Laurentian Bank of Canada reports first quarter 2025 results

The financial information reported herein is based on the condensed interim consolidated (unaudited) information for the three-month period end has been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB). All amo Canadian dollars. The Laurentian Bank of Canada and its entities are collectively referred to as "Laurentian Bank" or the "Bank" and provide de securities, trust and other products or services.

MONTREAL, Feb. 28, 2025 /CNW/ - Laurentian Bank of Canada reported net income of $38.6 million and diluted earnings per share of $0.76, compared with $37.3 million and diluted earnings per share of $0.75 for the first quarter of 2024. Return on common shareholders' equity was 5.2% for the first quarter of 2025, compared with 5.0% for the first quarter of 2024. Adjusted net income[(1)] was $39.4 million and adjusted diluted earnings per share[(2)] were $0.78 for the first quarter of 2025, compared with $44.2 million and $0.91 for the first quarter of 2024. Adjusted return on common shareholders' equity[(2)] was 5.3% for the first quarter of 2025, compared with 6.0% a year ago.

"Our decision, as an organization, to adopt a focused approach in areas where we can win is starting to prove to be the right strategy", said Éric Provost, President & CEO. "Combining our established strengths with new growth opportunities in our specialized commercial groups is leading the way to long-term success. Our strong liquidity and capital levels position us well to face the current macroeconomic and geopolitical uncertainties."

In millions of dollars, except per share and percentage amounts (Unaudited)	For the three months ended				
	January 31, 2025	October 31, 2024	Variance	January 31, 2024	Variance
Reported basis					
Net income	**$ 38.6**	$ 40.7	(5) %	$ 37.3	4 %
Diluted earnings per share	**$ 0.76**	$ 0.88	(14) %	$ 0.75	1 %
Return on common shareholders' equity[(2)]	**5.2 %**	6.2 %		5.0 %	
Efficiency ratio[(3)]	**74.9 %**	77.5 %		76.6 %	
Common Equity Tier 1 (CET1) capital ratio[(4)]	**10.9 %**	10.9 %		10.2 %	
Adjusted basis					
Adjusted net income[(1)]	**$ 39.4**	$ 40.9	(4) %	$ 44.2	(11) %
Adjusted diluted earnings per share[(2)]	**$ 0.78**	$ 0.89	(12) %	$ 0.91	(14) %
Adjusted return on common shareholders' equity[(2)]	**5.3 %**	6.2 %		6.0 %	
Adjusted efficiency ratio[(2)]	**74.3 %**	75.0 %		73.0 %	

(1) This is a non-GAAP financial measure. For more information, refer to the Non-GAAP Financial and Other Measures below and beginning on page 5 of the First Quarter 2025 Report to Shareholders, including the Management's Discussion & Analysis (MD&A) for the period ended January 31, 2025, which pages are incorporated by reference herein. The MD&A is available on SEDAR+ at www.sedarplus.ca.

(2) This is a non-GAAP ratio. For more information, refer to the Non-GAAP Financial and Other Measures section below and beginning on page 5 of the First Quarter 2025 Report to Shareholders, including the MD&A for the period ended January 31, 2025, which pages are incorporated by reference herein.

(3) This is a supplementary financial measure. For more information, refer to the Non-GAAP Financial below and beginning on page 5 of the First Quarter 2025 Report to Shareholders, including the MD&A for the period ended January 31, 2025, which pages are incorporated by reference herein.

(4) In accordance with the Office of the Superintendent of Financial Institutions' (OSFI) "Capital Adequacy Requirements" guideline.

Non-GAAP Financial and Other Measures

In addition to financial measures based on generally accepted accounting principles (GAAP), management uses non-GAAP financial measures to assess the Bank's underlying ongoing business performance. Non-GAAP financial measures presented throughout this document are referred to as "adjusted" measures and exclude amounts designated as adjusting items. Adjusting items include certain items of significance that arise from time to time which management believes are not reflective of underlying business performance, as well as the amortization of acquisition-related intangible assets. Non-GAAP financial measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements of the Bank and might not be comparable to similar financial measures disclosed by other issuers. The Bank believes non-GAAP financial measures are useful to readers in obtaining a better understanding of how management assesses the Bank's performance and in analyzing trends.

