Press Release

FOR IMMEDIATE RELEASE

March 9, 2011

LAURENTIAN BANK REPORTS INCREASED NET INCOME OF $33.5 MILLION FOR THE FIRST QUARTER OF 2011

HIGHLIGHTS OF THE FIRST QUARTER 2011

- Net income of $33.5 million, up 5% from $32.0 million for the first quarter of 2010
- Diluted earnings per share up 5% to $1.27 from $1.21 for the first quarter of 2010
- Return on common shareholders' equity of 11.9%, compared to 12.3% for the first quarter of 2010
- Improvement in credit quality as evidenced by lower loan losses and improved level of impaired loans
- Total loans and bankers' acceptances increased by $1.2 billion over the last twelve months

Laurentian Bank of Canada reported net income of $33.5 million, or $1.27 diluted earnings per share, for the first quarter ended January 31, 2011, compared to net income of $32.0 million, or $1.21 diluted earnings per share, for the first quarter of 2010. Return on common shareholders' equity was 11.9% for the quarter, compared to 12.3% for the corresponding period in 2010.

Commenting on the first quarter results, Réjean Robitaille, President and Chief Executive Officer, mentioned: "We are pleased with the first quarter results, which are among our strongest ever. Total revenue and net income grew by 5% year-over-year, while credit quality improved in the quarter. We have seen growth in business activity in all business lines over the last year. Ongoing targeted investments in resources and systems are bearing fruit and we will continue to invest in initiatives to maintain our top line growth."

REVIEW OF BUSINESS HIGHLIGHTS

The first quarter of 2011 continued to demonstrate that the Bank's business model fosters growth in the markets where it focuses its development efforts. The Bank's focus, agile growth and execution constitute competitive advantages. Its growth and development have been and will continue to be supported by these three strong and distinctive pillars.

The focus on its Québec-based clients has, for the third consecutive year, resulted in Laurentian Bank being recognized as the second most admired bank in Québec in a recent Léger Marketing survey published during the quarter. This is proof that customers are truly its "raison d'être". Moreover, core values of proximity and service contribute to the positive perception in the eyes of its clientele, which in turn enables the Bank to generate sustainable earnings momentum.

The Bank's agile growth strategy has resulted in launching an innovative and dynamic concept: the Laurentian Bank Career Station. This innovative job store, created to attract new talent and offer a complete range of banking services and advice, is located in Montreal's busiest subway station. It takes advantage of the high visibility attained through the exclusive agreement to operate all 81 ATMs within the Montreal transit system and helps enhance the Bank's employer branding.

The Bank's focus also serves to allocate investment to businesses and projects that have the potential to produce high returns. Québec City has been identified as a region with substantial potential. To ensure appropriate expansion of its activities, the Bank relocated one of its most important branches to a larger and more visible location, regrouping all of the Bank's activities, including Retail, SME, Commercial, and multi-family residential real estate, in one prime location.

Excellence in execution is resulting in process optimization throughout the organization. Within B2B Trust, through new and re-engineered processes, significant progress is being made towards eliminating waste, enabling advisors to devote more time to servicing clients, and eliminating errors. Similarly, the branch network continues to reengineer processes, which contributes to increasing revenue and improving efficiency. This quarter, post-disbursement mortgage processes were reengineered to vastly improve turnaround time at the branch level.

This emphasis on execution also colours the Bank's strategies with its commercial clientele. Using a judicious balance between proactive risk management practices and growth strategies, commercial loan portfolios, in both Real Estate and Commercial and SME Québec groups continued to grow over the last few months. Through its 36 offices across Canada serving commercial clients, the Bank continues to forge strong relationships and partnerships with small and medium-sized enterprises, developers and promoters, whether it be in foreign exchange or other lending and deposit activities.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

In this document and in other documents filed with Canadian regulatory authorities or in other communications, Laurentian Bank of Canada may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements include, but are not limited to, statements regarding the Bank's business plan and financial objectives. The forward-looking statements contained in this document are used to assist the Bank's security holders and financial analysts in obtaining a better understanding of the Bank's financial position and the results of operations as at and for the periods ended on the dates presented and may not be appropriate for other purposes. Forward-looking statements typically use the conditional, as well as words such as prospects, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the forecasts, projections and other forward-looking statements will not be achieved or will prove to be inaccurate. Although the Bank believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct.

The pro-forma impact of Basel III on regulatory capital ratios is based on the Bank's interpretation of the proposed rules announced by the Basel Committee on Banking Supervision (BCBS) and related requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI). The pro-forma impact of Basel III on regulatory capital ratios also includes the anticipated impact of IFRS conversion. The Basel rules and impact of IFRS conversion could be subject to further change, which may impact the results of the Bank's analysis.

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 capital market activity, changes in government monetary, fiscal and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition, credit ratings, scarcity of human resources and technological environment. The Bank further cautions that the foregoing list of factors is not exhaustive. For more information on the risks, uncertainties and assumptions that would cause the Bank's actual results to differ from current expectations, please also refer to the Bank's 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.

HIGHLIGHTS

In thousands of dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2011	JANUARY 31 2010	VARIANCE
Earnings			
Total revenue	**$ 189,479**	$ 180,449	5 %
Net income	**$ 33,493**	$ 32,014	5 %
Profitability			
Diluted earnings per share	**$ 1.27**	$ 1.21	5 %
Return on common shareholders' equity [(1)]	**11.9 %**	12.3 %	
Net interest margin [(1)]	**2.03 %**	2.13 %	
Efficiency ratio [(1)]	**69.1 %**	66.7 %	
Per common share			
Share price			
High	**$ 53.66**	$ 44.00	
Low	**$ 44.14**	$ 37.76	
Close	**$ 53.10**	$ 38.03	40 %
Price / earnings ratio (trailing four quarters)	**11.3 x**	8.4 x	
Book value [(1)]	**$ 42.75**	$ 39.52	8 %
Market to book value	**124 %**	96 %	
Dividends declared	**$ 0.39**	$ 0.36	8 %
Dividend yield	**2.94 %**	3.79 %	
Dividend payout ratio [(1)]	**30.7 %**	29.8 %	
Financial position			
Balance sheet assets	**$ 23,329,722**	$ 23,159,368	1 %
Loans and acceptances	**$ 17,592,918**	$ 16,455,585	7 %
Deposits	**$ 18,964,000**	$ 18,401,795	3 %
BIS capital ratio			
Tier I	**11.1 %**	11.0 %	
Other information			
Number of full-time equivalent employees	**3,715**	3,629	
Number of branches	**157**	156	
Number of automated banking machines	**421**	406	

(1) Refer to the non-GAAP financial measures on page 17

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, 2011, and of how it performed during the three-month period then ended. This MD&A, dated March 9, 2011, should be read in conjunction with the unaudited interim consolidated financial statements for the first quarter of 2011. Supplemental information on risk management, critical accounting policies and estimates, and off-balance sheet arrangements is also provided in the Bank's 2010 Annual Report.

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

ECONOMIC OUTLOOK

The state of the global economy in general and in the United States in particular continue to support a cautiously optimistic view for the remainder of 2011. For Canada, this external context is favourable for exports, but not enough to trigger higher policy interest rates before mid-year, or push the Canadian dollar much above parity.

In the United States, economic growth will accelerate in 2011 due, in large part, to the policy actions taken in late 2010. In fact, the U.S. recovery had already regained some momentum in late 2010, with real GDP advancing by a robust 3.2% quarter over quarter (seasonally adjusted annual rate) in the fourth quarter of 2010, compared to 2.6% in the previous quarter. This pick-up in demand south of the border should allow export volumes in Canada to expand at their fastest pace since 2004. Also, cuts in corporate income taxes (1.5 percentage points on January 1, 2011 and another point in January 2012) should help. Finally, the Bank of Canada is providing businesses a window of opportunity to increase capital expenditures by keeping the overnight rate target very low at 1.00%. In this environment, it is possible that the interest rate normalization process will resume only in the summer with successive quarter-point rate increases bringing the overnight rate target to about 2.00% by the end of 2011 and 2.50% by June 2012. This is obviously higher than the current 1.00% but is far from being high, or overly restrictive.

All told, Canada's real GDP growth is poised to decelerate from approximately 3.0% in 2010 to about 2.5% in 2011. Household spending, the former engine of domestic growth, has been stretched and should enter a period of consolidation. A higher tax burden combined with fewer job gains will also contribute to a below-average performance in consumer spending, as well as a slowdown in housing starts in 2011. Nevertheless, such developments will provide for a more sustainable base for future growth, beyond this period of consolidation.

2011 FINANCIAL OBJECTIVES

The following table presents management's financial objectives for 2011 and the Bank's performance to date. These financial objectives are based on the same assumptions noted on page 29 of the Bank's 2010 Annual Report under the title "Key assumptions supporting the Bank's objectives".

2011 FINANCIAL OBJECTIVES

	2011 OBJECTIVES	FOR THE THREE MONTHS ENDED JANUARY 31, 2011
Revenue growth	> 5 %	5 %
Efficiency ratio (1)	70 % to 67 %	69.1 %
Return on common shareholders' equity (1)	11 % to 13 %	11.9 %
Diluted earnings per share	$ 4.80 to $ 5.40	$ 1.27

(1) Refer to the non-GAAP financial measures on page 17

As shown in the table above, the Bank's results for the quarter ended January 31, 2011 are in line with the 2011 objectives after three months.

