (4,894)	$ (8,438)

[1] Refer to the Non-GAAP Financial Measures section. Adjusted financial measures exclude compensation and restructuring charges designated as adjusting items.

Three months ended January 31, 2015

For the three months ended January 31, 2015, the Other sector generated a net loss of $9.7 million and an adjusted net loss of $6.1 million, compared with a net loss and equivalent adjusted net loss of $8.4 million for the first quarter of 2014.

Net interest income was negative $4.3 million for the first quarter of 2015, relatively unchanged compared with the first quarter of 2014. Other income increased to $2.9 million for the first quarter of 2015, compared with $2.0 million for the first quarter of 2014, mainly due to higher net security gains and despite a $1.3 million temporary decline in the valuation of hedging derivatives. Non-interest expenses increased by $2.2 million to $13.0 million for the first quarter of 2015 compared with $10.7 million for the first quarter of 2014, mainly as a result of the compensation charge of $4.9 million related to the adjustment to the employment contract of the Bank's CEO, Mr. Robitaille, recorded during the first quarter of 2015. Excluding this charge, non-interest expenses decreased by $2.6 million, essentially as a result of higher technology cost allocation to the business segments compared with the first quarter of 2014.

On a sequential basis, the sector's adjusted net loss increased by $1.3 million, essentially due to lower other income and higher non-interest expenses, mainly related to stock-based compensation. Reported results for the first quarter of 2015 include the $4.9 million compensation charge, as noted above, while the fourth quarter of 2014 was impacted by restructuring charges of $1.1 million.

Additional Financial Information - Quarterly Results

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	**JANUARY 31 2015**	OCTOBER 31 2014	JULY 31 2014	APRIL 30 2014	JANUARY 31 2014	OCTOBER 31 2013	JULY 31 2013	APRIL 30 2013
Net interest income	**$ 139,496**	$ 140,149	$ 141,249	$ 138,726	$ 140,856	$ 141,437	$ 144,549	$ 140,430
Other income	**78,664**	81,272	78,396	78,164	75,253	74,094	76,493	74,420
Total revenue	**218,160**	221,421	219,645	216,890	216,109	215,531	221,042	214,850
Amortization of net premium on purchased financial instruments and revaluation of contingent consideration	**1,472**	1,508	1,511	5,498	1,136	1,006	1,140	1,224
Provision for loan losses	**10,500**	10,500	10,500	10,500	10,500	10,000	9,000	9,000
Non-interest expenses	**160,697**	166,299	155,973	159,904	159,133	172,651	176,705	161,630
Income before income taxes	**45,491**	43,114	51,661	40,988	45,340	31,874	34,197	42,996
Income taxes	**9,656**	9,360	11,564	9,999	9,815	6,008	7,213	9,157
Net income	**$ 35,835**	$ 33,754	$ 40,097	$ 30,989	$ 35,525	$ 25,866	$ 26,984	$ 33,839
Earnings per share								
Basic	**$ 1.16**	$ 1.09	$ 1.27	$ 0.99	$ 1.16	$ 0.82	$ 0.86	$ 1.05
Diluted	**$ 1.15**	$ 1.09	$ 1.27	$ 0.99	$ 1.16	$ 0.82	$ 0.86	$ 1.05
Return on common shareholders' equity [1]	**9.9%**	9.5%	11.2%	9.2%	10.5%	7.6%	8.1%	10.4%
Balance sheet assets [2] (in millions of Canadian dollars)	**$ 37,435**	$ 36,483	$ 36,289	$ 35,932	$ 34,273	$ 33,911	$ 33,758	$ 34,480
Adjusted financial measures								
Adjusted net income [1]	**$ 40,468**	$ 42,591	$ 42,355	$ 39,375	$ 39,261	$ 38,526	$ 38,547	$ 39,247
Adjusted diluted earnings per share [1]	**$ 1.32**	$ 1.39	$ 1.35	$ 1.29	$ 1.29	$ 1.26	$ 1.27	$ 1.24
Adjusted return on common shareholders' equity [1]	**11.3%**	12.2%	11.9%	11.9%	11.7%	11.7%	12.0%	12.2%

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

[2] Comparative figures for 2014 reflect the adoption of amendments to IAS 32, *Financial Instruments: Presentation*. Comparative figures for 2013 have not been restated. Refer to Note 2 in the unaudited condensed interim consolidated financial statements.

Accounting Policies

A summary of the Bank's significant accounting policies is presented in Notes 2 and 3 of the 2014 audited annual consolidated financial statements. Pages 58 to 60 of the 2014 Annual Report also contain a discussion of critical accounting policies and estimates which refer to material amounts reported in the consolidated financial statements or require management's judgment. The unaudited condensed interim consolidated financial statements for the first quarter of 2015 have been prepared in accordance with these accounting policies, except for accounting changes detailed below.

Accounting changes

Effective November 1, 2014, the Bank adopted amendments to the existing standard on offsetting of financial instruments as described in the External Reporting Changes section, as well as new standards and amendments on levies and hedge accounting upon novation of derivatives. Additional information on the new standards, amendments to existing standards and new accounting policy can be found in Note 2 to the unaudited condensed interim consolidated financial statements.

Future accounting changes

The IASB has issued new standards and amendments to existing standards on financial instruments, revenue from contracts with customers and presentation of financial statements. These future accounting changes will be applicable for the Bank in various annual periods beginning on November 1, 2016 at the earliest. The Bank is currently assessing the impact of the adoption of these standards on its financial statements. Additional information on the new standards and amendments to existing standards can be found in Note 3 to the unaudited condensed interim consolidated financial statements.

Corporate Governance and Changes in Internal Control over Financial Reporting

During the first quarter ended January 31, 2015, there have been no changes in the Bank's policies or procedures and other processes that comprise its internal control over financial reporting which have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting.

The Board of Directors and the Audit Committee of Laurentian Bank reviewed this document prior to its release.

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. The Bank's non-GAAP financial measures are defined as follows:

Common shareholders' equity

The Bank's common shareholders' equity is defined as the sum of the value of common shares, retained earnings and accumulated other comprehensive income, excluding cash flow hedge reserves.

Return on common shareholders' equity

Return on common shareholders' equity is a profitability measure calculated as the net income available to common shareholders as a percentage of average common shareholders' equity.

RETURN ON COMMON SHAREHOLDERS' EQUITY

	FOR THE THREE MONTHS ENDED		
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**JANUARY 31 2015**	OCTOBER 31 2014	JANUARY 31 2014
Reported net income available to common shareholders	**$ 33,436**	$ 31,359	$ 33,024
Adjusting items, net of income taxes	**4,633**	8,837	3,736
Adjusted net income available to common shareholders	**$ 38,069**	$ 40,196	$ 36,760
Average common shareholders' equity	**$ 1,335,437**	$ 1,308,215	$ 1,244,090
Return on common shareholders' equity	**9.9%**	9.5%	10.5%
Adjusted return on common shareholders' equity	**11.3%**	12.2%	11.7%

Book value per common share

The Bank's book value per common share is defined as common shareholders' equity divided by the number of common shares outstanding at the end of the period.

Average earning assets

Effective November 1, 2014, the Bank has modified its definition of average earning assets, as further detailed in the External Reporting Changes section. All financial measures for the quarters and for the year ended in 2014 have been amended accordingly.

Average earning assets include the Bank's interest-bearing deposits with other banks, securities, securities purchased under reverse repurchase agreements and loans net of allowances, excluding average earning assets of the Laurentian Bank Securities and Capital Markets' business segment. The averages are based on the daily balances for the period.

Net interest margin

Effective November 1, 2014, the Bank has modified its definition of net interest margin, as further detailed in the External Reporting Changes section. All financial measures for the quarters and for the year ended in 2014 have been amended accordingly.