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

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

In thousands of dollars (Unaudited)	For the three months ended		
	January 31 2025	October 31 2024	January 31 2024

Total revenue	**$ 249,637**	$ 250,771	$ 258,341
Less: Adjusting items, before income taxes			
Profit on sale of assets under administration[1]	**875**	13,959	—
Adjusted total revenue	**$ 248,762**	$ 236,812	$ 258,341
Non-interest expenses	**$ 186,973**	$ 194,458	$ 197,834
Less: Adjusting items, before income taxes			
Restructuring and other impairment charges[2]	**2,027**	16,463	6,076
Amortization of acquisition-related intangible assets[3]	**—**	333	3,217
	2,027	16,796	9,293
Adjusted non-interest expenses	**$ 184,946**	$ 177,662	$ 188,541
Income before income taxes	**$ 47,489**	$ 45,873	$ 43,609
Adjusting items, before income taxes (detailed above)	**1,152**	2,837	9,293
Adjusted income before income taxes	**$ 48,641**	$ 48,710	$ 52,902
Reported net income	**$ 38,601**	$ 40,661	$ 37,283
Adjusting items, net of income taxes			
Profit on sale of assets under administration[1]	**(643)**	(12,110)	—
Restructuring and other impairment charges[2]	**1,490**	12,145	4,468
Amortization of acquisition-related intangible assets[3]	**—**	249	2,402
	847	284	6,870
Adjusted net income	**$ 39,448**	$ 40,945	$ 44,153
Net income available to common shareholders	**$ 33,352**	$ 38,725	$ 32,682
Adjusting items, net of income taxes (detailed above)	**847**	284	6,870
Adjusted net income available to common shareholders	**$ 34,199**	$ 39,009	$ 39,552

(1) The profit on sale of assets under administration resulted from the sale of assets under administration of Laurentian Bank Securities' (LBS) retail full-service investment broker division in the fourth quarter of 2024 and of LBS' discount brokerage division in the first quarter of 2025. The profit on sale of assets under administration is included in the Other income line item. For more information, refer to the Business Highlights section beginning on page 7 of the First Quarter 2025 Report to Shareholders including the MD&A for the period ended January 31, 2025, which pages are incorporated by reference herein.

(2) Restructuring and other impairment charges in 2025 mainly resulted from the simplification of the Bank's technology infrastructure and organizational structure. Restructuring and other impairment charges in 2024 mainly resulted from the Bank's decision to suspend the Advanced Internal-Ratings Based (AIRB) approach to credit risk project and to reduce its leased corporate office premises in Toronto, as well as from the simplification of the Bank's technology infrastructure, organizational structure and headcount reduction. Restructuring and other impairment charges mainly comprised of impairment charges, severance charges and professional fees and are included in the Impairment and restructuring charges line item.

(3) Amortization of acquisition-related intangible assets resulted from business acquisitions and was included in the Other non-interest expenses line item.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES — CONSOLIDATED BALANCE SHEET

	For the three months ended		
In thousands of dollars (Unaudited)	**January 31 2025**	October 31 2024	January 31 2024
Shareholders' equity	**$ 2,865,480**	$ 2,828,484	$ 2,886,490
Less:			
Preferred shares and other equity instruments	**245,625**	245,554	245,558
Cash flow hedge reserve[1]	**(72,438)**	(58,750)	(25,535)
Common shareholders' equity	**$ 2,547,417**	$ 2,524,180	$ 2,615,397
Impact of averaging month-end balances[2]	**(8,934)**	(20,089)	(7,616)
Average common shareholders' equity	**$ 2,538,483**	$ 2,504,091	$ 2,607,781

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

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

Consolidated Results

Three months ended January 31, 2025 financial performance

Net income was $38.6 million and diluted earnings per share were $0.76 for the first quarter of 2025, compared with net income of $37.3 million and diluted earnings per share of $0.75 for the first quarter of 2024. Adjusted net income was $39.4 million and adjusted diluted earnings per share were $0.78 for the first quarter of 2025, compared with $44.2 million and $0.91 for the first quarter of 2024. Refer to the Non-GAAP Financial and Other Measures section for a reconciliation of non-GAAP financial measures.

Total revenue

Total revenue decreased by $8.7 million to $249.6 million for the first quarter of 2025, compared with $258.3 million for the first quarter of 2024, mostly due to lower other income as detailed below.