ANALYSIS OF CONSOLIDATED RESULTS

CONSOLIDATED RESULTS

In thousands of dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Net interest income	**$ 121,418**	$ 128,202	$ 120,716
Other income	**68,061**	61,872	59,733
Total revenue	**189,479**	190,074	180,449
Provision for loan losses	**15,000**	16,000	16,000
Non-interest expenses	**130,958**	132,484	120,383
Income before income taxes	**43,521**	41,590	44,066
Income taxes	**10,028**	9,076	12,052
Net income	**$ 33,493**	$ 32,514	$ 32,014
Preferred share dividends, including applicable taxes	**3,109**	2,899	3,074
Net income available to common shareholders	**$ 30,384**	$ 29,615	$ 28,940
Earnings per share			
Basic	**$ 1.27**	$ 1.24	$ 1.21
Diluted	**$ 1.27**	$ 1.24	$ 1.21

Net income was $33.5 million, or $1.27 diluted per share, for the first quarter ended January 31, 2011, compared with $32.0 million, or $1.21 diluted per share, for the first quarter of 2010.

TOTAL REVENUE

Total revenue increased by 5% year-over-year to $189.5 million in the first quarter of 2011, compared with $180.4 million in the first quarter of 2010. Net interest income increased to $121.4 million for the first quarter of 2011, from $120.7 million in the first quarter of 2010. The increase is essentially attributable to good loan and deposit growth year-over-year offset by interest margins having decreased by 10 basis points, to 2.03%, in the first quarter of 2011, when compared to the first quarter of 2010. While the competitive retail pricing environment continues to put some pressure on spreads, most of the margins decline in the first quarter resulted from a shortening of duration in the government securities book, in anticipation of a flatter yield curve and a modification to the Bank's hedging strategies.

OTHER INCOME

Other income was $68.1 million in the first quarter of 2011, compared to $59.7 million in the first quarter of 2010. Revenues from card services improved in 2011 reflecting the significant increase in transaction volumes. Income from treasury and financial market operations and brokerage operations also contributed to the increase in other income as a result of continued business development at Laurentian Bank Securities and favourable market conditions. In addition, securitization income increased by $4.7 million compared to the same quarter a year ago, as a result of higher gains on $388 million of mortgage loan securitization. The Bank opted to fund most of its loan growth through securitization as it was the most favourably priced funding source given market conditions. The discussion on the Other sector's activity below provides further details on securitization activities.

PROVISION FOR LOAN LOSSES

The provision for loan losses decreased to $15.0 million in the first quarter of 2011, from $16 million in the first quarter of 2010, mainly due to continued improvement in the retail portfolios, while losses on the commercial portfolios remained at a manageable level during the first quarter. Furthermore, as evidenced by the significant reduction in impaired loans, the overall credit quality of the loan portfolio is showing clear signs of improvement at this stage.

NON-INTEREST EXPENSES

Non-interest expenses totalled $131.0 million for the first quarter of 2011, compared to $120.4 million for the first quarter of 2010; a 9% year-over-year increase. Salaries and employee benefits rose by $7.1 million, mainly as a result of higher salary costs, performance related charges, increased payroll taxes and pension costs. The Bank continued to invest in its human capital to support growth and service quality initiatives by increasing its headcount from 3,629 employees at the end of the first quarter 2010 to 3,715 employees at the end of the same period in 2011. Premises and technology costs rose from $32.1 million for the first quarter of 2010 to $34.5 million for the first quarter of 2011, mainly as a result of higher technology costs to support business growth, amortization expenses related to recently completed IT development projects, and rental costs. Other non-interest expenses slightly increased from $23.0 million for the first quarter of 2010 to $24.2 million for the first quarter of 2011. Other non-interest expenses for the first quarter of 2010 included a $2.1 million favourable recovery related to a specific operational issue.

The efficiency ratio was 69.1% in the first quarter of 2011, compared with 66.7% in the first quarter of 2010. The decrease in efficiency ratio is mainly due to the items mentioned above and the net interest margin compression, which limited revenue growth.

INCOME TAXES

For the quarter ended January 31, 2011, the income tax expense was $10.0 million and the effective tax rate was 23.0%. 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 credit insurance operations. In addition, compared to the same quarter of 2010, income taxes for the first quarter ended January 31, 2011 benefitted from the effect of the reduction in Federal income tax rates of 1.4% which became effective for the year and the higher proportion of credit insurance operations. For the quarter ended January 31, 2010, the income tax expense was $12.1 million and the effective tax rate was 27.3%.

FIRST QUARTER 2011 COMPARED TO FOURTH QUARTER 2010

Net income was $33.5 million for the first quarter of 2011, compared to $32.5 million for the fourth quarter ended October 31, 2010. Total revenue decreased slightly to $189.5 million in the first quarter of 2011, compared with $190.1 million in the fourth quarter of 2010. Net interest income decreased to $121.4 million, or 2.03% of average assets, in the first quarter of 2011 from $128.2 million or 2.15% of average assets in the previous quarter. Average assets remained relatively unchanged during the quarter as new loan disbursements were funded by new securitizations and liquidity. Changes to hedging strategies, in a flatter yield curve environment, lowered the duration of securities held, which impacted the net interest margin in the quarter.

Other income improved to $68.1 million in the first quarter of 2011, compared to $61.9 million in the fourth quarter of 2010, mainly due to higher gains on mortgage loan securitization driven by wider spreads as increases in VISA, insurance and mutual funds revenues were offset by lower commercial lending and capital market revenues.

The provision for loan losses improved to $15.0 million in the first quarter of 2011, from $16.0 million in the fourth quarter of 2010, reflecting improvements in retail portfolios. As explained above, commercial portfolios performed relatively well, as evidenced by the reduction in impaired loans.

Non-interest expenses decreased by $1.5 million compared with the fourth quarter of 2010, mainly as a result of the higher level of other non-interest expenses incurred in the last quarter of 2010. Salaries and employee benefits for the first quarter of 2011 reflected increases in pension costs and payroll taxes that were largely offset by a reduction in variable compensation cost.

FINANCIAL CONDITION

CONDENSED BALANCE SHEET

In thousands of dollars (Unaudited)	**AS AT JANUARY 31 2011**	AS AT OCTOBER 31 2010	AS AT JANUARY 31 2010
ASSETS			
Cash and deposits with other banks	**$ 528,922**	$ 166,098	$ 239,346
Securities	**3,927,940**	4,258,805	4,688,760
Securities purchased under reverse repurchase agreements	**331,935**	803,874	815,449
Loans, net	**17,422,820**	17,405,244	16,209,912
Other assets	**1,118,105**	1,138,117	1,205,901
	$ 23,329,722	$ 23,772,138	$ 23,159,368
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits	**$ 18,964,000**	$ 19,647,730	$ 18,401,795
Other liabilities	**2,873,909**	2,734,993	3,415,700
Subordinated debt	**241,075**	150,000	150,000
Shareholders' equity	**1,250,738**	1,239,415	1,191,873
	$ 23,329,722	$ 23,772,138	$ 23,159,368

Balance sheet assets stood at $23.3 billion as at January 31, 2011, a decrease of $0.5 billion from year-end 2010. Over the last twelve months, balance sheet assets were up marginally.

LIQUID ASSETS

Liquid assets, including cash, deposits with other banks, securities and securities purchased under reverse repurchase agreements, decreased by $0.4 billion during the first quarter of 2011, mainly as a result of lower securities held to hedge the Bank's securitization activities, as the Bank modified its hedging strategy and prepared for transition to International Financial Reporting Standards. Liquid assets as a percentage of total assets decreased to 21% compared with 22% as at October 31, 2010 as the Bank slightly reduced its level of liquid assets to optimize its asset mix.

LOAN PORTFOLIO

The portfolio of loans and bankers' acceptances stood at $17.7 billion at January 31, 2011, slightly higher than as at October 31, 2010. Commercial mortgage loans and commercial loans, including bankers' acceptances increased by $60.9 million and $56.3 million, respectively, as the Bank continues to capitalize on growth opportunities in the Canadian market. Personal loans decreased slightly and were down by $8.1 million, as growth in investment loans and home equity lines of credit did not fully compensate for ongoing run-offs in point-of-sale financing. The Bank's residential mortgage loan portfolio, including off-balance sheet loans, was up $155.9 million as indicated in the table below, as the Bank securitized $388 million in residential mortgages in the quarter.

RESIDENTIAL MORTGAGE LOAN PORTFOLIO

In thousands of dollars (Unaudited)	**AS AT JANUARY 31 2011**	AS AT OCTOBER 31 2010	VARIANCE
On-balance sheet residential mortgage loans	**$ 8,503,963**	$ 8,582,548	$ (78,585)
Securitized residential mortgage loans (off-balance sheet)	**2,950,019**	2,715,535	234,484
Total residential mortgage loans, including securitized loans	**$ 11,453,982**	$ 11,298,083	$ 155,899

DEPOSITS

Total personal deposits remained unchanged at $15.4 billion as at January 31, 2011, compared to October 31, 2010. Business and other deposits were down $0.7 billion during the quarter to $3.5 billion as at January 31, 2011 as the Bank prioritized other sources, such as securitization, to meet its funding requirements and gradually reduced its liquidity level. Retail deposits continue to be a particularly stable source of financing for the Bank, at a lower cost when compared to institutional deposits. As at January 31, 2011, personal deposits represented 81% of total deposits compared to 78% at the beginning of the year.

