FIRST QUARTER 2016

Report to Shareholders

For the period ended January 31, 2016

Laurentian Bank reports its first quarter of 2016 results

Highlights of the first quarter of 2016

- Adjusted net income of $43.7 million or $1.39 per share, up 8% and 5% year-over-year, respectively
- Reported net income of $42.7 million or $1.36 per share, up 19% and 18% year-over-year, respectively
- Good credit quality with credit losses of $9.1 million, 13% lower than last year
- Strong organic loan growth with total loans up $602 million since the beginning of the year:
  - Loans to business customers up 11% year-over-year
  - Residential mortgage loans through B2B Bank independent brokers and advisors up 45% year-over-year
- Realized market-related losses on securities of $3.1 million ($2.3 million after income taxes) or $(0.08) per share
- Closing of a $67.5 million common share issuance in December
- CET1 capital ratio at 7.7%, impacted by market related issues

In millions of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED **JANUARY 31 2016**	JANUARY 31 2015	VARIANCE
Reported basis			
Net income	**$ 42.7**	$ 35.8	19%
Diluted earnings per share	**$ 1.36**	$ 1.15	18%
Return on common shareholders' equity	**11.6%**	9.9%	
Efficiency ratio	**70.3%**	73.7%	
Common Equity Tier I capital ratio – All-in basis	**7.7%**	7.8%	
Adjusted basis [1]			
Adjusted net income	**$ 43.7**	$ 40.5	8%
Adjusted diluted earnings per share	**$ 1.39**	$ 1.32	5%
Adjusted return on common shareholders' equity	**11.9%**	11.3%	
Adjusted efficiency ratio	**70.3%**	71.4%	

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

Laurentian Bank of Canada (the Bank) disclosed net income of $43.7 million on an adjusted basis or $1.39 diluted per share for the first quarter of 2016, up 8% and 5% respectively, compared with $40.5 million or $1.32 diluted per share for the same period in 2015. Adjusted return on common shareholders' equity was 11.9% for the first quarter of 2016, compared with 11.3% a year ago. On a reported basis, net income totalled $42.7 million or $1.36 diluted per share for the first quarter of 2016, compared with net income of $35.8 million or $1.15 diluted per share for the same period last year. On a reported basis, return on common shareholders' equity was 11.6% for the first quarter of 2016, compared with 9.9% for the first quarter of 2015. Reported results for the first quarter of 2016 and for the first quarter of 2015 included adjusting items, as detailed in the Non-GAAP Financial Measures section.

François Desjardins, President and Chief Executive Officer, commented on the Bank's results and financial condition: “Our focus on our growth targets has generated tangible returns over the last twelve months. Loans to business customers increased by 11% fueled by strong origination and residential mortgage loans through B2B Bank independent brokers and advisors increased by 45%. Results for the quarter reflected our ability to leverage our strengths, with the credit quality of our loan portfolio further contributing to our low credit losses and good financial performance. Furthermore, we continue to exercise tight control over expenses to improve efficiency.”

Contents

Highlights

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2016	OCTOBER 31 2015	VARIANCE	JANUARY 31 2015	VARIANCE
Profitability					
Total revenue	**$ 223,202**	$ 231,649	(4)%	$ 218,160	2 %
Net income (loss)	**$ 42,676**	$ (18,719)	n. m.	$ 35,835	19 %
Diluted earnings (loss) per share	**$ 1.36**	$ (0.73)	n. m.	$ 1.15	18 %
Return on common shareholders' equity [1]	**11.6%**	(6.1)%		9.9 %	
Net interest margin (on average earning assets) [1]	**1.78%**	1.84 %		1.83 %	
Efficiency ratio [1]	**70.3%**	104.6 %		73.7 %	
Operating leverage [1]	**n. m.**	n. m.		1.9 %	
Per common share					
Share price – Close	**$ 47.70**	$ 52.97	(10)%	$ 46.81	2 %
Price / earnings ratio (trailing four quarters)	**14.0x**	16.5x		10.4x	
Book value [1]	**$ 46.32**	$ 46.33	— %	$ 46.34	— %
Market to book value [1]	**103%**	114 %		101 %	
Dividends declared	**$ 0.58**	$ 0.56	4 %	$ 0.54	7 %
Dividend yield [1]	**4.9%**	4.2 %		4.6 %	
Dividend payout ratio [1]	**43.6%**	n. m.		46.7 %	
Adjusted financial measures					
Adjusted net income [1]	**$ 43,708**	$ 44,127	(1)%	$ 40,468	8 %
Adjusted diluted earnings per share [1]	**$ 1.39**	$ 1.44	(3)%	$ 1.32	5 %
Adjusted return on common shareholders' equity [1]	**11.9%**	12.1 %		11.3 %	
Adjusted efficiency ratio [1]	**70.3%**	70.8 %		71.4 %	
Adjusted operating leverage [1]	**0.6%**	0.4 %		(1.5)%	
Adjusted dividend payout ratio [1]	**42.5%**	38.9 %		41.1 %	
Financial position (in millions of Canadian dollars)					
Balance sheet assets	**$ 40,267**	$ 39,660	2 %	$ 37,435	8 %
Loans and acceptances	**$ 30,694**	$ 30,093	2 %	$ 27,760	11 %
Deposits	**$ 26,781**	$ 26,604	1 %	$ 24,647	9 %
Average earning assets [1]	**$ 33,475**	$ 32,563	3 %	$ 30,220	11 %
Key growth drivers (in millions of Canadian dollars)					
Loans to business customers	**$ 8,178**	$ 8,030	2 %	$ 7,334	11 %
Residential mortgage loans through B2B Bank independent brokers and advisors	**$ 6,294**	$ 5,710	10 %	$ 4,354	45 %
Mutual funds to retail clients	**$ 3,229**	$ 3,300	(2)%	$ 3,164	2 %
Assets under management at Laurentian Bank Securities	**$ 3,107**	$ 3,122	— %	$ 2,982	4 %
Basel III regulatory capital ratios — All-in basis					
Common Equity Tier I	**7.7%**	7.6 %		7.8 %	
Total	**10.8%**	10.8 %		12.0 %	
Leverage ratio	**3.7%**	3.5 %		3.7 %	
Other information					
Number of full-time equivalent employees	**3,718**	3,656		3,718	
Number of branches	**150**	150		151	
Number of automated banking machines	**404**	405		417	

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

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) is a narrative explanation, through the eyes of management, of the Bank's financial condition as at January 31, 2016 and how it performed during the three-month period then ended. This MD&A, dated February 25, 2016, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended January 31, 2016, 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 2015 Annual Report.

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

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 be 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, developments in the technological environment, the ability to realize the anticipated benefits from the purchase of an investment loan portfolio and the reaction of the seller's customers to the transaction, as well as, the ability to operate the Bank's transformation plan. 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 Management's Discussion and Analysis under the title “Risk Appetite and Risk Management Framework” in the Bank's Annual Report, as well as to 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.

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:

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. The Bank presents adjusted results to facilitate understanding of its underlying business performance and related trends. The following table presents the impact of adjusting items on reported results.

IMPACT OF ADJUSTING ITEMS ON REPORTED RESULTS

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED **JANUARY 31 2016**	OCTOBER 31 2015	JANUARY 31 2015
Impact on net income			
Reported net income (loss)	**$ 42,676**	$ (18,719)	$ 35,835
Adjusting items, net of income taxes			
Impairment of goodwill, software and intangible assets, and premises and equipment [1]	**—**	57,245	—
Restructuring charges [2]			
Severance charges	**—**	3,372	—
Impairment charges related to IT projects	**—**	1,153	—
	—	4,525	—
Retirement compensation charge [3]	**—**	—	3,550
Amortization of net premium on purchased financial instruments [4]	**1,032**	1,076	1,083
	1,032	62,846	4,633
Adjusted net income	**$ 43,708**	$ 44,127	$ 40,468
Impact on diluted earnings per share			
Reported diluted earnings (loss) per share	**$ 1.36**	$ (0.73)	$ 1.15
Adjusting items			
Impairment of goodwill, software and intangible assets, and premises and equipment [1]	**—**	1.98	—
Restructuring charges [2]	**—**	0.16	—
Retirement compensation charge [3]	**—**	—	0.12
Amortization of net premium on purchased financial instruments [4]	**0.03**	0.04	0.04
	0.03	2.17	0.16
Adjusted diluted earnings per share [5]	**$ 1.39**	$ 1.44	$ 1.32

[1] Impairment of goodwill, software and intangible assets, and premises and equipment follows the comprehensive strategic review of the Bank's retail activities completed during the fourth quarter of 2015. These charges have been designated as adjusting items due to their nature and the significance of the amounts.

[2] Restructuring charges result from a realignment of strategic priorities and are comprised of severance charges and impairment charges related to IT projects. These charges have been designated as adjusting items due to their nature and the significance of the amounts. Severance charges are included in the line item Salaries and employee benefits in the consolidated statement of income. Impairment charges related to IT projects are included in the line item Premises and technology in the consolidated statement of income.

[3] The retirement compensation charge is related to the adjustment to the employment contract of the Bank's former CEO following his retirement announcement. This charge has been designated as an adjusting item due to its nature and the significance of the amount. The retirement compensation charge is included in the line item Salaries and employee benefits in the consolidated statement of income.

