

Laurentian Bank Accelerates Strategic Shift to Specialty Commercial Bank

- *Laurentian Bank Board of Directors approves acceleration of its specialty commercial bank strategy, leading to an exit from retail and SME banking sectors.*
- *National Bank will acquire Laurentian Bank's retail and SME banking portfolios and syndicated loan portfolio, complementing its activities in Québec.*
- *Fairstone Bank to acquire all issued and outstanding common shares of Laurentian Bank and combine commercial lending operations, leveraging both organizations' expertise to strengthen capabilities and expand market presence.*

MONTREAL, Dec. 2, 2025 /CNW/ - Laurentian Bank of Canada ("**Laurentian Bank**"), a Schedule I bank offering a wide range of financial services and advice-based solutions to customers across Canada and the United States, today announced a significant acceleration of its 2024 Strategic Plan toward its specialty commercial bank model, resulting in its exit from the retail and SME banking business. This transformation will position Laurentian Bank as a commercially oriented bank, concentrating on commercial real estate lending, inventory and equipment financing, intermediary services and capital markets activities.

National Bank of Canada (directly or through one or more affiliates) ("**National Bank**") has entered into a definitive agreement to acquire Laurentian Bank's retail and SME banking portfolios (the "**Retail/SME Transaction**"). Customers will benefit from National Bank's enhanced offering of retail and business banking solutions, including deposits, loans and investments. They will also be served through National Bank's leading digital services, expanded product and service offerings, and a broader branch network and business banking teams. Laurentian Bank and National Bank have also entered into a definitive agreement in respect of the sale to National Bank of Laurentian Bank's syndicated loan portfolio (the "**Syndicated Loan Transaction**" and, collectively with the Retail/SME Transaction, the "**National Bank Transactions**").

In parallel, Fairstone Bank of Canada ("**Fairstone Bank**"), Canada's leading alternative lender and a Schedule I bank, has entered into a definitive agreement (the "**Acquisition Transaction Agreement**") to acquire all issued and outstanding common shares of Laurentian Bank (the "**Laurentian Bank Shares**") (the "**Acquisition Transaction**" and, collectively with the Retail/SME Transaction, the "**Transactions**"). Fairstone Bank will combine its commercial lending operations with Laurentian Bank's commercial specialization, leveraging the expertise of both organizations to strengthen capabilities and expand market presence. Laurentian Bank will retain its brand identity and head office in Montreal, continuing its legacy of over 175 years. Éric Provost will continue to serve as Laurentian Bank's President and CEO, spearheading the accelerated execution of its strategic growth plan with a concentrated focus on commercial banking activities.

These coordinated transactions reflect a shared commitment to supporting a strong and competitive Canadian banking system, creating value for shareholders and customers, and reinforcing Québec's leadership within the national financial landscape.

Until the Transactions close, Laurentian Bank's daily operations will continue as usual and in the normal course, and stakeholders are not expected to see any immediate changes. At conversion, all branches of Laurentian Bank located in Québec will be closed by Laurentian Bank. Both National Bank and Fairstone Bank have proven expertise in managing successful integrations, ensuring seamless continuity and superior service throughout the transition period.

Complementary Strengths for Enhanced Service

The Acquisition Transaction will provide Fairstone Bank additional scale and accelerate growth in commercial real estate across the country, particularly in Québec. It also adds complementary business lines in inventory and equipment financing. The Laurentian Bank brand will be retained.

"We view Québec as a key market and are excited to continue building our presence with the expertise we're acquiring from Laurentian Bank," said Scott Wood, President and CEO of Fairstone Bank. "This

transaction strengthens Fairstone Bank's competitive position, diversifies revenue streams, and deepens our national lending footprint. It's a disciplined step forward that is very much aligned with our value creation plan."

"This announcement is aligned with the acceleration of Laurentian Bank's commercial specializations, as announced in our 2024 Strategic Plan," said Éric Provost, President and CEO of Laurentian Bank. "Joining forces with Fairstone Bank will allow us to grow our specialized commercial business even further, while maintaining our brand identity and head office in Montreal, where we were founded over 175 years ago. Partnering with National Bank will allow our customers to benefit from a broader range of services and improved, modern technology."