SUBORDINATED DEBT

As at January 31, 2011, subordinated debt increased to $241.1 million, from $150.0 million as at October 31, 2010. During the quarter, the Bank issued $250.0 million Medium Term Notes (subordinated indebtedness) Series 2010-1 due November 2, 2020 and redeemed all of its subordinated debentures, Series 10, maturing in 2016, with an aggregate notional amount of $150.0 million. When combined, these transactions will provide the Bank with added flexibility to pursue its growth initiatives and contribute to meeting new regulatory capital requirements.

SHAREHOLDERS' EQUITY

Shareholders' equity stood at $1,250.7 million as at January 31, 2011, compared with $1,239.4 million as at October 31, 2010. This increase mainly resulted from net income for the first quarter of 2011, net of declared dividends, partly offset by a decrease in the deferred gain related to interest rate swaps in accumulated other comprehensive income. The Bank's book value per common share, excluding AOCI, appreciated to $42.75 as at January 31, 2011 from $41.87 as at October 31, 2010. There were 23,921,762 common shares and 53,275 share purchase options outstanding as at March 1, 2011.

ASSETS UNDER ADMINISTRATION

Assets under administration stood at $15.5 billion as at January 31, 2011, $0.4 billion higher than as at October 31, 2010, and $1.2 billion higher than as at January 31, 2010, where they stood at $14.3 billion. The increase compared with January 31, 2010 is attributable to the increase in mortgage loans under management, and the appreciation in market value of assets related to mutual funds and self-directed RRSPs.

CAPITAL MANAGEMENT

The regulatory Tier I capital of the Bank reached $1,153.7 million as at January 31, 2011, compared with $1,134.3 million as at October 31, 2010. The BIS Tier 1 and total capital ratios stood at 11.1% and 13.9%, respectively, as at January 31, 2011, compared to 10.9% and 12.9%, respectively, as at October 31, 2010. These ratios remain strong. The tangible common equity ratio of 9.2% also reflects the high quality of the Bank's capital.

REGULATORY CAPITAL

In thousands of dollars, except percentage amounts (Unaudited)	**AS AT JANUARY 31 2011**		AS AT OCTOBER 31 2010		AS AT JANUARY 31 2010	
Tier 1 capital (A)	**$ 1,153,731**		$ 1,134,291		$ 1,066,390	
Tier I BIS capital ratio (A/C)	**11.1**	**%**	10.9	%	11.0	%
Total regulatory capital - BIS (B)	**$ 1,445,957**		$ 1,337,327		$ 1,255,570	
Total BIS capital ratio (B/C)	**13.9**	**%**	12.9	%	12.9	%
Total risk-weighted assets (C)	**$ 10,398,170**		$ 10,388,050		$ 9,708,653	
Assets to capital multiple	**16.2**	**x**	17.9	x	18.6	x
Tangible common equity as a % of risk-weighted assets (1)	**9.2**	**%**	9.0	%	9.1	%

(1) Refer to the non-GAAP financial measures on page 17

PROPOSAL FOR NEW CAPITAL AND LIQUIDITY REGULATORY MEASURES

In December 2010, the Basel Committee on Banking Supervision (BCBS) published new capital guidelines. These new requirements will take effect in January 2013 and will generally provide more stringent capital adequacy standards.

The BCBS published further details in January 2011 with regards to qualifying criteria for capital under the guidelines. The Office of the Superintendent of Financial Institutions Canada (OSFI) subsequently provided additional guidance regarding the treatment of non-qualifying capital instruments in February 2011. As a result, certain capital instruments may no longer qualify fully as capital beginning January 1, 2013. The Bank's non-common capital instruments will be considered non-qualifying capital instruments under Basel III and will therefore be subject to a 10 per cent phase-out per year beginning in 2013. These non-common capital instruments include both Series 9 and 10 preferred shares and Series 2010-1 subordinated Medium Term Notes. The Bank has not issued any hybrids or innovative Tier 1 instruments and none of its capital instruments are subject to a regulatory event redemption clause. Therefore, no regulatory event redemption is expected.

Considering the Bank's strong capital position and the nature of its operations, and based on available information, management believes that the Bank is well positioned to meet upcoming capital requirements. Given the evolving nature of international capital rules and the projected outlook for balance sheet expansion, the Bank will nonetheless remain cautious with respect to capital deployment.

In December 2009, the BCBS published proposals on new liquidity requirements, which introduced new global liquidity standards. Updates were also published in July, September and December 2010, providing additional information. At this stage, it is still too early to determine their definitive impact on liquidity requirements, considering the proposals are yet to be finalized at both the international (BCBS) and national (OSFI) levels and may further change between now and when the final rules take effect.

DIVIDENDS

On February 23, 2011, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on March 8, 2011. At its meeting on March 9, 2011, the Board of Directors declared a dividend of $0.39 per common share, payable on May 1, 2011, to shareholders of record on April 1, 2011.

COMMON SHARE DIVIDENDS AND PAYOUT RATIO

	FOR THE THREE MONTHS ENDED		FOR THE YEARS ENDED					
In thousands of dollars, except per share amounts and payout ratios (Unaudited)	**JANUARY 31 2011**		OCTOBER 31 2010		OCTOBER 31 2009		OCTOBER 31 2008	
Dividends declared per common share	**$ 0.39**		$ 1.44		$ 1.36		$ 1.30	
Dividends declared on common shares	**$ 9,329**		$ 34,446		$ 32,453		$ 30,993	
Dividend payout ratio (1)	**30.7**	**%**	31.1	%	32.1	%	34.2	%

(1) Refer to the non-GAAP financial measures on page 17

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. For additional information regarding the Bank's Risk Management Framework, please refer to the 2010 Annual Report.

CREDIT RISK

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

PROVISION FOR LOAN LOSSES

	FOR THE THREE MONTHS ENDED		
In thousands of dollars, except percentage amounts (Unaudited)	**JANUARY 31 2011**	OCTOBER 31 2010	JANUARY 31 2010
Provision for loan losses			
Personal loans	**$ 5,895**	$ 6,919	$ 8,658
Residential mortgage loans	**1,266**	1,338	263
Commercial mortgage loans	**3,428**	1,488	794
Commercial and other loans	**4,411**	6,255	6,285
Total	**$ 15,000**	$ 16,000	$ 16,000
As a % of average loans and acceptances	**0.34 %**	0.36 %	0.39 %

The provision for loan losses decreased to $15.0 million in the first quarter of 2011, from $16.0 million in the first and fourth quarter of 2010 as overall credit quality improved during the quarter. The year-over-year decrease in provisions on personal loans essentially results from improved employment conditions in Canada and a reduced exposure to the point-of-sale financing business. Provisions on commercial mortgages and commercial loans remained relatively unchanged compared to prior quarters.

IMPAIRED LOANS

In thousands of dollars, except percentage amounts (Unaudited)	**AS AT JANUARY 31 2011**	AS AT OCTOBER 31 2010	AS AT JANUARY 31 2010
Gross impaired loans			
Personal	**$ 17,250**	$ 16,397	$ 23,646
Residential mortgages	**37,055**	39,304	33,778
Commercial mortgages	**34,594**	34,316	21,091
Commercial and other	**79,778**	98,106	78,858
	168,677	188,123	157,373
Specific allowances	**(73,312)**	(64,893)	(48,114)
General allowances	**(73,250)**	(73,250)	(73,250)
Net impaired loans	**$ 22,115**	$ 49,980	$ 36,009
Impaired loans as a % of loans and acceptances			
Gross	**0.95 %**	1.06 %	0.95 %
Net	**0.12 %**	0.28 %	0.22 %

Gross impaired loans stood at $168.7 million at January 31, 2011, compared to $188.1 million at October 31, 2010 as credit quality continued to improve during the quarter. The decrease since October 31, 2010 essentially resulted from improvements in the commercial loan portfolios. The retail portfolios also performed well, as borrowers continued to benefit from improving employment conditions in Canada and a low interest rate environment. Specific allowances increased by $8.4 million to $73.3 million and now represent 43% of gross impaired loans as at January 31, 2011.

Net impaired loans stood at $22.1 million at January 31, 2011 (representing 0.13% of average loans and bankers' acceptances), compared to $50.0 million (0.30%) at October 31, 2010.

MARKET RISK

Market risk corresponds to the financial losses that the Bank could incur due to unfavourable fluctuations in the value of financial instruments following variations in the parameters underlying their valuation, such as interest rates, exchange rates or quoted market 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 revenues and economic value. 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, 2011, the effect on the economic value of common shareholders' equity and on net interest income before taxes of a sudden and sustained 1% increase in interest rates across the yield curve remained low and was as follows.

STRUCTURAL INTEREST RATE SENSITIVITY ANALYSIS

In thousands of dollars (Unaudited)	**AS AT JANUARY 31 2011**	AS AT OCTOBER 31 2010
Increase in net interest income before taxes over the next 12 months	**$ 7,312**	$ 4,650
Decrease in the economic value of common shareholders' equity (Net of income taxes)	**$ (14,740)**	$ (22,638)

The Bank is actively managing its interest rate sensitivity position in order to benefit from current yield curve conditions, while maintaining this position within prudent approved limits.