Net interest margin is the ratio of net interest income to average earning assets, expressed as a percentage or basis points.

Efficiency ratio and operating leverage

The Bank uses the efficiency ratio as a measure of its productivity and cost control. This ratio is defined as non-interest expenses as a percentage of total revenue. The Bank also uses operating leverage as a measure of efficiency. Operating leverage is the difference between total revenue and non-interest expenses growth rates.

Dividend payout ratio

The dividend payout ratio is defined as dividends declared on common shares as a percentage of net income available to common shareholders.

Dividend yield

The dividend yield is defined as dividends declared per common share divided by the closing common share price.

Adjusted financial measures

Certain analyses presented throughout this document are based on the Bank's core activities and therefore exclude the effect of certain amounts designated as adjusting items, as detailed below and presented in the table in the Adjusting Items section.

Adjusting items

Adjusting items are related to business combinations, as well as to restructuring plans and to a special compensation charge.

Items related to business combinations relate to gains and expenses that arose as a result of acquisitions. The gain on acquisition and ensuing amortization of net premium on purchased financial instruments are considered adjusting items since they represent, according to management, significant non-cash and non-recurring adjustments. The revaluation of the contingent consideration and costs related to business combinations (T&I Costs) have been designated as adjusting items due to the significance of the amounts and their non-recurrence. Items related to business combinations are included in the B2B Bank business segment's reported results.

Restructuring charges result from a realignment of strategic priorities and are comprised of severance charges and impairment charges related to IT projects. These charges have been designated as adjusting items due to their nature and the significance of the amounts. Restructuring charges are included in the Personal & Commercial business segment and Other sector's reported results.

The compensation charge is related to the adjustment to the employment contract of the Bank's CEO, Mr. Robitaille, following his recent retirement announcement. This charge has been designated as an adjusting item due to its nature and the significance of the amount. The compensation charge is included in the Other sector's reported results.

Laurentian Bank of Canada

Unaudited Condensed Interim Consolidated Financial Statements

As at and for the period ended January 31, 2015

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Consolidated Balance Sheet [1]

In thousands of Canadian dollars (Unaudited)	NOTES	**AS AT JANUARY 31 2015**	AS AT OCTOBER 31 2014	AS AT JANUARY 31 2014
ASSETS				
Cash and non-interest-bearing deposits with other banks		**$ 143,162**	$ 126,247	$ 80,826
Interest-bearing deposits with other banks		**98,337**	122,608	95,271
Securities	4			
Available-for-sale		**2,441,942**	2,577,017	2,131,045
Held-to-maturity		**420,487**	323,007	363,063
Held-for-trading		**2,469,647**	1,980,436	2,268,914
		5,332,076	4,880,460	4,763,022
Securities purchased under reverse repurchase agreements		**3,226,135**	3,196,781	1,565,200
Loans	5 and 6			
Personal		**6,695,265**	6,793,078	7,110,856
Residential mortgage		**14,876,291**	14,825,541	14,651,545
Commercial mortgage		**2,820,616**	2,651,271	2,531,812
Commercial and other		**2,997,572**	2,794,232	2,503,082
Customers' liabilities under acceptances		**370,458**	365,457	294,320
		27,760,202	27,429,579	27,091,615
Allowances for loan losses		**(115,714)**	(119,371)	(119,056)
		27,644,488	27,310,208	26,972,559
Other				
Premises and equipment		**65,162**	68,750	75,838
Derivatives		**335,590**	132,809	170,504
Goodwill		**64,077**	64,077	64,077
Software and other intangible assets		**201,842**	207,188	201,067
Deferred tax assets		**2,500**	7,936	11,757
Other assets		**321,559**	365,721	272,541
		990,730	846,481	795,784
		$ 37,434,928	$ 36,482,785	$ 34,272,662
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		**$ 18,492,140**	$ 18,741,981	$ 19,366,548
Business, banks and other		**6,155,104**	5,781,045	4,437,390
		24,647,244	24,523,026	23,803,938
Other				
Obligations related to securities sold short		**1,774,523**	1,562,477	1,361,085
Obligations related to securities sold under repurchase agreements		**2,587,191**	2,215,965	1,124,013
Acceptances		**370,458**	365,457	294,320
Derivatives		**178,122**	90,840	123,369
Deferred tax liabilities		**7,726**	10	3,162
Other liabilities		**761,469**	869,029	786,633
		5,679,489	5,103,778	3,692,582
Debt related to securitization activities	6	**5,062,301**	4,863,848	4,865,326
Subordinated debt		**448,044**	447,523	445,977
Shareholders' equity				
Preferred shares	7	**219,633**	219,633	205,204
Common shares	7	**465,926**	465,854	451,415
Retained earnings		**864,287**	848,905	800,362
Accumulated other comprehensive income		**47,913**	10,127	7,767
Share-based payment reserve	8	**91**	91	91
		1,597,850	1,544,610	1,464,839
		$ 37,434,928	$ 36,482,785	$ 34,272,662

[1] Comparative figures reflect the adoption of the amendments to IAS 32, *Financial Instruments: Presentation*. Refer to Note 2 for further information.
The accompanying notes are an integral part of the unaudited condensed interim consolidated financial statements.

Consolidated Statement of Income

In thousands of Canadian dollars, except per share amounts (Unaudited)	NOTES	FOR THE THREE MONTHS ENDED JANUARY 31 2015	OCTOBER 31 2014	JANUARY 31 2014
Interest income				
Loans		**$ 263,549**	$ 266,159	$ 269,084
Securities		**11,137**	10,374	10,321
Deposits with other banks		**215**	175	181
Other, including derivatives		**10,640**	10,518	10,188
		285,541	287,226	289,774
Interest expense				
Deposits		**113,026**	114,038	114,020
Debt related to securitization activities		**28,853**	28,842	30,529
Subordinated debt		**4,037**	4,069	4,031
Other		**129**	128	338
		146,045	147,077	148,918
Net interest income		**139,496**	140,149	140,856
Other income				
Fees and commissions on loans and deposits		**34,915**	38,147	34,755
Income from brokerage operations		**15,000**	14,774	15,207
Income from investment accounts		**7,519**	7,516	8,027
Income from sales of mutual funds		**8,154**	7,951	6,580
Insurance income, net		**4,813**	5,199	4,633
Income from treasury and financial market operations		**6,429**	5,124	4,339
Other		**1,834**	2,561	1,712
		78,664	81,272	75,253
Total revenue		**218,160**	221,421	216,109
Amortization of net premium on purchased financial instruments	12	**1,472**	1,508	1,136
Provision for loan losses	5	**10,500**	10,500	10,500
Non-interest expenses				
Salaries and employee benefits		**88,294**	87,509	85,540
Premises and technology		**48,396**	49,624	45,940
Other		**24,007**	26,255	23,704
Costs related to business combinations	12	**—**	2,911	3,949
		160,697	166,299	159,133
Income before income taxes		**45,491**	43,114	45,340
Income taxes		**9,656**	9,360	9,815
Net income		**$ 35,835**	$ 33,754	$ 35,525
Preferred share dividends, including applicable taxes		**2,399**	2,395	2,501
Net income available to common shareholders		**$ 33,436**	$ 31,359	$ 33,024
Average number of common shares outstanding (in thousands)				
Basic		**28,942**	28,873	28,570
Diluted		**28,950**	28,881	28,577
Earnings per share				
Basic		**$ 1.16**	$ 1.09	$ 1.16
Diluted		**$ 1.15**	$ 1.09	$ 1.16
Dividends declared per share				
Common share		**$ 0.54**	$ 0.52	$ 0.51
Preferred share - Series 10		**n.a.**	n.a.	$ 0.33
Preferred share - Series 11		**$ 0.25**	$ 0.25	$ 0.25
Preferred share - Series 13		**$ 0.27**	$ 0.27	n.a.

