LAURENTIAN BANK

SECOND QUARTER 2015

Report to Shareholders

For the period ended April 30, 2015

Laurentian Bank reports second quarter results and increases its dividend by 4%

Highlights of the second quarter of 2015

- Adjusted diluted earnings per share up 7% year-over-year
- Solid growth in the commercial loan portfolio including BAs, up 19% year-over-year
- B2B Bank segment mortgages up 13% year-over-year
- Strong credit performance with loan losses of $8.0 million
- Quarterly common share dividend raised by $0.02 to $0.56

	NET INCOME (IN MILLIONS OF $)	DILUTED EARNINGS PER SHARE	RETURN ON COMMON SHAREHOLDERS' EQUITY
Reported basis	$41.2	$1.34	11.8%
Adjusted basis[1]	$42.3	$1.38	12.1%

Laurentian Bank of Canada reported adjusted net income of $42.3 million or $1.38 diluted per share for the second quarter of 2015, both up 7%, compared with $39.4 million or $1.29 diluted per share for the same period in 2014. Adjusted return on common shareholders' equity was 12.1% for the second quarter of 2015, compared with 11.9% for the second quarter of 2014. On a reported basis, net income totalled $41.2 million or $1.34 diluted per share for the second quarter of 2015, compared with $31.0 million or $0.99 diluted per share for the second quarter of 2014. Also on a reported basis, return on common shareholders' equity was 11.8% for the second quarter of 2015, compared with 9.2% for the second quarter of 2014.

For the six months ended April 30, 2015, adjusted net income totalled $82.8 million or $2.69 diluted per share, both up 5%, compared with adjusted net income of $78.6 million or $2.57 diluted per share for the same period in 2014. Adjusted return on common shareholders' equity was 11.7% for the six months ended April 30, 2015, compared with 11.8% for the same period in 2014. On a reported basis, net income was $77.0 million or $2.49 diluted per share for the six months ended April 30, 2015, compared with $66.5 million or $2.15 diluted per share for the same period in 2014. Also on a reported basis, return on common shareholders' equity was 10.9% for the six months ended April 30, 2015, compared with 9.8% for the same period in 2014.

Commenting on the Bank's financial results for the second quarter of 2015, Réjean Robitaille, President and Chief Executive Officer, mentioned: “The emphasis that we put during the last quarters on the development of our business activities continued to bear fruit. The year-over-year growth that we generated from these activities was 19% in our commercial loan portfolio and 13% on our B2B Bank mortgages. Furthermore, solid other income growth, the sustained credit quality of the loan portfolio, witnessed by low loan losses, and continued control over expenses contributed to our solid financial performance.”

Mr. Robitaille added: “In this challenging interest rate environment, we are working to achieve better operational efficiency and maximize operating leverage. Looking ahead, we will continue to focus on further developing our higher-margin business activities and on growing income from non-interest sensitive sources. I am therefore pleased to announce that the Board of Directors has approved an increase in our quarterly common share dividend of $0.02 to $0.56 per share.”

[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					FOR THE SIX MONTHS ENDED		
	APRIL 30 2015	JANUARY 31 2015	VARIANCE	APRIL 30 2014	VARIANCE	**APRIL 30 2015**	APRIL 30 2014	VARIANCE
Profitability								
Total revenue	**$ 220,679**	$ 218,160	1%	$ 216,890	2%	**$ 438,839**	$ 432,999	1%
Net income	**$ 41,188**	$ 35,835	15%	$ 30,989	33%	**$ 77,023**	$ 66,514	16%
Diluted earnings per share	**$ 1.34**	$ 1.15	17%	$ 0.99	35%	**$ 2.49**	$ 2.15	16%
Return on common shareholders' equity [1]	**11.8 %**	9.9 %		9.2 %		**10.9%**	9.8%	
Net interest margin (on average earning assets) - updated measure [1] [2]	**1.84 %**	1.83 %		1.93 %		**1.84%**	1.89%	
Efficiency ratio [1]	**71.9 %**	73.7 %		73.7 %		**72.8%**	73.7%	
Operating leverage [1]	**2.4 %**	1.9 %		(0.1)%		**1.2%**	2.8%	
Per common share								
Share price - Close	**$ 48.29**	$ 46.81	3%	$ 47.08	3%	**$ 48.29**	$ 47.08	3%
Price / earnings ratio (trailing four quarters)	**9.9x**	10.4x		12.3x		**9.9x**	12.3x	
Book value [1]	**$ 47.10**	$ 46.34	2%	$ 44.61	6%	**$ 47.10**	$ 44.61	6%
Market to book value [1]	**103 %**	101 %		106 %		**103%**	106%	
Dividends declared	**$ 0.54**	$ 0.54	—%	$ 0.51	6%	**$ 1.08**	$ 1.02	6%
Dividend yield [1]	**4.5 %**	4.6 %		4.3 %		**4.5%**	4.3%	
Dividend payout ratio [1]	**40.3 %**	46.7 %		51.3 %		**43.3%**	47.4%	
Adjusted financial measures								
Adjusted net income [1]	**$ 42,313**	$ 40,468	5%	$ 39,375	7%	**$ 82,781**	$ 78,636	5%
Adjusted diluted earnings per share [1]	**$ 1.38**	$ 1.32	5%	$ 1.29	7%	**$ 2.69**	$ 2.57	5%
Adjusted return on common shareholders' equity [1]	**12.1 %**	11.3 %		11.9 %		**11.7%**	11.8%	
Adjusted efficiency ratio [1]	**71.9 %**	71.4 %		71.7 %		**71.7%**	71.7%	
Adjusted operating leverage [1]	**(0.7)%**	(1.5)%		0.2 %		**0.1%**	1.1%	
Adjusted dividend payout ratio [1]	**39.2 %**	41.1 %		39.6 %		**40.1%**	39.6%	
Financial position (in millions of Canadian dollars)								
Balance sheet assets [3]	**$ 37,656**	$ 37,435	1%	$ 35,932	5%			
Loans and acceptances	**$ 28,111**	$ 27,760	1%	$ 27,233	3%			
Deposits	**$ 24,960**	$ 24,647	1%	$ 23,759	5%			
Average earning assets	**$ 30,631**	$ 30,220	1%	$ 29,534	4%	**$ 30,422**	$ 29,761	2%
Basel III regulatory capital ratios — All-in basis								
Common Equity Tier I	**7.8 %**	7.8 %		7.6 %				
Total	**11.9 %**	12.0 %		13.3 %				
Leverage ratio	**3.7 %**	3.7 %		n.a				
Other information								
Number of full-time equivalent employees	**3,746**	3,718		3,764				
Number of branches	**151**	151		153				
Number of automated banking machines	**415**	417		423				

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

[2] As previously disclosed, now 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 21 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 6% net income growth over the second quarter of 2014.

The strategy to develop our Business Services activities continued to bear fruit during the quarter just ended. Commercial loans increased by 19% and commercial mortgages rose by 13% compared to a year earlier. With $6.4 billion in loans, this portfolio has doubled over the past five years and is in line to again double by 2018 from 2013 levels. Our decision to develop a specialized sales force within specific niches is paying off. For example, the financing solutions offered by our equipment finance specialists serving the manufacturing sector in Quebec and Ontario support the investments required by these companies to improve their competitiveness. As well, ties are being developed with other third party lenders to further diversify the loan portfolio and geographic footprint. Business Services continues to be well positioned as one of the Bank’s engines of growth.

Retail Services had a successful RRSP season. Buoyed by strong sales of mutual funds, income from this source increased by 43% from the second quarter of 2014. Our clients are particularly pleased with the co-branded LBC-Mackenzie mutual fund offering, given its solid performance and breadth of product.

B2B Bank's sustained emphasis on operational excellence is well placed as advisors and brokers are experiencing increased efficiency owing to B2B Bank’s enhanced service and systems. Furthermore, B2B Bank’s comprehensive range of mortgage products, consisting of expanded mortgage solutions in addition to its traditional offering, continues to be well received. This is evidenced by mortgage loans having increased by 13% compared to the second quarter of 2014.

Laurentian Bank Securities hosted its second Annual Equity Small Cap Conference in April. Drawing over 270 people from across Canada to this event testifies to its success. By bringing small cap companies together with investors, LBS is building mutually beneficial and profitable partnerships, as well as confirming its enviable position within the small cap market. LBS currently covers more than 100 companies in nine industry sectors. Its expanding coverage universe resulted in a multitude of advisory mandates being completed during the first six months of the fiscal year.

The Bank released its latest Social Responsibility Report in March 2015. The Report draws upon Global Reporting Initiative indicators which attests to the importance the Bank assigns to the good governance of its activities. As a responsible corporate citizen, the Bank ensures that its practices are effective and equitable for shareholders, clients, employees and communities alike.

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 April 30, 2015, and of how it performed during the three-month and six-month periods then ended. This MD&A, dated June 3, 2015, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended April 30, 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.

Economic Outlook

Although worldwide economic growth did not sharply accelerate during the first three months of the calendar year, the net effect of the lower crude oil prices is still expected to provide strong global support to Gross Domestic Product for the remainder of 2015. In Canada, short-term impacts relating to the price decline of crude oil have so far been relatively modest compared to previous oil shocks. However, further negative effects are expected to gradually materialize in upcoming months.

The substantial depreciation of the Canadian dollar, lower energy costs and confident US consumers have already led to a rapid shift in regional economic performance. Economic growth in oil-producing provinces is decelerating, while Ontario and Quebec’s economies are showing signs of acceleration. With exports improving and the capacity utilization rate increasing, business investment still has to firm up in Central Canada. Altogether, the Canadian economy is expected to grow 1.5%-2.0% in 2015 and slightly above 2.0% in 2016, following a 2.5% performance in 2014.

The rally in crude oil prices observed since April has led to a rise in inflation expectations in financial markets. Combined with the foreseeable removal of monetary policy easing in the United States later this year and improved economic conditions in Europe, global long term interest rates, including Canadian interest rates, have firmed up over the last three months. However, the Bank of Canada may still reduce its overnight target rate again before year-end.

For the Bank, this persisting low-interest rate environment combined with stable unemployment and stronger economic growth in Central Canada, should help sustain the Canadian housing market as well as growth of the Bank's business loan portfolio. While prudent monitoring of the resource rich areas of the Canadian economy is warranted, the overall environment remains very supportive of the growth and credit quality of the Bank's loan portfolios.

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 SIX MONTHS ENDED APRIL 30, 2015
Adjusted diluted earnings per share	5% to 8% growth	**5%**
Adjusted efficiency ratio	< 71.0%	**71.7%**
Adjusted operational leverage [2]	Positive	**0.1%**
Adjusted return on common shareholders' equity	≥ 12.0%	**11.7%**
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).

Management believes that the financial objectives set at the beginning of the fiscal year remain achievable. In a challenging interest rate environment, the Bank maintains its focus on realizing revenue opportunities and containing expense growth. Good growth in higher-margin products and continued strong credit quality are also expected to contribute to the achievement of the Bank's short term financial objectives.