SEGMENTED INFORMATION

This section outlines the Bank's operations according to its organizational structure. Services to individuals, businesses, financial intermediaries and institutional clients are offered through the following business segments:

- Retail & SME Québec
- Real Estate & Commercial
- B2B Trust
- Laurentian Bank Securities & Capital Markets
- Other

RETAIL & SME QUÉBEC

In thousands of dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED **JANUARY 31 2011**	OCTOBER 31 2010	JANUARY 31 2010
Net interest income	**$ 79,782**	$ 79,813	$ 81,811
Other income	**33,182**	32,853	30,692
Total revenue	**112,964**	112,666	112,503
Provision for loan losses	**7,351**	10,004	9,790
Non-interest expenses	**91,489**	90,635	86,502
Income before income taxes	**14,124**	12,027	16,211
Income taxes	**2,533**	2,281	3,659
Net income	**$ 11,591**	$ 9,746	$ 12,552
Efficiency ratio (1)	**81.0 %**	80.4 %	76.9 %

(1) Refer to the non-GAAP financial measures on page 17

The Retail & SME Québec business segment's contribution to net income decreased by 8%, from $12.6 million for the first quarter of 2010 to $11.6 million for the first quarter of 2011.

Total revenue slightly increased, from $112.5 million in the first quarter of 2010 to $113.0 million in the first quarter of 2011, as the increase in other income slightly exceeded the decrease in interest income. The decrease in net interest income essentially resulted from tighter interest spreads reflecting present retail market conditions, as loan and deposit volumes significantly increased compared to a year ago. Other income improved mainly as a result of higher card service revenues, credit insurance income and income from sales of mutual funds. Loan losses decreased by 25% or $2.4 million, from $9.8 million in the first quarter of 2010 to $7.4 million in the first quarter of 2011, essentially as a result of the lower level of losses on the point-of-sale financing portfolio. Non-interest expenses increased by 6% or $5.0 million, from $86.5 million in the first quarter of 2010 to $91.5 million in the first quarter of 2011, mainly as a result of increases in salaries, payroll taxes and pension costs.

Balance sheet highlights

- Loans up 5% or $620 million over the last 12 months
- Increase in deposits of $404 million, to $8.9 billion as at January 31, 2011

REAL ESTATE & COMMERCIAL

In thousands of dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Net interest income	**$ 22,556**	$ 21,808	$ 19,911
Other income	**8,094**	9,196	7,679
Total revenue	**30,650**	31,004	27,590
Provision for loan losses	**7,272**	5,557	5,150
Non-interest expenses	**7,567**	7,780	4,242
Income before income taxes	**15,811**	17,667	18,198
Income taxes	**4,527**	5,348	5,510
Net income	**$ 11,284**	$ 12,319	$ 12,688
Efficiency ratio (1)	**24.7 %**	25.1 %	15.4 %

(1) Refer to the non-GAAP financial measures on page 17

The Real Estate & Commercial business segment's contribution to net income decreased by 11%, from $12.7 million for the first quarter of 2010 to $11.3 million for the first quarter of 2011.

Total revenue increased by $3.1 million, from $27.6 million in the first quarter of 2010 to $30.7 million in the first quarter of 2011, mainly as a result of higher net interest income due to growth in loan volumes. Loan losses were higher at $7.3 million in the first quarter of 2011, compared to $5.2 million in the first quarter of 2010. Nonetheless, at 24 basis points of average loans and bankers' acceptances, losses have remained acceptable. Furthermore, the overall credit quality of the portfolio has improved in the quarter, as reflected by the reduction in impaired loans compared to October 31, 2010. Non-interest expenses increased by $3.4 million to $7.6 million in the first quarter of 2011, from $4.2 million in the first quarter of 2010, mainly as results of the first quarter of 2010 included the partial resolution of certain operational issues which generated a $2.1 million favourable adjustment to non-interest expenses.

Balance sheet highlight

- Loans and BAs up 11% or $295 million over the last 12 months

B2B TRUST

In thousands of dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Net interest income	**$ 28,718**	$ 29,966	$ 27,340
Other income	**2,525**	2,464	2,497
Total revenue	**31,243**	32,430	29,837
Provision for loan losses	**377**	439	1,060
Non-interest expenses	**16,222**	14,426	12,607
Income before income taxes	**14,644**	17,565	16,170
Income taxes	**4,151**	5,409	5,109
Net income	**$ 10,493**	$ 12,156	$ 11,061
Efficiency ratio (1)	**51.9 %**	44.5 %	42.3 %

(1) Refer to the non-GAAP financial measures on page 17

The B2B Trust business segment's contribution to net income decreased by 5%, totalling $10.5 million in the first quarter of 2011, compared with $11.1 million in the first quarter of 2010.

Total revenue increased by $1.4 million, from $29.8 million in the first quarter of 2010 to $31.2 million in the first quarter of 2011. Net interest income increased by $1.4 million, as volume growth in mortgage loans and favourable margins on the High Interest Investment Accounts and term deposits were partly offset by tighter margins on investment loans. Loan losses, including losses on investment lending activities, remained low at $0.4 million in the first quarter of 2011, compared with $1.1 million in the first quarter of 2010. Non-interest expenses increased to $16.2 million in the first quarter of 2011, compared with $12.6 million in the first quarter of 2010, mainly as a result of higher salary and employee benefits to support increased business activity and enhanced service levels, as well as higher allocated technology costs.

Balance sheet highlights

- Loans up 10% or $465 million over the last 12 months
- Total deposits of $9.0 billion as at January 31, 2011, up marginally compared to a year ago

LAURENTIAN BANK SECURITIES & CAPITAL MARKETS

In thousands of dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Total revenue	**$ 16,241**	$ 17,367	$ 14,487
Non-interest expenses	**12,495**	12,551	11,680
Income before income taxes	**3,746**	4,816	2,807
Income taxes	**1,024**	1,348	973
Net income	**$ 2,722**	$ 3,468	$ 1,834
Efficiency ratio (1)	**76.9 %**	72.3 %	80.6 %

(1) Refer to the non-GAAP financial measures on page 17

The Laurentian Bank Securities and Capital Markets business segment's contribution to net income increased by 48% to $2.7 million in the first quarter of 2011, compared with $1.8 million in the first quarter of 2010. Revenue grew by more than 12% to $16.2 million in the first quarter of 2011, as a result of the increased retail clientele base following ongoing recruitment of new representatives, the continued good performance from the Fixed-income division and the better performance from the Bank's capital market activities. Non-interest expenses increased to $12.5 million in the first quarter of 2011, from $11.7 million in the first quarter of 2010, due primarily to higher variable compensation costs.

Balance sheet highlight

- Assets under management up 8% or $161 million over the last 12 months

OTHER SECTOR

In thousands of dollars (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Net interest income	**$ (10,410)**	$ (4,204)	$ (8,831)
Other income	**8,791**	811	4,863
Total revenue	**(1,619)**	(3,393)	(3,968)
Non-interest expenses	**3,185**	7,092	5,352
Loss before income taxes	**(4,804)**	(10,485)	(9,320)
Income taxes recovery	**(2,207)**	(5,310)	(3,199)
Net loss	**$ (2,597)**	$ (5,175)	$ (6,121)

The Other sector posted a negative contribution to net income of $2.6 million in the first quarter of 2011, compared with a negative contribution of $6.1 million in the first quarter of 2010. Net interest income decreased to negative $10.4 million in the first quarter of 2011, compared to negative $8.8 million in the first quarter of 2010, mainly as a result of the lower yield on securities.

Other income for the first quarter of 2011 was $8.8 million, compared to $4.9 million for the first quarter of 2010. The increase in profitability mainly results from higher securitization income resulting from gains on $388 million of mortgage loans securitization.

SECURITIZATION INCOME

In thousands of dollars (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Gains on securitization operations	**$ 11,675**	$ 3,116	$ 3,185
Changes in fair value of retained interests related to excess spreads, securitization swaps and financial instruments held for economic hedging purposes	**(3,708)**	(2,843)	667
Management income	**1,953**	1,551	1,975
Other	**(1,030)**	(1,271)	(1,647)
	$ 8,890	$ 553	$ 4,180

Non-interest expenses decreased to $3.2 million for the first quarter of 2011, compared with $5.4 million for the first quarter of 2010, as higher salaries and benefits were more than offset by reductions in net technology costs resulting from higher allocations to other business segments.

ADDITIONAL FINANCIAL INFORMATION – QUARTERLY RESULTS

In thousands of dollars, except per share and percentage amounts (Unaudited)	**JANUARY 31 2011**	OCTOBER 31 2010	JULY 31 2010	APRIL 30 2010	JANUARY 31 2010	OCTOBER 31 2009	JULY 31 2009	APRIL 30 2009
Total revenue	**$ 189,479**	$ 190,074	$ 188,810	$ 178,113	$ 180,449	$ 178,540	$ 176,657	$ 154,768
Income from continuing operations	**$ 33,493**	$ 32,514	$ 30,064	$ 28,349	$ 32,014	$ 26,779	$ 28,683	$ 21,155
Net income	**$ 33,493**	$ 32,514	$ 30,064	$ 28,349	$ 32,014	$ 38,248	$ 28,683	$ 21,155
Earnings per share from continuing operations								
Basic	**$ 1.27**	$ 1.24	$ 1.13	$ 1.06	$ 1.21	$ 0.99	$ 1.08	$ 0.76
Diluted	**$ 1.27**	$ 1.24	$ 1.13	$ 1.06	$ 1.21	$ 0.99	$ 1.08	$ 0.76
Earnings per share								
Basic	**$ 1.27**	$ 1.24	$ 1.13	$ 1.06	$ 1.21	$ 1.47	$ 1.08	$ 0.76
Diluted	**$ 1.27**	$ 1.24	$ 1.13	$ 1.06	$ 1.21	$ 1.47	$ 1.08	$ 0.76
Return on common shareholders' equity [1]	**11.9 %**	11.8 %	11.0 %	10.9 %	12.3 %	15.3 %	11.6 %	8.5 %
Balance sheet assets (in millions of dollars)	**$ 23,330**	$ 23,772	$ 23,549	$ 23,062	$ 23,159	$ 22,140	$ 21,293	$ 20,379

(1) Refer to the non-GAAP financial measures on page 17

ACCOUNTING POLICIES

A summary of the Bank's significant accounting policies is presented in Notes 2 and 3 of the 2010 audited annual consolidated financial statements. Pages 58 to 61 of the 2010 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 interim consolidated financial statements for the first quarter of 2011 have been prepared in accordance with these accounting policies.