The accompanying notes are an integral part of the unaudited condensed interim consolidated financial statements.

Consolidated Statement of Comprehensive Income

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED **JANUARY 31 2015**	OCTOBER 31 2014	JANUARY 31 2014
Net income	**$ 35,835**	$ 33,754	$ 35,525
Other comprehensive income, net of income taxes			
Items that may subsequently be reclassified to the statement of income			
Unrealized net gains (losses) on available-for-sale securities	**343**	(74)	758
Reclassification of net (gains) losses on available-for-sale securities to net income	**(2,622)**	(1,448)	(1,061)
Net change in value of derivatives designated as cash flow hedges	**40,065**	967	2,546
	37,786	(555)	2,243
Items that may not subsequently be reclassified to the statement of income			
Actuarial gains (losses) on employee benefit plans	**(2,424)**	7,618	5,634
Comprehensive income	**$ 71,197**	$ 40,817	$ 43,402

Income Taxes — Other Comprehensive Income

The following table presents the income taxes for each component of other comprehensive income.

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED **JANUARY 31 2015**	OCTOBER 31 2014	JANUARY 31 2014
Income tax expense (recovery) on:			
Unrealized net gains (losses) on available-for-sale securities	**$ 91**	$ (26)	$ 243
Reclassification of net (gains) losses on available-for-sale securities to net income	**(1,040)**	(1,249)	(390)
Net change in value of derivatives designated as cash flow hedges	**14,624**	358	925
Actuarial gains (losses) on employee benefit plans	**(889)**	2,691	2,066
	$ 12,786	$ 1,774	$ 2,844

The accompanying notes are an integral part of the unaudited condensed interim consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

FOR THE THREE MONTHS ENDED JANUARY 31, 2015

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES (Note 7)	COMMON SHARES (Note 7)	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME: AVAILABLE-FOR-SALE SECURITIES	ACCUMULATED OTHER COMPREHENSIVE INCOME: CASH FLOW HEDGES	ACCUMULATED OTHER COMPREHENSIVE INCOME: TOTAL	SHARE-BASED PAYMENT RESERVE (Note 8)	TOTAL SHARE-HOLDERS' EQUITY
Balance as at October 31, 2014	**$ 219,633**	**$ 465,854**	**$ 848,905**	**$ 13,337**	**$ (3,210)**	**$ 10,127**	**$ 91**	**$ 1,544,610**
Net income			**35,835**					**35,835**
Other comprehensive income (net of income taxes)								
Unrealized net gains on available-for-sale securities				**343**		**343**		**343**
Reclassification of net gains on available-for-sale securities to net income				**(2,622)**		**(2,622)**		**(2,622)**
Net change in value of derivatives designated as cash flow hedges					**40,065**	**40,065**		**40,065**
Actuarial gains on employee benefit plans			**(2,424)**					**(2,424)**
Comprehensive income			**33,411**	**(2,279)**	**40,065**	**37,786**		**71,197**
Issuance of share capital		**72**						**72**
Dividends								
Preferred shares, including applicable taxes			**(2,399)**					**(2,399)**
Common shares			**(15,630)**					**(15,630)**
Balance as at January 31, 2015	**$ 219,633**	**$ 465,926**	**$ 864,287**	**$ 11,058**	**$ 36,855**	**$ 47,913**	**$ 91**	**$ 1,597,850**

FOR THE THREE MONTHS ENDED JANUARY 31, 2014

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES (Note 7)	COMMON SHARES (Note 7)	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME: AVAILABLE-FOR-SALE SECURITIES	ACCUMULATED OTHER COMPREHENSIVE INCOME: CASH FLOW HEDGES	ACCUMULATED OTHER COMPREHENSIVE INCOME: TOTAL	SHARE-BASED PAYMENT RESERVE (Note 8)	TOTAL SHARE-HOLDERS' EQUITY
Balance as at October 31, 2013	$ 205,204	$ 446,496	$ 776,256	$ 9,536	$ (4,012)	$ 5,524	$ 91	$ 1,433,571
Net income			35,525					35,525
Other comprehensive income (net of income taxes)								
Unrealized net gains on available-for-sale securities				758		758		758
Reclassification of net gains on available-for-sale securities to net income				(1,061)		(1,061)		(1,061)
Net change in value of derivatives designated as cash flow hedges					2,546	2,546		2,546
Actuarial gains on employee benefit plans			5,634					5,634
Comprehensive income			41,159	(303)	2,546	2,243		43,402
Issuance of share capital		4,919						4,919
Dividends								
Preferred shares, including applicable taxes			(2,501)					(2,501)
Common shares			(14,552)					(14,552)
Balance as at January 31, 2014	$ 205,204	$ 451,415	$ 800,362	$ 9,233	$ (1,466)	$ 7,767	$ 91	$ 1,464,839

The accompanying notes are an integral part of the unaudited condensed interim consolidated financial statements.

Consolidated Statement of Cash Flows [1]

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2015	OCTOBER 31 2014	JANUARY 31 2014
Cash flows relating to operating activities			
Net income	**$ 35,835**	$ 33,754	$ 35,525
Adjustments to determine net cash flows relating to operating activities:			
Provision for loan losses	**10,500**	10,500	10,500
Net gain on disposal of available-for-sale securities	**(4,011)**	(2,796)	(1,702)
Deferred income taxes	**(626)**	3,348	147
Depreciation of premises and equipment	**3,657**	3,996	4,495
Amortization of software and other intangible assets	**9,643**	10,027	9,872
Change in operating assets and liabilities:			
Loans	**(344,364)**	(167,279)	130,456
Securities at fair value through profit and loss	**(489,211)**	249,733	(116,330)
Securities purchased under reverse repurchase agreements	**(29,354)**	568,762	666,853
Accrued interest receivable	**1,477**	(2,074)	(643)
Derivative assets	**(202,781)**	(12,999)	(43,887)
Deposits	**124,218**	310,481	(123,412)
Obligations related to securities sold short	**212,046**	(16,877)	(103,184)
Obligations related to securities sold under repurchase agreements	**371,226**	(226,056)	(229,387)
Accrued interest payable	**(43,375)**	22,728	(17,003)
Derivative liabilities	**87,282**	(3,781)	21,328
Other, net	**27,571**	7,028	17,414
	(230,267)	788,495	261,042
Cash flows relating to financing activities			
Change in acceptances	**5,001**	4,783	23,271
Change in debt related to securitization activities	**198,453**	39,071	(109,388)
Net proceeds from issuance of common shares	**31**	24	10
Dividends, including applicable income taxes	**(17,933)**	(22,564)	(22,322)
	185,552	21,314	(108,429)
Cash flows relating to investing activities			
Change in available-for-sale securities			
Acquisitions	**(426,230)**	(1,151,717)	(964,112)
Proceeds on sale and at maturity	**565,437**	671,349	513,364
Change in held-to-maturity securities			
Acquisitions	**(104,207)**	(270,728)	(4,710)
Proceeds at maturity	**6,727**	45,507	290,521
Additions to premises and equipment and software	**(4,368)**	(10,646)	(20,417)
Change in interest-bearing deposits with other banks	**24,271**	(54,138)	30,731
	61,630	(770,373)	(154,623)
Net change in cash and non-interest-bearing deposits with other banks	**16,915**	39,436	(2,010)
Cash and non-interest-bearing deposits with other banks at beginning of period	**126,247**	86,811	82,836
Cash and non-interest-bearing deposits with other banks at end of period	**$ 143,162**	$ 126,247	$ 80,826
Supplemental disclosure about cash flows relating to operating activities:			
Interest paid during the period	**$ 190,596**	$ 125,978	$ 172,631
Interest received during the period	**$ 293,515**	$ 274,958	$ 288,466
Dividends received during the period	**$ 2,477**	$ 2,643	$ 1,954
Income taxes paid during the period	**$ 19,183**	$ 3,620	$ 9,769