Analysis of Consolidated Results

CONDENSED CONSOLIDATED RESULTS

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED APRIL 30 2015	JANUARY 31 2015	APRIL 30 2014	FOR THE SIX MONTHS ENDED APRIL 30 2015	APRIL 30 2014
Net interest income	**$ 137,691**	$ 139,496	$ 138,726	**$ 277,187**	$ 279,582
Other income	**82,988**	78,664	78,164	**161,652**	153,417
Total revenue	**220,679**	218,160	216,890	**438,839**	432,999
Amortization of net premium on purchased financial instruments and revaluation of contingent consideration	**1,531**	1,472	5,498	**3,003**	6,634
Provision for loan losses	**8,000**	10,500	10,500	**18,500**	21,000
Non-interest expenses	**158,750**	160,697	159,904	**319,447**	319,037
Income before income taxes	**52,398**	45,491	40,988	**97,889**	86,328
Income taxes	**11,210**	9,656	9,999	**20,866**	19,814
Net income	**$ 41,188**	$ 35,835	$ 30,989	**$ 77,023**	$ 66,514
Preferred share dividends, including applicable taxes	**2,398**	2,399	2,501	**4,797**	5,002
Net income available to common shareholders	**$ 38,790**	$ 33,436	$ 28,488	**$ 72,226**	$ 61,512
Diluted earnings per share	**$ 1.34**	$ 1.15	$ 0.99	**$ 2.49**	$ 2.15

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. In addition, a compensation charge related to the Bank's President and Chief Executive Officer's announced retirement, which is reported in the Other sector's reported results, was classified as an adjusting item in the first quarter of 2015.

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]

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
In thousands of Canadian dollars, except per share amounts (Unaudited)	**APRIL 30 2015**	JANUARY 31 2015	APRIL 30 2014	**APRIL 30 2015**	APRIL 30 2014
Impact on net income					
Reported net income	**$ 41,188**	$ 35,835	$ 30,989	**$ 77,023**	$ 66,514
Adjusting items					
Items related to business combinations, net of income taxes					
Amortization of net premium on purchased financial instruments and revaluation of contingent consideration					
Amortization of net premium on purchased financial instruments	**1,125**	1,083	1,026	**2,208**	1,862
Revaluation of contingent consideration	**—**	—	4,100	**—**	4,100
Costs related to business combinations (T&I Costs)	**—**	—	3,260	**—**	6,160
	1,125	1,083	8,386	**2,208**	12,122
Retirement compensation charge, net of income taxes [2]	**—**	3,550	—	**3,550**	—
	1,125	4,633	8,386	**5,758**	12,122
Adjusted net income	**$ 42,313**	$ 40,468	$ 39,375	**$ 82,781**	$ 78,636
Impact on diluted earnings per share					
Reported diluted earnings per share	**$ 1.34**	$ 1.15	$ 0.99	**$ 2.49**	$ 2.15
Adjusting items					
Items related to business combinations	**0.04**	0.04	0.29	**0.08**	0.42
Retirement compensation charge	**—**	0.12	—	**0.12**	—
	0.04	0.16	0.29	**0.20**	0.42
Adjusted diluted earnings per share [3]	**$ 1.38**	$ 1.32	$ 1.29	**$ 2.69**	$ 2.57

[1] Refer to the Non-GAAP Financial Measures section.
[2] The retirement compensation charge is included in the line item Salaries and benefits in the consolidated statement of income.
[3] The impact of adjusting items on a per share basis does not add due to rounding for the quarters ended January 31, 2015 and April 30, 2014.

Three months ended April 30, 2015 compared with the three months ended April 30, 2014

Net income was $41.2 million or $1.34 diluted per share for the second quarter of 2015, compared with $31.0 million or $0.99 diluted per share for the second quarter of 2014. Adjusted net income was $42.3 million for the second quarter ended April 30, 2015, up from $39.4 million for the same quarter of 2014, while adjusted diluted earnings per share were $1.38, compared with $1.29 diluted per share in 2014.

Total revenue

Total revenue increased by $3.8 million or 2% to $220.7 million for the second quarter of 2015, compared with $216.9 million for the second quarter of 2014, as solid growth in other income was partly offset by lower net interest income year-over-year.

Net interest income decreased by $1.0 million or 1% to $137.7 million for the second quarter of 2015, from $138.7 million for the second quarter of 2014, which had benefitted from $2.5 million of interest recoveries resulting from favourable settlements in the commercial loan portfolio. Excluding these prior year recoveries, the resulting $1.5 million increase was mainly generated by strong volume growth in higher-margin commercial portfolios year-over-year, partly offset by tighter margins on deposits.

Overall, net interest margin (as a percentage of average earning assets) decreased to 1.84% for the second quarter of 2015 from 1.93% for the second quarter of 2014, mainly as a result of lower interest recoveries as mentioned above (-3 basis points), the negative impact of the flattening in the interest rate curve (-3 basis points), the relatively higher level of liquid assets compared to a year ago (-2 basis points) and finally, margin compression on loans and deposits (-1 basis point, of which: +5 basis points on loans and -6 basis points on deposits).

Other income increased by $4.8 million or 6% and amounted to $83.0 million for the second quarter of 2015, compared with $78.2 million for the second quarter of 2014. Income from treasury and financial market operations increased by $4.1 million compared with the second quarter of 2014, mainly due to higher income from trading activities. The revaluation of certain derivatives used in hedging activities also generated a $1.3 million gain in other income in the aftermath of the sudden decline in short term rates at the end of the first quarter. This gain fully offsets the $1.3 million loss that had been recorded in the first quarter of 2015. Mutual fund commissions increased by $3.1 million compared with the second quarter of 2014, partly driven by new sales, as well as additional fee-based revenues earned on the co-branded LBC-Mackenzie mutual fund assets under administration. Furthermore, fees and commissions on loans and deposits were up $2.0 million compared with the second quarter of 2014 mainly driven by higher lending fees due to increased underwriting activity in the commercial portfolios. Other income in the second quarter of 2014 also included a $3.7 million gain on the sale of a $102.4 million commercial mortgage loan portfolio.

Amortization of net premium on purchased financial instruments and revaluation of contingent consideration

For the second quarter of 2015, the line item "Amortization of net premium on purchased financial instruments and revaluation of contingent consideration" amounted to $1.5 million, compared with $5.5 million for the second quarter of 2014. The higher charge in the second quarter of 2014 essentially resulted from a $4.1 million non-tax deductible charge to settle the contingent consideration related to the AGF Trust acquisition. The amortization of net premium on purchased financial instruments amounted to $1.5 million for the second quarter of 2015, compared with $1.4 million for the second quarter of 2014. Refer to Note 12 to the unaudited condensed interim consolidated financial statements.

Provision for loan losses

The provision for loan losses decreased to $8.0 million for the second quarter of 2015 from $10.5 million for the second quarter of 2014. This low level of loan losses is consistent with the improved overall underlying quality of the loan portfolios. During the quarter, various improvements and repayments, mainly in the commercial portfolios, triggered net favourable adjustments to provisions. Management believes that loan losses could remain slightly lower than historical levels for the rest of the year. Refer to the Risk Management section below for additional information.

Non-interest expenses

Non-interest expenses decreased by $1.2 million to $158.8 million for the second quarter of 2015, compared with $159.9 million for the second quarter of 2014. This decrease mostly reflects $4.4 million of lower costs related to business combinations as integration work at B2B Bank was completed in the fourth quarter of 2014 and as there were no adjusting items in the second quarter of 2015. The overall decrease was partly offset by higher premises and technology costs, as detailed below.

Salaries and employee benefits decreased by $0.9 million or 1% to $83.5 million for the second quarter of 2015, compared with the second quarter of 2014, mainly due to lower headcount from the optimization of certain retail and corporate activities in the fourth quarter of 2014 and good performance in group insurance programs where the Bank co-insures risk. Higher staffing levels in business services, regular annual salary increases and higher payroll taxes introduced in December 2014 partly offset this decrease year-over-year.

Premises and technology costs increased by $3.1 million to $48.8 million compared with the second quarter of 2014. The increase mostly stems from higher project expenses.

Other non-interest expenses increased by $1.0 million to $26.4 million for the second quarter of 2015, compared with the second quarter of 2014, mostly reflecting higher unrecoverable sales taxes. The Bank continues to manage its costs through tight cost control and process reviews.

The adjusted efficiency ratio was 71.9% for the second quarter of 2015, compared with 71.7% for the second quarter of 2014. Management remains committed to exercising disciplined control over expenses in light of historically low interest rates and the resulting slower revenue growth environment.

Income taxes

For the quarter ended April 30, 2015, the income tax expense was $11.2 million and the effective tax rate was 21.4%. 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 April 30, 2014, the income tax expense was $10.0 million and the effective tax rate was 24.4%. Year-over-year, the lower effective tax rate for the quarter ended April 30, 2015 resulted from a $4.1 million non tax-deductible charge recorded in the second quarter of 2014 as a result of the final settlement of the contingent consideration related to the AGF Trust acquisition.

Six months ended April 30, 2015 compared with the six months ended April 30, 2014

Net income was $77.0 million or $2.49 diluted per share for the six months ended April 30, 2015, compared with $66.5 million or $2.15 diluted per share for the six months ended April 30, 2014. Adjusted net income was $82.8 million for the six months ended April 30, 2015, up 5% compared with $78.6 million in 2014, while adjusted diluted earnings per share was $2.69, compared with $2.57 diluted per share in 2014.

Total revenue

Total revenue increased by $5.8 million to $438.8 million for the six months ended April 30, 2015, compared with $433.0 million for the six months ended April 30, 2014. The year-over-year growth in other income more than offset a modest decline in net interest income.

Net interest income decreased by $2.4 million or 1% to $277.2 million for the six months ended April 30, 2015, from $279.6 million for the six months ended April 30, 2014, in part as $2.5 million in interest recoveries were recorded in the second quarter of 2014, as mentioned above. Furthermore, good growth in the higher-margin businesses was offset by the decrease in the investment loan portfolio and narrower overall margins. When compared with the six months ended April 30, 2014, net interest margin (as a percentage of average earning assets) decreased by 5 basis points to 1.84% for the six months ended April 30, 2015, essentially due to the lower interest recoveries and lower interest rates affecting deposit margins.

Other income increased by $8.2 million or 5% and amounted to $161.7 million for the six months ended April 30, 2015, compared with $153.4 million for the six months ended April 30, 2014. Higher income from treasury and financial market operations due to higher income from trading activities and higher realized net gains on securities, as well as continued solid mutual fund commissions mainly contributed to the year-over-year increase. Furthermore, fees and commissions on loans and deposits were up $2.1 million compared with the six months ended April 30, 2014 mainly as a result of a higher level of underwriting activities. Of note, other income in the six months ended April 30, 2014 included a one-time $3.7 million gain on the sale of a $102.4 million commercial mortgage loan portfolio.

Amortization of net premium on purchased financial instruments and revaluation of contingent consideration

For the six months ended April 30, 2015, the line item "Amortization of net premium on purchased financial instruments and revaluation of contingent consideration" amounted to $3.0 million, compared with $6.6 million for the six months ended April 30, 2014. As noted above, the higher charge in 2014 essentially resulted from a $4.1 million non tax-deductible charge recorded in the second quarter to settle the contingent consideration related to the AGF Trust acquisition. The amortization of net premium on purchased financial instruments amounted to $3.0 million for the six months ended April 30, 2015, compared with $2.5 million for the six months ended April 30, 2014. Refer to Note 12 to the unaudited condensed interim consolidated financial statements.