FUTURE CHANGES IN ACCOUNTING POLICY

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Accounting Standards Board confirmed the convergence of financial reporting standards for Canadian public companies with International Financial Reporting Standards (IFRS). As a result, the Bank will adopt IFRS commencing on November 1, 2011 and will publish its first consolidated financial statements, prepared in accordance with IFRS, for the quarter ending January 31, 2012. Comparative financial information for fiscal 2011 will be provided at that time, prepared in accordance with IFRS, including an opening balance sheet as at November 1, 2010.

In order to manage the transition to IFRS, the Bank has prepared an enterprise-wide conversion plan supported by a formal governance structure and assembled a dedicated project team, including both internal and external resources, to coordinate and execute the conversion to IFRS. The key elements of the IFRS transition plan include developing a project governance framework, updating accounting policies, preparing financial statements, building financial reporting expertise, identifying impact on business processes and information technology, implementing internal controls over financial reporting (ICFR), and implementing appropriate disclosure controls and procedures (DC&P), including investor relations and communication plans. To date, the conversion plan is proceeding according to the Bank's initial timeline, and operationalization of the IFRS transition is underway. The Bank's conversion plan consists of the following four phases: (i) preliminary assessment; (ii) financial standards analysis; (iii) selection of key accounting policies; and (iv) implementation.

PROJECT STATUS

The Bank completed its preliminary assessment of the IFRS impact during the planning stage of the project in early 2009. Work on the financial standards analysis has allowed the Bank to identify the key accounting differences between IFRS and the Bank's current accounting policies. This phase is substantially completed as at the end of the first quarter of 2011, subject to changes to IFRS by the International Accounting Standards Board (IASB). These key differences have been summarized below. At the end of Q1 2011, the Bank has completed most of the evaluation of key accounting policies but certain choices, mainly with regards to employee benefits and first-time adoption of IFRS, remain outstanding. The Bank will finalize these implementation decisions in the upcoming months. The Bank is now progressing to the implementation phase of the necessary changes to processes and systems for all critical areas. An IT strategy was defined to appropriately manage the dual-accounting period in fiscal 2011. The implementation phase will be completed during fiscal 2011. The Bank has therefore not finalized the estimation and analysis of the expected financial impact of its IFRS conversion as at the end of the first quarter of 2011.

First-time adoption of IFRS

The adoption of IFRS will require the application of IFRS 1, *First-Time Adoption of International Financial Reporting Standards ("IFRS 1")*, which provides guidance for an entity's initial adoption of IFRS. In general, accounting changes resulting from the transition to IFRS will be reflected in the IFRS opening consolidated balance sheet on a retrospective basis. However, IFRS 1 includes certain mandatory exemptions and limited optional exemptions from retrospective application where it would be operationally impracticable. The IFRS 1 elections that the Bank expects to make upon transition are summarized below. This is not an exhaustive list and does not cover all exemptions which the Bank is considering. However, the remaining first-time adoption elections under IFRS 1 are not significant to the Bank's conversion and financial statements. These elections may change pending further developments in IFRS during the 2011 transition year.

a) Securitization

Generally, the Bank's securitization transactions would not meet IAS 39 derecognition criteria. In November 2010, the IASB approved amendments to IFRS 1 with regard to the derecognition exemption, which provide the option to grandfather certain securitization transactions occurring on or after an entity's transition date, or another date of the entity's choosing, instead of the current mandatory date of January 1, 2004. In February 2011, the Office of the Superintendent of Financial Institutions Canada (OSFI) concluded that banks should not early adopt these IFRS amendments and should apply the derecognition requirements in IAS 39 prospectively for transactions occurring on or after January 1, 2004. In line with OSFI's position, the Bank will apply IAS 39 derecognition requirements to past securitization transactions.

b) Designation of financial instruments

Under IAS 39, *Financial Instruments: Recognition and Measurement*, entities are permitted to make certain designations only upon initial recognition. IFRS 1 permits an issuer to classify at the transition date any financial instrument using the fair value option or as available-for-sale. The Bank has documented its financial instruments classification decisions with regard to redesignations of certain financial instruments on its balance sheet, as well as the classification of financial instruments that will likely be recognized for the first time under IFRS. The redesignations essentially relate to financial instruments that would not meet the criteria for fair value option under IFRS. For other financial instruments, the Bank maintained its existing designations as at November 1, 2010.

c) Hedge accounting

Hedge accounting can be applied to hedging relationships as of November 1, 2010 only if all IFRS criteria are met. Consequently, the Bank's hedging strategies have been reviewed to ensure they qualify for hedge accounting under IFRS. Hedging documentation has been amended effective November 1, 2010 to ensure compliance with IFRS.

d) Employee benefits

At transition, IFRS generally provide for a retrospective adoption of the Employee Benefits standard (IAS 19). To date, the Bank has not determined its potential impact given the significant challenge posed by the complexity of pension benefit plans. However, IFRS 1 provides the option to not retrospectively apply IAS 19 and recognize all cumulative actuarial gains and losses currently deferred under Canadian GAAP directly into retained earnings. If this election is made, net losses accumulated to the date of transition amounting to $130.7 million (approximately $95.0 million, net of income taxes) would be charged to opening retained earnings. This may have a significant effect on shareholders' equity. The Bank has not finalized its decision with respect to the use of this exemption, awaiting completion of further analysis on regulatory capital requirements.

e) Business combinations

At the transition date, the Bank can elect to not retrospectively restate any of the business combinations that occurred prior to the transition date, or to apply IFRS 3 retrospectively to all past business acquisitions that occurred prior to the transition date or select a date prior to the date of transition and apply IFRS 3 *Business Combinations* to all business combinations occurring after that date. The Bank is considering using this exemption in order to review initial assessment, mainly with regards to intangible assets.

Analysis of key differences

IFRS were developed using a conceptual framework similar to Canadian GAAP, although significant differences exist in certain areas including recognition, measurement and disclosures. The following key differences between the Bank's current accounting practices and the corresponding accounting treatment under IFRS have been identified:

a) Loan provisioning

In line with current Canadian GAAP, the Bank's provisioning for impaired loans is designed to take into account incurred losses in the Bank's loan portfolio. This principle will not change as IFRS also currently require that provisioning be based on incurred losses. However, under IFRS, loan losses and allowances will be presented based on whether they are assessed individually or collectively for groups of similar loans. The methodologies to calculate these provisions are still being developed. As a result, there may be changes in the amount of the Bank's collective provisioning, mainly for loans which are not classified as impaired.

Specific provisions for loan losses must be based on the discounted values of estimated future cash flows. This amount is accreted over the period from the initial recognition of the provision to the eventual recovery of the present value of the loan, resulting in the recording of interest in the statement of income, within interest income. Under Canadian GAAP, the accretion amount is generally presented as a reduction of the provision for credit losses.

b) Securitization
The combined effect of financial asset derecognition rules and the consolidation of special purpose entity rules will impact securitization arrangements involving the Bank's off balance sheet loans. The rules provide more stringent criteria for the derecognition of financial assets. Based on the financial standards analysis, the criteria would not be met. This should lead to a gross-up of the Bank's balance sheet of approximately $3.5 billion at transition. In addition, prior net unrealized gains related to these transactions would be eliminated and the corresponding net interest income recorded in future period earnings.

c) Employee benefits
Actuarial gains or losses post transition to IFRS could be recognized in income immediately, amortized to income using a "Corridor Method" similar to Canadian GAAP, or directly in equity (the "SORIE Method"). The Bank is currently assessing its options and will make its election in 2011, based on the potential increase in reported earnings volatility and regulatory capital requirements.

d) Share-based payments
IFRS introduce a new requirement for the Bank to recognize as an expense the fair value of stock appreciation rights. Under Canadian GAAP, these rights are presently accounted for using the intrinsic value method. This should lead to an adjustment of the Bank's financial liabilities and shareholders' equity. With respect to stock option awards granted prior to November 1, 2002, the Bank is not required to apply IFRS 2 – *Share based payment* retrospectively. Therefore, the Bank will continue to apply the previous Canadian GAAP under which no compensation cost is recognized for these options. In the second quarter of 2010, a new software application was implemented that allows the Bank to automate the calculations and ensure appropriate internal controls.

e) Earnings per share
IAS 33 is similar to section 3500 of the CICA Handbook in many regards. However, based on its financial standards analysis, the Bank concluded that, in their previous form, its perpetual preferred shares Series 9 and 10 would have been included in the calculation of the diluted earnings per share as they may have been converted into common shares, even though the conversion option was at the Bank's discretion. As a result, in order to maintain historical consistency in the Bank's diluted earnings per share calculation under current GAAP and IFRS and avoid dilution, the Bank unilaterally waived its conversion right on November 17, 2010 and thus removed the potential dilution impact.