[4] The amortization of net premium on purchased financial instruments arose as a result of a one-time gain on acquisition and is considered an adjusting item since it represents, according to management, a significant non-cash and non-recurring adjustment.

[5] The impact of adjusting items on a per share basis does not add due to rounding for the quarter ended January 31, 2015.

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. The following table presents additional information about return on common shareholders' equity.

RETURN ON COMMON SHAREHOLDERS' EQUITY

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2016	OCTOBER 31 2015	JANUARY 31 2015
Reported net income (loss) available to common shareholders	**$ 40,278**	$ (21,125)	$ 33,436
Adjusting items, net of income taxes	**1,032**	62,846	4,633
Adjusted net income available to common shareholders	**$ 41,310**	$ 41,721	$ 38,069
Average common shareholders' equity	**$ 1,382,977**	$ 1,367,775	$ 1,335,437
Return on common shareholders' equity	**11.6%**	(6.1)%	9.9%
Adjusted return on common shareholders' equity	**11.9%**	12.1 %	11.3%

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

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 and derivatives, but exclude 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

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.

External Reporting Changes

Segmented information

Commencing November 1, 2015, the Bank reports as one business entity and not as four distinct reportable segments as was previously done. This better captures the essence of the Bank's transformation plan which will further integrate its businesses and increase the synergies between the former reportable segments. Information about key indicators from all business segments is available in the supplementary information package available on the Bank's website at www.laurentianbank.ca to enable stakeholders to assess the Bank's performance.

Reclassification of multi-unit residential mortgage loans

As of November 1, 2015, multi-unit residential mortgage loans which were previously reported in residential mortgage loans in the consolidated balance sheet were reclassified to commercial mortgage loans to better reflect the nature of these loans and associated risks. Comparative figures have been reclassified to conform to the current year presentation. As a result, commercial mortgage loans increased by $1.2 billion as at October 31, 2015 and $1.1 billion as at January 31, 2015 and residential mortgage loans decreased by the same amounts. Corresponding reclassifications of provision for credit losses as well as impaired loans and allowances for credit losses were made.

Economic Outlook

The US economic conditions continued to strengthen in early 2016, mainly due to strong private domestic demand. Meanwhile, growth is slowing in developing economies, led by the structural transformation of the Chinese economy impacting commodity prices. As a result of lower commodity prices, the main engine of economic growth is gradually changing in Canada, an adjustment which is expected to persist beyond 2016. Non-commodity export-oriented sectors and service industries in Central Canada are showing positive momentum, supported by a lower currency and robust US consumer spending. Commodity-oriented sectors, mostly in Alberta and Saskatchewan are experiencing another challenging year, as the economic contraction is spreading beyond business investment to service industries and the housing market.

For 2016, the Canadian real Gross Domestic Product (GDP) is expected to grow modestly by 1.5%. Led by further strengthening of exports, the anticipated increase in capital spending in non-commodity sectors and additional fiscal stimulus should support growth skewed towards the second half of the year.

Given the favourable economic conditions in the US, the Federal Reserve Bank increased its policy rate by 25 basis points last December. Nonetheless, Canadian bond yields fell to record lows in early 2016, as concerns about growth in emerging markets and lower commodity prices contributed to reduce inflationary pressures and to increase market expectations for more stimulus by the Bank of Canada during the year.

Given the current environment, the Bank of Canada's policy should stay accommodative during 2016. With the foreseeable divergence between monetary policies in the US and Canada and low crude oil prices, the Canadian dollar trades just above US $0.70, which should further support economic growth in 2016. The low interest rate environment and strong full-time job creation should support housing activity in Canada, except in western oil-producing regions where a softening has begun due to deteriorating labour market conditions and a less favorable migration flow.

Analysis of Consolidated Results

CONDENSED CONSOLIDATED RESULTS

	FOR THE THREE MONTHS ENDED		
In thousands of Canadian dollars, except per share amounts (Unaudited)	**JANUARY 31 2016**	OCTOBER 31 2015	JANUARY 31 2015
Net interest income	**$ 149,498**	$ 150,667	$ 139,496
Other income	**73,704**	80,982	78,664
Total revenue	**223,202**	231,649	218,160
Amortization of net premium on purchased financial instruments	**1,405**	1,465	1,472
Provision for credit losses	**9,100**	9,400	10,500
Non-interest expenses [1]	**157,011**	242,340	160,697
Income (loss) before income taxes	**55,686**	(21,556)	45,491
Income taxes (recovery)	**13,010**	(2,837)	9,656
Net income (loss)	**$ 42,676**	$ (18,719)	$ 35,835
Preferred share dividends, including applicable taxes	**2,398**	2,406	2,399
Net income (loss) available to common shareholders	**$ 40,278**	$ (21,125)	$ 33,436
Diluted earnings (loss) per share	**$ 1.36**	$ (0.73)	$ 1.15
Adjusted net income [2]	**$ 43,708**	$ 44,127	$ 40,468
Adjusted diluted earnings per share [2]	**$ 1.39**	$ 1.44	$ 1.32

[1] Non-interest expenses include certain adjusting items, as detailed in the Non-GAAP Financial Measures section.

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

Three months ended January 31, 2016 compared with three months ended January 31, 2015

Net income was $42.7 million or $1.36 diluted per share for the first quarter of 2016, compared with $35.8 million or $1.15 diluted per share for the first quarter of 2015. Adjusted net income was $43.7 million for the first quarter of 2016, up 8% from $40.5 million for the first quarter of 2015, while adjusted diluted earnings per share were $1.39, up 5% compared with $1.32 in the first quarter of 2015.

Total revenue

Total revenue increased by $5.0 million or 2% to $223.2 million for the first quarter of 2016 from $218.2 million for the first quarter of 2015, driven by growth in net interest income.

Net interest income increased by $10.0 million or 7% to $149.5 million for the first quarter of 2016, from $139.5 million for the first quarter of 2015. The increase was mainly generated by strong volume growth in loan portfolios. Net interest margin (as a percentage of average earning assets) stood at 1.78% for the first quarter of 2016, a decrease of 5 basis points compared with the first quarter of 2015, due to tighter margins stemming from the very low interest rate environment and growth in the lower-yielding residential mortgage loan portfolio.

Other income decreased by $5.0 million amounting to $73.7 million for the first quarter of 2016, compared with $78.7 million for the first quarter of 2015, essentially as a result of challenging financial market conditions. Income from treasury and financial markets decreased by $4.7 million, mainly due to $3.1 million net losses on securities, compared with net gains of $3.7 million in the first quarter of 2015, partly offset by a higher contribution from trading activities. Income from brokerage operations also decreased by $1.9 million mainly reflecting poor market conditions. This was partly offset by an increase of $1.8 million or 22% in mutual fund commissions compared with the first quarter of 2015, largely driven by new sales and additional fee-based revenues earned on the co-branded LBC-Mackenzie mutual fund assets under administration, as well as higher lending fees.

Amortization of net premium on purchased financial instruments

For the first quarter of 2016, the amortization of net premium on purchased financial instruments amounted to $1.4 million, down marginally compared with the first quarter of 2015. Refer to Note 13 in the unaudited condensed interim consolidated financial statements for additional information.

Provision for credit losses

The provision for credit losses decreased by 13% to $9.1 million for the first quarter of 2016 from $10.5 million for the first quarter of 2015. This low level of credit losses continues to reflect the good overall underlying quality of the loan portfolios. Refer to the Risk Management section below for additional information.

Non-interest expenses

Non-interest expenses decreased by $3.7 million to $157.0 million for the first quarter of 2016, compared with $160.7 million for the first quarter of 2015, essentially as a result of a retirement compensation charge of $4.9 million incurred in the first quarter of 2015. Adjusted non-interest expenses increased by $1.2 million or 1%.

Salaries and employee benefits decreased by $3.5 million or 4% to $84.8 million for the first quarter of 2016, compared with the first quarter of 2015. As noted above, salaries for the first quarter of 2015 included a retirement compensation charge of $4.9 million. On an adjusted basis, salaries and employee benefits increased by $1.4 million in part due to higher severance charges, as well as regular annual salary increases and higher staffing levels in business services. This was partly offset by lower performance-based compensation and a lower headcount due to the restructuring of certain activities in the fourth quarter of 2015 as a step of the transformation plan towards a simpler and more efficient operating model.

Premises and technology costs decreased by $3.1 million to $45.3 million compared with the first quarter of 2015. The decrease mostly stems from lower depreciation charges resulting from the impairment of software and intangible assets, and premises and equipment recorded in the fourth quarter of 2015.

Other non-interest expenses increased by $2.9 million to $26.9 million compared with the first quarter of 2015, essentially due to higher professional fees incurred to support the Bank's transformation. Higher regulatory costs also contributed to the increase.

The adjusted efficiency ratio was 70.3% for the first quarter of 2016, compared with 71.4% for the first quarter of 2015. The adjusted operating leverage was positive year-over-year, mainly driven by total revenue growth.

Income taxes

For the quarter ended January 31, 2016, the income tax expense was $13.0 million and the effective tax rate was 23.4%. 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 January 31, 2015, the income tax expense was $9.7 million and the effective tax rate was 21.2%. Year-over-year, the higher effective tax rate for the quarter ended January 31, 2016 resulted from the relatively higher level of domestic taxable income.