Net interest income increased by $1.0 million to $186.2 million for the first quarter of 2025, compared with $185.3 million for the first quarter of 2024. The positive impact of favourable changes in the Bank's business mix and loan repricing lags was partly offset by lower interest income from the reduction in average earning assets. The net interest margin was 1.85% for the first quarter of 2025, an increase of 5 basis points compared with the first quarter of 2024, mainly for the same reasons.

Other income decreased by $9.7 million or 13% to $63.4 million for the first quarter of 2025, compared with $73.1 million for the first quarter of 2024. Fees and securities brokerage commissions decreased by $6.8 million compared with the first quarter of 2024 mainly as a result of the sale of assets under administration LBS' retail full-service investment broker division in the fourth quarter of 2024. Lending fees also decreased by $3.6 million compared with the first quarter of 2024 considering low real estate activities. This is partly offset by an increase of $4.1 million in income from financial instruments compared with the first quarter of 2024 due to more favourable market conditions. Reported other income for the first quarter of 2025 also included a $0.9 million gross profit related to the sale of assets under administration of LBS' discount brokerage division.

Provision for credit losses

The provision for credit losses was $15.2 million for the first quarter of 2025, compared with $16.9 million for the first quarter of 2024, an improvement of $1.7 million mainly as a result of releases of provisions on performing loans, partly offset by higher provisions on impaired loans. The provision for credit losses as a percentage of average loans was 17 basis points for the quarter, compared with 18 basis points for the same quarter a year ago. Refer to the "Credit risk management" section on pages 13 to 15 of this MD&A and to Note 5 to the Condensed Interim Consolidated Financial Statements for more information on provision for credit losses and allowances for credit losses.

Non-interest expenses

Non-interest expenses amounted to $187.0 million for the first quarter of 2025, a decrease of $10.9 million compared with the first quarter of 2024. Adjusted non-interest expenses decreased by $3.6 million or 2% to $184.9 million for the first quarter of 2025, compared with $188.5 million the first quarter of 2024.

Salaries and employee benefits amounted to $96.9 million for the first quarter of 2025, a decrease of $5.5 million compared with the first quarter of 2024, mostly due to efficiency gains resulting from the reduced headcount, lower employee benefits and lower performance-based compensation.

Premises and technology costs were $50.9 million for the first quarter of 2025, a decrease of $1.2 million compared with the first quarter of 2024. The decrease year-over-year is mainly due lower amortization charges and rent expenses resulting from the impairment effected in 2024, partly offset by higher technology costs as the Bank is investing in its strategic priorities.

Other non-interest expenses were $37.1 million for the first quarter of 2025, mainly unchanged compared with the first quarter of 2024.

Impairment and restructuring charges were $2.0 million for the first quarter of 2025, compared with $6.1 million for the first quarter of 2024. For both quarters, impairment and restructuring charges were related to streamlining of the Bank's technology infrastructure and organizational structure.

Efficiency ratio

The efficiency ratio on a reported basis decreased to 74.9% for the first quarter of 2025, compared with 76.6% for the first quarter of 2024, as a result of lower non-interest expenses as described above. The adjusted efficiency ratio increased to 74.3% for the first quarter of 2025, compared with 73.0% for the first quarter of 2024, mainly as a result of lower adjusted total revenue.

Income taxes

For the first quarter of 2025, the income tax expense was $8.9 million, and the effective income tax rate was 18.7%. For the first quarter of 2024, the income tax expense was $6.3 million, and the effective income tax rate was 14.5%. For both quarters, the lower effective tax rate compared to the statutory rate was essentially attributed to a lower taxation level of income from foreign operations. The higher effective tax rate for the first quarter of 2025 compared with the first quarter of 2024 mainly resulted from the higher proportion of income from domestic operations, as well as from the impact of Pillar Two legislation being effective on November 1, 2024.

Financial Condition

As at January 31, 2025, total assets amounted to $48.8 billion, a 3% increase compared with $47.4 billion as at October 31, 2024 mostly due to the higher level of liquid assets and loans.

Liquid assets

As at January 31, 2025, liquid assets as presented on the balance sheet amounted to $12.1 billion, an increase of $1.0 billion compared with $11.2 billion as at October 31, 2024. The Bank continues to prudently manage its level of liquid assets. The Bank's funding sources remain well diversified and sufficient to meet all liquidity requirements. Liquid assets represented 25% of total assets as at January 31, 2025, in line with October 31, 2024.