The differences identified in the above discussion on IFRS transition should not be regarded as an exhaustive list and other changes may result from the transition to IFRS. Furthermore, the disclosed impacts of the transition to IFRS are considered forward-looking statements and reflect the most recent assumptions, estimates and expectations, including the assessment of IFRS expected to be applicable at the time of transition. As a result of changes in circumstances, such as economic conditions or operations, and the inherent uncertainty from the use of assumptions, the actual impacts of the transition to IFRS may be different from those presented above. Please see the Caution Regarding Forward-Looking Statements.

Future IFRS changes post initial adoption in 2012 (effective 2013 or later)
Throughout the current year and the period leading up to the conversion to IFRS in 2012, the Bank will continue to monitor the above-mentioned accounting policies and finalize its assessment of policy decisions available under IFRS in order to prepare for an orderly transition to IFRS. In fiscal 2010, the IASB published a new standard on the classification and measurement of financial assets and financial liabilities, but these changes will not have to be adopted until after the transition date. Key standards affecting financial instruments will likely be amended, in particular the impairment of financial assets, hedge accounting and the offsetting of assets and liabilities. Other standards, including those related to employee benefits, consolidation, income taxes and financial statement presentation, could also be revised. All these changes are however, not expected to be adopted until after the transition date. The evolving nature of IFRS is also likely to result in additional accounting changes, some of which may be significant. The Bank will continue to actively monitor all of the IASB's projects and OSFI regulations that are relevant to the Bank's financial reporting and accounting policies and adjust its IFRS conversion project accordingly.

Other key elements to the IFRS conversion are summarized below and include: IFRS conversion plan governance framework, communications and training, internal controls over financial reporting, lending practices and capital issues, as well as all other matters to ensure an orderly transition.

IFRS conversion plan governance framework
The Bank has put in place a Steering Committee that is responsible for ensuring the conversion plan is adequately followed. The Bank's Board of Directors, mainly through its Audit Committee, is also involved in the IFRS conversion plan. They receive quarterly updates of the timeline for implementation, the implications of IFRS standards on the business and an overview of the impact on the financial statements. The Audit Committee will continue to receive quarterly project status updates to ensure proper oversight of the conversion plan.

Communications and training
In 2008, the Bank initiated training programs for key finance and operational staff, who need to understand and execute on the impact of IFRS. Throughout 2010, training programs and updates were offered to other internal constituents such as the credit, commercial lending and treasury departments. As the Bank progresses in its conversion plan in 2011, it will also, together with other members of the banking community, communicate IFRS implications to the various interested stakeholders and provide additional training to internal constituents as required.

Internal controls over financial reporting (ICFR)
As the review of accounting policies is completed, appropriate changes to ensure the integrity of internal control over financial reporting and disclosure controls and procedures will be made. Based on existing IFRS, the Bank has not identified the need for any significant modifications to its financial information technology architecture or to existing internal controls over financial reporting and disclosure controls. ICFR will be appropriately addressed as processes and system assessments are finalized in the upcoming periods, including disclosures and associated controls required in respect of the transition to IFRS in 2012.

Lending practices
The transition to IFRS will not only impact the Bank's financial statements, but also some of its clients' financial statements. This will have repercussions on the various loan covenants monitored by underwriting groups and the credit department. The Bank has met with commercial account managers as well as credit analysts, to foster a better internal understanding of IFRS to properly analyze the clients' IFRS financial statements and the impacts on ratios and covenants.

Capital implications
The Bank is closely monitoring the potential impact of IFRS conversion on capital requirements. Securitization and employee benefits are the two main areas which could have a significant impact on capital.

The Office of the Superintendent of Financial Institutions (OSFI) has issued an IFRS advisory that permits a five-quarter phase-in of the adjustment to retained earnings arising from the first-time adoption of certain IFRS changes for purposes of calculating certain ratios. Transitional relief for the impact to the assets to capital multiple will also be provided in the form of exclusion of the effect of any on-balance sheet recognition of mortgage loans sold through CMHC programs up to March 31, 2010, which, under current practice, are not reported on the Bank's balance sheet.

The implications of the new capital and liquidity requirements issued by the Basel Committee on Banking Supervision in December 2010 are also being considered closely as part of the IFRS transition plan.

Other considerations
The Bank assessed the impact of the IFRS conversion on its performance measurement processes, including planning and budgeting and has not identified any significant changes required to its business activities.

CORPORATE GOVERNANCE AND CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and the Audit Committee of Laurentian Bank reviewed this press release prior to its release today. The disclosure controls and procedures support the ability of the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer in assuring that Laurentian Bank's interim consolidated financial statements are fairly presented.

During the last quarter ended January 31, 2011, 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.

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.

Return on common shareholders' equity

Return on common shareholders' equity is a profitability measure that presents the net income available to common shareholders as a percentage of average common shareholders' equity, excluding accumulated other comprehensive income.

Book value per common share

The Bank's book value is defined as common shareholders' equity, excluding accumulated other comprehensive income, divided by the number of common shares outstanding at the end of the period.

Tangible common equity ratio

Tangible common equity is defined as common shareholders' equity, excluding accumulated other comprehensive income, less goodwill and contractual and customer relationship intangible assets. The tangible common equity ratio is defined as the tangible common equity as a percentage of risk-weighted assets.

Net interest margin

The net interest margin represents net interest income as a percentage of total average assets.

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 income as a percentage of total revenue. The Bank also uses operating leverage as a measure of efficiency. Operating leverage is defined as the percentage rate of growth in total revenue less the percentage rate of growth in non-interest expenses.

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.

ABOUT LAURENTIAN BANK

Laurentian Bank of Canada is a banking institution operating across Canada and offering its clients diversified financial services. Distinguishing itself through excellence in service, as well as through its simplicity and proximity, the Bank serves individual consumers and small and medium-sized businesses. The Bank also offers its products to a wide network of independent financial intermediaries through B2B Trust, as well as full-service brokerage solutions through Laurentian Bank Securities.

Laurentian Bank is well established in the Province of Québec, operating the third-largest retail branch network. Elsewhere throughout Canada, it operates in specific market segments where it holds an enviable position. Laurentian Bank of Canada has more than $23 billion in balance sheet assets and more than $15 billion in assets under administration. Founded in 1846, the Bank employs more than 3,700 people.

CONFERENCE CALL

Laurentian Bank invites media representatives and the public to listen to the conference call with financial analysts to be held at 2 p.m. Eastern Time on Wednesday, March 9, 2011. The live, listen-only, toll-free, call-in number is 1-866-696-5910 Code 2421638 #.

You can listen to the call on a delayed basis at any time from 6:00 p.m. on Wednesday, March 9, until 11:59 p.m. on March 31, 2011, by dialing the following playback number: 905-694-9451 or 1-800-408-3053 Code 8227060 #. The conference call can also be heard through the Investor Relations section of the Bank's Web site at www.laurentianbank.ca. The Bank's Website also offers additional financial information.

Chief Financial Officer: Michel C. Lauzon, 514-284-4500 #7997
Media and Investor Relations contact: Gladys Caron, 514-284-4500 #7511; cell 514-893-3963

CONSOLIDATED BALANCE SHEET

In thousands of dollars (Unaudited)	NOTES	**AS AT JANUARY 31 2011**	AS AT OCTOBER 31 2010	AS AT JANUARY 31 2010
ASSETS				
Cash and non-interest-bearing deposits with other banks		**$ 74,322**	$ 70,537	$ 64,984
Interest-bearing deposits with other banks		**454,600**	95,561	174,362
Securities accounts	10			
Available-for-sale		**1,015,174**	1,103,744	1,117,045
Held-for-trading		**1,889,086**	1,496,583	2,062,594
Designated as held-for-trading		**1,023,680**	1,658,478	1,509,121
		3,927,940	4,258,805	4,688,760
Securities purchased under reverse repurchase agreements		**331,935**	803,874	815,449
Loans	2 and 3			
Personal		**5,622,733**	5,630,788	5,701,250
Residential mortgage		**8,503,963**	8,582,548	7,695,123
Commercial mortgage		**1,699,797**	1,638,861	1,345,261
Commercial and other		**1,742,889**	1,691,190	1,589,642
		17,569,382	17,543,387	16,331,276
Allowance for loan losses		**(146,562)**	(138,143)	(121,364)
		17,422,820	17,405,244	16,209,912
Other				
Customers' liabilities under acceptances		**170,098**	165,450	245,673
Premises and equipment		**63,549**	58,536	57,614
Derivatives		**132,776**	162,610	232,533
Goodwill		**53,790**	53,790	53,790
Software and other intangible assets		**110,349**	112,369	100,592
Other assets		**587,543**	585,362	515,699
		1,118,105	1,138,117	1,205,901
		$ 23,329,722	$ 23,772,138	$ 23,159,368
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		**$ 15,418,261**	$ 15,396,911	$ 15,070,999
Business, banks and other		**3,545,739**	4,250,819	3,330,796
		18,964,000	19,647,730	18,401,795
Other				
Obligations related to securities sold short		**1,170,817**	1,362,336	1,515,677
Obligations related to securities sold under repurchase agreements		**469,021**	60,050	717,867
Acceptances		**170,098**	165,450	245,673
Derivatives		**186,061**	199,278	172,239
Other liabilities		**877,912**	947,879	764,244
		2,873,909	2,734,993	3,415,700
Subordinated debt	4	**241,075**	150,000	150,000
Shareholders' equity				
Preferred shares	5	**210,000**	210,000	210,000
Common shares	5	**259,388**	259,363	259,354
Contributed surplus		**227**	243	218
Retained earnings		**762,966**	741,911	685,867
Accumulated other comprehensive income	9	**18,157**	27,898	36,434
		1,250,738	1,239,415	1,191,873
		$ 23,329,722	$ 23,772,138	$ 23,159,368