"Leveraging our strong presence in Québec, this transaction aligns with our domestic growth strategy and is a natural fit," stated Laurent Ferreira, President and CEO of National Bank. "We look forward to welcoming Laurentian Bank's retail, SME, and syndicated loan clients, who will soon benefit from National Bank's leading digital services, an expanded range of financial products, and access to our extensive branch network and business banking teams."

Commitment to Employees and Stakeholders

Fairstone Bank, Laurentian Bank and National Bank are committed to transparency and ongoing communication with employees and stakeholders. They will work together to ensure a smooth transition. Detailed integration plans will be shared in due course to provide clarity and support throughout the transition period.

Pursuant to the National Bank Transactions, Laurentian Bank's branches and employees will not be transferred to National Bank. Once the Transactions are completed, affected Laurentian Bank employees who are interested will be able to apply for open roles at National Bank through a dedicated channel.

National Bank will preserve Laurentian Bank's longstanding commitment to community investment by doubling its corporate philanthropic program, ensuring continuity and amplifying impact for the future.

Shareholder Support

La Caisse ("**La Caisse**"), which holds approximately 8% of the Laurentian Bank Shares, has entered into a voting and support agreement under which it has agreed to vote in favour of the Acquisition Transaction, subject to certain conditions.

"La Caisse is supportive of this transaction and considers it to be a positive outcome for shareholders in light of the competitive landscape and strategic review initiated by the board of Laurentian Bank," said Kim Thomassin, Executive Vice President and Head of Québec of La Caisse.

"Our support is also predicated on the fact that the proposed offer is attached to guarantees obtained regarding maintaining Laurentian Bank's commercial head office locally and moving Fairstone Bank's head office to Montreal, Québec. In addition, with National Bank participating in the transaction, Laurentian Bank's retail clients will continue to be served by a solid and growing Québec bank of which we are the largest shareholder," she added.

Complementary Legal Information

Acquisition Transaction Details

Under the terms of the Acquisition Transaction Agreement, Fairstone Bank will acquire all of the issued and outstanding common shares of Laurentian Bank at a price per Laurentian Bank Share of \$40.50, in cash, representing a premium of approximately 20% over the closing price of the Laurentian Bank Shares of \$33.76 on the Toronto Stock Exchange (the "TSX") on December 1st, 2025, the last trading day prior to the announcement of the Acquisition Transaction, and a premium of approximately 22% over the 20-day volume-weighted average trading price of the Laurentian Bank Shares for the period ended on December 1st, 2025. The total cash consideration payable under the Acquisition Transaction is approximately \$1.9 billion. The Acquisition Transaction will provide Laurentian Bank Shareholders with immediate liquidity and certainty of value.

The Acquisition Transaction is subject to approval of 66²/₃% of the votes cast by Laurentian Bank Shareholders at a special meeting of Laurentian Bank Shareholders (the "**Meeting**") expected to be held in the first quarter of 2026 to approve an amendment to Laurentian Bank's by-laws to provide for the acquisition of the Laurentian Bank Shares pursuant to the terms of the Acquisition Transaction Agreement. The Acquisition Transaction Agreement contains customary non-solicitation covenants on the

part of Laurentian Bank, subject to customary "fiduciary out" provisions, as well as "right to match" provisions in favour of Fairstone Bank. A termination fee of \$40 million would be payable by Laurentian Bank to Fairstone Bank in certain circumstances, including in the context of a superior proposal supported by Laurentian Bank's board of directors (the "**Laurentian Bank Board**"). A reverse termination fee of \$40 million would be payable by Fairstone Bank to Laurentian Bank in certain circumstances where key regulatory approvals are not obtained prior to the outside date.

The Acquisition Transaction is subject to the closing of the Retail/SME Transaction and will close on the date of, and immediately following, the closing of the Retail/SME Transaction, subject to customary closing conditions, including receipt of key regulatory approvals. The Acquisition Transaction is not subject to any financing condition.

Assuming the timely receipt of all required key regulatory approvals and shareholder approval, and the satisfaction of other customary closing conditions, the Transactions are expected to close by late 2026.