Three months ended January 31, 2016 compared with three months ended October 31, 2015

Net income was $42.7 million or $1.36 diluted per share for the first quarter of 2016 compared with a net loss of $18.7 million or a loss of $0.73 diluted per share for the fourth quarter of 2015. Reported results for the fourth quarter of 2015 were adversely impacted by an impairment charge of $72.2 million ($57.2 million after income taxes) or $1.98 diluted per share, and restructuring charges of $6.2 million ($4.5 million after income taxes), or $0.16 diluted per share recorded in the context of the Bank's transformation plan. Adjusted net income was $43.7 million or $1.39 diluted per share for the first quarter of 2016, compared with $44.1 million or $1.44 diluted per share for the fourth quarter of 2015.

Total revenue decreased by $8.4 million to $223.2 million for the first quarter of 2016, compared with $231.6 million for the previous quarter. Net interest income decreased by $1.2 million sequentially to $149.5 million, mainly due to the tightening in the Prime-BA spread, which more than offset volume growth. The Bank's net interest margin (as a percentage of average earning assets) decreased by 6 basis points to 1.78% for the first quarter of 2016, compared with 1.84% for the fourth quarter of 2015. This decrease was driven by volume growth in the lower-yielding residential mortgage loan portfolio, higher liquid assets, as well as the Prime-BA spread tightening mentioned above.

Other income decreased by $7.3 million sequentially to $73.7 million, mainly due to a $4.9 million decrease in income from treasury and financial market operations, resulting from the recognition of net losses on securities in the first quarter. Income from brokerage operations also decreased by $2.2 million due to poor market conditions and seasonality.

The line-item "Amortization of net premium on purchased financial instruments" amounted to $1.4 million for the first quarter of 2016, down marginally compared with the fourth quarter of 2015. Refer to Note 13 in the unaudited condensed interim consolidated financial statements for additional information.

Provision for credit losses totalled $9.1 million for the first quarter of 2016, a $0.3 million decrease compared with $9.4 million for the fourth quarter of 2015, reflecting the good quality of the portfolio and the favourable credit underwriting environment as further detailed in the Risk Management section below.

Non-interest expenses amounted to $157.0 million for the first quarter of 2016, compared with $242.3 million for the fourth quarter of 2015. Excluding the impairment charge of $72.2 million and restructuring charges of $6.2 million incurred in the fourth quarter of 2015, non-interest expenses decreased by 4% sequentially mainly due to lower depreciation and performance-based compensation as explained above.

Financial condition

CONDENSED BALANCE SHEET

In thousands of Canadian dollars (Unaudited)		**AS AT JANUARY 31 2016**		AS AT OCTOBER 31 2015		AS AT JANUARY 31 2015
ASSETS						
Cash and deposits with other banks	**$**	**232,420**	$	200,864	$	241,499
Securities		**4,702,548**		4,487,357		5,332,076
Securities purchased under reverse repurchase agreements		**3,877,454**		3,911,439		3,226,135
Loans and acceptances, net		**30,584,273**		29,981,392		27,644,488
Other assets		**870,481**		1,078,452		990,730
	$	**40,267,176**	$	39,659,504	$	37,434,928
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits	**$**	**26,780,682**	$	26,604,304	$	24,647,244
Other liabilities		**5,706,302**		5,524,930		5,679,489
Debt related to securitization activities		**5,922,744**		5,493,602		5,062,301
Subordinated debt		**199,689**		449,641		448,044
Shareholders' equity		**1,657,759**		1,587,027		1,597,850
	$	**40,267,176**	$	39,659,504	$	37,434,928

Balance sheet assets amounted to $40.3 billion as at January 31, 2016, up $0.6 billion or 2% from $39.7 billion as at October 31, 2015. This increase mainly reflects loan growth of $0.6 billion as explained below.

Liquid assets

Liquid assets, including cash, deposits with other banks, securities and securities purchased under reverse repurchase agreements, totalled $8.8 billion as at January 31, 2016, an increase of $0.2 billion compared with October 31, 2015. This reflects deposit gathering from multiple sources as well as securitization activities, mainly used to finance the Bank's expected loan growth, particularly in loans to business customers and residential mortgage loans sourced through B2B Bank. Capital management activities also impacted the level of liquid assets during the quarter.

Loans

Loans and bankers' acceptances, net of allowances, stood at $30.6 billion as at January 31, 2016, up $0.6 billion from October 31, 2015. This increase was mainly driven by the Bank's key growth drivers, namely residential mortgage loans through B2B Bank independent brokers and advisors, and the higher-margin portfolio of loans to business customers.

Commercial loans, including acceptances, increased by $147.1 million or 4% since October 31, 2015, led by syndication activities. Commercial mortgage loans were relatively unchanged over the same period. When combined, these loans to business customers amounted to $8.2 billion as at January 31, 2016, up 11% year-over-year.

Growth of $0.5 billion in the residential mortgage loan portfolio from October 31, 2015 was led by residential mortgage loans through B2B Bank independent brokers and advisors, as B2B Bank continues to focus on developing its alternative mortgage solutions. The B2B Bank mortgage portfolio amounted to $6.3 billion as at January 31, 2016, up 45% year-over-year. Personal loans decreased by $95.0 million or 1% since October 31, 2015, mainly due to net repayments in the investment loan portfolio, reflecting expected attrition.

Liabilities

Deposits stood at $26.8 billion as at January 31, 2016, up $0.2 billion compared with October 31, 2015. Personal deposits increased by $0.7 billion during the quarter, mainly driven by higher term deposits at B2B Bank. Business and other deposits decreased by $0.5 billion over the same period, mainly reflecting lower institutional deposits and reduced demand deposits at B2B Bank, as the Bank prioritized securitization funding. Personal deposits represented 75% of total deposits as at January 31, 2016, compared with 73% as at October 31, 2015 and contributed to the Bank's good liquidity position.

Debt related to securitization activities increased by $0.4 billion compared with October 31, 2015 and stood at $5.9 billion as at January 31, 2016. During the quarter, the Bank continued to optimize this preferred source of term funding for residential mortgages in light of strong growth in this portfolio.

Subordinated debt stood at $199.7 million as at January 31, 2016, compared with $449.6 million as at October 31, 2015. During the quarter, the Bank redeemed all of its Series 2010-1 subordinated Medium Term Notes maturing in 2020, with an aggregate notional amount of $250.0 million.

Shareholders' equity

Shareholders' equity stood at $1,657.8 million as at January 31, 2016, compared with $1,587.0 million as at October 31, 2015. This $70.7 million increase is mainly explained by a $67.5 million common share offering completed during the quarter as well as the quarterly net income contribution, net of declared dividends. Unfavourable changes on available-for-sale securities and pension benefit plans stemming from poor market conditions partly offset this increase in shareholders' equity. Accordingly, the Bank's book value per common share was $46.32 as at January 31, 2016 essentially unchanged compared with $46.33 as at October 31, 2015. There were 30,319,291 common shares outstanding as at February 19, 2016.

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 framework, commonly referred to as Basel III. Under OSFI's Capital Adequacy Requirements Guideline, the Bank's minimum Common Equity Tier 1, Tier 1 and Total capital ratios are set at 7.0%, 8.5% and 10.5%, respectively, including capital conservation buffers. Refer to the section "Capital Management" on page 33 of the Bank's 2015 Annual Report for additional information on the Bank's regulatory capital.

As detailed in the table below, the Common Equity Tier 1, Tier 1 and Total capital ratios stood at 7.7%, 9.1% and 10.8%, respectively, as at January 31, 2016. These ratios exceeded all current requirements.

REGULATORY CAPITAL

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT JANUARY 31 2016**	AS AT OCTOBER 31 2015	AS AT JANUARY 31 2015
Regulatory capital			
Common Equity Tier 1 capital	**$ 1,247,468**	$ 1,175,238	$ 1,105,961
Tier 1 capital	**$ 1,467,101**	$ 1,394,871	$ 1,325,594
Total capital	**$ 1,741,236**	$ 1,668,416	$ 1,711,702
Total risk-weighted assets [1]	**$ 16,140,839**	$ 15,422,282	$ 14,244,056
Regulatory capital ratios			
Common Equity Tier 1 capital ratio	**7.7%**	7.6%	7.8%
Tier 1 capital ratio	**9.1%**	9.0%	9.3%
Total capital ratio	**10.8%**	10.8%	12.0%

[1] Using the Standardised Approach in determining credit risk and operational risk.

The Common Equity Tier 1 capital ratio increased to 7.7% as at January 31, 2016, compared with 7.6% as at October 31, 2015. The increase was driven by the common share issuance closed in December 2015. However, growth in higher risk-weighted exposures and unfavourable changes in the value of available-for-sale securities, as well as losses on pension benefit plans stemming from poor market conditions and changes to actuarial assumptions had a negative impact at the end of the quarter.