[1] Comparative figures reflect the adoption of the amendments to IAS 32, *Financial Instruments: Presentation*. Refer to Note 2 for further information.
The accompanying notes are an integral part of the unaudited condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

All tabular amounts are in thousands of Canadian dollars, unless otherwise indicated (Unaudited)

1. General Information

Laurentian Bank of Canada and its subsidiaries (the Bank) provide banking services to individuals and small and medium-sized enterprises, as well as to independent advisors across Canada, and operate as a full-service brokerage firm. The Bank is the ultimate parent of the group. The Bank is a chartered bank under Schedule 1 of the Bank Act (Canada) and has its head office in Montréal, Canada. The Bank's common shares (stock symbol: LB) are listed on the Toronto Stock Exchange.

The unaudited condensed interim consolidated financial statements for the period ended January 31, 2015 were approved for issuance by the Board of Directors on February 26, 2015.

2. Basis of Presentation

These consolidated financial statements have been prepared in accordance with the Bank Act, which states that, except as otherwise specified by the Office of the Superintendent of Financial Institutions Canada (OSFI), financial statements are to be prepared in accordance with International Financial Reporting Standards (IFRS). These consolidated financial statements have been prepared under IFRS as issued by the International Accounting Standards Board (IASB) in accordance with IAS 34, *Interim Financial Reporting*.

These consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended October 31, 2014 prepared in accordance with IFRS. The accounting policies described in Note 3 to the audited annual consolidated financial statements have been applied consistently to all periods presented within these financial statements, except for accounting changes detailed below.

Use of estimates and judgment

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities on the balance sheet date, income and other related disclosures. Management has implemented and maintains controls and procedures to ensure these estimates are well controlled, reviewed and consistently applied over time. Management believes that the estimates of the value of the Bank's assets and liabilities are appropriate.

Accounting changes

IAS 32: Financial instruments: presentation

Effective November 1, 2014, the Bank adopted the amendments to IAS 32, *Financial Instruments: Presentation*, which clarified requirements for offsetting financial instruments. These amendments have been applied retrospectively by the Bank as of November 1, 2013. As a result, certain securities purchased under reverse repurchase agreements and related obligations that were previously offset on the balance sheet, are now presented on a gross basis. As at October 31, 2014, the adoption of these amendments increased Securities purchased under reverse repurchase agreements and Obligations related to securities sold under repurchase agreements by $1.6 billion ($0.6 billion and $1.0 billion respectively as at January 31, 2014 and November 1, 2013). This restatement increased total assets and total liabilities and had no impact on the Bank's comprehensive income, shareholders' equity or cash flows.

IFRIC 21: Levies

Effective November 1, 2014 the Bank adopted IFRIC 21, *Levies*. IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by government, in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. This standard has been applied retrospectively as of November 1, 2013 and did not have any significant impact on the Bank’s financial position or results.

IAS 39: Financial instruments: recognition and measurement

Effective November 1, 2014 the Bank adopted an amended version of IAS 39, *Financial Instruments: Recognition and Measurement*. The amendments to IAS 39 provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedge accounting instrument meets certain criteria. These amendments have been applied retrospectively by the Bank as of November 1, 2013 and did not have any impact on the Bank’s financial position or results.

3. Future Accounting Changes

The following section summarizes accounting standards which have been issued but are not yet effective. The Bank is currently assessing the impact of the adoption of these standards on its financial statements.

IFRS 9: Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, which will be replacing IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 provides requirements for how an entity should classify and measure financial assets and liabilities, as well as a new expected credit loss impairment model. It also introduces certain modifications to the general hedge accounting model. The final version supersedes all previous versions of IFRS 9 and is effective for annual periods beginning on or after January 1, 2018.

In January 2015, OSFI issued the final version of the Advisory on the Early Adoption of IFRS 9, *Financial Instruments* for Domestic Systemically Important Banks (D-SIBs). The Advisory outlines OSFI's expectation that D-SIBs will adopt IFRS 9 for their annual period beginning on November 1, 2017. All other Federally Regulated Entities using an October 31 year-end are permitted to adopt IFRS 9 on November 1, 2017, but are not required to do so. As the Bank has not been designated as a D-SIB, the Bank is currently assessing the option to early adopt IFRS 9.

Classification and Measurement

IFRS 9 requires all financial assets to be classified in three categories (amortized cost, fair value through profit or loss or fair value through other comprehensive income) based on the cash flow characteristics and the business model under which the assets are held.

Financial liabilities will be classified in the same categories as those currently defined in IAS 39. However, measurement of financial liabilities elected to be measured at fair value has been modified: IFRS 9 requires changes in the fair value of an entity's own credit risk to be recognized in other comprehensive income rather than in profit or loss. Early application of this modification, prior to any other changes in the accounting for financial instruments, is permitted by IFRS 9.

Impairment

IFRS 9 introduces a new expected-loss impairment model. Specifically, IFRS 9 requires entities to account for a portion of expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses when credit deterioration reaches certain thresholds. The new model is accompanied by enhanced disclosures about expected credit losses and credit risk.

Hedge accounting

IFRS 9 introduces certain modifications for hedge accounting that aims to provide a better link between an entity's risk management strategy, the rationale for hedging and the impact of hedging on the financial statements. Accounting for macro hedging has been decoupled from IFRS 9 and may be issued as a separate standard. The current hedge accounting requirements under IAS 39 may continue to be applied until the IASB finalizes its macro hedge accounting project. The IFRS 9 hedge accounting model retains the three types of hedging relationships presently available under IAS 39 (fair value, cash flow and net investment hedges), but includes changes to hedge effectiveness testing. The new standard also requires enhanced disclosures about risk management activities.

IFRS 15: Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which establishes a comprehensive framework for the recognition, measurement and disclosure of revenues. IFRS 15 applies to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments) and replaces, amongst others, the previous revenue standard IAS 18, *Revenue* and the related interpretation on revenue recognition IFRIC 13, *Customer Loyalty Programmes*. The new standard also includes requirements for accounting for some costs that are related to a contract with a customer. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, which will be November 1, 2017 for the Bank.

3. Future accounting changes [Cont'd]

IFRS 10: Consolidated Financial Statements, IFRS 12: Disclosure of Interests in Other Entities and IAS 28: Investments in Associates and Joint Ventures

In December 2014, the IASB issued amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures*, which address issues that have arisen in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after January 1, 2016, which will be November 1, 2016 for the Bank.

IAS 1: Presentation of Financial Statements

In December 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statement*s to further encourage entities to apply professional judgement in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016, which will be November 1, 2016 for the Bank.

4. Securities

Gains and losses recognized in comprehensive income

Gains and losses recognized in income from treasury and financial market operations on the portfolio of available-for-sale securities.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2015	OCTOBER 31 2014	JANUARY 31 2014
Realized net gains	**$ 4,011**	$ 2,796	$ 1,702
Write-downs for impairment recognized in income	**(349)**	(99)	(251)
	$ 3,662	$ 2,697	$ 1,451

Unrealized gains and losses recognized in other comprehensive income on the portfolio of available-for-sale securities

Unrealized gains and losses on available-for-sale securities result mainly from fluctuations in market prices as well as changes in interest and exchange rates. The Bank considers that no objective evidence of impairment related to the securities in an unrealized loss position exists, based on the market conditions at the reporting date, and continues to monitor these investments and market conditions.