Provision for loan losses

The provision for loan losses decreased by $2.5 million to $18.5 million for the six months ended April 30, 2015 from $21.0 million for the six months ended April 30, 2014. The overall level of losses, expressed as a percentage of average loans, stood at a very low 12 basis points reflecting the excellent condition of the loan portfolio noted above. Refer to the Risk Management section below for additional information.

Non-interest expenses

Non-interest expenses were essentially unchanged and totalled $319.4 million for the six months ended April 30, 2015, compared with $319.0 million for the six months ended April 30, 2014. Adjusting items had a favourable net effect of $3.5 million compared with the six months ended April 30, 2014, as $8.4 million lower costs related to business combinations were only partly offset by a retirement compensation charge of $4.9 million incurred in the first quarter of 2015. Adjusted non-interest expenses increased by $3.9 million, mainly as a result of higher ongoing technology costs, as detailed below.

Salaries and employee benefits increased by $1.9 million or 1% to $171.8 million for the six months ended April 30, 2015, compared with the six months ended April 30, 2014. As mentioned above, salaries for the first quarter of 2015 included a retirement compensation charge of $4.9 million. Good performance in group insurance programs where the Bank co-insures risk and lower headcount from restructuring initiatives in 2014 mainly contributed to a decline of $3.0 million in the cost of salaries and employee benefits year-over-year.

Premises and technology costs increased by $5.6 million to $97.2 million compared with the six months ended April 30, 2014. The increase mostly stems from expensed project management costs.

Other non-interest expenses slightly increased by $1.3 million to $50.4 million for the six months ended April 30, 2015, from $49.1 million for the six months ended April 30, 2014.

The adjusted efficiency ratio was 71.7% for the six months ended April 30, 2015, unchanged compared with the six months ended April 30, 2014. The adjusted operating leverage remained slightly positive year-over-year.

Income taxes

For the six months ended April 30, 2015, the income tax expense was $20.9 million and the effective tax rate was 21.3%. The lower tax rate, compared to the statutory rate, resulted mainly 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 six months ended April 30, 2014, the income tax expense was $19.8 million and the effective tax rate was 23.0%. Year-over-year, the lower effective tax rate for the six months ended April 30, 2015 resulted from a $4.1 million non tax-deductible charge recorded in the second quarter of 2014 as a result of the final settlement of the contingent consideration related to the AGF Trust acquisition.

Three months ended April 30, 2015 compared with the three months ended January 31, 2015

Net income was $41.2 million or $1.34 diluted per share for the second quarter of 2015 compared with $35.8 million or $1.15 diluted per share for the first quarter of 2015. 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). Adjusted net income was $42.3 million or $1.38 diluted per share, compared with $40.5 million or $1.32 diluted per share for the first quarter of 2015.

Total revenue increased to $220.7 million for the second quarter of 2015, compared with $218.2 million for the previous quarter. Net interest income decreased by $1.8 million sequentially to $137.7 million for the second quarter of 2015, as growth in loans and deposits generated $2.8 million in net interest income, but was muted by the $4.6 million negative impact of three fewer days in the second quarter. The Bank's net interest margin (as a percentage of average earning assets) increased sequentially by 1 basis point to 1.84% for the second quarter of 2015, compared with 1.83% for the first quarter of 2015, mainly reflecting a more favourable mix.

Other income increased by $4.3 million sequentially to $83.0 million for the second quarter of 2015, mainly due to higher income from brokerage operations and treasury operations as well as continued solid mutual fund commissions as explained above.

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

Provision for loan losses declined to $8.0 million for the second quarter of 2015, a decrease of $2.5 million compared with the first quarter of 2015, reflecting an improvement in quality of the portfolio and the favourable credit underwriting environment as noted above.

Non-interest expenses amounted to $158.8 million for the second quarter of 2015, compared with $160.7 million for the first quarter of 2015. Excluding a retirement compensation charge incurred in the first quarter of 2015, non-interest expenses increased by 2% sequentially due to higher project and other expenses. Adjusted operating leverage was slightly negative at 0.7%.

Financial condition

CONDENSED BALANCE SHEET [1]

In thousands of Canadian dollars (Unaudited)		**AS AT APRIL 30 2015**		AS AT OCTOBER 31 2014		AS AT APRIL 30 2014
ASSETS						
Cash and deposits with other banks	**$**	**200,882**	$	248,855	$	215,508
Securities		**5,180,605**		4,880,460		4,532,598
Securities purchased under reverse repurchase agreements		**3,320,127**		3,196,781		3,253,021
Loans and acceptances, net		**27,996,925**		27,310,208		27,110,647
Other assets		**957,408**		846,481		820,062
	$	**37,655,947**	$	36,482,785	$	35,931,836
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits	**$**	**24,960,321**	$	24,523,026	$	23,758,753
Other liabilities		**5,205,222**		5,103,778		5,227,457
Debt related to securitization activities		**5,445,989**		4,863,848		4,896,007
Subordinated debt		**448,568**		447,523		446,485
Shareholders' equity		**1,595,847**		1,544,610		1,603,134
	$	**37,655,947**	$	36,482,785	$	35,931,836

[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 $37.7 billion as at April 30, 2015, up $1.2 billion or 3% from $36.5 billion as at October 31, 2014. This increase mainly reflects the 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 $8.7 billion as at April 30, 2015, an increase of $0.4 billion compared with October 31, 2014 and an increase of $0.7 billion compared with April 30, 2014. This higher level of liquid assets supports the Bank's expected loan growth, particularly in the commercial loan portfolio and is also in line with increased deposit gathering from multiple sources. 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 $28.0 billion as at April 30, 2015, up $686.7 million from October 31, 2014, as continued strong growth in the Bank's higher-margin business portfolios and B2B Bank's residential mortgage loan portfolio was slightly offset by continued repayments in the investment loan portfolio. Commercial loans, including acceptances, increased by $347.5 million or 11% since October 31, 2014, while commercial mortgage loans increased by $213.6 million or 8% over the same period, as the Bank maintains its focus on achieving long-term targeted growth rates of its commercial activities. Personal loans decreased by $156.6 million or 2% since October 31, 2014, as attrition in the investment loan portfolio continued, albeit at a relatively slower pace than in previous periods. Residential mortgage loans were up by $277.3 million from October 31, 2014, mostly driven by B2B Bank's enhanced mortgage solutions.

Liabilities

Personal deposits stood at $18.6 billion as at April 30, 2015, down $0.1 billion compared with October 31, 2014, while business and other deposits increased by $0.5 billion since October 31, 2014 to $6.3 billion as at April 30, 2015. The Bank continues to optimize its current funding strategy by focusing on client deposits either through its retail branch network or B2B Bank's advisor relationships, while also increasing usage of institutional funding sources. Personal deposits represented 75% of total deposits as at April 30, 2015 relatively unchanged compared with 76% as at October 31, 2014. This ratio remains well above the Canadian average and contributes to the Bank's solid liquidity position.

Debt related to securitization activities totalling $5.4 billion, remains a preferred source of fixed-rate funding and increased by $582.1 million or 12% compared with October 31, 2014, as a result of the Bank's participation in both the Canada Mortgage Bond program and multi-seller mortgage securitization facilities. Subordinated debt remained relatively unchanged compared with October 31, 2014 and stood at $0.4 billion as at April 30, 2015.

Shareholders' equity

Shareholders' equity stood at $1,595.8 million as at April 30, 2015, compared with $1,544.6 million as at October 31, 2014. This increase is mainly explained by the net income contribution for the year, net of declared dividends, as well as the variation of the cash flow hedge reserve within accumulated other comprehensive income. The Bank's book value per common share appreciated to $47.10 as at April 30, 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 May 28, 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 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 11.9%, respectively, as at April 30, 2015. These ratios meet all current requirements.

REGULATORY CAPITAL [1]

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT APRIL 30 2015**	AS AT OCTOBER 31 2014	AS AT APRIL 30 2014
Regulatory capital			
Common Equity Tier 1 capital	**$ 1,135,624**	$ 1,087,224	$ 1,030,263
Tier 1 capital	**$ 1,355,257**	$ 1,306,857	$ 1,356,413
Total capital	**$ 1,743,886**	$ 1,747,526	$ 1,811,191
Total risk-weighted assets [2]	**$ 14,586,681**	$ 13,844,014	$ 13,576,578
Regulatory capital ratios			
Common Equity Tier 1 capital ratio	**7.8%**	7.9%	7.6%
Tier 1 capital ratio	**9.3%**	9.4%	10.0%
Total capital ratio	**11.9%**	12.6%	13.3%

[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 April 30, 2015, compared with 7.9% as at October 31, 2014, as the impact of higher risk-weighted commercial business and investments were not fully offset by internal capital generation.

Regulatory developments concerning capital

In December 2014, the BCBS issued for consultation the *Revisions to the standardised approach for credit risk* document, which forms part of the BCBS' broader work on improving the consistency and comparability of bank capital ratios. This document proposes to reduce reliance on external credit ratings, increase risk sensitivity and enhance comparability across banks. This consultative document was open for comments until March 27, 2015. The Bank is closely monitoring these developments as they could potentially impact capital requirements in the future.

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 April 30, 2015 and exceeds current requirements.

BASEL III LEVERAGE RATIO

In thousands of Canadian dollars, except percentage amounts (Unaudited)		**AS AT APRIL 30 2015**
Tier 1 capital	**$**	**1,355,255**
Total unweighted exposures	**$**	**36,836,772**
Basel III leverage ratio		**3.7%**

Dividends

On May 20, 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 June 8, 2015. At its meeting on June 3, 2015, given the Bank's solid results, solid balance sheet and capital position, the Board of Directors approved an increase of $0.02 per share, or 4%, to the quarterly dividend and declared a dividend of $0.56 per common share, payable on August 1, 2015, to shareholders of record on July 2, 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

In Canadian dollars, except payout ratios (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	FOR THE YEARS ENDED		
	APRIL 30 2015	JANUARY 31 2015	APRIL 30 2014	**APRIL 30 2015**	OCTOBER 31 2014	OCTOBER 31 2013	OCTOBER 31 2012
Dividends declared per common share	**$ 0.54**	$ 0.54	$ 0.51	**$ 1.08**	$ 2.06	$ 1.98	$ 1.84
Dividend payout ratio [1]	**40.3%**	46.7%	51.3%	**43.3%**	45.7%	52.0%	37.0%
Adjusted dividend payout ratio [1]	**39.2%**	41.1%	39.6%	**40.1%**	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

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED APRIL 30 2015	JANUARY 31 2015	APRIL 30 2014	FOR THE SIX MONTHS ENDED APRIL 30 2015	APRIL 30 2014
Personal loans	**$ 7,715**	$ 5,550	$ 8,003	**$ 13,265**	$ 12,476
Residential mortgage loans	**760**	1,523	922	**2,283**	1,570
Commercial mortgage loans	**(812)**	1,908	(2,508)	**1,096**	384
Commercial and other loans (including acceptances)	**337**	1,519	4,083	**1,856**	6,570
	$ 8,000	$ 10,500	$ 10,500	**$ 18,500**	$ 21,000
As a % of average loans and acceptances	**0.12%**	0.15%	0.16%	**0.14%**	0.16%

The provision for loan losses amounted to $8.0 million in the second quarter of 2015, a decrease of $2.5 million from the first quarter of 2015 and the same quarter a year ago. For the six months ended April 30, 2015, the provisions for loan losses decreased by $2.5 million and amounted to $18.5 million compared with $21.0 million for the same period in 2014. The favourable impact during the quarter and six-month period is due to more favourable settlements and overall improvements in the credit quality of the Bank's loan portfolios as explained below. The current level of provisions continues to reflect 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 decreased slightly by $0.3 million compared with the second quarter of 2014. For the six months ended April 30, 2015, loan losses on personal loans increased by $0.8 million, mainly due to a return to normalized provision level in the B2B Bank's portfolios compared with last year. On a sequential basis, loan losses on personal loans increased by $2.2 million, essentially for the same reason.