Loans

Loans, net of allowances, stood at $35.4 billion as at January 31, 2025, an increase of $0.3 billion since October 31, 2024. Commercial loans amounted to $17.2 billion as at January 31, 2025, an increase of $0.6 billion or 4% since October 31, 2024 mainly resulting from higher inventory financing commercial loans. Personal loans of $2.0 billion as at January 31, 2025 decreased by $0.1 billion from October 31, 2024, mainly as a result of a decline in the investment loan portfolio driven by volatile market conditions and high interest rates. Residential mortgage loans of $16.3 billion as at January 31, 2025 decreased by $0.2 billion or 1% from October 31, 2024.

Deposits

Deposits increased by $0.7 billion to $23.8 billion as at January 31, 2025 compared with $23.2 billion as at October 31, 2024. Personal deposits stood at $20.1 billion as at January 31, 2025, an increase of $0.4 billion compared with $19.7 billion as at October 31, 2024. Of note, deposits from advisors and brokers increased by $0.8 billion and personal notice and demand deposits from partnerships decreased by $0.4 billion since October 31, 2024. Personal deposits represented 84% of total deposits as at January 31, 2025, in line with October 31, 2024, and contributed to the Bank's sound liquidity position. Business and other deposits increased by $0.3 billion over the same period to $3.7 billion as at January 31, 2025, due to the issuance of wholesale deposits.

Debt related to securitization activities

Debt related to securitization activities increased by $0.1 billion or 1% compared with October 31, 2024 and stood at $13.6 billion as at January 31, 2025. During the quarter, new issuances of cost-effective long-term debt related to securitization activities more than offset maturities of liabilities, as well as normal repayments.

Shareholders' equity and regulatory capital

Shareholders' equity stood at $2.9 billion as at January 31, 2025 and increased by $37.0 million compared with October 31, 2024. Retained earnings increased by $11.8 million compared to October 31, 2024, mainly as a result of the sum of the net income contribution of $38.6 million, partly offset by dividends and other distributions amounting to $25.9 million. Accumulated other comprehensive income increased by $21.6 million compared to October 31, 2024. For additional information, please refer to the Capital Management section of the Bank's MD&A and to the Consolidated Statement of Changes in Shareholders' Equity for the period ended January 31, 2025.

The Bank's book value per common share was $57.74 as at January 31, 2025 compared to $57.36 as at October 31, 2024.

The CET1 capital ratio was 10.9% as at January 31, 2025, in excess of the minimum regulatory requirement and the Bank's target management levels. The CET1 capital ratio was unchanged compared with October 31, 2024. The Bank met OSFI's capital and leverage requirements throughout the quarter.

On February 27, 2025, the Board of Directors declared a dividend of $0.38725 per Preferred Share Series 13, payable on March 15, 2025, to shareholders of record on March 7, 2025. On February 27, 2025, the Board of Directors declared a quarterly dividend of $0.47 per common share, payable on May 1, 2025, to shareholders of record on April 1, 2025. This quarterly dividend is equal to the dividend declared in the previous quarter and to the dividend declared in the previous year. On February 27, 2025, the Board also determined that shares attributed under the Bank's Shareholder Dividend Reinvestment and Share Purchase Plan will be made in common shares issued from Corporate Treasury with a 2% discount.

Caution Regarding Forward-Looking Statements

From time to time, Laurentian Bank of Canada and, as applicable its subsidiaries (collectively referred to as the **Bank**) will make written or oral forward-looking statements within the meaning of applicable Canadian and United States (**U.S.**) securities legislation, including, forward-looking statements contained in this document (and in the documents incorporated by reference herein), as well as in other documents filed with Canadian and U.S. regulatory authorities, in reports to shareholders, and in other written or oral communications. These forward-looking statements are made in accordance with the "safe harbor" provisions of, and are intended to be forward-looking statements in accordance with, applicable Canadian and U.S. securities legislation. They include, but are not limited to, statements regarding the Bank's vision, strategic goals, business plans and strategies, priorities and financial performance objectives; the economic, market, and regulatory review and outlook for Canadian, U.S. and global economies; the regulatory environment in which the Bank operates; the risk environment, including, credit risk, liquidity, and funding risks; the statements under the heading "Risk Appetite and Risk Management Framework" contained in the 2024 Annual Report, including, the MD&A for the fiscal year ended October 31, 2024, and other statements that are not historical facts .