Regulatory capital developments

Revisions to the Standardised Approach for credit risk

The Bank uses the Standardised Approach in determining credit risk capital. Currently, the Bank's capital requirements for credit risk under the Standardised Approach are not calculated on the same basis as its industry peers, as larger Canadian financial institutions predominantly use the more favourable Advanced Internal Ratings-Based (AIRB) approach. In December 2015, the BCBS issued a second consultative document entitled *Revisions to the Standardised Approach for credit risk* providing new prudential proposals which, if implemented, will change how the Bank is calculating some elements of its regulatory capital. The BCBS has also proposed or announced a number of new requirements modifying the calculation of regulatory capital for banks. These changes include modifications to the AIRB approach, the introduction of a new floor for the AIRB approach and new methods to measure regulatory capital for sovereign exposure and operational risk. Management is closely monitoring these developments. The implementation of the AIRB approach to determine credit risk remains a key initiative of the Bank's new transformation plan that should strengthen its credit risk management, optimize regulatory capital and provide a level-playing field for credit underwriting activities.

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, 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 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.

As detailed in the table below, the leverage ratio stood at 3.7% as at January 31, 2016 and exceeded current requirements.

BASEL III LEVERAGE RATIO

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT JANUARY 31 2016**	AS AT OCTOBER 31 2015	AS AT JANUARY 31 2015
Tier 1 capital	**$ 1,467,101**	$ 1,394,871	$ 1,325,594
Total exposures	**$ 39,828,584**	$ 39,557,300	$ 36,207,486
Basel III leverage ratio	**3.7%**	3.5%	3.7%

Dividends

On February 17, 2016, the Board of Directors declared the regular dividend on the Preferred Shares Series 11 and Preferred Shares Series 13 to shareholders of record on March 7, 2016. On February 25, 2016, the Board of Directors declared a quarterly dividend of $0.58 per common share, payable on May 1, 2016, to shareholders of record on April 1, 2016. This quarterly dividend is consistent with the prior quarter and up 7% compared with the dividend declared one year ago. The Board of Directors also determined that shares attributed under the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan will be made in Common Shares issued from treasury at a 2% discount.

COMMON SHARE DIVIDENDS AND PAYOUT RATIO

	FOR THE THREE MONTHS ENDED			FOR THE YEARS ENDED		
In Canadian dollars, except payout ratios (Unaudited)	**JANUARY 31 2016**	OCTOBER 31 2015	JANUARY 31 2015	OCTOBER 31 2015	OCTOBER 31 2014	OCTOBER 31 2013
Dividends declared per common share	**$ 0.58**	$ 0.56	$ 0.54	$ 2.20	$ 2.06	$ 1.98
Dividend payout ratio [1]	**43.6%**	n. m.	46.7%	68.6%	45.7%	52.0%
Adjusted dividend payout ratio [1]	**42.5%**	38.9%	41.1%	39.2%	38.7%	39.0%

[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 37 of the Bank's 2015 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 CREDIT LOSSES

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2016	OCTOBER 31 2015	JANUARY 31 2015
Personal	**$ 9,077**	$ 8,444	$ 5,550
Residential mortgage	**2,152**	1,305	1,475
Commercial mortgage	**(3,186)**	(89)	1,956
Commercial and other [1]	**1,057**	(260)	1,519
	$ 9,100	$ 9,400	$ 10,500
As a % of average loans and acceptances	**0.12%**	0.13%	0.15%

[1] Including customers' liabilities under acceptances.

The provision for loan losses amounted to $9.1 million in the first quarter of 2016, improving by $1.4 million when compared with the same quarter a year ago and $0.3 million sequentially. Lower losses during the first quarter of 2016 were mainly driven by the portfolio of loans to businesses as explained below. The current level of provisions continues to reflect the underlying strong credit quality of the Bank's loan portfolios.

Loan losses on personal loans increased by $3.5 million compared with the first quarter of 2015 and stood at $9.1 million in the first quarter of 2016, mainly due to a return to a normalized provision level in the B2B Bank portfolios and higher write-offs on other personal loans compared with last year. On a sequential basis, loan losses on personal loans only slightly increased by $0.6 million.

Loan losses on residential mortgage loans amounted to $2.2 million for the first quarter of 2016 compared with $1.5 million for the first quarter of 2015. The increase mainly reflected strong growth in B2B Bank mortgages year-over-year. On a sequential basis, loan losses on residential mortgages increased by $0.8 million essentially for the same reasons. The level of loan losses remains low as a result of the favourable credit conditions and strong underwriting criteria.

Loan losses on commercial mortgages and commercial loans cumulatively amounted to negative $2.1 million in the first quarter of 2016, a decrease of $5.6 million compared with the same quarter last year. This mainly resulted from a few favourable settlements in the commercial mortgage portfolio and overall improvements during the first quarter of 2016, as evidenced by lower impaired loans. On a sequential basis, loan losses in these portfolios decreased by a combined $1.8 million, essentially for the same reasons.

IMPAIRED LOANS

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT JANUARY 31 2016**	AS AT OCTOBER 31 2015	AS AT JANUARY 31 2015
Gross impaired loans			
Personal	**$ 17,234**	$ 18,703	$ 22,183
Residential mortgages	**33,476**	32,760	35,605
Commercial mortgages	**27,896**	49,431	45,128
Commercial and other [1]	**28,136**	37,747	22,873
	106,742	138,641	125,789
Allowances for loan losses against impaired loans			
Individual allowances	**(19,484)**	(23,690)	(15,310)
Collective allowances	**(21,528)**	(18,676)	(25,552)
	(41,012)	(42,366)	(40,862)
Net impaired loans	**$ 65,730**	$ 96,275	$ 84,927
Collective allowances against other loans	**$ (69,153)**	$ (68,787)	$ (74,852)
Impaired loans as a % of loans and acceptances			
Gross	**0.35%**	0.46%	0.45%
Net	**0.21%**	0.32%	0.31%

[1] Including customers' liabilities under acceptances.

Gross impaired loans amounted to $106.7 million as at January 31, 2016, down $31.9 million compared with October 31, 2015. This decrease was mainly due to the settlement of impaired commercial mortgage loans and commercial loans. Over the same period, impaired loans in the personal loan and residential mortgage loan portfolios were relatively unchanged and remained at low levels, as borrowers continued to benefit from the favourable low interest rate environment.

Since the beginning of the year, individual allowances decreased by $4.2 million to $19.5 million in-line with the settlements of impaired commercial loans and commercial mortgage loans explained above. Collective allowances against impaired loans increased by $2.9 million over the same period. At 0.35% of loans and acceptances as at January 31, 2016, 0.46% as at October 31, 2015 and 0.45% a year ago, gross impaired loans continue to compare favourably to the Canadian banking industry. The Bank continues to have no direct exposure to the oil and gas industry and limited exposure to Western Canada.

Liquidity and funding risk

Liquidity and funding risk represents the possibility that the Bank may not be able to gather sufficient cash resources, when required and on reasonable conditions, to meet its financial obligations. There has been no material change to the Bank's liquidity and funding risk management framework from year-end 2015. 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.

The Bank also manages its liquidity to comply with the regulatory liquidity metrics in the OSFI domestic *Liquidity Adequacy Requirements* (LAR) Guideline. These regulatory metrics include the Liquidity Coverage Ratio (LCR), drawn on the BCBS international Basel III liquidity framework, and the OSFI-designed Net Cumulative Cash Flow (NCCF) supervisory tool. The LCR requires that banks maintain a sufficient stock of high-quality liquid assets to meet net short-term financial obligations over a thirty day period in an acute stress scenario.

The Bank remained compliant with the LAR Guideline throughout the quarter ended January 31, 2016.

Regulatory requirements concerning liquidity

The aforementioned Basel III liquidity framework also outlines the Net Stable Funding Ratio (NSFR) as a minimum regulatory standard with an effective date of January 2018. The NSFR measures the proportion of long-term assets which are funded by long-term, stable funding. The Bank will monitor these developments as they unfold.

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 control structural interest rate risk, which corresponds to the potential negative impact of interest rate movements on the Bank's net interest income and economic value of its capital. Dynamic management of structural risk is intended to maximize the Bank's profitability while preserving the economic value of common shareholders' equity. As at January 31, 2016, 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 was as follows.

STRUCTURAL INTEREST RATE SENSITIVITY ANALYSIS

In thousands of Canadian dollars (Unaudited)	**AS AT JANUARY 31 2016**	AS AT OCTOBER 31 2015
Effect of a 1% increase in interest rates		
Increase in net interest income before taxes over the next 12 months	**$ 20,126**	$ 17,222
Decrease in the economic value of common shareholders' equity (net of income taxes)	**$ (25,190)**	$ (26,324)

As shown above, the Bank's net interest income sensitivity to sudden changes in interest rates has increased as at January 31, 2016 compared with October 31, 2015, while the corresponding impact on the economic value of common shareholders' equity was relatively stable at the same dates. This reflects the Bank's effort to benefit from fluctuations in interest rates while maintaining the risk within approved limits. Management continues to expect that long term rates will remain within a narrow range for the near future.