Loan losses on residential mortgage loans were low, down $0.2 million and by $0.8 million compared with the second quarter of 2014 and the first quarter of 2015 respectively. For the six months ended April 30, 2015, loan losses on residential mortgage loans increased slightly by $0.7 million year-over-year.

Loan losses on commercial mortgages and commercial loans remained very low and cumulatively amounted to negative $0.5 million in the second quarter of 2015, a decrease of $2.1 million compared with the same quarter last year, mainly resulting from favourable settlements and improvements during the second quarter of 2015. On a sequential basis, loan losses in these portfolios decreased by a combined $3.9 million, essentially for the same reason. For the six months ended April 30, 2015, loan losses on commercial mortgages and commercial loans totalled $3.0 million compared with $7.0 million for the same period in 2014. The year-over-year decrease of $4.0 million was mainly attributable to a higher amount of favourable settlements compared to last year, as well as continued improvements in the underlying portfolios as mentioned above.

IMPAIRED LOANS

In thousands of Canadian dollars, except percentage amounts (Unaudited)	AS AT APRIL 30 2015	AS AT OCTOBER 31 2014	AS AT APRIL 30 2014
Gross impaired loans			
Personal	**$ 18,316**	$ 22,359	$ 28,476
Residential mortgages	**34,572**	32,843	31,794
Commercial mortgages	**45,140**	16,633	13,360
Commercial and other (including acceptances)	**33,825**	30,245	33,653
	131,853	102,080	107,283
Allowances for loan losses against impaired loans			
Individual allowances	**(14,526)**	(21,951)	(27,440)
Collective allowances	**(27,103)**	(17,238)	(16,896)
	(41,629)	(39,189)	(44,336)
Net impaired loans	**$ 90,224**	$ 62,891	$ 62,947
Collective allowances against other loans	**$ (72,895)**	$ (80,182)	$ (77,767)
Impaired loans as a % of loans and acceptances			
Gross	**0.47%**	0.37%	0.39%
Net	**0.32%**	0.23%	0.23%

Gross impaired loans amounted to $131.9 million as at April 30, 2015, up $29.8 million from $102.1 million as at October 31, 2014. This increase was mainly due to higher impaired commercial mortgage loans, essentially as a result of a well-secured single exposure, as well as, to a lesser extent, from the impact of higher loan volumes. This increase was partially offset by the continued improvement in the personal loan portfolio since the beginning of the year. Despite the overall increase, gross impaired loans remain at 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 $7.4 million to $14.5 million mainly explained by settlements of impaired commercial loans and commercial mortgage loans. Collective allowances against impaired loans increased by $9.9 million over the same period. At 0.47% of loans and acceptances as at April 30, 2015, 0.37% as at October 31, 2014 and 0.39% 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. Other than changes related to enhanced regulatory requirements described below, 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. Throughout the quarter, the Bank filed with OSFI the monthly LCR reports, 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.

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 was 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 April 30, 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 APRIL 30 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	**$**	**10,635**	$	10,297
Decrease in the economic value of common shareholders' equity (net of income taxes)	**$**	**(41,778)**	$	(21,990)

The table above provides a measure of the sensitivity to changes in interest rates of the Bank as at April 30, 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. As such, quarterly fluctuations in net interest income may occur, but within controlled tolerance margins. Management continues to expect that long term rates will remain within a narrow range for now. These results reflect efforts to take advantage in the movement of short-term and long-term interest rates, while maintaining the sensitivity to these fluctuations within approved risk limits.

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, B2B Bank, as well as Laurentian Bank Securities & Capital Markets. The Bank’s other activities are grouped into the Other sector.

Personal & Commercial

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**APRIL 30 2015**	JANUARY 31 2015	APRIL 30 2014	**APRIL 30 2015**	APRIL 30 2014
Net interest income	**$ 99,978**	$ 100,970	$ 97,592	**$ 200,948**	$ 195,646
Other income	**51,773**	50,583	49,110	**102,356**	97,740
Total revenue	**151,751**	151,553	146,702	**303,304**	293,386
Provision for loan losses	**5,876**	9,172	7,436	**15,048**	17,690
Non-interest expenses	**103,354**	102,848	99,947	**206,202**	199,756
Income before income taxes	**42,521**	39,533	39,319	**82,054**	75,940
Income taxes	**10,330**	8,833	9,037	**19,163**	17,380
Net income	**$ 32,191**	$ 30,700	$ 30,282	**$ 62,891**	$ 58,560
Efficiency ratio [1]	**68.1%**	67.9%	68.1%	**68.0%**	68.1%

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

Net income for the Personal & Commercial business segment was $32.2 million for the second quarter of 2015, up 6% compared with net income of $30.3 million for the second quarter of 2014.

Total revenue increased by $5.0 million from $146.7 million for the second quarter of 2014 to $151.8 million for the second quarter of 2015. Net interest income increased by $2.4 million to $100.0 million, reflecting strong volume growth in both commercial loan and commercial mortgage portfolios year-over-year, partly offset by lower interest recoveries compared with the second quarter of 2014, which had benefitted from $2.5 million of favourable settlements. Other income increased by $2.7 million to $51.8 million in the second quarter of 2015, mainly due to higher mutual fund commissions and higher lending fees due to increased underwriting activity in the commercial portfolios. Other income in the second quarter of 2014 also included a portion of a gain on the sale of a commercial mortgage loan portfolio, of which $1.2 million was allocated to the Personal & Commercial segment.

Loan losses decreased by $1.6 million from $7.4 million for the second quarter of 2014 to $5.9 million for the second quarter of 2015, mainly resulting from favourable settlements and improvements during the second quarter of 2015, as the credit quality of both retail and commercial portfolios remains excellent.

Non-interest expenses increased by $3.4 million or 3%, from $99.9 million for the second quarter of 2014 to $103.4 million for the second quarter of 2015. Higher premises and technology costs from project expenses and higher 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 first quarter of 2015, net income increased by 5% mainly due to continued solid mutual fund commissions, lower loan losses in the commercial portfolios as well as good growth in higher-margin loans, which more than offset the net income impact of the three fewer days in the second quarter.

For the six months ended April 30, 2015, net income increased 7% to $62.9 million compared with $58.6 million for the same period a year ago. This performance was mainly driven by good growth in the high-margin businesses, a strong increase in other income and lower loan losses, partly offset by higher ongoing technology costs. The efficiency ratio was 68.0% for the six months ended April 30, 2015, compared with 68.1% for the six months ended April 30, 2014. The segment generated slightly positive operating leverage year-over-year, reflecting the Bank's focus on realizing revenue opportunities in other income and higher-margin business activities, as well as on containing expense growth.

B2B Bank

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**APRIL 30 2015**	JANUARY 31 2015	APRIL 30 2014	**APRIL 30 2015**	APRIL 30 2014
Net interest income	**$ 41,612**	$ 42,060	$ 43,377	**$ 83,672**	$ 89,574
Other income	**8,540**	8,716	9,107	**17,256**	18,209
Total revenue	**50,152**	50,776	52,484	**100,928**	107,783
Amortization of net premium on purchased financial instruments and revaluation of contingent consideration	**1,531**	1,472	5,498	**3,003**	6,634
Provision for loan losses	**2,124**	1,328	3,064	**3,452**	3,310
Non-interest expenses	**32,535**	30,980	30,971	**63,515**	62,547
Costs related to business combinations [1]	**—**	—	4,437	**—**	8,386
Income before income taxes	**13,962**	16,996	8,514	**30,958**	26,906
Income taxes	**3,830**	4,573	3,432	**8,403**	8,391
Net income	**$ 10,132**	$ 12,423	$ 5,082	**$ 22,555**	$ 18,515
Efficiency ratio [2]	**64.9%**	61.0%	67.5%	**62.9%**	65.8%
Adjusted net income [2]	**$ 11,257**	$ 13,506	$ 13,468	**$ 24,763**	$ 30,637
Adjusted efficiency ratio [2]	**64.9%**	61.0%	59.0%	**62.9%**	58.0%

[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.

The B2B Bank business segment's contribution to reported net income for the second quarter of 2015 was $10.1 million compared with $5.1 million for the same quarter a year ago. Adjusted net income was $11.3 million for the second quarter of 2015, down $2.2 million from $13.5 million for the second quarter of 2014.

Total revenue decreased to $50.2 million for the second quarter of 2015 from $52.5 million for the second quarter of 2014. Net interest income decreased by $1.8 million to $41.6 million for the second quarter of 2015 compared with the corresponding period in 2014. This decrease mainly stems from lower levels of brokered deposits, as the Bank used alternative funding sources over recent quarters. Margin compression on certain deposits also contributed to the decrease in net interest income as rates paid to depositors remained elevated in a competitive environment following the drop in market interest rates initiated by the Bank of Canada at the end of the last quarter. Investment loans continued to decline because of investor deleveraging, albeit at a decelerating pace, as a result of stronger gross sales. However, alternative mortgages have helped propel residential mortgage loan growth into the double digit range, which should support net interest income going forward. Other income amounted to $8.5 million in the second quarter of 2015, only slightly lower than in the second quarter of 2014, resulting from lower account management fees.

As shown above, the line item "Amortization of net premium on purchased financial instruments and revaluation of contingent consideration" amounted to $1.5 million in the second quarter of 2015 compared with $5.5 million for the second quarter of 2014. The higher charge in the second quarter of 2014 essentially resulted from a $4.1 million non-tax deductible charge to settle the contingent consideration related to the AGF Trust acquisition. For additional information, refer to Note 12 to the unaudited condensed interim consolidated financial statements.

Loan losses decreased by $0.9 million compared with the second quarter of 2014 and amounted to $2.1 million in the second quarter of 2015. This decrease mainly results from lower provisions in the investment loan portfolio due to reduced exposure and overall improvements, reflecting the credit quality of the portfolio, as well as the good prevailing economic conditions.

Excluding costs related to business combinations, non-interest expenses increased by $1.6 million to $32.5 million for the second quarter of 2015, compared with $31.0 million for the second quarter of 2014, mostly due to higher amortization expenses from completed IT projects and higher allocated costs. Costs related to business combinations for the second quarter of 2015 are nil, as integration activities were completed during the fourth quarter of 2014.

Compared with the first quarter of 2015, reported and adjusted net income decreased by $2.2 million, mainly resulting from lower net interest income, which was impacted by the fewer number of days in the quarter. Higher non-interest expenses resulting from seasonally higher staffing levels for the RSP campaign and slightly higher loan losses also contributed to the decrease in adjusted and reported net income.

For the six months ended April 30, 2015, B2B Bank business segment's contribution to adjusted net income was $24.8 million, down $5.9 million compared with the same period in 2014. This decrease mainly stemmed from lower revenues due to tighter overall margins and the attrition in higher-margin investment loans year-over-year as well as slightly higher non-interest expenses as described above. With the finalization of integration activities in the fourth quarter of 2014, reported net income for the six months ended April 30, 2015 increased by $4.0 million to $22.6 million compared with $18.5 million in 2014 which also included a $4.1 million non tax-deductible charge to settle the contingent consideration.