				AS AT JANUARY 31, 2015
	AMORTIZED COST	**UNREALIZED GAINS**	**UNREALIZED LOSSES**	**FAIR VALUE**
Securities issued or guaranteed				
by Canada [1]	**$ 937,027**	**$ 390**	**$ —**	**$ 937,417**
by provinces	**1,077,833**	**4,410**	**25**	**1,082,218**
Other debt securities	**175,930**	**8,396**	**113**	**184,213**
Asset-backed securities	**38,252**	**1,352**	**—**	**39,604**
Preferred shares	**107,164**	**1,376**	**4,234**	**104,306**
Common shares and other securities	**83,992**	**11,322**	**1,130**	**94,184**
	$ 2,420,198	**$ 27,246**	**$ 5,502**	**$ 2,441,942**

[1] Including mortgage-backed securities that are fully guaranteed by the Canada Mortgage and Housing Corporation pursuant to the *National Housing Act*.

4. Securities [Cont'd]

AS AT OCTOBER 31, 2014	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Securities issued or guaranteed				
by Canada [1]	$ 1,129,337	$ 65	$ 74	$ 1,129,328
by provinces	1,041,510	699	76	1,042,133
Other debt securities	175,522	5,561	119	180,964
Asset-backed securities	38,672	1,104	2	39,774
Preferred shares	99,109	1,890	940	100,059
Common shares and other securities	71,592	13,697	530	84,759
	$ 2,555,742	$ 23,016	$ 1,741	$ 2,577,017

AS AT JANUARY 31, 2014	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Securities issued or guaranteed				
by Canada [1]	$ 998,685	$ 248	$ 36	$ 998,897
by provinces	709,814	414	65	710,163
Other debt securities	209,858	6,750	135	216,473
Asset-backed securities	41,320	1,346	22	42,644
Preferred shares	85,961	579	2,174	84,366
Common shares and other securities	69,187	10,162	847	78,502
	$ 2,114,825	$ 19,499	$ 3,279	$ 2,131,045

[1] Including mortgage-backed securities that are fully guaranteed by the Canada Mortgage and Housing Corporation pursuant to the *National Housing Act*.

Additional information on the held-to-maturity securities portfolio

The following table presents the amortized cost of securities classified as held-to-maturity.

	AS AT JANUARY 31 2015	AS AT OCTOBER 31 2014	AS AT JANUARY 31 2014
Securities issued or guaranteed by Canada [1]	**$ 420,487**	$ 323,007	$ 333,272
Asset-backed commercial paper	**—**	—	29,791
	$ 420,487	$ 323,007	$ 363,063

[1] Including mortgage-backed securities that are fully guaranteed by the Canada Mortgage and Housing Corporation pursuant to the *National Housing Act* and treasury bills.

5. Loans

Loans and impaired loans

AS AT JANUARY 31, 2015				**COLLECTIVE ALLOWANCES**		
	GROSS AMOUNT OF LOANS	**GROSS AMOUNT OF IMPAIRED LOANS**	**INDIVIDUAL ALLOWANCES**	**AGAINST IMPAIRED LOANS**	**AGAINST OTHER LOANS**	**TOTAL ALLOWANCES**
Personal	**$ 6,695,265**	**$ 22,183**	**$ —**	**$ 9,536**	**$ 28,517**	**$ 38,053**
Residential mortgage	**14,876,291**	**37,456**	**—**	**4,029**	**7,817**	**11,846**
Commercial mortgage	**2,820,616**	**43,277**	**2,402**	**10,218**	**14,167**	**26,787**
Commercial and other [1]	**3,368,030**	**22,873**	**12,908**	**1,769**	**24,351**	**39,028**
	$ 27,760,202	**$ 125,789**	**$ 15,310**	**$ 25,552**	**$ 74,852**	**$ 115,714**

[1] Including customers' liabilities under acceptances for an amount of $370.5 million.

5. Loans [Cont'd]

				COLLECTIVE ALLOWANCES		
AS AT OCTOBER 31, 2014	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	INDIVIDUAL ALLOWANCES	AGAINST IMPAIRED LOANS	AGAINST OTHER LOANS	TOTAL ALLOWANCES
Personal	$ 6,793,078	$ 22,359	$ —	$ 9,425	$ 28,986	$ 38,411
Residential mortgage	14,825,541	32,843	—	3,964	7,612	11,576
Commercial mortgage	2,651,271	16,633	3,917	1,884	20,736	26,537
Commercial and other [1]	3,159,689	30,245	18,034	1,965	22,848	42,847
	$ 27,429,579	$ 102,080	$ 21,951	$ 17,238	$ 80,182	$ 119,371

[1] Including customers' liabilities under acceptances for an amount of $365.5 million.

				COLLECTIVE ALLOWANCES		
AS AT JANUARY 31, 2014	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	INDIVIDUAL ALLOWANCES	AGAINST IMPAIRED LOANS	AGAINST OTHER LOANS	TOTAL ALLOWANCES
Personal	$ 7,110,856	$ 22,752	$ —	$ 9,825	$ 29,058	$ 38,883
Residential mortgage	14,651,545	32,384	—	3,317	5,837	9,154
Commercial mortgage	2,531,812	23,701	7,236	4,246	16,735	28,217
Commercial and other [1]	2,797,402	35,095	23,790	1,170	17,842	42,802
	$ 27,091,615	$ 113,932	$ 31,026	$ 18,558	$ 69,472	$ 119,056

[1] Including customers' liabilities under acceptances for an amount of $294.3 million.

Individual allowances for loan losses

FOR THE THREE MONTHS ENDED			**JANUARY 31 2015**	JANUARY 31 2014
	COMMERCIAL MORTGAGE LOANS	**COMMERCIAL AND OTHER LOANS [1]**	**TOTAL INDIVIDUAL ALLOWANCES**	TOTAL INDIVIDUAL ALLOWANCES
Balance at beginning of period	**$ 3,917**	**$ 18,034**	**$ 21,951**	$ 34,266
Provision for loan losses recorded in the consolidated statement of income	**(9)**	**155**	**146**	(2,360)
Write-offs	**(1,506)**	**(5,258)**	**(6,764)**	(804)
Recoveries	**—**	**5**	**5**	1
Interest accrued on impaired loans	**—**	**(28)**	**(28)**	(77)
Balance at end of period	**$ 2,402**	**$ 12,908**	**$ 15,310**	$ 31,026

[1] Including customers' liabilities under acceptances.

Collective allowances for loan losses

Collective allowances against impaired loans

FOR THE THREE MONTHS ENDED					**JANUARY 31 2015**	JANUARY 31 2014
	PERSONAL LOANS	**RESIDENTIAL MORTGAGE LOANS**	**COMMERCIAL MORTGAGE LOANS**	**COMMERCIAL AND OTHER LOANS [1]**	**TOTAL COLLECTIVE ALLOWANCES**	TOTAL COLLECTIVE ALLOWANCES
Balance at beginning of period	**$ 9,425**	**$ 3,964**	**$ 1,884**	**$ 1,965**	**$ 17,238**	$ 12,049
Provision for loan losses recorded in the consolidated statement of income	**6,019**	**1,318**	**8,486**	**(139)**	**15,684**	12,663
Write-offs	**(7,582)**	**(498)**	**—**	**(14)**	**(8,094)**	(6,985)
Recoveries	**1,775**	**(663)**	**—**	**—**	**1,112**	1,162
Interest accrued on impaired loans	**(101)**	**(92)**	**(152)**	**(43)**	**(388)**	(331)
Balance at end of period	**$ 9,536**	**$ 4,029**	**$ 10,218**	**$ 1,769**	**$ 25,552**	$ 18,558

[1] Including customers' liabilities under acceptances.