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

CONSOLIDATED STATEMENT OF INCOME

In thousands of dollars, except per share amounts (Unaudited)	NOTES	FOR THE THREE MONTHS ENDED JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Interest income				
Loans		**$ 206,271**	$ 201,066	$ 182,747
Securities		**15,566**	19,020	17,639
Deposits with other banks		**1,002**	112	53
Other, including derivatives		**16,921**	23,273	34,076
		239,760	243,471	234,515
Interest expense				
Deposits		**113,511**	112,473	111,498
Other, including derivatives		**452**	846	351
Subordinated debt		**4,379**	1,950	1,950
		118,342	115,269	113,799
Net interest income		**121,418**	128,202	120,716
Other income				
Fees and commissions on loans and deposits		**28,184**	28,861	26,979
Income from brokerage operations		**13,284**	14,920	12,665
Income from treasury and financial market operations		**5,087**	5,114	4,159
Credit insurance income		**5,323**	4,759	4,183
Income from sales of mutual funds		**4,107**	3,961	3,526
Income from registered self-directed plans		**2,084**	1,997	2,088
Securitization income	3	**8,890**	553	4,180
Other		**1,102**	1,707	1,953
		68,061	61,872	59,733
Total revenue		**189,479**	190,074	180,449
Provision for loan losses	2	**15,000**	16,000	16,000
Non-interest expenses				
Salaries and employee benefits		**72,332**	72,101	65,225
Premises and technology		**34,464**	35,180	32,142
Other		**24,162**	25,203	23,016
		130,958	132,484	120,383
Income before income taxes		**43,521**	41,590	44,066
Income taxes		**10,028**	9,076	12,052
Net income		**$ 33,493**	$ 32,514	$ 32,014
Preferred share dividends, including applicable taxes		**3,109**	2,899	3,074
Net income available to common shareholders		**$ 30,384**	$ 29,615	$ 28,940
Average number of common shares outstanding (in thousands)				
Basic		**23,922**	23,921	23,919
Diluted		**23,942**	23,939	23,935
Earnings per share				
Basic		**$ 1.27**	$ 1.24	$ 1.21
Diluted		**$ 1.27**	$ 1.24	$ 1.21

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of dollars (Unaudited)	NOTES	FOR THE THREE MONTHS ENDED JANUARY 31 2011	JANUARY 31 2010
Net income		**$ 33,493**	$ 32,014
Other comprehensive income, net of income taxes	9		
Unrealized gains on available-for-sale securities		**100**	2,798
Reclassification of net gains on available-for-sale securities to net income		**(1,687)**	(397)
Net change in value of derivatives designated as cash flow hedges		**(8,154)**	(2,238)
		(9,741)	163
Comprehensive income		**$ 23,752**	$ 32,177

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of dollars (Unaudited)	NOTES	FOR THE THREE MONTHS ENDED JANUARY 31 2011	JANUARY 31 2010
Preferred shares			
Balance at beginning and end of period		**$ 210,000**	$ 210,000
Common shares	5		
Balance at beginning of period		**259,363**	259,208
Issued during the period under share purchase option plan	6	**25**	146
Balance at end of period		**259,388**	259,354
Contributed surplus			
Balance at beginning of period		**243**	209
Stock-based compensation	6	**(16)**	9
Balance at end of period		**227**	218
Retained earnings			
Balance at beginning of period		**741,911**	665,538
Net income		**33,493**	32,014
Dividends			
Preferred shares, including applicable taxes		**(3,109)**	(3,074)
Common shares		**(9,329)**	(8,611)
Balance at end of period		**762,966**	685,867
Accumulated other comprehensive income	9		
Balance at beginning of period		**27,898**	36,271
Other comprehensive income, net of income taxes		**(9,741)**	163
Balance at end of period		**18,157**	36,434
Shareholders' equity		**$ 1,250,738**	$ 1,191,873

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

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of dollars (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Cash flows relating to operating activities			
Net income	**$ 33,493**	$ 32,514	$ 32,014
Adjustments to determine net cash flows relating to operating activities:			
Provision for loan losses	**15,000**	16,000	16,000
Gains on securitization operations	**(11,675)**	(3,116)	(3,185)
Net gain on disposal of available-for-sale securities	**(1,873)**	(605)	(1,789)
Future income taxes	**4,071**	12,136	5,470
Depreciation	**2,601**	2,889	2,621
Amortization of software and other intangible assets	**7,244**	6,832	6,381
Net change in held-for-trading securities	**(392,503)**	109,415	(671,281)
Change in accrued interest receivable	**17,196**	(18,231)	12,463
Change in derivative assets	**29,834**	12,520	21,128
Change in accrued interest payable	**(3,858)**	40,954	(12,886)
Change in derivative liabilities	**(13,217)**	25,694	(2,620)
Other, net	**(79,018)**	71,317	2,017
	(392,705)	308,319	(593,667)
Cash flows relating to financing activities			
Net change in deposits	**(683,730)**	613,730	126,488
Change in obligations related to securities sold short	**(191,519)**	163,318	461,207
Change in obligations related to securities sold under repurchase agreements	**408,971**	(733,973)	432,879
Issuance of subordinated debt, net of issue costs	**248,403**	-	-
Redemption of subordinated debentures	**(150,000)**	-	-
Issuance of common shares	**25**	-	146
Dividends, including applicable income taxes	**(12,438)**	(11,511)	(11,685)
	(380,288)	31,564	1,009,035
Cash flows relating to investing activities			
Change in securities available-for-sale and designated as held-for-trading			
Acquisitions	**(1,513,494)**	(1,074,224)	(1,023,593)
Proceeds on sale and at maturities	**2,222,919**	1,156,067	1,448,322
Change in loans	**(420,622)**	(435,020)	(726,143)
Change in securities purchased under reverse repurchase agreements	**471,939**	(147,083)	(279,385)
Proceeds from mortgage loan securitizations	**387,913**	177,640	101,512
Additions to premises and equipment and software	**(12,838)**	(16,592)	(5,659)
Change in interest-bearing deposits with other banks	**(359,039)**	653	65,244
Net cash flows from discontinued operations	**-**	-	8,308
	776,778	(338,559)	(411,394)
Net change in cash and non-interest-bearing deposits with other banks	**3,785**	1,324	3,974
Cash and non-interest-bearing deposits with other banks at beginning of period	**70,537**	69,213	61,010
Cash and non-interest-bearing deposits with other banks at end of period	**$ 74,322**	$ 70,537	$ 64,984
Supplemental disclosure relating to cash flows:			
Interest paid during the period	**$ 128,145**	$ 70,917	$ 126,503
Income taxes paid (recovered) during the period	**$ 17,989**	$ (5,036)	$ 11,279

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1 ACCOUNTING POLICIES

These unaudited interim consolidated financial statements of Laurentian Bank of Canada (the "Bank") have been prepared by management which is responsible for the integrity and fairness of the financial information presented. These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements and follow the same significant accounting policies as those in the Bank's audited annual consolidated financial statements as at October 31, 2010. These accounting policies conform to GAAP. However, these interim consolidated financial statements do not reflect all of the information and disclosures required by GAAP for complete financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements as at October 31, 2010. These interim consolidated financial statements reflect amounts which are based on the best estimates and judgment of management. Actual results may differ from these estimates. Certain comparative figures have been reclassified to conform to the current period presentation.

FUTURE CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards

In February 2008, the Accounting Standards Board confirmed the convergence of financial reporting standards for Canadian public companies with International Financial Reporting Standards (IFRS). As a result, the Bank will adopt IFRS commencing on November 1, 2011 and will issue its first consolidated financial statements, prepared in accordance with IFRS, for the quarter ending January 31, 2012. Comparative financial information for fiscal 2011 will be provided at that time, prepared in accordance with IFRS, including an opening balance sheet as at November 1, 2010.