Laurentian Bank Securities & Capital Markets

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED **APRIL 30 2015**	JANUARY 31 2015	APRIL 30 2014	FOR THE SIX MONTHS ENDED **APRIL 30 2015**	APRIL 30 2014
Total revenue	**$ 19,126**	$ 17,210	$ 17,590	**$ 36,336**	$ 33,755
Non-interest expenses	**14,511**	13,918	14,059	**28,429**	27,146
Income before income taxes	**4,615**	3,292	3,531	**7,907**	6,609
Income taxes	**502**	883	947	**1,385**	1,773
Net income	**$ 4,113**	$ 2,409	$ 2,584	**$ 6,522**	$ 4,836
Efficiency ratio [1]	**75.9%**	80.9%	79.9%	**78.2%**	80.4%

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

Laurentian Bank Securities & Capital Markets business segment's contribution to net income increased to $4.1 million for the second quarter of 2015, compared with $2.6 million for the second quarter of 2014. Total revenue increased by $1.5 million to $19.1 million for the second quarter of 2015 compared with $17.6 million for the second quarter of 2014, mainly due to higher underwriting fees in the fixed income market and higher trading revenues. Non-interest expenses increased by $0.5 million to $14.5 million for the second quarter of 2015, mainly due to higher performance-based compensation, commissions and transaction fees, in-line with higher market-driven income.

Laurentian Bank Securities & Capital Markets business segment's contribution to net income increased to $6.5 million for the six months ended April 30, 2015, compared with $4.8 million for the six months ended April 30, 2014. Total revenue increased by $2.6 million to $36.3 million for the six months ended April 30, 2015, as higher revenues from growth in underwriting activities in the fixed income market and higher trading revenues were partly offset by lower underwriting fees in the small-cap equity market. Non-interest expenses increased by $1.3 million to $28.4 million for the six months ended April 30, 2015, mainly for the same reasons noted above.

Other sector

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED **APRIL 30 2015**	JANUARY 31 2015	APRIL 30 2014	FOR THE SIX MONTHS ENDED **APRIL 30 2015**	APRIL 30 2014
Net interest income	**$ (4,614)**	$ (4,260)	$ (2,749)	**$ (8,874)**	$ (6,827)
Other income	**4,264**	2,881	2,863	**7,145**	4,902
Total revenue	**(350)**	(1,379)	114	**(1,729)**	(1,925)
Non-interest expenses	**8,350**	12,951	10,490	**21,301**	21,202
Loss before income taxes	**(8,700)**	(14,330)	(10,376)	**(23,030)**	(23,127)
Income taxes recovery	**(3,452)**	(4,633)	(3,417)	**(8,085)**	(7,730)
Net loss	**$ (5,248)**	$ (9,697)	$ (6,959)	**$ (14,945)**	$ (15,397)
Adjusted net loss [1]	**$ (5,248)**	$ (6,147)	$ (6,959)	**$ (11,395)**	$ (15,397)

[1] Refer to the Non-GAAP Financial Measures section. Adjusted financial measures exclude a retirement compensation charge designated as an adjusting item.

For the three months ended April 30, 2015, the Other sector generated a reported and equivalent adjusted net loss of $5.2 million, compared with a net loss and equivalent adjusted net loss of $7.0 million for the second quarter of 2014.

Net interest income decreased by $1.9 million to negative $4.6 million for the second quarter of 2015 compared with negative $2.7 million for the second quarter of 2014, mainly as a result of the temporary negative impact in the quarter of the recent change in short-term interest rates. Other income increased to $4.3 million for the second quarter of 2015, compared with $2.9 million for the second quarter of 2014, mainly due to higher income from trading activities as well as a $1.3 million gain on the revaluation of certain derivatives used in hedging activities, offsetting an equivalent loss in the previous quarter. Other income in the second quarter of 2014 also included a portion of a gain on the sale of a commercial mortgage loan portfolio, representing $2.5 million. Non-interest expenses decreased by $2.1 million to $8.4 million for the second quarter of 2015 compared with $10.5 million for the second quarter of 2014, resulting from higher allocated costs to other business segments.

On a sequential basis, the sector's adjusted net loss improved by $0.9 million, essentially due to the gain on the revaluation of certain derivatives used in hedging activities in the second quarter of 2015. Reported results improved by $4.4 million, as results for the first quarter of 2015 included a $4.9 million retirement compensation charge.

For the six months ended April 30, 2015, the Other sector's contribution to adjusted net income was a negative $11.4 million, compared with a negative $15.4 million for the six months ended April 30, 2014, mainly resulting from a decrease of $4.8 million in adjusted non-interest expenses, reflecting higher technology cost allocations to the business segments. Including the $4.9 million compensation charge, reported net income for the six months ended April 30, 2015 was negative $14.9 million, compared with negative $15.4 million for the six months ended April 30, 2014.

Additional Financial Information - Quarterly Results

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	**APRIL 30 2015**	JANUARY 31 2015	OCTOBER 31 2014	JULY 31 2014	APRIL 30 2014	JANUARY 31 2014	OCTOBER 31 2013	JULY 31 2013
Net interest income	**$ 137,691**	$ 139,496	$ 140,149	$ 141,249	$ 138,726	$ 140,856	$ 141,437	$ 144,549
Other income	**82,988**	78,664	81,272	78,396	78,164	75,253	74,094	76,493
Total revenue	**220,679**	218,160	221,421	219,645	216,890	216,109	215,531	221,042
Amortization of net premium on purchased financial instruments and revaluation of contingent consideration	**1,531**	1,472	1,508	1,511	5,498	1,136	1,006	1,140
Provision for loan losses	**8,000**	10,500	10,500	10,500	10,500	10,500	10,000	9,000
Non-interest expenses	**158,750**	160,697	166,299	155,973	159,904	159,133	172,651	176,705
Income before income taxes	**52,398**	45,491	43,114	51,661	40,988	45,340	31,874	34,197
Income taxes	**11,210**	9,656	9,360	11,564	9,999	9,815	6,008	7,213
Net income	**$ 41,188**	$ 35,835	$ 33,754	$ 40,097	$ 30,989	$ 35,525	$ 25,866	$ 26,984
Earnings per share								
Basic	**$ 1.34**	$ 1.16	$ 1.09	$ 1.27	$ 0.99	$ 1.16	$ 0.82	$ 0.86
Diluted	**$ 1.34**	$ 1.15	$ 1.09	$ 1.27	$ 0.99	$ 1.16	$ 0.82	$ 0.86
Return on common shareholders' equity [1]	**11.8%**	9.9%	9.5%	11.2%	9.2%	10.5%	7.6%	8.1%
Balance sheet assets [2] (in millions of Canadian dollars)	**$ 37,656**	$ 37,435	$ 36,483	$ 36,289	$ 35,932	$ 34,273	$ 33,911	$ 33,758
Adjusted financial measures								
Adjusted net income [1]	**$ 42,313**	$ 40,468	$ 42,591	$ 42,355	$ 39,375	$ 39,261	$ 38,526	$ 38,547
Adjusted diluted earnings per share [1]	**$ 1.38**	$ 1.32	$ 1.39	$ 1.35	$ 1.29	$ 1.29	$ 1.26	$ 1.27
Adjusted return on common shareholders' equity [1]	**12.1%**	11.3%	12.2%	11.9%	11.9%	11.7%	11.7%	12.0%

[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 second 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 second quarter ended April 30, 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			FOR THE SIX MONTHS ENDED	
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**APRIL 30 2015**	JANUARY 31 2015	APRIL 30 2014	**APRIL 30 2015**	APRIL 30 2014
Reported net income available to common shareholders	**$ 38,790**	$ 33,436	$ 28,488	**$ 72,226**	$ 61,512
Adjusting items, net of income taxes	**1,125**	4,633	8,386	**5,758**	12,122
Adjusted net income available to common shareholders	**$ 39,915**	$ 38,069	$ 36,874	**$ 77,984**	$ 73,634
Average common shareholders' equity	**$ 1,348,139**	$ 1,335,437	$ 1,276,035	**$ 1,341,683**	$ 1,259,798
Return on common shareholders' equity	**11.8%**	9.9%	9.2%	**10.9%**	9.8%
Adjusted return on common shareholders' equity	**12.1%**	11.3%	11.9%	**11.7%**	11.8%

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 hereafter. All financial measures for the quarters and for the year ended in 2014 have been amended accordingly.

Average earning assets include the Bank's loans net of allowances, as well as interest-bearing deposits with other banks, securities, securities purchased under reverse repurchase agreements used in the Bank's treasury operations, but 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 hereafter. 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 retirement compensation charge.

Items related to business combinations relate to special gains and expenses that arose as a result of acquisitions. The one-time 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 non-recurring 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.

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

As of 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 APRIL 30 2014	AS AT OCTOBER 31 2014
Total assets - Previously reported	$ 34,260,996	$ 34,848,681
Impact of IAS 32 on total assets	1,670,840	1,634,104
Total assets	$ 35,931,836	$ 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 SIX MONTHS ENDED		FOR THE YEAR ENDED
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**APRIL 30 2015**	APRIL 30 2014	**APRIL 30 2015**	APRIL 30 2014	OCTOBER 31 2014
Net interest income (A)	**$ 137,691**	$ 138,726	**$ 277,187**	$ 279,582	$ 560,980
Average assets - Previously reported (B)	**n.a.**	33,774,419	**n.a.**	33,710,184	34,023,265
Average earning assets - Previously reported	**n.a.**	32,667,273	**n.a.**	32,742,801	32,974,163
Impact of IAS 32 on average earning assets	**n.a.**	1,431,353	**n.a.**	1,065,220	1,536,926
Average earning assets of LBS & CM	**n.a.**	(4,564,592)	**n.a.**	(4,046,866)	(4,654,654)
Average earning assets - Updated measure (C)	**$30,631,169**	$29,534,034	**$30,421,945**	$29,761,155	$29,856,435
Net interest margin - Previously reported (A/B)	**n.a.**	1.68%	**n.a.**	1.67%	1.65%
Net interest margin - Updated measure (A/C)	**1.84%**	1.93%	**1.84%**	1.89%	1.88%

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Laurentian Bank of Canada

Unaudited Condensed Interim Consolidated Financial Statements

As at and for the period ended April 30, 2015

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Consolidated Balance Sheet [1]