5. Loans [Cont'd]

Collective allowances against other loans

	PERSONAL LOANS	RESIDENTIAL MORTGAGE LOANS	COMMERCIAL MORTGAGE LOANS	COMMERCIAL AND OTHER LOANS [1]	FOR THE THREE MONTHS ENDED JANUARY 31 2015 TOTAL COLLECTIVE ALLOWANCES	JANUARY 31 2014 TOTAL COLLECTIVE ALLOWANCES
Balance at beginning of period	**$ 28,986**	**$ 7,612**	**$ 20,736**	**$ 22,848**	**$ 80,182**	$ 69,275
Provision for loan losses recorded in the consolidated statement of income	**(469)**	**205**	**(6,569)**	**1,503**	**(5,330)**	197
Balance at end of period	**$ 28,517**	**$ 7,817**	**$ 14,167**	**$ 24,351**	**$ 74,852**	$ 69,472

[1] Including customers' liabilities under acceptances.

An allowance for undrawn amounts under approved credit facilities is also recognized in other liabilities and amounted to $6.4 million as at January 31, 2015, $7.4 million as at October 31, 2014 and $7.0 million as at January 31, 2014.

Loans past due but not impaired

Personal and residential mortgage loans past due shown in the table below are not classified as impaired because they are less than 90 days past due or they are secured such as to reasonably expect full recovery. Commercial loans past due but not impaired are not significant.

				AS AT JANUARY 31, 2015
	1 DAY-31 DAYS	**32 DAYS-90 DAYS**	**OVER 90 DAYS**	**TOTAL**
Personal loans	**$ 90,900**	**$ 29,738**	**$ 5,551**	**$ 126,189**
Residential mortgage loans	**305,171**	**44,555**	**32,746**	**382,472**
	$ 396,071	**$ 74,293**	**$ 38,297**	**$ 508,661**

				AS AT OCTOBER 31, 2014
	1 DAY-31 DAYS	32 DAYS-90 DAYS	OVER 90 DAYS	TOTAL
Personal loans	$ 82,681	$ 26,571	$ 5,350	$ 114,602
Residential mortgage loans	232,217	58,137	32,706	323,060
	$ 314,898	$ 84,708	$ 38,056	$ 437,662

				AS AT JANUARY 31, 2014
	1 DAY-31 DAYS	32 DAYS-90 DAYS	OVER 90 DAYS	TOTAL
Personal loans	$ 91,297	$ 36,781	$ 5,136	$ 133,214
Residential mortgage loans	247,710	40,745	31,031	319,486
	$ 339,007	$ 77,526	$ 36,167	$ 452,700

6. Loan Securitization

Financial assets not qualifying for derecognition and associated financial liabilities

The following table summarizes the carrying amounts of financial assets that do not qualify for derecognition and their associated financial liabilities included in the consolidated balance sheet.

	AS AT JANUARY 31 2015	AS AT OCTOBER 31 2014	AS AT JANUARY 31 2014
Residential mortgage loans	**$ 4,344,069**	$ 4,341,612	$ 4,326,871
Replacement Assets			
Cash and deposits with other banks	**3,545**	14,372	3,931
Securities purchased under reverse repurchase agreements	**144,230**	106,489	102,747
Other securities	**420,487**	323,007	363,063
Debt related to securitization activities	**$ (5,062,301)**	$ (4,863,848)	$ (4,865,326)

The following table summarizes the securitization activities carried out by the Bank.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2015	OCTOBER 31 2014	JANUARY 31 2014
Carrying amounts of mortgages transferred during the quarter related to new financing	**$ 219,939**	$ 307,091	$ 239,295
Carrying amounts of mortgages transferred during the quarter as Replacement Assets	**$ 102,001**	$ 114,633	$ 91,968

The following table provides information on issuances of debt related to securitization activities since the beginning of the year.

	FOR THE THREE MONTHS ENDED JANUARY 31, 2015		
MATURITY	RATE	NOMINAL VALUE	**INITIAL CARRYING AMOUNT**
New issuance of debt related to the Canada Mortgage Bond program			
December 2019	2.06%	$ 217,007	**$ 219,565**

7. Share Capital

Preferred shares

The variation and outstanding number and amounts of preferred shares were as follows.

	FOR THE THREE MONTHS ENDED			
	JANUARY 31, 2015		JANUARY 31, 2014	
	NUMBER OF SHARES	**AMOUNT**	NUMBER OF SHARES	AMOUNT
Class A Preferred shares				
Series 10				
Outstanding at beginning of period and end of period	**n.a.**	**n.a.**	4,400,000	$ 107,642
Series 11				
Outstanding at beginning of period and end of period	**4,000,000**	**$ 97,562**	4,000,000	$ 97,562
Series 13				
Outstanding at beginning and end of period	**5,000,000**	**$ 122,071**	n.a.	n.a.
Total preferred shares outstanding at end of period	**9,000,000**	**$ 219,633**	8,400,000	$ 205,204

7. Share Capital [Cont'd]

Common shares

The variation and outstanding number and amounts of common shares were as follows.

	FOR THE THREE MONTHS ENDED			
	JANUARY 31, 2015		JANUARY 31, 2014	
	NUMBER OF SHARES	**AMOUNT**	NUMBER OF SHARES	AMOUNT
Common shares				
Outstanding at beginning of period	**28,942,999**	**$ 465,854**	28,532,412	$ 446,496
Issuance under the Shareholder Dividend Reinvestment and Share Purchase Plan	**1,620**	**80**	110,189	4,922
Net issuance costs	**n.a.**	**(8)**	n.a.	(3)
Total common shares outstanding at end of period	**28,944,619**	**$ 465,926**	28,642,601	$ 451,415

Shareholder dividend reinvestment and share purchase plan

During the first quarter of 2015, 1,620 common shares were legally issued under the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan against optional cash payments from shareholders.

Dividends declared

On February 11, 2015, the Board of Directors declared the regular dividend on the Preferred Shares Series 11 and Preferred Shares Series 13, to shareholders of record on March 6, 2015. At its meeting on February 26, 2015, the Board of Directors declared a dividend of $0.54 per common share, payable on May 1, 2015, to shareholders of record on April 1, 2015. The Bank also determined that reinvestments related to these dividends would be made in Common Shares purchased in the open market. As such, no discount will be applied to the purchase price of these common shares.

Capital management

Regulatory capital

The Office of the Superintendent of Financial Institutions Canada (OSFI) requires banks to meet minimum risk-based capital ratios drawn on the Basel Committee on Banking Supervision (BCBS) capital guidelines, commonly referred to as Basel III. Under OSFI's guideline, minimum Common Equity Tier 1, Total Tier 1 and Total capital ratios were set at 4.5%, 6.0% and 8.0% respectively for 2015. These ratios include phase-in of certain regulatory adjustments through 2019 and phase-out of non-qualifying capital instruments through 2022, (the "transitional" basis). The guideline also provides for annual increases in minimum capital ratio requirements, which will reach 7.0%, 8.5% and 10.5% respectively in 2019, including the effect of capital conservation buffers.

Furthermore, OSFI indicated that it expects deposit-taking institutions to attain target capital ratios without transition arrangements, as of January 1, 2013, equal to or greater than the 2019 minimum capital ratios plus conservation buffer level (the "all-in" basis), including a minimum 7.0% Common Equity Tier 1 ratio target. The "all-in" basis includes all of the regulatory adjustments that will be required by 2019 but retains the phase-out rules for non-qualifying capital instruments.