Additional Financial Information - Quarterly Results

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	**JANUARY 31 2016**	OCTOBER 31 2015	JULY 31 2015	APRIL 30 2015	JANUARY 31 2015	OCTOBER 31 2014	JULY 31 2014	APRIL 30 2014
Net interest income	**$ 149,498**	$ 150,667	$ 147,229	$ 137,691	$ 139,496	$ 140,149	$ 141,249	$ 138,726
Other income	**73,704**	80,982	79,409	82,988	78,664	81,272	78,396	78,164
Total revenue	**223,202**	231,649	226,638	220,679	218,160	221,421	219,645	216,890
Amortization of net premium on purchased financial instruments and revaluation of contingent consideration	**1,405**	1,465	1,531	1,531	1,472	1,508	1,511	5,498
Provision for credit losses	**9,100**	9,400	7,000	8,000	10,500	10,500	10,500	10,500
Non-interest expenses	**157,011**	242,340	161,037	158,750	160,697	166,299	155,973	159,904
Income (loss) before income taxes	**55,686**	(21,556)	57,070	52,398	45,491	43,114	51,661	40,988
Income taxes (recovery)	**13,010**	(2,837)	12,904	11,210	9,656	9,360	11,564	9,999
Net income (loss)	**$ 42,676**	$ (18,719)	$ 44,166	$ 41,188	$ 35,835	$ 33,754	$ 40,097	$ 30,989
Earnings (loss) per share								
Basic	**$ 1.36**	$ (0.73)	$ 1.44	$ 1.34	$ 1.16	$ 1.09	$ 1.27	$ 0.99
Diluted	**$ 1.36**	$ (0.73)	$ 1.44	$ 1.34	$ 1.15	$ 1.09	$ 1.27	$ 0.99
Net interest margin (on average earning assets) [1]	**1.78%**	1.84 %	1.85%	1.84%	1.83%	1.84%	1.89%	1.93%
Return on common shareholders' equity [1]	**11.6%**	(6.1)%	12.1%	11.8%	9.9%	9.5%	11.2%	9.2%
Adjusted financial measures								
Adjusted net income [1]	**$ 43,708**	$ 44,127	$ 45,291	$ 42,313	$ 40,468	$ 42,591	$ 42,355	$ 39,375
Adjusted diluted earnings per share [1]	**$ 1.39**	$ 1.44	$ 1.48	$ 1.38	$ 1.32	$ 1.39	$ 1.35	$ 1.29
Adjusted return on common shareholders' equity [1]	**11.9%**	12.1 %	12.4%	12.1%	11.3%	12.2%	11.9%	11.9%
Adjusted non-interest expenses [1]	**$ 157,011**	$ 163,931	$ 161,037	$ 158,750	$ 155,842	$ 155,747	$ 154,409	$ 155,467

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

Corporate Governance and Changes in Internal Control over Financial Reporting

During the first quarter ended January 31, 2016, 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.

Accounting Policies

A summary of the Bank's significant accounting policies is presented in Notes 2 and 3 of the 2015 audited annual consolidated financial statements. Pages 54 to 56 of the 2015 Annual Report also contain a discussion of critical accounting policies and estimates which refer to material amounts reported in the consolidated financial statements or require management's judgment. The unaudited condensed interim consolidated financial statements for the first quarter of 2016 have been prepared in accordance with these accounting policies, except for accounting changes detailed below.

Current accounting change

Effective November 1, 2015, the Bank reclassified the provision related to off-balance sheet exposures from non-interest expenses to the provision for credit losses to better reflect the nature of this expense. Additional information on the 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, leases 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.

Laurentian Bank of Canada

Unaudited Condensed Interim Consolidated Financial Statements

As at and for the period ended January 31, 2016

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Consolidated Balance Sheet

In thousands of Canadian dollars (Unaudited)	NOTES	AS AT JANUARY 31 2016	AS AT OCTOBER 31 2015	AS AT JANUARY 31 2015
ASSETS				
Cash and non-interest-bearing deposits with other banks		$ **109,930**	$ 109,055	$ 143,162
Interest-bearing deposits with other banks		**122,490**	91,809	98,337
Securities	4			
Available-for-sale		**2,223,161**	2,368,757	2,441,942
Held-to-maturity		**331,074**	393,222	420,487
Held-for-trading		**2,148,313**	1,725,378	2,469,647
		4,702,548	4,487,357	5,332,076
Securities purchased under reverse repurchase agreements		**3,877,454**	3,911,439	3,226,135
Loans	5 and 6			
Personal		**6,968,211**	7,063,229	6,695,265
Residential mortgage		**15,548,403**	14,998,867	13,730,456
Commercial mortgage		**4,249,066**	4,248,761	3,966,451
Commercial and other		**3,536,587**	3,308,144	2,997,572
Customers' liabilities under acceptances		**392,171**	473,544	370,458
		30,694,438	30,092,545	27,760,202
Allowances for loan losses		**(110,165)**	(111,153)	(115,714)
		30,584,273	29,981,392	27,644,488
Other				
Derivatives		**348,805**	276,601	335,590
Premises and equipment		**43,530**	45,562	65,162
Software and other intangible assets		**142,737**	147,135	201,842
Goodwill		**34,853**	34,853	64,077
Deferred tax assets		**26,494**	17,450	2,500
Other assets		**274,062**	556,851	321,559
		870,481	1,078,452	990,730
		$ **40,267,176**	$ 39,659,504	$ 37,434,928
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		$ **20,087,751**	$ 19,377,716	$ 18,492,140
Business, banks and other		**6,692,931**	7,226,588	6,155,104
		26,780,682	26,604,304	24,647,244
Other				
Obligations related to securities sold short		**1,744,744**	1,839,837	1,774,523
Obligations related to securities sold under repurchase agreements		**2,613,472**	2,296,890	2,587,191
Acceptances		**392,171**	473,544	370,458
Derivatives		**177,958**	125,683	178,122
Deferred tax liabilities		**11,779**	8,294	7,726
Other liabilities		**766,178**	780,682	761,469
		5,706,302	5,524,930	5,679,489
Debt related to securitization activities	6	**5,922,744**	5,493,602	5,062,301
Subordinated debt	7	**199,689**	449,641	448,044
Shareholders' equity				
Preferred shares	8	**219,633**	219,633	219,633
Common shares	8	**532,243**	466,336	465,926
Retained earnings		**890,911**	886,656	864,287
Accumulated other comprehensive income		**14,972**	14,366	47,913
Share-based payment reserve	9	**—**	36	91
		1,657,759	1,587,027	1,597,850
		$ **40,267,176**	$ 39,659,504	$ 37,434,928

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

Consolidated Statement of Income

In thousands of Canadian dollars, except per share amounts (Unaudited)	NOTES	FOR THE THREE MONTHS ENDED JANUARY 31 2016	OCTOBER 31 2015	JANUARY 31 2015
Interest income				
Loans		**$ 264,781**	$ 260,688	$ 262,329
Securities		**8,804**	9,213	11,137
Deposits with other banks		**434**	164	215
Other, including derivatives		**17,399**	20,864	11,860
		291,418	290,929	285,541
Interest expense				
Deposits		**111,568**	107,940	113,026
Debt related to securitization activities		**28,296**	27,554	28,853
Subordinated debt		**1,640**	4,086	4,037
Other		**416**	682	129
		141,920	140,262	146,045
Net interest income		**149,498**	150,667	139,496
Other income				
Fees and commissions on loans and deposits		**35,672**	35,289	34,915
Income from brokerage operations		**13,061**	15,258	15,000
Income from sales of mutual funds		**9,948**	10,267	8,154
Income from investment accounts		**7,035**	7,316	7,519
Income from treasury and financial market operations		**1,695**	6,620	6,429
Insurance income, net		**4,441**	4,618	4,813
Other		**1,852**	1,614	1,834
		73,704	80,982	78,664
Total revenue		**223,202**	231,649	218,160
Amortization of net premium on purchased financial instruments	13	**1,405**	1,465	1,472
Provision for credit losses	5	**9,100**	9,400	10,500
Non-interest expenses				
Salaries and employee benefits		**84,809**	89,797	88,294
Premises and technology		**45,337**	52,516	48,396
Other		**26,865**	27,801	24,007
Impairment of goodwill, software and intangible assets, and premises and equipment		**—**	72,226	—
		157,011	242,340	160,697
Income (loss) before income taxes		**55,686**	(21,556)	45,491
Income taxes (recovery)		**13,010**	(2,837)	9,656
Net income (loss)		**$ 42,676**	$ (18,719)	$ 35,835
Preferred share dividends, including applicable taxes		**2,398**	2,406	2,399
Net income (loss) available to common shareholders		**$ 40,278**	$ (21,125)	$ 33,436
Average number of common shares outstanding (in thousands)				
Basic		**29,623**	28,957	28,942
Diluted		**29,624**	28,960	28,950
Earnings (loss) per share				
Basic		**$ 1.36**	$ (0.73)	$ 1.16
Diluted		**$ 1.36**	$ (0.73)	$ 1.15
Dividends declared per share				
Common share		**$ 0.58**	$ 0.56	$ 0.54
Preferred share - Series 11		**$ 0.25**	$ 0.25	$ 0.25
Preferred share - Series 13		**$ 0.27**	$ 0.27	$ 0.27

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

Consolidated Statement of Comprehensive Income

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2016	OCTOBER 31 2015	JANUARY 31 2015
Net income (loss)	**$ 42,676**	$ (18,719)	$ 35,835
Other comprehensive income (loss), net of income taxes			
Items that may subsequently be reclassified to the statement of income			
Unrealized net gains (losses) on available-for-sale securities	**(9,527)**	(9,505)	343
Reclassification of net (gains) losses on available-for-sale securities to net income	**2,246**	(1,311)	(2,622)
Net change in value of derivatives designated as cash flow hedges	**7,887**	(10,920)	40,065
	606	(21,736)	37,786
Items that may not subsequently be reclassified to the statement of income			
Actuarial gains (losses) on employee benefit plans	**(18,471)**	15,865	(2,424)
Comprehensive income (loss)	**$ 24,811**	$ (24,590)	$ 71,197