In thousands of Canadian dollars (Unaudited)	NOTES	AS AT APRIL 30 2015	AS AT OCTOBER 31 2014	AS AT APRIL 30 2014
ASSETS				
Cash and non-interest-bearing deposits with other banks		**$ 106,540**	$ 126,247	$ 92,282
Interest-bearing deposits with other banks		**94,342**	122,608	123,226
Securities	4			
Available-for-sale		**2,573,806**	2,577,017	2,027,794
Held-to-maturity		**421,161**	323,007	390,045
Held-for-trading		**2,185,638**	1,980,436	2,114,759
		5,180,605	4,880,460	4,532,598
Securities purchased under reverse repurchase agreements		**3,320,127**	3,196,781	3,253,021
Loans	5 and 6			
Personal		**6,636,520**	6,793,078	7,079,386
Residential mortgage		**15,102,862**	14,825,541	14,665,381
Commercial mortgage		**2,864,861**	2,651,271	2,535,881
Commercial and other		**3,123,129**	2,794,232	2,651,025
Customers' liabilities under acceptances		**384,077**	365,457	301,077
		28,111,449	27,429,579	27,232,750
Allowances for loan losses		**(114,524)**	(119,371)	(122,103)
		27,996,925	27,310,208	27,110,647
Other				
Premises and equipment		**61,625**	68,750	74,535
Derivatives		**253,750**	132,809	126,777
Goodwill		**64,077**	64,077	64,077
Software and other intangible assets		**195,172**	207,188	208,779
Deferred tax assets		**4,003**	7,936	12,882
Other assets		**378,781**	365,721	333,012
		957,408	846,481	820,062
		$ 37,655,947	$ 36,482,785	$ 35,931,836
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		**$ 18,648,149**	$ 18,741,981	$ 19,168,273
Business, banks and other		**6,312,172**	5,781,045	4,590,480
		24,960,321	24,523,026	23,758,753
Other				
Obligations related to securities sold short		**1,689,862**	1,562,477	1,436,150
Obligations related to securities sold under repurchase agreements		**2,216,589**	2,215,965	2,558,224
Acceptances		**384,077**	365,457	301,077
Derivatives		**134,149**	90,840	101,494
Deferred tax liabilities		**441**	10	984
Other liabilities		**780,104**	869,029	829,528
		5,205,222	5,103,778	5,227,457
Debt related to securitization activities	6	**5,445,989**	4,863,848	4,896,007
Subordinated debt		**448,568**	447,523	446,485
Shareholders' equity				
Preferred shares	7	**219,633**	219,633	327,275
Common shares	7	**465,926**	465,854	456,032
Retained earnings		**888,718**	848,905	812,229
Accumulated other comprehensive income		**21,479**	10,127	7,507
Share-based payment reserve	8	**91**	91	91
		1,595,847	1,544,610	1,603,134
		$ 37,655,947	$ 36,482,785	$ 35,931,836

[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 APRIL 30 2015	JANUARY 31 2015	APRIL 30 2014	FOR THE SIX MONTHS ENDED APRIL 30 2015	APRIL 30 2014
Interest income						
Loans		**$ 251,074**	$ 263,549	$ 260,326	**$ 514,623**	$ 529,410
Securities		**9,749**	11,137	10,136	**20,886**	20,457
Deposits with other banks		**151**	215	194	**366**	375
Other, including derivatives		**14,441**	10,640	10,167	**25,081**	20,355
		275,415	285,541	280,823	**560,956**	570,597
Interest expense						
Deposits		**105,568**	113,026	108,811	**218,594**	222,831
Debt related to securitization activities		**28,068**	28,853	29,140	**56,921**	59,669
Subordinated debt		**3,938**	4,037	3,933	**7,975**	7,964
Other		**150**	129	213	**279**	551
		137,724	146,045	142,097	**283,769**	291,015
Net interest income		**137,691**	139,496	138,726	**277,187**	279,582
Other income						
Fees and commissions on loans and deposits		**34,935**	34,915	32,964	**69,850**	67,719
Income from brokerage operations		**17,373**	15,000	16,992	**32,373**	32,199
Income from investment accounts		**7,731**	7,519	8,343	**15,250**	16,370
Income from sales of mutual funds		**10,226**	8,154	7,151	**18,380**	13,731
Insurance income, net		**3,823**	4,813	4,744	**8,636**	9,377
Income from treasury and financial market operations		**6,837**	6,429	2,766	**13,266**	7,105
Other		**2,063**	1,834	5,204	**3,897**	6,916
		82,988	78,664	78,164	**161,652**	153,417
Total revenue		**220,679**	218,160	216,890	**438,839**	432,999
Amortization of net premium on purchased financial instruments and revaluation of contingent consideration	12	**1,531**	1,472	5,498	**3,003**	6,634
Provision for loan losses	5	**8,000**	10,500	10,500	**18,500**	21,000
Non-interest expenses						
Salaries and employee benefits		**83,543**	88,294	84,407	**171,837**	169,947
Premises and technology		**48,782**	48,396	45,642	**97,178**	91,582
Other		**26,425**	24,007	25,418	**50,432**	49,122
Costs related to business combinations	12	**—**	—	4,437	**—**	8,386
		158,750	160,697	159,904	**319,447**	319,037
Income before income taxes		**52,398**	45,491	40,988	**97,889**	86,328
Income taxes		**11,210**	9,656	9,999	**20,866**	19,814
Net income		**$ 41,188**	$ 35,835	$ 30,989	**$ 77,023**	$ 66,514
Preferred share dividends, including applicable taxes		**2,398**	2,399	2,501	**4,797**	5,002
Net income available to common shareholders		**$ 38,790**	$ 33,436	$ 28,488	**$ 72,226**	$ 61,512
Average number of common shares outstanding (in thousands)						
Basic		**28,945**	28,942	28,677	**28,943**	28,622
Diluted		**28,952**	28,950	28,684	**28,951**	28,630
Earnings per share						
Basic		**$ 1.34**	$ 1.16	$ 0.99	**$ 2.50**	$ 2.15
Diluted		**$ 1.34**	$ 1.15	$ 0.99	**$ 2.49**	$ 2.15
Dividends declared per share						
Common share		**$ 0.54**	$ 0.54	$ 0.51	**$ 1.08**	$ 1.02
Preferred share - Series 10		**n.a.**	n.a.	$ 0.33	**n.a.**	$ 0.66
Preferred share - Series 11		**$ 0.25**	$ 0.25	$ 0.25	**$ 0.50**	$ 0.50
Preferred share - Series 13		**$ 0.27**	$ 0.27	n.a.	**$ 0.54**	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 **APRIL 30 2015**	JANUARY 31 2015	APRIL 30 2014	FOR THE SIX MONTHS ENDED **APRIL 30 2015**	APRIL 30 2014
Net income	**$ 41,188**	$ 35,835	$ 30,989	**$ 77,023**	$ 66,514
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	**(1,565)**	343	5,941	**(1,222)**	6,699
Reclassification of net (gains) losses on available-for-sale securities to net income	**(798)**	(2,622)	(1,236)	**(3,420)**	(2,297)
Net change in value of derivatives designated as cash flow hedges	**(24,071)**	40,065	(4,965)	**15,994**	(2,419)
	(26,434)	37,786	(260)	**11,352**	1,983
Items that may not subsequently be reclassified to the statement of income					
Actuarial gains (losses) on employee benefit plans	**1,271**	(2,424)	(2,012)	**(1,153)**	3,622
Comprehensive income	**$ 16,025**	$ 71,197	$ 28,717	**$ 87,222**	$ 72,119

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 **APRIL 30 2015**	JANUARY 31 2015	APRIL 30 2014	FOR THE SIX MONTHS ENDED **APRIL 30 2015**	APRIL 30 2014
Income tax expense (recovery) on:					
Unrealized net gains (losses) on available-for-sale securities	**$ (665)**	$ 91	$ 2,103	**$ (574)**	$ 2,346
Reclassification of net (gains) losses on available-for-sale securities to net income	**(370)**	(1,040)	(449)	**(1,410)**	(839)
Net change in value of derivatives designated as cash flow hedges	**(8,773)**	14,624	(1,808)	**5,851**	(883)
Actuarial gains (losses) on employee benefit plans	**466**	(889)	(738)	**(423)**	1,328
	$ (9,342)	$ 12,786	$ (892)	**$ 3,444**	$ 1,952

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

Consolidated Statement of Changes in Shareholders' Equity

FOR THE SIX MONTHS ENDED APRIL 30, 2015

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES (Note 7)	COMMON SHARES (Note 7)	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME			SHARE-BASED PAYMENT RESERVE (Note 8)	TOTAL SHAREHOLDERS' EQUITY
				AVAILABLE-FOR-SALE SECURITIES	CASH FLOW HEDGES	TOTAL		
Balance as at October 31, 2014	$ 219,633	$ 465,854	$ 848,905	$ 13,337	$ (3,210)	$ 10,127	$ 91	$ 1,544,610
Net income			77,023					77,023
Other comprehensive income (net of income taxes)								
Unrealized net losses on available-for-sale securities				(1,222)		(1,222)		(1,222)
Reclassification of net gains on available-for-sale securities to net income				(3,420)		(3,420)		(3,420)
Net change in value of derivatives designated as cash flow hedges					15,994	15,994		15,994
Actuarial losses on employee benefit plans			(1,153)					(1,153)
Comprehensive income			75,870	(4,642)	15,994	11,352		87,222
Issuance of share capital		72						72
Dividends								
Preferred shares, including applicable taxes			(4,797)					(4,797)
Common shares			(31,260)					(31,260)
Balance as at April 30, 2015	$ 219,633	$ 465,926	$ 888,718	$ 8,695	$ 12,784	$ 21,479	$ 91	$ 1,595,847

FOR THE SIX MONTHS ENDED APRIL 30, 2014

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES (Note 7)	COMMON SHARES (Note 7)	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME			SHARE-BASED PAYMENT RESERVE (Note 8)	TOTAL SHAREHOLDERS' EQUITY
				AVAILABLE-FOR-SALE SECURITIES	CASH FLOW HEDGES	TOTAL		
Balance as at October 31, 2013	$ 205,204	$ 446,496	$ 776,256	$ 9,536	$ (4,012)	$ 5,524	$ 91	$ 1,433,571
Net income			66,514					66,514
Other comprehensive income (net of income taxes)								
Unrealized net gains on available-for-sale securities				6,699		6,699		6,699
Reclassification of net gains on available-for-sale securities to net income				(2,297)		(2,297)		(2,297)
Net change in value of derivatives designated as cash flow hedges					(2,419)	(2,419)		(2,419)
Actuarial gains on employee benefit plans			3,622					3,622
Comprehensive income			70,136	4,402	(2,419)	1,983		72,119
Issuance of share capital	122,071	9,536						131,607
Dividends								
Preferred shares, including applicable taxes			(5,002)					(5,002)
Common shares			(29,161)					(29,161)
Balance as at April 30, 2014	$ 327,275	$ 456,032	$ 812,229	$ 13,938	$ (6,431)	$ 7,507	$ 91	$ 1,603,134