Under OSFI's Leverage Requirements Guideline issued in October 2014, the Asset to Capital Multiple (ACM) was replaced with a new leverage ratio as of January 1, 2015. Federally regulated deposit-taking institutions are expected to maintain a Basel III leverage ratio that meets or exceeds 3% at all times. The leverage ratio is currently defined as the Tier 1 capital divided by unweighted on-balance sheet assets and off-balance sheet commitments, derivatives and securities financing transactions, as defined within the requirements. It differs from OSFI's previous ACM requirement in that it includes more off-balance-sheet exposures and a narrower definition of capital (Tier 1 Capital instead of Total Capital).

7. Share Capital [Cont'd]

The Bank has complied with regulatory capital requirements throughout the three-month period ended January 31, 2015. Regulatory capital is detailed below.

	AS AT JANUARY 31, 2015		AS AT OCTOBER 31, 2014	
	ALL-IN BASIS	TRANSITIONAL BASIS	ALL-IN BASIS	TRANSITIONAL BASIS
Common shares	**$ 465,926**	**$ 465,926**	$ 465,854	$ 465,854
Share-based payment reserve	**91**	**91**	91	91
Retained earnings	**864,287**	**864,287**	848,905	848,905
Accumulated other comprehensive income, excluding cash flow hedge reserve	**11,058**	**11,058**	13,338	13,338
Deductions from Common Equity Tier 1 capital [1]	**(235,401)**	**(94,161)**	(240,964)	(48,193)
Common Equity Tier 1 capital	**1,105,961**	**1,247,201**	1,087,224	1,279,995
Non-qualifying non-cumulative preferred shares [2]	**97,562**	**97,562**	97,562	97,562
Qualifying non-cumulative preferred shares	**122,071**	**122,071**	122,071	122,071
Deductions from Tier 1 capital	**n.a.**	**(38,446)**	n.a.	(51,262)
Additional Tier 1 capital	**219,633**	**181,187**	219,633	168,371
Tier 1 capital	**1,325,594**	**1,428,388**	1,306,857	1,448,366
Subordinated debt [3]	**310,667**	**310,667**	355,048	355,048
Collective allowances	**81,285**	**81,285**	87,546	87,546
Deductions from Tier 2 capital	**(5,844)**	**(2,338)**	(1,925)	(385)
Tier 2 capital	**386,108**	**389,614**	440,669	442,209
Total capital	**$ 1,711,702**	**$ 1,818,002**	$ 1,747,526	$ 1,890,575

[1] Mainly comprised of deductions for software and other intangible assets, goodwill and pension plan assets.

[2] There is currently no deduction related to the non-qualifying capital instruments under Basel III as the phase-out is calculated on the outstanding balance as at January 1, 2013, which included the Preferred Shares Series 10 repurchased by the Bank in the third quarter of 2014.

[3] Net of an amount of $137.4 million ($92.5 million as at October 31, 2014) due to the phase-out of non-qualifying capital instruments under Basel III.

8. Share-Based Payments

Share purchase option plan

During the first quarter of 2015, no new share options were granted and no share options were exercised. Information relating to outstanding number of options is as follows.

	AS AT JANUARY 31 2015	AS AT OCTOBER 31 2014	AS AT JANUARY 31 2014
	NUMBER	NUMBER	NUMBER
Share purchase options outstanding and exercisable at end of period	**20,000**	20,000	20,000

Restricted share unit plans

During the first quarter of 2015, under the restricted share unit plan, annual bonuses for certain employees amounting to $2.6 million were converted into 50,730 entirely vested restricted share units. Simultaneously, the Bank also granted 30,350 additional restricted share units valued at $50.85 each that will vest in December 2017.

During the first quarter of 2015, under the restricted share unit plan for employees of the Capital Markets sector, annual bonuses for certain employees amounting to $1.4 million were converted into 27,412 entirely vested restricted share units. This plan does not provide for any employer contribution and a third of these restricted share units are redeemed in December at each of the first three anniversary dates of the grant.

Performance-based share unit plan

During the first quarter of 2015, under the performance-based share unit plan, the Bank granted 147,243 performance-based share units valued at $50.85 each. The rights to these units will vest in December 2017 and upon meeting certain financial objectives.

8. Share-Based Payments [Cont'd]

Share-based payment plan expense and related liability

The following table presents the expense related to all share-based payment plans, net of the effect of related hedging transactions.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2015	OCTOBER 31 2014	JANUARY 31 2014
Expense arising from cash-settled share-based payment transactions	**$ 2,483**	$ 190	$ 3,777
Effect of hedges	**2,070**	1,190	248
	$ 4,553	$ 1,380	$ 4,025

The carrying amount of the liability relating to the cash-settled plans was $41.5 million as at January 31, 2015 ($37.8 million as at October 31, 2014 and $31.2 million as at January 31, 2014).

9. Post-Employment Benefits

Expense for post-employment benefits

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2015	OCTOBER 31 2014	JANUARY 31 2014
Defined benefit pension plans	**$ 4,233**	$ 5,182	$ 4,263
Defined contribution pension plans	**1,630**	1,555	1,653
Other plans	**369**	459	351
	$ 6,232	$ 7,196	$ 6,267

10. Financial Instruments – Fair Value

Determining fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of financial instruments is best evidenced by quoted prices in active markets when available. Otherwise, fair value is measured using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of valuation inputs (Level 1, 2 or 3). Additional information on the fair value hierarchy and the valuation methodologies used by the Bank to measure the fair value of financial instruments can be found in Note 23 of the 2014 audited annual consolidated financial statements. There were no changes in fair value measurement methods in the period.

In addition, financial instruments recorded at fair value in the financial statements are classified in Level 2 of the fair value hierarchy, except for securities of $277.0 million which are classified in Level 1 as at January 31, 2015. Financial instruments recorded at fair value classified in Level 3 are not significant. There were no significant transfers between Level 1 and Level 2 of the hierarchy in the period.

11. Segmented Information

The Bank determines its reportable segments based on the different services it provides to individuals, businesses, financial intermediaries and institutional clients. The three business segments of the Bank are: Personal & Commercial, B2B Bank, and Laurentian Bank Securities & Capital Markets. The Bank's other activities are grouped into the Other sector.

The Personal & Commercial segment caters to the financial needs of business clients across Canada and retail clients in Québec. The Bank serves retail clients through a network of branches and ATMs, providing a full range of savings, investment and financing products. Electronic and mobile services, as well as transactional, card and insurance products complete the offering. Small and medium-sized enterprises, along with real estate developers are provided with a suite of financing options, including leasing solutions, as well as investment, cash management and international services.

11. Segmented Information [Cont'd]

The B2B Bank segment supplies banking and financial products to independent financial advisors and non-bank financial institutions across Canada.

Laurentian Bank Securities & Capital Markets segment consists of the Laurentian Bank Securities Inc. subsidiary, a full-service broker, and the Bank's capital market activities.

The Other sector encompasses the Bank's corporate functions, including Corporate Treasury.

Results for the Bank's segments are based on internal financial reporting systems and are consistent with the accounting principles followed in the preparation of the Bank's consolidated financial statements.

All transactions between business segments are eliminated in the Other sector. Transfer pricing regarding the funding of segments' assets and liabilities is based on funding costs which best reflect the nature and maturities of these items. Income and expenses directly associated with each segment are included in determining business segment performance. Corporate expenses are generally allocated pro-rata to each business segment.