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

By their very nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature, which give rise to the possibility that the Bank's predictions, forecasts, projections, expectations, or conclusions may prove to be inaccurate; that the Bank's assumptions may be incorrect (in whole or in part); and that the Bank's financial performance objectives, visions, and strategic goals may not be achieved. Forward-looking statements should not be read as guarantees of future performance or results, or indications of whether or not actual results will be achieved. Material economic assumptions underlying such forward-looking statements are set out in the 2024 Annual Report under the heading "Outlook", which assumptions are incorporated by reference herein.

The Bank cautions readers against placing undue reliance on forward-looking statements, as a number of factors, many of which are beyond the Bank's control and the effects of which can be difficult to predict or measure, could influence, individually or collectively, the accuracy of the forward-looking statements and cause the Bank's actual future results to differ significantly from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These factors include, but are not limited to general and market economic conditions; inflationary pressures; the dynamic nature of the financial services industry in Canada, the U.S., and globally; risks relating to credit, market, liquidity, funding, insurance, operational and regulatory compliance (which could lead to the Bank being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties, and fines); reputational risks; legal and regulatory risks; competitive and systemic risks; supply chain disruptions; geopolitical events and uncertainties; government sanctions and tariffs (both domestic and foreign); conflict, war, or terrorism; and various other significant risks discussed in the risk-related portions of the Bank's 2024 Annual Report, such as those related to: Canadian and global economic conditions; Canadian housing and household indebtedness; technology, information systems and cybersecurity; technological disruption, privacy, data and third party related risks;

competition; the Bank's ability to execute on its strategic objectives; digital disruption and innovation (including, emerging fintech competitors); changes in government fiscal, monetary and other policies; tax risk and transparency; fraud and criminal activity; human capital; business continuity; emergence of widespread health emergencies or public health crises; environmental and social risks including, climate change; and various other significant risks, as described beginning on page 14 of the 2024 Annual Report, including the MD&A, which information is incorporated by reference herein. The Bank further cautions that the foregoing list of factors is not exhaustive. When relying on the Bank's forward-looking statements to make decisions involving the Bank, investors, financial analysts, and others should carefully consider the foregoing factors, uncertainties, and current and potential events.

Any forward-looking statements contained herein or incorporated by reference represent the views of management of the Bank only as at the date such statements were or are made, are presented for the purposes of assisting investors, financial analysts, and others in understanding certain key elements of the Bank's financial position, current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Bank's business and anticipated financial performance and operating environment and may not be appropriate for other purposes. The Bank does not undertake any obligation to update any forward-looking statements made by the Bank or on its behalf whether as a result of new information, future events or otherwise, except to the extent required by applicable securities legislation. Additional information relating to the Bank can be located on SEDAR+ at www.sedarplus.ca.

Access to Quarterly Results Materials

This press release can be found on the Bank's website atwww.laurentianbank.ca, in the About us section under the News releases tab, and the Bank's Report to Shareholders, Investor Presentation and Supplementary Financial Information can be found in the About us section under the Investor relations tab, Quarterly results.

Conference Call

Laurentian Bank of Canada invites media representatives and the public to listen to the conference call to be held at 9:00 a.m. (ET) on February 28, 2025. The live, listen-only, toll-free, call-in number is 1-800-990-4777, and mention Laurentian Bank to the operator. A live webcast will also be available on the Bank's website in the Investor relations tab, Quarterly results.

The conference call playback will be available on a delayed basis from12:00 p.m. (ET) on February 28, 2025, until 12:00 p.m. (ET) on May 28, 2025, on our website under the Investor Centre tab, Financial Results.

The presentation material referenced during the call will be available on our website in the Investor relations section, Quarterly results.

About Laurentian Bank of Canada

Founded in Montréal in 1846, Laurentian Bank wants to foster prosperity for all customers through specialized commercial banking and low-cost banking services to grow savings for middle-class Canadians.

With a workforce of approximately 2,800 employees, the Bank offers a wide range of financial services and advice-based solutions to customers across Canada and the United States. Laurentian Bank manages $48.8 billion in balance sheet assets and$25.9 billion in assets under administration.

SOURCE Laurentian Bank of Canada

For further information: Contact Information: Investor Relations: Raphael Ambeault, Head of Investor Relations, Mobile: 514-601-0944, raphael.ambeault@laurentianbank.ca; Media: Frédérique Lavoie-Gamache, Lead Advisor, Media and Investor Relations, 438-364-1596, media@blcgf.ca

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