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 **APRIL 30 2015**	JANUARY 31 2015	APRIL 30 2014	FOR THE SIX MONTHS ENDED **APRIL 30 2015**	APRIL 30 2014
Cash flows relating to operating activities					
Net income	**$ 41,188**	$ 35,835	$ 30,989	**$ 77,023**	$ 66,514
Adjustments to determine net cash flows relating to operating activities:					
Provision for loan losses	**8,000**	10,500	10,500	**18,500**	21,000
Net gain on disposal of available-for-sale securities	**(1,220)**	(4,011)	(1,693)	**(5,231)**	(3,395)
Gain on sale of commercial mortgage loans	**—**	—	(3,686)	**—**	(3,686)
Deferred income taxes	**(446)**	(626)	106	**(1,072)**	253
Depreciation of premises and equipment	**3,565**	3,657	3,534	**7,222**	8,029
Amortization of software and other intangible assets	**9,766**	9,643	9,717	**19,409**	19,589
Revaluation of contingent consideration	**—**	—	4,100	**—**	4,100
Change in operating assets and liabilities:					
Loans	**(359,828)**	(344,364)	(250,580)	**(704,192)**	(120,124)
Securities at fair value through profit and loss	**284,009**	(489,211)	154,155	**(205,202)**	37,825
Securities purchased under reverse repurchase agreements	**(93,992)**	(29,354)	(658,360)	**(123,346)**	8,493
Accrued interest receivable	**(3,715)**	1,477	(4,222)	**(2,238)**	(4,865)
Derivative assets	**81,840**	(202,781)	43,727	**(120,941)**	(160)
Deposits	**313,077**	124,218	(45,185)	**437,295**	(168,597)
Obligations related to securities sold short	**(84,661)**	212,046	75,065	**127,385**	(28,119)
Obligations related to securities sold under repurchase agreements	**(370,602)**	371,226	404,750	**624**	175,363
Accrued interest payable	**(21,929)**	(43,375)	12,348	**(65,304)**	(4,655)
Derivative liabilities	**(43,973)**	87,282	(21,875)	**43,309**	(547)
Other, net	**(56,694)**	27,571	(51,675)	**(29,123)**	(34,261)
	(295,615)	(230,267)	(288,285)	**(525,882)**	(27,243)
Cash flows relating to financing activities					
Change in acceptances	**13,619**	5,001	6,757	**18,620**	30,028
Change in debt related to securitization activities	**383,688**	198,453	30,681	**582,141**	(78,707)
Net proceeds from issuance of preferred shares	**—**	—	122,071	**—**	122,071
Net proceeds from issuance of common shares	**—**	31	23	**31**	33
Dividends, including applicable income taxes	**(2,344)**	(17,933)	(2,394)	**(20,277)**	(24,716)
	394,963	185,552	157,138	**580,515**	48,709
Cash flows relating to investing activities					
Change in available-for-sale securities					
Acquisitions	**(679,179)**	(426,230)	(556,907)	**(1,105,409)**	(1,521,019)
Proceeds on sale and at maturity	**543,354**	565,437	668,023	**1,108,791**	1,181,387
Change in held-to-maturity securities					
Acquisitions	**(47,422)**	(104,207)	(58,153)	**(151,629)**	(62,863)
Proceeds at maturity	**46,748**	6,727	31,171	**53,475**	321,692
Proceeds on sale of commercial mortgage loans	**—**	—	106,084	**—**	106,084
Additions to premises and equipment and software	**(3,466)**	(4,368)	(19,660)	**(7,834)**	(40,077)
Change in interest-bearing deposits with other banks	**3,995**	24,271	(27,955)	**28,266**	2,776
	(135,970)	61,630	142,603	**(74,340)**	(12,020)
Net change in cash and non-interest-bearing deposits with other banks	**(36,622)**	16,915	11,456	**(19,707)**	9,446
Cash and non-interest-bearing deposits with other banks at beginning of period	**143,162**	126,247	80,826	**126,247**	82,836
Cash and non-interest-bearing deposits with other banks at end of period	**$ 106,540**	$ 143,162	$ 92,282	**$ 106,540**	$ 92,282
Supplemental disclosure about cash flows relating to operating activities:					
Interest paid during the period	**$ 156,235**	$ 190,596	$ 126,519	**$ 346,831**	$ 299,150
Interest received during the period	**$ 258,953**	$ 293,515	$ 272,508	**$ 552,468**	$ 560,974
Dividends received during the period	**$ 2,551**	$ 2,477	$ 2,130	**$ 5,028**	$ 4,084
Income taxes paid during the period	**$ 9,824**	$ 19,183	$ 2,510	**$ 29,007**	$ 12,279

[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 April 30, 2015 were approved for issuance by the Board of Directors on June 3, 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

As of 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 ($1.7 billion and $1.0 billion respectively as at April 30, 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

As of 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

As of 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 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 that is applied to all financial assets classified at amortized cost or fair value through other comprehensive income. Specifically, IFRS 9 requires entities to recognize 12-month expected credit losses from the date a financial asset is first recognized and to recognize lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. 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. In April 2015, the IASB tentatively decided to defer the effective date of IFRS 15 by one year. Accordingly, entities would apply IFRS 15 for annual periods beginning on or after January 1, 2018, which would be November 1, 2018 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			FOR THE SIX MONTHS ENDED	
	APRIL 30 2015	JANUARY 31 2015	APRIL 30 2014	**APRIL 30 2015**	APRIL 30 2014
Realized net gains	**$ 1,220**	$ 4,011	$ 1,693	**$ 5,231**	$ 3,395
Write-downs for impairment recognized in income	**(52)**	(349)	(8)	**(401)**	(259)
	$ 1,168	$ 3,662	$ 1,685	**$ 4,830**	$ 3,136

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 APRIL 30, 2015
	AMORTIZED COST	**UNREALIZED GAINS**	**UNREALIZED LOSSES**	**FAIR VALUE**
Securities issued or guaranteed				
by Canada [1]	**$ 897,492**	**$ 176**	**$ 267**	**$ 897,401**
by provinces	**1,203,991**	**2,694**	**127**	**1,206,558**
Other debt securities	**176,878**	**7,005**	**43**	**183,840**
Asset-backed securities	**34,030**	**1,048**	**—**	**35,078**
Preferred shares	**114,628**	**1,156**	**5,211**	**110,573**
Common shares and other securities	**130,171**	**10,953**	**768**	**140,356**
	$ 2,557,190	**$ 23,032**	**$ 6,416**	**$ 2,573,806**

[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 APRIL 30, 2014	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Securities issued or guaranteed				
by Canada [1]	$ 890,016	$ 121	$ 81	$ 890,056
by provinces	720,942	293	184	721,051
Other debt securities	194,378	6,662	68	200,972
Asset-backed securities	43,398	1,193	9	44,582
Preferred shares	87,535	1,862	1,089	88,308
Common shares and other securities	69,123	13,927	225	82,825
	$ 2,005,392	$ 24,058	$ 1,656	$ 2,027,794

[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 APRIL 30 2015	AS AT OCTOBER 31 2014	AS AT APRIL 30 2014
Securities issued or guaranteed by Canada [1]	**$ 421,161**	$ 323,007	$ 327,606
Asset-backed commercial paper	**—**	—	62,439
	$ 421,161	$ 323,007	$ 390,045

[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 APRIL 30, 2015				**COLLECTIVE ALLOWANCES**		
	GROSS AMOUNT OF LOANS	**GROSS AMOUNT OF IMPAIRED LOANS**	**INDIVIDUAL ALLOWANCES**	**AGAINST IMPAIRED LOANS**	**AGAINST OTHER LOANS**	**TOTAL ALLOWANCES**
Personal	**$ 6,636,520**	**$ 18,316**	**$ —**	**$ 8,949**	**$ 29,258**	**$ 38,207**
Residential mortgage	**15,102,862**	**34,572**	**—**	**4,065**	**8,427**	**12,492**
Commercial mortgage	**2,864,861**	**45,140**	**2,398**	**10,483**	**11,724**	**24,605**
Commercial and other [1]	**3,507,206**	**33,825**	**12,128**	**3,606**	**23,486**	**39,220**
	$ 28,111,449	**$ 131,853**	**$ 14,526**	**$ 27,103**	**$ 72,895**	**$ 114,524**

[1] Including customers' liabilities under acceptances for an amount of $384.1 million.

5. Loans [Cont'd]

AS AT OCTOBER 31, 2014						
				COLLECTIVE ALLOWANCES		
	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.

AS AT APRIL 30, 2014						
				COLLECTIVE ALLOWANCES		
	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	INDIVIDUAL ALLOWANCES	AGAINST IMPAIRED LOANS	AGAINST OTHER LOANS	TOTAL ALLOWANCES
Personal	$ 7,079,386	$ 28,476	$ —	$ 9,675	$ 30,918	$ 40,593
Residential mortgage	14,665,381	31,794	—	3,030	6,327	9,357
Commercial mortgage	2,535,881	13,360	6,169	2,172	17,292	25,633
Commercial and other [1]	2,952,102	33,653	21,271	2,019	23,230	46,520
	$ 27,232,750	$ 107,283	$ 27,440	$ 16,896	$ 77,767	$ 122,103

[1] Including customers' liabilities under acceptances for an amount of $301.1 million.

Individual allowances for loan losses

			FOR THE SIX MONTHS ENDED	
			APRIL 30 2015	APRIL 30 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	**1,048**	**(553)**	**495**	(5,650)
Write-offs	**(2,567)**	**(5,341)**	**(7,908)**	(1,085)
Recoveries	**—**	**50**	**50**	17
Interest accrued on impaired loans	**—**	**(62)**	**(62)**	(108)
Balance at end of period	**$ 2,398**	**$ 12,128**	**$ 14,526**	$ 27,440

[1] Including customers' liabilities under acceptances.

Collective allowances for loan losses

Collective allowances against impaired loans

					FOR THE SIX MONTHS ENDED	
					APRIL 30 2015	APRIL 30 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	**12,993**	**1,468**	**9,060**	**1,771**	**25,292**	18,158
Write-offs	**(16,703)**	**(891)**	**—**	**(14)**	**(17,608)**	(15,097)
Recoveries	**3,428**	**(284)**	**—**	**—**	**3,144**	2,492
Interest accrued on impaired loans	**(194)**	**(192)**	**(461)**	**(116)**	**(963)**	(706)
Balance at end of period	**$ 8,949**	**$ 4,065**	**$ 10,483**	**$ 3,606**	**$ 27,103**	$ 16,896

[1] Including customers' liabilities under acceptances.

5. Loans [Cont'd]

Collective allowances against other loans

					FOR THE SIX MONTHS ENDED	
					APRIL 30 2015	APRIL 30 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	**$ 28,986**	**$ 7,612**	**$ 20,736**	**$ 22,848**	**$ 80,182**	$ 69,275
Provision for loan losses recorded in the consolidated statement of income	**272**	**815**	**(9,012)**	**638**	**(7,287)**	8,492
Balance at end of period	**$ 29,258**	**$ 8,427**	**$ 11,724**	**$ 23,486**	**$ 72,895**	$ 77,767

[1] Including customers' liabilities under acceptances.

An allowance for undrawn amounts under approved credit facilities is also recognized in other liabilities and amounted to $5.8 million as at April 30, 2015, $7.4 million as at October 31, 2014 and $7.4 million as at April 30, 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 APRIL 30, 2015
	1 DAY-31 DAYS	**32 DAYS-90 DAYS**	**OVER 90 DAYS**	**TOTAL**
Personal loans	**$ 90,230**	**$ 27,859**	**$ 7,347**	**$ 125,436**
Residential mortgage loans	**251,901**	**47,957**	**34,435**	**334,293**
	$ 342,131	**$ 75,816**	**$ 41,782**	**$ 459,729**

				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 APRIL 30, 2014
	1 DAY-31 DAYS	32 DAYS-90 DAYS	OVER 90 DAYS	TOTAL
Personal loans	$ 113,389	$ 29,969	$ 5,198	$ 148,556
Residential mortgage loans	286,902	42,842	24,430	354,174
	$ 400,291	$ 72,811	$ 29,628	$ 502,730

Sale of commercial mortgage loans

During the quarter ended April 30, 2014, the Bank sold $102.4 million of commercial mortgage loans and recognized a $3.7 million gain in other income.