Income Taxes — Other Comprehensive Income

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

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2016	OCTOBER 31 2015	JANUARY 31 2015
Income tax expense (recovery) on:			
Unrealized net gains (losses) on available-for-sale securities	**$ (3,398)**	$ (3,786)	$ 91
Reclassification of net (gains) losses on available-for-sale securities to net income	**837**	(334)	(1,040)
Net change in value of derivatives designated as cash flow hedges	**2,870**	(3,983)	14,624
Actuarial gains (losses) on employee benefit plans	**(6,775)**	5,818	(889)
	$ (6,466)	$ (2,285)	$ 12,786

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

Consolidated Statement of Changes in Shareholders' Equity

FOR THE THREE MONTHS ENDED JANUARY 31, 2016

				ACCUMULATED OTHER COMPREHENSIVE INCOME				
In thousands of Canadian dollars (Unaudited)	**PREFERRED SHARES (Note 8)**	**COMMON SHARES (Note 8)**	**RETAINED EARNINGS**	**AVAILABLE-FOR-SALE SECURITIES**	**CASH FLOW HEDGES**	**TOTAL**	**SHARE-BASED PAYMENT RESERVE (Note 9)**	**TOTAL SHARE-HOLDERS' EQUITY**
Balance as at October 31, 2015	**$ 219,633**	**$ 466,336**	**$ 886,656**	**$ (11,391)**	**$ 25,757**	**$ 14,366**	**$ 36**	**$ 1,587,027**
Net income			**42,676**					**42,676**
Other comprehensive income (net of income taxes)								
Unrealized net losses on available-for-sale securities				**(9,527)**		**(9,527)**		**(9,527)**
Reclassification of net losses on available-for-sale securities to net income				**2,246**		**2,246**		**2,246**
Net change in value of derivatives designated as cash flow hedges					**7,887**	**7,887**		**7,887**
Actuarial losses on employee benefit plans			**(18,471)**					**(18,471)**
Comprehensive income			**24,205**	**(7,281)**	**7,887**	**606**		**24,811**
Issuance of share capital		**65,907**					**(36)**	**65,871**
Dividends								
Preferred shares, including applicable taxes			**(2,398)**					**(2,398)**
Common shares			**(17,552)**					**(17,552)**
Balance as at January 31, 2016	**$ 219,633**	**$ 532,243**	**$ 890,911**	**$ (18,672)**	**$ 33,644**	**$ 14,972**	**$ —**	**$ 1,657,759**

FOR THE THREE MONTHS ENDED JANUARY 31, 2015

				ACCUMULATED OTHER COMPREHENSIVE INCOME				
In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES (Note 8)	COMMON SHARES (Note 8)	RETAINED EARNINGS	AVAILABLE-FOR-SALE SECURITIES	CASH FLOW HEDGES	TOTAL	SHARE-BASED PAYMENT RESERVE (Note 9)	TOTAL SHARE-HOLDERS' EQUITY
Balance as at October 31, 2014	$ 219,633	$ 465,854	$ 848,905	$ 13,337	$ (3,210)	$ 10,127	$ 91	$ 1,544,610
Net income			35,835					35,835
Other comprehensive income (net of income taxes)								
Unrealized net gains on available-for-sale securities				343		343		343
Reclassification of net gains on available-for-sale securities to net income				(2,622)		(2,622)		(2,622)
Net change in value of derivatives designated as cash flow hedges					40,065	40,065		40,065
Actuarial losses on employee benefit plans			(2,424)					(2,424)
Comprehensive income			33,411	(2,279)	40,065	37,786		71,197
Issuance of share capital		72						72
Dividends								
Preferred shares, including applicable taxes			(2,399)					(2,399)
Common shares			(15,630)					(15,630)
Balance as at January 31, 2015	$ 219,633	$ 465,926	$ 864,287	$ 11,058	$ 36,855	$ 47,913	$ 91	$ 1,597,850

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

Consolidated Statement of Cash Flows

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2016	OCTOBER 31 2015	JANUARY 31 2015
Cash flows relating to operating activities			
Net income (loss)	**$ 42,676**	$ (18,719)	$ 35,835
Adjustments to determine net cash flows relating to operating activities:			
Provision for credit losses	**9,100**	9,400	10,500
Net gains (losses) on disposal of available-for-sale securities	**2,490**	(2,063)	(4,011)
Deferred income taxes	**499**	(6,945)	(626)
Depreciation of premises and equipment	**2,572**	3,418	3,657
Amortization of software and other intangible assets	**7,069**	9,600	9,643
Impairment of goodwill, software and intangible assets, and premises and equipment	**—**	72,226	—
Change in operating assets and liabilities:			
Loans	**(610,961)**	(833,850)	(344,364)
Securities at fair value through profit and loss	**(422,935)**	648,951	(489,211)
Securities purchased under reverse repurchase agreements	**33,985**	790,040	(29,354)
Accrued interest receivable	**878**	(3,831)	1,477
Derivative assets	**(72,204)**	51,162	(202,781)
Deposits	**176,378**	804,260	124,218
Obligations related to securities sold short	**(95,093)**	(588,669)	212,046
Obligations related to securities sold under repurchase agreements	**316,582**	(431,048)	371,226
Accrued interest payable	**(19,158)**	50,919	(43,375)
Derivative liabilities	**52,275**	(32,250)	87,282
Other, net	**270,083**	(230,379)	27,571
	(305,764)	292,222	(230,267)
Cash flows relating to financing activities			
Change in acceptances	**(81,373)**	66,365	5,001
Change in debt related to securitization activities	**429,142**	248,262	198,453
Repurchase of subordinated debt	**(250,000)**	—	—
Net proceeds from issuance of common shares	**64,645**	3	31
Dividends	**(17,299)**	(18,559)	(17,933)
	145,115	296,071	185,552
Cash flows relating to investing activities			
Change in available-for-sale securities			
Acquisitions	**(350,018)**	(493,378)	(426,230)
Proceeds on sale and at maturity	**483,286**	419,585	565,437
Change in held-to-maturity securities			
Acquisitions	**(235)**	(220)	(104,207)
Proceeds at maturity	**62,383**	143,628	6,727
Acquisition of a portfolio of investment loans	**—**	(613,120)	—
Additions to premises and equipment and software	**(3,211)**	(4,311)	(4,368)
Change in interest-bearing deposits with other banks	**(30,681)**	(33,308)	24,271
	161,524	(581,124)	61,630
Net change in cash and non-interest-bearing deposits with other banks	**875**	7,169	16,915
Cash and non-interest-bearing deposits with other banks at beginning of period	**109,055**	101,886	126,247
Cash and non-interest-bearing deposits with other banks at end of period	**$ 109,930**	$ 109,055	$ 143,162
Supplemental disclosure about cash flows relating to operating activities:			
Interest paid during the period	**$ 162,460**	$ 87,720	$ 190,596
Interest received during the period	**$ 296,024**	$ 275,713	$ 293,515
Dividends received during the period	**$ 3,206**	$ 3,171	$ 2,477
Income taxes paid during the period	**$ 11,163**	$ 8,195	$ 19,183

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 Montreal, Canada. The Bank's common shares (stock symbol: LB) are listed on the Toronto Stock Exchange.

The unaudited condensed interim consolidated financial statements for the period ended January 31, 2016 were approved for issuance by the Board of Directors on February 25, 2016.

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, 2015 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 current accounting and presentation 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 controlled, reviewed and consistently applied over time. Management believes that the estimates of the value of the Bank's assets and liabilities are appropriate.

Current accounting and presentation changes

Segmented information
As of November 1, 2015, the Bank reports as one business entity and not as four distinct reportable segments as was previously done. This change in disclosure was applied prospectively to better present the nature and financial effects of the Bank's business activities.

Provision for off-balance sheet exposures
As of November 1, 2015, the provision for off-balance sheet exposures, such as letters of guarantee and certain undrawn amounts under approved credit facilities, which was previously reported as part of other non-interest expenses was reclassified to the provision for credit losses to better reflect the nature of this expense. This change in presentation was applied prospectively and did not have any significant impact on the Bank's financial position or results.

Multi-unit residential mortgage loans
Multi-unit residential mortgage loans which were previously reported in residential mortgage loans in the consolidated balance sheet were reclassified to commercial mortgage loans to better reflect the nature of these loans and associated risks. This reclassification amounted to $1.2 billion as at October 31, 2015 and $1.1 billion as at January 31, 2015 and November 1, 2014. Corresponding reclassifications of provision for credit losses as well as impaired loans and allowances for credit losses were made. Refer to Note 5 for further information.

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 consolidated 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. Earlier application of IFRS 9 is permitted.

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 must be 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 July 2015, the IASB decided to defer the effective date of IFRS 15 by one year. Accordingly, entities will apply IFRS 15 for annual periods beginning on or after January 1, 2018, which will be November 1, 2018 for the Bank.