Following completion of the Transactions, it is expected that the Laurentian Bank Shares will be delisted from the TSX. However, Laurentian Bank's Non-Cumulative Class A Preferred Shares, Series 13, Non-Cumulative 5-Year Fixed Rate Reset Class A Preferred Shares, Series 17, 5.30% Limited Recourse Capital Notes, Series 1 and 5.095% subordinated non-viability contingent capital notes are expected to remain outstanding in accordance with their terms following the completion of the Transactions. Laurentian Bank's Non-Cumulative Class A Preferred Shares, Series 13 will continue to be listed on the TSX and, as a result, Laurentian Bank will continue to be a reporting issuer under applicable Canadian securities laws following completion of the Transactions.

National Bank Transactions Details

Immediately prior to the closing of the Acquisition Transaction, National Bank will acquire certain assets and assume certain liabilities related to the retail and SME banking sector being exited by Laurentian Bank in the Retail/SME Transaction pursuant to a definitive asset purchase agreement entered into concurrently with the Acquisition Transaction Agreement (the "**Retail/SME Agreement**"). As at July 31, 2025, the retail loans and deposits totalled approximately \$3.3 billion and \$7.6 billion, respectively, while the SME loans and deposits totalled approximately \$0.8 billion and \$0.6 billion, respectively.

In addition, the Retail/SME Agreement provides that National Bank will assume the distribution agreement for certain mutual funds. As at July 31, 2025, the underlying mutual funds totalled approximately \$3.4 billion.

The closing of the Retail/SME Transaction is conditional on all conditions precedent to the closing of the Acquisition Transaction having been satisfied or waived and will occur immediately prior to the closing of the Acquisition Transaction. The Retail/SME Agreement includes terms and conditions that are customary for transactions of this nature. The Retail/SME Transaction is not subject to the approval of Laurentian Bank Shareholders and is subject to customary closing conditions, including receipt of key regulatory approvals.

None of the employees or retail branches of Laurentian Bank will be transferred to National Bank. Laurentian Bank will be responsible for closing its branches and terminating the employment of certain employees (or reassigning them to other lines of business or to Fairstone Bank or its affiliates) prior to the closing of the Retail/SME Transaction.

A termination fee of \$10 million would be payable by Laurentian Bank to National Bank in certain circumstances, including in the context of a termination of the Retail/SME Agreement resulting from a termination of the Acquisition Transaction Agreement to accept a superior proposal. A reverse termination fee of \$10 million would be payable by National Bank to Laurentian Bank in certain circumstances where key regulatory approvals are not obtained prior to the outside date.

Separately, concurrently with the execution of the Retail/SME Agreement, Laurentian Bank and National Bank have also entered into a definitive loan purchase agreement in respect of the Syndicated Loan Transaction. As at July 31, 2025, the syndicated loans totalled approximately \$0.9 billion. The closing of the Syndicated Loan Transaction is not conditional upon the closing of the Retail/SME Transaction or the Acquisition Transaction. The Syndicated Loan Transaction is expected to close in approximately three months, subject to customary closing conditions.

The National Bank Transactions will be fully settled in cash and cash equivalents, with the final consideration based on outstanding balances at closing. If the purchase price was calculated as at July 31, 2025, the result would approximate net book value.

The National Bank Transactions are expected to be accretive to National Bank's adjusted earnings per share by approximately 1.5% to 2% in the first year following the closing of the Retail/SME Transaction and marginally accretive to adjusted return on equity, before any potential revenue synergies. Collectively, the National Bank Transactions are expected to reduce National Bank's Common Equity Tier 1 ratio by approximately 25 to 30 basis points, of which approximately 5 basis points relate to the Syndicated Loan Transaction, with the regulatory capital treatment expected to be under the Standardized Approach at each closing.

For further details on the National Bank Transactions, please refer to National Bank's [Transaction Fact Sheet](#) made available on National Bank's website.

Board Support, Fairness Opinions and Laurentian Bank Shareholder Meeting Matters

The Transactions are the result of a comprehensive negotiation process between Laurentian Bank, Fairstone Bank and National Bank.