FOR THE THREE MONTHS ENDED JANUARY 31, 2015

	PERSONAL & COMMERCIAL	**B2B BANK**	**LAURENTIAN BANK SECURITIES & CAPITAL MARKETS**	**OTHER**	**TOTAL**
Net interest income	**$ 100,970**	**$ 42,060**	**$ 726**	**$ (4,260)**	**$ 139,496**
Other income	**50,583**	**8,716**	**16,484**	**2,881**	**78,664**
Total revenue (loss)	**151,553**	**50,776**	**17,210**	**(1,379)**	**218,160**
Amortization of net premium on purchased financial instruments	**—**	**1,472**	**—**	**—**	**1,472**
Provision for loan losses	**9,172**	**1,328**	**—**	**—**	**10,500**
Non-interest expenses	**102,848**	**30,980**	**13,918**	**12,951**	**160,697**
Income (loss) before income taxes	**39,533**	**16,996**	**3,292**	**(14,330)**	**45,491**
Income taxes (recovered)	**8,833**	**4,573**	**883**	**(4,633)**	**9,656**
Net income (loss)	**$ 30,700**	**$ 12,423**	**$ 2,409**	**$ (9,697)**	**$ 35,835**
Average assets [1]	**$ 18,515,623**	**$ 8,826,403**	**$ 5,280,668**	**$ 3,706,144**	**$ 36,328,838**

FOR THE THREE MONTHS ENDED OCTOBER 31, 2014

	PERSONAL & COMMERCIAL	B2B BANK	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	$ 99,724	$ 43,591	$ 1,567	$ (4,733)	$ 140,149
Other income	54,083	8,348	14,592	4,249	81,272
Total revenue (loss)	153,807	51,939	16,159	(484)	221,421
Amortization of net premium on purchased financial instruments	—	1,508	—	—	1,508
Provision for loan losses	6,786	3,714	—	—	10,500
Non-interest expenses	108,929	32,230	12,845	9,384	163,388
Costs related to business combinations (see Note 12)	—	2,911	—	—	2,911
Income (loss) before income taxes	38,092	11,576	3,314	(9,868)	43,114
Income taxes (recovered)	9,493	3,120	890	(4,143)	9,360
Net income (loss)	$ 28,599	$ 8,456	$ 2,424	$ (5,725)	$ 33,754
Average assets [1][2]	$ 18,283,070	$ 8,793,352	$ 5,193,967	$ 4,154,250	$ 36,424,639

[1] Assets are disclosed on an average basis as this measure is most relevant to financial institutions.

[2] Comparative figures reflect the adoption of amendments to IAS 32, *Financial Instruments: Presentation*. As a result, Laurentian Bank Securities & Capital Markets' average assets increased by $1,855.4 million and the Other sector's average assets decreased by $62.9 million for the three months ended October 31, 2014. Refer to Note 2 for further information.

11. Segmented Information [Cont'd]

FOR THE THREE MONTHS ENDED JANUARY 31, 2014										
		PERSONAL & COMMERCIAL		B2B BANK		LAURENTIAN BANK SECURITIES & CAPITAL MARKETS		OTHER		TOTAL
Net interest income	$	98,054	$	46,197	$	683	$	(4,078)	$	140,856
Other income		48,630		9,102		15,482		2,039		75,253
Total revenue (loss)		146,684		55,299		16,165		(2,039)		216,109
Amortization of net premium on purchased financial instruments		—		1,136		—		—		1,136
Provision for loan losses		10,254		246		—		—		10,500
Non-interest expenses		99,809		31,576		13,087		10,712		155,184
Costs related to business combinations (see Note 12)		—		3,949		—		—		3,949
Income (loss) before income taxes		36,621		18,392		3,078		(12,751)		45,340
Income taxes (recovered)		8,343		4,959		826		(4,313)		9,815
Net income (loss)	$	28,278	$	13,433	$	2,252	$	(8,438)	$	35,525
Average assets [1][2]	$	18,039,239	$	8,988,071	$	3,641,777	$	3,689,982	$	34,359,069

[1] Assets are disclosed on an average basis as this measure is most relevant to financial institutions.
[2] Comparative figures reflect the adoption of amendments to IAS 32, *Financial Instruments: Presentation*. As a result, Laurentian Bank Securities & Capital Markets' average assets increased by $729.7 million and the Other sector's average assets decreased by $18.7 million for the three months ended January 31, 2014. Refer to Note 2 for further information.

12. Business Combinations

Gain on acquisition and amortization of net premium on purchased financial instruments

On August 1, 2012, the Bank acquired 100% of the outstanding shares of AGF Trust Company (AGF Trust) from AGF Management Limited. The allocation of the purchase price of AGF Trust resulted in a gain of $24.3 million ($16.4 million net of income taxes) arising on acquisition as the estimated fair values of the net assets acquired exceeded the purchase price. The gain mainly represented the favourable effect of the discount or premium to reflect the then current market rates on purchased financial instruments, partly offset by the initial estimated fair value of the contingent consideration. The unamortized portion of the gain resulting from the revaluation of the purchased financial instruments of $17.8 million is being amortized in net income over the estimated remaining term of the purchased financial instruments and amounted to $1.5 million for the three-month period ended January 31, 2015 ($1.5 million for the three-month period ended October 31, 2014 and $1.1 million for the three-month period ended January 31, 2014).

Costs related to business combinations

In 2014, the Bank incurred costs related to IT systems conversion, salaries, professional fees and other expenses for the integration of former AGF Trust operations. These costs were recognized directly in net income, under Costs related to business combinations. Integration of the AGF Trust operations and related costs were finalized in the fourth quarter of 2014.

Shareholder Information

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Transfer Agent and Registrar
Computershare
Investor Services Inc.
1500 University Street,
Suite 700
Montréal, Québec H3A 3S8

Ombudsman's office
Laurentian Bank of Canada
1981 McGill College Avenue
Suite 1420
Montréal, Québec H3A 3K3
514 284-7192
or 1 800 479-1244

Change of address and inquiries
Shareholders should notify the Transfer Agent of any change of address. Inquiries or requests may be directed to the Corporate Secretary's Office at Head Office or by calling 514 284-4500 ext. 7545.

Investors and analysts
Investors and analysts may contact the Investor Relations Department at Head Office by calling 514 284-4500 ext. 3901.

Media
Journalists may contact the Public Affairs and Communications Department at Head Office by calling 514 284-4500 ext. 3901.

Direct deposit service
Shareholders of the Bank may, by advising the Transfer Agent in writing, have their dividends deposited directly into an account held at any financial institution member of the Canadian Payments Association.

Dividend reinvestment and share purchase plan
The Bank has a dividend reinvestment and share purchase plan for Canadian holders of its common and preferred shares under which they can acquire common shares of the Bank without paying commissions or administration fees. Participants acquire shares through the reinvestment of cash dividends paid on the shares they hold or through optional cash payments of a minimum amount of $500 per payment, up to an aggregate amount of $20,000 in each 12 month period ending October 31.

For more information, shareholders may contact the Bank's registrar and transfer agent, Computershare Trust Company of Canada, at 1-800-564-6253. To participate in the plan, the Bank's non-registered common and preferred shareholders must contact their financial institution or broker.

Stock symbol and dividend record and payment dates

The common and preferred shares indicated below are listed on the Toronto Stock Exchange.	CUSIP CODE / STOCK SYMBOL	RECORD DATE*	DIVIDEND PAYMENT DATE*
Common shares	51925D 10 6 LB	First business day of:	
		January	February 1
		April	May 1
		July	August 1
		October	November 1
Preferred shares			
Series 11	51925D 84 1 LB.PR.F	**	March 15
Series 13	51925D 82 5 LB.PR.H	**	June 15
			September 15
			December 15

* Subject to the approval of the Board of Directors.

** On such day (which shall not be more than 30 days preceding the date fixed for payment of such dividend) as may be determined from time to time by the Board of Directors of the Bank.

LAURENTIAN BANK