3. Future accounting changes [Cont'd]

IFRS 16: *Leases*

In January 2016, the IASB issued IFRS 16, *Leases*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces the previous leases standard, IAS 17 *Leases*, and related interpretations. The most significant effect of the new requirements will be an increase in lease assets and financial liabilities as IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. All leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. IFRS 16 is effective January 1, 2019, which will be November 1, 2019 for the Bank. Early application is permitted for entities that also apply IFRS 15, *Revenue from Contracts with Customers*.

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 Statements* to further encourage entities to apply professional judgement in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016, which will be November 1, 2016 for the Bank.

4. Securities

Gains and losses recognized in comprehensive income

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

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2016	OCTOBER 31 2015	JANUARY 31 2015
Realized net gains (losses)	**$ (2,490)**	$ 2,063	$ 4,011
Write-downs for impairment	**(593)**	(418)	(349)
	$ (3,083)	$ 1,645	$ 3,662

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

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

				AS AT JANUARY 31, 2016
	AMORTIZED COST	**UNREALIZED GAINS**	**UNREALIZED LOSSES**	**FAIR VALUE**
Securities issued or guaranteed				
by Canada [1]	**$ 759,848**	**$ 380**	**$ 40**	**$ 760,188**
by provinces	**1,069,974**	**2,421**	**1,072**	**1,071,323**
Other debt securities	**147,673**	**3,847**	**214**	**151,306**
Asset-backed securities	**32,503**	**596**	**—**	**33,099**
Preferred shares	**115,593**	**30**	**23,237**	**92,386**
Common shares and other securities	**117,282**	**1,065**	**3,488**	**114,859**
	$ 2,242,873	**$ 8,339**	**$ 28,051**	**$ 2,223,161**

[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, 2015	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Securities issued or guaranteed				
by Canada [1]	$ 785,445	$ 154	$ 14	$ 785,585
by provinces	1,173,156	2,185	915	1,174,426
Other debt securities	146,449	4,129	332	150,246
Asset-backed securities	32,945	749	—	33,694
Preferred shares	120,511	164	15,697	104,978
Common shares and other securities	120,718	3,851	4,741	119,828
	$ 2,379,224	$ 11,232	$ 21,699	$ 2,368,757

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

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

Additional information on the held-to-maturity securities portfolio

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

	AS AT JANUARY 31 2016	AS AT OCTOBER 31 2015	AS AT JANUARY 31 2015
Securities issued or guaranteed by Canada [1]	**$ 331,074**	$ 393,222	$ 420,487

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

5. Loans

Allowances for credit losses

FOR THE THREE MONTHS ENDED JANUARY 31, 2016	BALANCE AT BEGINNING OF PERIOD	PROVISION FOR CREDIT LOSSES [3]	WRITE-OFFS	RECOVERIES	INTEREST ACCRUED ON IMPAIRED LOANS	BALANCE AT END OF PERIOD
Personal	**$ 41,466**	**$ 9,077**	**$ (9,481)**	**$ 1,878**	**$ (170)**	**$ 42,770**
Residential mortgage	**11,995**	**2,152**	**(516)**	**(87)**	**(373)**	**13,171**
Commercial mortgage	**25,077**	**(3,186)**	**(11)**	**21**	**(323)**	**21,578**
Commercial and other [1]	**37,732**	**1,057**	**(347)**	**8**	**(154)**	**38,296**
Total allowances for credit losses	**$ 116,270**	**$ 9,100**	**$ (10,355)**	**$ 1,820**	**$ (1,020)**	**$ 115,815**
Individual allowances	**$ 23,690**	**$ (3,475)**	**$ (358)**	**$ 29**	**$ (402)**	**$ 19,484**
Collective allowances against impaired loans	**18,676**	**11,676**	**(9,997)**	**1,791**	**(618)**	**21,528**
Collective allowances against other loans	**68,787**	**366**	**—**	**—**	**—**	**69,153**
Total allowances for loan losses	**111,153**	**8,567**	**(10,355)**	**1,820**	**(1,020)**	**110,165**
Allowances for off-balance sheet exposures [2]	**5,117**	**533**	**—**	**—**	**—**	**5,650**
Total allowances for credit losses	**$ 116,270**	**$ 9,100**	**$ (10,355)**	**$ 1,820**	**$ (1,020)**	**$ 115,815**

FOR THE THREE MONTHS ENDED JANUARY 31, 2015	BALANCE AT BEGINNING OF PERIOD	PROVISION FOR CREDIT LOSSES [3]	WRITE-OFFS	RECOVERIES	INTEREST ACCRUED ON IMPAIRED LOANS	BALANCE AT END OF PERIOD
Personal	$ 38,411	$ 5,550	$ (7,582)	$ 1,775	$ (101)	$ 38,053
Residential mortgage	10,169	1,475	(444)	(643)	(92)	10,465
Commercial mortgage	27,944	1,956	(1,560)	(20)	(152)	28,168
Commercial and other [1]	42,847	1,519	(5,272)	5	(71)	39,028
Total allowances for loan losses	$ 119,371	$ 10,500	$ (14,858)	$ 1,117	$ (416)	$ 115,714
Individual allowances	$ 21,951	$ 146	$ (6,764)	$ 5	$ (28)	$ 15,310
Collective allowances against impaired loans	17,238	15,684	(8,094)	1,112	(388)	25,552
Collective allowances against other loans	80,182	(5,330)	—	—	—	74,852
Total allowances for loan losses	$ 119,371	$ 10,500	$ (14,858)	$ 1,117	$ (416)	$ 115,714

[1] Including customers' liabilities under acceptances.

[2] The allowances for off-balance sheet exposures, such as letters of guarantee and certain undrawn amounts under approved credit facilities, are recognized in other liabilities.

[3] The provision for off-balance sheet exposures, which was previously reported as part of non-interest expenses, was reclassified to the provision for credit losses as of November 1, 2015. Refer to Note 2 for further information.

Impaired loans

AS AT JANUARY 31, 2016	GROSS AMOUNT	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES AGAINST IMPAIRED LOANS	NET AMOUNT
Personal	**$ 17,234**	**$ —**	**$ 11,572**	**$ 5,662**
Residential mortgage	**33,476**	**—**	**5,614**	**27,862**
Commercial mortgage	**27,896**	**6,964**	**353**	**20,579**
Commercial and other [1]	**28,136**	**12,520**	**3,989**	**11,627**
	$ 106,742	**$ 19,484**	**$ 21,528**	**$ 65,730**

[1] Including customers' liabilities under acceptances.

5. Loans [Cont'd]

AS AT OCTOBER 31, 2015								
		GROSS AMOUNT		INDIVIDUAL ALLOWANCES		COLLECTIVE ALLOWANCES AGAINST IMPAIRED LOANS		NET AMOUNT
Personal	$	18,703	$	—	$	11,156	$	7,547
Residential mortgage		32,760		—		4,721		28,039
Commercial mortgage		49,431		9,536		265		39,630
Commercial and other [1]		37,747		14,154		2,534		21,059
	$	138,641	$	23,690	$	18,676	$	96,275

AS AT JANUARY 31, 2015								
		GROSS AMOUNT		INDIVIDUAL ALLOWANCES		COLLECTIVE ALLOWANCES AGAINST IMPAIRED LOANS		NET AMOUNT
Personal	$	22,183	$	—	$	9,536	$	12,647
Residential mortgage		35,605		—		4,029		31,576
Commercial mortgage		45,128		2,402		10,218		32,508
Commercial and other [1]		22,873		12,908		1,769		8,196
	$	125,789	$	15,310	$	25,552	$	84,927

[1] Including customers' liabilities under acceptances.

Loans past due but not impaired

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

AS AT JANUARY 31, 2016								
		1 DAY-31 DAYS		**32 DAYS-90 DAYS**		**OVER 90 DAYS**		**TOTAL**
Personal	**$**	**99,985**	**$**	**34,441**	**$**	**10,030**	**$**	**144,456**
Residential mortgage		**273,990**		**39,432**		**26,716**		**340,138**
	$	**373,975**	**$**	**73,873**	**$**	**36,746**	**$**	**484,594**

AS AT OCTOBER 31, 2015								
		1 DAY-31 DAYS		32 DAYS-90 DAYS		OVER 90 DAYS		TOTAL
Personal	$	104,407	$	28,609	$	9,944	$	142,960
Residential mortgage		268,341		35,146		25,241		328,728
	$	372,748	$	63,755	$	35,185	$	471,688

AS AT JANUARY 31, 2015								
		1 DAY-31 DAYS		32 DAYS-90 DAYS		OVER 90 DAYS		TOTAL
Personal	$	90,900	$	29,738	$	5,551	$	126,189
Residential mortgage		283,732		39,194		29,230		352,156
	$	374,632	$	68,932	$	34,781	$	478,345

6. Transfer of Financial Assets

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 JANUARY 31 2016	AS AT OCTOBER 31 2015	AS AT JANUARY 31 2015
Residential mortgage loans	**$ 5,189,654**	$ 4,558,477	$ 4,344,069
Replacement Assets			
Cash and deposits with other banks	**2,951**	13,463	3,545
Securities purchased under reverse repurchase agreements	**263,904**	397,169	144,230
Other securities	**331,074**	393,222	420,487
Debt related to securitization activities	**$ (5,922,744)**	$ (5,493,602)	$ (5,062,301)

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

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2016	OCTOBER 31 2015	JANUARY 31 2015
Carrying amounts of mortgages transferred during the period related to new financing	**$ 903,096**	$ 306,454	$ 219,939
Carrying amounts of mortgages transferred during the period as Replacement Assets	**$ 111,071**	$ 120,662	$ 102,001
Initial carrying amounts of new issuances of debt related to Canada Mortgage Bonds transactions	**$ 174,176**	$ 304,690	$ 219,565
Initial carrying amounts of new issuances of debt related to a multi-seller conduit	**$ 696,692**	$ —	$ —

7. Subordinated Debt

Redemption of subordinated debt

On November 2, 2015 the Bank redeemed all of its Series 2010-1 subordinated Medium Term Notes maturing in 2020, with an aggregate notional amount of $250.0 million. The Series 2010-1 subordinated Medium Term Notes were redeemed at par plus accrued and unpaid interest to the date of redemption.