The Laurentian Bank Board established a special committee of independent directors to oversee, support and assist management in connection with the Transactions (the "**Special Committee**"). Each of J.P. Morgan Securities Canada Inc. ("**J.P. Morgan**"), as lead financial advisor to Laurentian Bank, and Blair Franklin Capital Partners Inc. ("**Blair Franklin**") provided a verbal fairness opinion to the Special Committee and the Laurentian Bank Board to the effect that, as of December 2, 2025, subject to the assumptions, limitations and qualifications communicated to the Special Committee and the Laurentian Bank Board, and to be contained in their respective written fairness opinions (collectively, the "**Fairness Opinions**"), the consideration to be received by Laurentian Bank Shareholders for their Laurentian Bank Shares under the Acquisition Transaction is fair, from a financial point of view, to such shareholders.

The Special Committee, after receiving the Fairness Opinions as well as legal and financial advice, and after considering several factors which will be outlined in public filings to be made by Laurentian Bank, has unanimously recommended to the Laurentian Bank Board to approve the Transactions and recommend to Laurentian Bank Shareholders to vote in favour of the Acquisition Transaction at the Meeting.

The Laurentian Bank Board has evaluated the Transactions with Laurentian Bank's management and legal and financial advisors and has unanimously determined, after receiving the Fairness Opinions and the unanimous recommendation of the Special Committee, and after considering several factors which will be outlined in public filings to be made by Laurentian Bank, that the Transactions are in the best interests of Laurentian Bank and that the Acquisition Transaction is fair to Laurentian Bank Shareholders, and to recommend that the Laurentian Bank Shareholders vote in favour of the Acquisition Transaction at the Meeting.

La Caisse, the Board members of Laurentian Bank and its Executive Office members have entered into voting and support agreements pursuant to which they have agreed, among other things, to support and to vote all Laurentian Bank Shares held in favour of the Acquisition Transaction, subject to certain customary conditions.

Important Additional Information and Where to Find It

Copies of the Fairness Opinions, as well as additional details regarding the terms and conditions of the Transactions and the rationale for the recommendations made by the Special Committee and the Laurentian Bank Board, will be set out in the management information circular to be mailed to Laurentian Bank Shareholders in connection with the Meeting and filed by Laurentian Bank on its profile on SEDAR+ at www.sedarplus.ca. Copies of the Acquisition Transaction Agreement, the Retail/SME Agreement and the form of support and voting agreement will be available under Laurentian Bank's profile on SEDAR+ at www.sedarplus.ca.

Advisors

J.P. Morgan is acting as lead financial advisor and Osler, Hoskin & Harcourt LLP is acting as legal counsel to Laurentian Bank. Norton Rose Fulbright is acting as counsel to Laurentian Bank on diverse regulatory matters. Blair Franklin is acting as independent financial advisor to the Special Committee. National Bank Capital Markets is acting as financial advisor and both Torys LLP and Stikeman LLP are acting as legal advisors to Fairstone Bank. McCarthy Tétrault LLP is acting as legal advisor to National Bank.

About Laurentian Bank

Founded in Montreal in 1846, Laurentian Bank is committed to serving its customers and fostering deep relationships with specialized groups. Laurentian Bank runs operations across Canada— primarily in Québec and Ontario— as well as in the United States and competes where it sees market opportunity and has an edge, while harnessing the power of partnerships and collaboration.

About Fairstone Bank

Fairstone Bank of Canada and its subsidiaries, including Fairstone Financial Inc. and Home Trust Company, deliver innovative, accessible and reliable financial solutions that enable Canadians to reach their financial goals. Collectively, we offer residential and commercial mortgages, consumer deposits and GICs, retail and automobile financing, credit cards and digital lending, in addition to unsecured and secured personal loans online and at more than 255 branches coast to coast. With a long-established history, we are proud to be Canada's leading alternative lending bank. Learn more at fairstone.ca.

About National Bank

With \$553 billion in assets as at July 31, 2025, National Bank is one of Canada's six systemically important banks. The Bank has approximately 34,000 employees in knowledge-intensive positions and operates through three business segments in Canada: Personal and Commercial Banking, Wealth Management and Capital Markets. A fourth segment, U.S. Specialty Finance and International, complements the growth of its domestic operations. Its securities are listed on the Toronto Stock Exchange (TSX: NA). Follow the Bank's activities at nbc.ca or via social media.