6. Loan Securitization

Financial assets not qualifying for derecognition and associated financial liabilities

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

	AS AT APRIL 30 2015	AS AT OCTOBER 31 2014	AS AT APRIL 30 2014
Residential mortgage loans	**$ 4,689,872**	$ 4,341,612	$ 4,342,310
Replacement Assets			
Cash and deposits with other banks	**13,989**	14,372	13,291
Securities purchased under reverse repurchase agreements	**184,932**	106,489	45,313
Other securities	**421,161**	323,007	390,045
Debt related to securitization activities	**$ (5,445,989)**	$ (4,863,848)	$ (4,896,007)

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

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
	APRIL 30 2015	JANUARY 31 2015	APRIL 30 2014	**APRIL 30 2015**	APRIL 30 2014
Carrying amounts of mortgages transferred during the quarter related to new financing	**$ 616,682**	$ 219,939	$ 251,684	**$ 836,621**	$ 490,979
Carrying amounts of mortgages transferred during the quarter as Replacement Assets	**$ 109,862**	$ 102,001	$ 73,761	**$ 211,863**	$ 165,729

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

	FOR THE SIX MONTHS ENDED APRIL 30, 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**
March 2020 [1]	1.00%	$ 119,864	**$ 119,781**
June 2020	1.26%	$ 188,305	**$ 187,318**
New issuance of debt related to multi-seller conduits			
Until February 2020 [2]	1.69%	$ 308,572	**$ 300,396**

[1] The interest rate on the debt related to CMB transactions maturing in March 2020 is based on the CMB variable coupon rate, determined using the 3-month Canadian Dealer Offered Rate.

[2] The interest rate on the debt related to multi-seller conduits is based on the funding cost of the conduits and corresponds to the rate of the asset-backed commercial paper issued by the conduits, plus related program fees.

7. Share Capital

Preferred shares

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

	FOR THE SIX MONTHS ENDED			
	APRIL 30, 2015		APRIL 30, 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.
Issuance of shares	**—**	**—**	5,000,000	125,000
Net issuance cost	**n.a.**	**—**	n.a.	(2,929)
Outstanding at end of period	**5,000,000**	**$ 122,071**	5,000,000	$ 122,071
Total preferred shares outstanding at end of period	**9,000,000**	**$ 219,633**	13,400,000	$ 327,275

Common shares

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

	FOR THE SIX MONTHS ENDED			
	APRIL 30, 2015		APRIL 30, 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**	210,733	9,546
Net issuance costs	**n.a.**	**(8)**	n.a.	(10)
Total common shares outstanding at end of period	**28,944,619**	**$ 465,926**	28,743,145	$ 456,032

Shareholder dividend reinvestment and share purchase plan

During the second quarter of 2015, there were no common shares legally issued under the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan (1,620 common shares in the first quarter of 2015).

Dividends declared

On May 20, 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 June 8, 2015. At its meeting on June 3, 2015, the Board of Directors declared a dividend of $0.56 per common share, payable on August 1, 2015, to shareholders of record on July 2, 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.

7. Share Capital [Cont'd]

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 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).

The Bank has complied with regulatory capital requirements throughout the six-month period ended April 30, 2015. Regulatory capital is detailed below.

	AS AT APRIL 30, 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	**888,718**	**888,718**	848,905	848,905
Accumulated other comprehensive income, excluding cash flow hedge reserve	**8,695**	**8,695**	13,338	13,338
Deductions from Common Equity Tier 1 capital [1]	**(227,806)**	**(91,122)**	(240,964)	(48,193)
Common Equity Tier 1 capital	**1,135,624**	**1,272,308**	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	**1,355,257**	**1,453,495**	1,306,857	1,448,366
Subordinated debt [3]	**310,667**	**310,667**	355,048	355,048
Collective allowances	**78,648**	**78,648**	87,546	87,546
Deductions from Tier 2 capital	**(686)**	**(274)**	(1,925)	(385)
Tier 2 capital	**388,629**	**389,041**	440,669	442,209
Total capital	**$ 1,743,886**	**$ 1,842,536**	$ 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 9 and Series 10 subsequently repurchased by the Bank.

[3] Net of an amount of $137.9 million ($92.5 million as at October 31, 2014) due to the 10% phase-out per year of non-qualifying capital instruments under Basel III.

8. Share-Based Payments

Share purchase option plan

During the second 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 APRIL 30 2015	AS AT OCTOBER 31 2014	AS AT APRIL 30 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 second quarter of 2015, the Bank granted 708 additional restricted share units valued at $49.41 each, which 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. There were no new grants during the second quarter of 2015.

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. There were no new grants during the second quarter of 2015.

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			FOR THE SIX MONTHS ENDED	
	APRIL 30 2015	JANUARY 31 2015	APRIL 30 2014	**APRIL 30 2015**	APRIL 30 2014
Expense arising from cash-settled share-based payment transactions	**$ 3,544**	$ 2,483	$ 2,306	**$ 6,027**	$ 6,083
Effect of hedges	**(1,862)**	2,070	(1,241)	**208**	(993)
	$ 1,682	$ 4,553	$ 1,065	**$ 6,235**	$ 5,090

The carrying amount of the liability relating to the cash-settled plans was $44.6 million as at April 30, 2015 ($37.8 million as at October 31, 2014 and $32.6 million as at April 30, 2014).

9. Post-Employment Benefits

Expense for post-employment benefits

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
	APRIL 30 2015	JANUARY 31 2015	APRIL 30 2014	**APRIL 30 2015**	APRIL 30 2014
Defined benefit pension plans	**$ 4,095**	$ 4,233	$ 4,182	**$ 8,328**	$ 8,445
Defined contribution pension plans	**1,630**	1,630	1,644	**3,260**	3,297
Other plans	**357**	369	340	**726**	691
	$ 6,082	$ 6,232	$ 6,166	**$ 12,314**	$ 12,433

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 $417.2 million which are classified in Level 1 as at April 30, 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.

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.

11. Segmented Information [Cont'd]

FOR THE THREE MONTHS ENDED APRIL 30, 2015

	PERSONAL & COMMERCIAL	B2B BANK	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	$ **99,978**	$ **41,612**	$ **715**	$ **(4,614)**	$ **137,691**
Other income	**51,773**	**8,540**	**18,411**	**4,264**	**82,988**
Total revenue (loss)	**151,751**	**50,152**	**19,126**	**(350)**	**220,679**
Amortization of net premium on purchased financial instruments	**—**	**1,531**	**—**	**—**	**1,531**
Provision for loan losses	**5,876**	**2,124**	**—**	**—**	**8,000**
Non-interest expenses	**103,354**	**32,535**	**14,511**	**8,350**	**158,750**
Income (loss) before income taxes	**42,521**	**13,962**	**4,615**	**(8,700)**	**52,398**
Income taxes (recovered)	**10,330**	**3,830**	**502**	**(3,452)**	**11,210**
Net income (loss)	$ **32,191**	$ **10,132**	$ **4,113**	$ **(5,248)**	$ **41,188**
Average assets [1]	$ **18,758,813**	$ **8,903,789**	$ **5,662,897**	$ **4,027,019**	$ **37,352,518**

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 APRIL 30, 2014

	PERSONAL & COMMERCIAL	B2B BANK	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	$ 97,592	$ 43,377	$ 506	$ (2,749)	$ 138,726
Other income	49,110	9,107	17,084	2,863	78,164
Total revenue	146,702	52,484	17,590	114	216,890
Amortization of net premium on purchased financial instruments and revaluation of contingent consideration	—	5,498	—	—	5,498
Provision for loan losses	7,436	3,064	—	—	10,500
Non-interest expenses	99,947	30,971	14,059	10,490	155,467
Costs related to business combinations (see Note 12)	—	4,437	—	—	4,437
Income (loss) before income taxes	39,319	8,514	3,531	(10,376)	40,988
Income taxes (recovered)	9,037	3,432	947	(3,417)	9,999
Net income (loss)	$ 30,282	$ 5,082	$ 2,584	$ (6,959)	$ 30,989
Average assets [1][2]	$ 18,073,794	$ 8,859,018	$ 4,664,542	$ 3,608,418	$ 35,205,772

[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 $1,447.6 million and the Other sector's average assets decreased by $16.2 million for the three months ended April 30, 2014. Refer to Note 2 for further information.

11. Segmented Information [Cont'd]

FOR THE SIX MONTHS ENDED APRIL 30, 2015

		PERSONAL & COMMERCIAL		B2B BANK		LAURENTIAN BANK SECURITIES & CAPITAL MARKETS		OTHER		TOTAL
Net interest income	$	**200,948**	$	**83,672**	$	**1,441**	$	**(8,874)**	$	**277,187**
Other income		**102,356**		**17,256**		**34,895**		**7,145**		**161,652**
Total revenue (loss)		**303,304**		**100,928**		**36,336**		**(1,729)**		**438,839**
Amortization of net premium on purchased financial instruments		**—**		**3,003**		**—**		**—**		**3,003**
Provision for loan losses		**15,048**		**3,452**		**—**		**—**		**18,500**
Non-interest expenses		**206,202**		**63,515**		**28,429**		**21,301**		**319,447**
Income (loss) before income taxes		**82,054**		**30,958**		**7,907**		**(23,030)**		**97,889**
Income taxes (recovered)		**19,163**		**8,403**		**1,385**		**(8,085)**		**20,866**
Net income (loss)	$	**62,891**	$	**22,555**	$	**6,522**	$	**(14,945)**	$	**77,023**
Average assets [1]	$	**18,635,202**	$	**8,864,455**	$	**5,468,615**	$	**3,863,922**	$	**36,832,194**

FOR THE SIX MONTHS ENDED APRIL 30, 2014

		PERSONAL & COMMERCIAL		B2B BANK		LAURENTIAN BANK SECURITIES & CAPITAL MARKETS		OTHER		TOTAL
Net interest income	$	195,646	$	89,574	$	1,189	$	(6,827)	$	279,582
Other income		97,740		18,209		32,566		4,902		153,417
Total revenue (loss)		293,386		107,783		33,755		(1,925)		432,999
Amortization of net premium on purchased financial instruments and revaluation of contingent consideration		—		6,634		—		—		6,634
Provision for loan losses		17,690		3,310		—		—		21,000
Non-interest expenses		199,756		62,547		27,146		21,202		310,651
Costs related to business combinations (see Note 12)		—		8,386		—		—		8,386
Income (loss) before income taxes		75,940		26,906		6,609		(23,127)		86,328
Income taxes (recovered)		17,380		8,391		1,773		(7,730)		19,814
Net income (loss)	$	58,560	$	18,515	$	4,836	$	(15,397)	$	66,514
Average assets [1][2]	$	18,056,230	$	8,924,614	$	4,144,684	$	3,649,876	$	34,775,404

[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 $1,082.7 million and the Other sector's average assets decreased by $17.5 million for the six months ended April 30, 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 $16.3 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 April 30, 2015 ($1.5 million for the three-month period ended January 31, 2015 and $1.4 million for the three-month period ended April 30, 2014).

Contingent consideration

On May 30, 2014, the Bank reached an agreement with AGF Management Limited to settle the contingent consideration which was initially valued at $5.9 million for a total amount of $10.0 million. Accordingly, the Bank recorded an additional $4.1 million non tax-deductible charge in the second quarter 2014 to reflect the impact of the agreement.

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.

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Shareholder Information

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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