8. Share Capital

Preferred shares

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

	FOR THE THREE MONTHS ENDED			
	JANUARY 31, 2016		JANUARY 31, 2015	
	NUMBER OF SHARES	**AMOUNT**	NUMBER OF SHARES	AMOUNT
Non-cumulative Class A Preferred Shares				
Series 11				
Outstanding at beginning 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**	5,000,000	122,071
	9,000,000	**$ 219,633**	9,000,000	$ 219,633

There were no outstanding non-cumulative class A preferred shares, series 12 and series 14, as at January 31, 2016 and 2015.

8. Share Capital [Cont'd]

Common shares

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

	FOR THE THREE MONTHS ENDED			
	JANUARY 31, 2016		JANUARY 31, 2015	
	NUMBER OF SHARES	**AMOUNT**	NUMBER OF SHARES	AMOUNT
Common shares				
Outstanding at beginning of period	**28,956,619**	**$ 466,336**	28,942,999	$ 465,854
Issuance under a common share offering	**1,297,200**	**67,454**	—	—
Issuance under the employee share purchase option plan (see note 9)	**8,000**	**273**	—	—
Issuance under the Shareholder Dividend Reinvestment and Share Purchase Plan	**57,450**	**2,596**	1,620	80
Net issuance costs	**n.a.**	**(4,416)**	n.a.	(8)
	30,319,269	**$ 532,243**	28,944,619	$ 465,926

Issuance under a common share offering

On December 17, 2015, the Bank completed the issuance of 1,297,200 common shares for gross proceeds of $67.5 million.

Dividend reinvestment and share purchase plan

The Bank determined that as of December 9, 2015, reinvestments related to the dividend declared would be made in Common Shares issued from treasury at a 2% discount. During the first quarter of 2016, 57,450 shares were legally issued under the Plan and are reported in the table above.

Dividends declared

On February 17, 2016, the Board of Directors declared the regular dividend on the Preferred Shares Series 11 and Preferred Shares Series 13, to shareholders of record on March 7, 2016. On February 25, 2016, the Board of Directors declared a dividend of $0.58 per common share, payable on May 1, 2016, to shareholders of record on April 1, 2016.

Capital management

Regulatory capital

OSFI requires banks to meet minimum risk-based capital ratios drawn on the Basel Committee on Banking Supervision (BCBS) capital framework, commonly referred to as Basel III. Under OSFI's Capital Adequacy Requirements guideline, minimum Common Equity Tier 1, Total Tier 1 and Total capital ratios were set at 5.125%, 6.625% and 8.625% respectively for 2016. These ratios include the phase-in of the capital conservation buffer and of certain regulatory adjustments through 2019 and phase-out of non-qualifying capital instruments through 2022, (the "transitional" basis). The guideline also provides for annual increases in minimum capital ratio requirements, which will reach 7.0%, 8.5% and 10.5% respectively in 2019, including the 2.5% capital conservation buffer.

Furthermore, OSFI expects deposit-taking institutions to maintain target capital ratios without transition arrangements equal to or greater than the 2019 minimum capital ratios plus a conservation buffer (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, 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 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.

8. Share Capital [Cont'd]

The Bank has complied with regulatory capital requirements throughout the three-month period ended January 31, 2016. Regulatory capital is detailed below.

	AS AT JANUARY 31, 2016		AS AT OCTOBER 31, 2015	
	ALL-IN BASIS	**TRANSITIONAL BASIS**	ALL-IN BASIS	TRANSITIONAL BASIS
Common shares	**$ 532,243**	**$ 532,243**	$ 466,336	$ 466,336
Share-based payment reserve	**—**	**—**	36	36
Retained earnings	**890,911**	**890,911**	886,656	886,656
Accumulated other comprehensive income, excluding cash flow hedge reserve	**(18,672)**	**(18,672)**	(11,391)	(11,391)
Deductions from Common Equity Tier 1 capital [1]	**(157,014)**	**(86,646)**	(166,399)	(59,270)
Common Equity Tier 1 capital	**1,247,468**	**1,317,836**	1,175,238	1,282,367
Non-qualifying preferred shares [2]	**97,562**	**97,562**	97,562	97,562
Qualifying preferred shares	**122,071**	**122,071**	122,071	122,071
Deductions from Tier 1 capital	**n.a.**	**(21,504)**	n.a.	(28,201)
Additional Tier 1 capital	**219,633**	**198,129**	219,633	191,432
Tier 1 capital	**1,467,101**	**1,515,965**	1,394,871	1,473,799
Subordinated debt	**199,689**	**199,689**	199,641	199,641
Collective allowances	**74,803**	**74,803**	73,904	73,904
Deductions from Tier 2 capital	**(357)**	**(214)**	—	—
Tier 2 capital	**274,135**	**274,278**	273,545	273,545
Total capital	**$ 1,741,236**	**$ 1,790,243**	$ 1,668,416	$ 1,747,344

[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.

9. Share-Based Compensation

Share purchase option plan

During the first quarter of 2016, no new share options were granted and the last 8,000 share options were exercised. Information relating to outstanding number of options is as follows.

Number of options	**AS AT JANUARY 31 2016**	AS AT OCTOBER 31 2015	AS AT JANUARY 31 2015
Share purchase options outstanding and exercisable at end of period	**—**	8,000	20,000

Restricted share unit plans

During the first quarter of 2016, under the restricted share unit plan, annual bonuses for certain employees amounting to $2.5 million were converted into 45,102 entirely vested restricted share units. Simultaneously, the Bank also granted 27,308 additional restricted share units valued at $54.90 each that will vest in December 2018.

During the first quarter of 2016, under the restricted share unit plan for employees of the Capital Markets sector, annual bonuses for certain employees amounting to $1.6 million were converted into 28,545 entirely vested restricted share units. This plan does not provide for any employer contribution and a third of these restricted share units are redeemed in December at each of the first three anniversary dates of the grant.

Performance-based share unit plan

During the first quarter of 2016, under the performance-based share unit plan, the Bank granted 140,675 performance-based share units valued at $54.90 each. The rights to these units will vest in December 2018 and upon meeting certain financial objectives.

9. Share-Based Compensation [Cont'd]

Share-based compensation plans expense and related liability

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

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2016	OCTOBER 31 2015	JANUARY 31 2015
Expense arising from cash-settled share-based compensation transactions	**$ (2,736)**	$ 7,691	$ 2,483
Effect of hedges	**4,468**	(4,044)	2,070
	$ 1,732	$ 3,647	$ 4,553

The carrying amount of the liability relating to the cash-settled plans was $35.9 million as at January 31, 2016 ($54.7 million as at October 31, 2015 and $41.5 million as at January 31, 2015).

10. Post-Employment Benefits

Expense for post-employment benefits

The total expense recognized for post-employment benefit plans was as follows:

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2016	OCTOBER 31 2015	JANUARY 31 2015
Defined benefit pension plans	**$ 3,710**	$ 4,848	$ 4,233
Defined contribution pension plans	**1,637**	1,648	1,630
Other plans	**250**	265	369
	$ 5,597	$ 6,761	$ 6,232

11. 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 an independent quoted market price for the same instrument in an active market 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 2015 audited annual consolidated financial statements. There were no changes in fair value measurement methods in the period.

Financial instruments recorded at fair value in the financial statements are classified in Level 2 of the fair value hierarchy, except for securities of $288.9 million which are classified in Level 1 as at January 31, 2016. 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.

12. Contingent Liabilities and Provisions

In the ordinary course of business, the Bank is involved in various legal actions and claims, including some with regulatory bodies. Many of these disputes are related to loans granted by the Bank and are in reaction to steps taken to collect delinquent loans and realize the underlying collateral. Certain claims have also been brought against the Bank, particularly with respect to trustee operations related to portfolio administration and the charging of certain bank fees.

When applicable criteria are met, management considers that adequate provisions have been set aside to cover losses and any amounts that might not be recoverable from insurance companies, as the case may be, in connection with these actions.

13. 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 amounting to $11.9 million as at January 31, 2016 is being amortized in net income over the estimated remaining term of the purchased financial instruments. The amortization expense was $1.4 million for the three-month period ended January 31, 2016 ($1.5 million for the three-month periods ended October 31, 2015 and January 31, 2015).

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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. 4926.

Media
Journalists may contact the Executive Office 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