Non-GAAP Financial Measures

This press release contains references to certain financial measures and ratios such as "adjusted earnings per share", "adjusted return on equity", and "Common Equity Tier 1 ratio" that do not have standardized meanings under GAAP and therefore should not be confused with, or used as an alternative for, performance measures calculated according to GAAP. Furthermore, these measures should not be compared with similarly titled measures provided or used by other issuers. For more information on the non-GAAP financial and other measures used by National Bank in this press release, refer to the "Financial Reporting Method" section on pages 14 to 20 of National Bank's 2024 Annual Report.

Caution Regarding Forward-Looking Information

This press release contains "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking information**") within the meaning of applicable securities laws. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projects", "projection", "prospects", "strategy", "intends", "anticipates", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will", "occur" or "be achieved", and similar words or the negative of these terms and similar terminology. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information.

Specifically, statements regarding the anticipated benefits of the Acquisition Transaction and the National Bank Transactions (collectively, in this section only, the "**Transactions**") for Laurentian Bank, Laurentian Bank Shareholders, other Laurentian Bank stakeholders, Fairstone Bank, and National Bank, including, plans, objectives, expectations and intentions of Laurentian Bank, Fairstone Bank or National Bank; statements regarding the timing and receipt of Laurentian Bank Shareholder approval or regulatory approvals in respect of the Transactions; anticipated timing of the Meeting; the satisfaction of the conditions precedent to the Transactions; the proposed timing and completion of the Transactions; the closing of the Transactions and the delisting from the TSX; and other statements that are not statements of historical facts are all considered to be forward-looking information.

Statements containing forward-looking information are not historical facts but instead represent expectations, estimates and projections of management of Laurentian Bank, Fairstone Bank or National Bank, as applicable, regarding future events or circumstances. This forward-looking information is based on opinions, estimates and assumptions that, while considered by Laurentian Bank, Fairstone Bank and National Bank to be appropriate and reasonable as of the date of this press release, are subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to: the risk that the Transactions will not be completed on the terms and conditions, or on the timing, currently contemplated; that the Transactions may not be completed at all, due to a failure to obtain or satisfy, in a timely manner or otherwise,

required Laurentian Bank Shareholder and regulatory approvals and other conditions to the closing of the Transactions or for other reasons; the risk that competing offers or acquisition proposals will be made; the negative impact that the failure to complete the Transactions, for any reason, could have on the price of the Laurentian Bank Shares or on the business of Laurentian Bank; the possibility of adverse reactions or changes in business relationships resulting from the announcement or completion of the Transactions; risks relating to Laurentian Bank's ability to retain and attract key personnel during and following the interim period; the possibility of litigation relating to the Transactions; credit, market, currency, operational, liquidity and funding risks generally and relating specifically to the Transactions, including changes in economic conditions, interest rates or tax rates; and those other risks discussed in greater detail under the "Risk Factors" section of Laurentian Bank's most recent annual information form and in other filings that Laurentian Bank has made or may make with securities regulatory authorities in the future, which are available under Laurentian Bank's profile on SEDAR+ at www.sedarplus.ca. If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. Although Laurentian Bank, Fairstone Bank and National Bank have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to such parties or that they presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information.

There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in forward-looking statements included herein. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, any forward-looking statements included herein are made as of the date of this news release and, except as expressly required by applicable law, each of Laurentian Bank, National Bank and Fairstone Bank assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All of the forward-looking information contained in this press release is expressly qualified by the foregoing cautionary statements.

No Offer or Solicitation

This press release is for informational purposes only and shall not constitute an offer to purchase or a solicitation of an offer to sell any securities, or a solicitation of a proxy of any securityholder of any person in any jurisdiction. Any offers or solicitations will be made in accordance with the requirements under applicable law. Shareholders are advised to review any documents that may be filed with securities regulatory authorities and any subsequent announcements because they will contain important information regarding the Transactions and the terms and conditions thereof. The circulation of this press release and the Transactions may be subject to a specific regulation or restrictions in some countries. Consequently, persons in possession of this press release must familiarize themselves and comply with any restrictions that may apply to them.

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