2 LOANS

LOANS AND IMPAIRED LOANS

AS AT JANUARY 31, 2011

	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal	**$ 5,622,733**	**$ 17,250**	**$ 5,873**	**$ 28,819**	**$ 34,692**
Residential mortgage	**8,503,963**	**37,055**	**5,485**	**2,928**	**8,413**
Commercial mortgage	**1,699,797**	**34,594**	**14,362**	**5,740**	**20,102**
Commercial and other	**1,742,889**	**79,778**	**47,592**	**35,763**	**83,355**
	$ 17,569,382	**$ 168,677**	**$ 73,312**	**$ 73,250**	**$ 146,562**

AS AT OCTOBER 31, 2010

	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal	$ 5,630,788	$ 16,397	$ 5,312	$ 29,294	$ 34,606
Residential mortgage	8,582,548	39,304	4,256	2,861	7,117
Commercial mortgage	1,638,861	34,316	10,934	6,212	17,146
Commercial and other	1,691,190	98,106	44,391	34,883	79,274
	$ 17,543,387	$ 188,123	$ 64,893	$ 73,250	$ 138,143

AS AT JANUARY 31, 2010

	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal	$ 5,701,250	$ 23,646	$ 7,354	$ 32,326	$ 39,680
Residential mortgage	7,695,123	33,778	1,958	3,071	5,029
Commercial mortgage	1,345,261	21,091	3,319	4,246	7,565
Commercial and other	1,589,642	78,858	35,483	33,607	69,090
	$ 16,331,276	$ 157,373	$ 48,114	$ 73,250	$ 121,364

2 LOANS (CONTINUED)

SPECIFIC ALLOWANCES FOR LOAN LOSSES

					FOR THE THREE MONTHS ENDED	
					JANUARY 31 2011	JANUARY 31 2010
	PERSONAL LOANS	**RESIDENTIAL MORTGAGE LOANS**	**COMMERCIAL MORTGAGE LOANS**	**COMMERCIAL AND OTHER LOANS**	**TOTAL SPECIFIC ALLOWANCES**	TOTAL SPECIFIC ALLOWANCES
Balance at beginning of period	**$ 5,312**	**$ 4,256**	**$ 10,934**	**$ 44,391**	**$ 64,893**	$ 41,296
Provision for loan losses recorded in the consolidated statement of income	**5,895**	**1,266**	**3,428**	**4,411**	**15,000**	16,000
Write-offs	**(5,985)**	**(170)**	**-**	**(1,316)**	**(7,471)**	(10,883)
Recoveries	**651**	**133**	**-**	**106**	**890**	1,701
Balance at end of period	**$ 5,873**	**$ 5,485**	**$ 14,362**	**$ 47,592**	**$ 73,312**	$ 48,114

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, 2011
	1 DAY-31 DAYS	**32 DAYS-90 DAYS**	**OVER 90 DAYS**	**TOTAL**
Personal loans	**$ 95,600**	**$ 25,876**	**$ 7,830**	**$ 129,306**
Residential mortgage loans (1)	**229,035**	**42,752**	**28,879**	**300,666**
	$ 324,635	**$ 68,628**	**$ 36,709**	**$ 429,972**

				AS AT OCTOBER 31, 2010
	1 DAY-31 DAYS	32 DAYS-90 DAYS	OVER 90 DAYS	TOTAL
Personal loans	$ 103,203	$ 26,478	$ 7,160	$ 136,841
Residential mortgage loans (1)	251,282	26,850	21,085	299,217
	$ 354,485	$ 53,328	$ 28,245	$ 436,058

(1) Include mortgage loans on residential real estate development properties and projects.

3 LOAN SECURITIZATION

Under the securitization program governed by the National Housing Act, the Bank securitizes residential mortgage loans secured by the Canadian Mortgage and Housing Corporation (CMHC) through the creation of mortgage-backed securities. The Bank also securitized conventional residential mortgages prior to 2008. Gains before income taxes, net of transaction costs, are recognized in other income under securitization income.

The following table summarizes the residential mortgage securitization transactions carried out by the Bank.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Cash proceeds, net of transaction costs	**$ 387,913**	$ 177,640	$ 101,512
Rights to future excess spreads	**17,165**	5,734	4,824
Servicing liability	**(3,335)**	(1,029)	(689)
Other	**2,127**	(713)	(400)
	403,870	181,632	105,247
Residential mortgages securitized and sold (1)	**(388,046)**	(177,605)	(101,538)
Write-off of loan origination costs	**(4,149)**	(911)	(524)
Gains before income taxes, net of transaction costs	**$ 11,675**	$ 3,116	$ 3,185

(1) Fully insured by the CMHC.

Key assumptions used to determine the initial fair value of retained interests regarding the transfer of residential mortgages are summarized as follows.

	DURING THE QUARTER ENDED		
	JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Weighted average term (months)	**34**	22	27
Rate of prepayment	**18 %**	20 %	18 %
Discount rate	**2.0 %**	1.5 %	1.3 %

No loss is expected on insured residential mortgages.

Securitization income, as reported in the consolidated statement of income, is detailed in the following table.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Gains on securitization operations	**$ 11,675**	$ 3,116	$ 3,185
Changes in fair value of retained interests related to excess spreads, securitization swaps and financial instruments held for economic hedging purposes	**(3,708)**	(2,843)	667
Management income	**1,953**	1,551	1,975
Other	**(1,030)**	(1,271)	(1,647)
	$ 8,890	$ 553	$ 4,180

As at January 31, 2011, the Bank held rights to future excess spreads of $94.0 million (of which $93.2 million related to insured mortgages) and cash reserve accounts of $7.2 million.

The total principal amount of outstanding securitized residential mortgage loans under management amounted to $3.0 billion as at January 31, 2011 ($2.7 billion as at October 31, 2010).

4 SUBORDINATED DEBT

ISSUANCE

On November 2, 2010, the Bank issued $250.0 million Series 2010-1 Medium Term Notes (Subordinated Indebtedness), for net proceeds of $248.4 million. The contractual maturity of the Series 2010-1 Medium Term Notes is November 2, 2020. Holders of the Series 2010-1 Medium Term Notes are entitled to receive semi-annually fixed interest payments for the initial five-year period ending November 2, 2015 at a rate of 3.70% per annum. The interest rate on the Series 2010-1 Medium Term Notes will reset on November 2, 2015 at the three-month bankers' acceptance rate plus 1.76% per annum.

The Series 2010-1 Medium Term Notes will not be redeemable prior to November 2, 2015. Subject to the provisions of the *Bank Act*, to the prior consent of OSFI and to the provisions described in the pricing supplement dated October 25, 2010, at any time on or after November 2, 2015, the Bank may redeem all or any part of the then outstanding Series 2010-1 Medium Term Notes, at the Bank's option, by the payment of an amount in cash equal to the par value together with unpaid accrued interest.

The $250.0 million Series 2010-1 Medium Term Notes are presented net of unamortized issue costs on the consolidated balance sheet and include a fair value adjustment to reflect the change in the carrying value covered by a fair value hedge.

REDEMPTION

On January 25, 2011, the Bank redeemed all of its 4.90% Subordinated Debentures, Series 10, maturing in 2016, with an aggregate notional amount of $150.0 million. The Debentures were redeemed at par plus accrued and unpaid interest to the date of redemption.

5 CAPITAL STOCK

ISSUANCE OF COMMON SHARES

During the quarter, 800 common shares were issued to management under the Bank's employee share purchase option plan for a cash consideration of $25,000.

ISSUED AND OUTSTANDING	**AS AT JANUARY 31, 2011**		AS AT OCTOBER 31, 2010	
In thousands of dollars, except number of shares	**NUMBER OF SHARES**	**AMOUNT**	NUMBER OF SHARES	AMOUNT
Class A Preferred Shares				
Series 9	**4,000,000**	**$ 100,000**	4,000,000	$ 100,000
Series 10	**4,400,000**	**110,000**	4,400,000	110,000
Total preferred shares	**8,400,000**	**$ 210,000**	8,400,000	$ 210,000
Common shares	**23,921,762**	**$ 259,388**	23,920,962	$ 259,363

PREFERRED SHARES

On November 17, 2010, the Bank irrevocably renounced to its right of conversion of its Class A preferred shares into common shares.

CAPITAL MANAGEMENT

Capital must meet minimum regulatory requirements, as defined by the Office of the Superintendent of Financial Institutions Canada (OSFI) and internal capital adequacy objectives.

Regulatory guidelines issued by OSFI require banks to maintain a minimum Tier 1 capital ratio of at least 7% and a Total capital ratio of at least 10%. The Bank opted for the standard approach for credit risk and, as at January 31, 2011, the Bank has chosen to use the Standardised Approach to account for operational risk instead of the Basic Indicator Approach. In addition, Canadian banks are required to ensure that their assets-to-capital multiple, which is calculated by dividing gross adjusted assets by Total capital, does not exceed a maximum level prescribed by OSFI. The Bank has complied with these requirements throughout the three-month period ended January 31, 2011.

6 STOCK-BASED COMPENSATION

SHARE PURCHASE OPTION PLAN

No new share options were granted during the first three months of 2011. Information relating to outstanding number of options is as follows.

	AS AT JANUARY 31, 2011	AS AT OCTOBER 31, 2010
	NUMBER	NUMBER
Share purchase options		
Outstanding at end of period	**53,275**	54,075
Exercisable at end of period	**53,275**	41,575

RESTRICTED SHARE UNIT PLAN

During the first quarter of 2011, under the restricted share unit plan, annual bonuses for certain employees amounting to $1.8 million were converted into 39,559 entirely vested restricted share units. Simultaneously, the Bank also granted 23,736 additional restricted share units that will vest in December 2013.

During the first quarter of 2011, under the restricted share unit plan for employees of the Capital Markets sector, annual bonuses for certain employees amounting to $1.1 million were converted into 25,029 entirely vested restricted share units. This plan does not provide for any employer contribution and a third of the restricted share units are redeemed at each of the three first anniversary dates of the grant.

PERFORMANCE-BASED SHARE UNIT PLAN

During the first quarter of 2011, under the performance-based share unit plan, the Bank granted 50,100 performance-based share units valued at $45.77 each. Rights to 37.5% of these units will vest after three years. The rights to the remaining 62.5% units will vest after three years and upon meeting certain financial objectives.

STOCK APPRECIATION RIGHTS PLAN

There were no new grants during the first three months of 2011 under the stock appreciation rights plan.

STOCK-BASED COMPENSATION PLAN EXPENSE

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

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Stock-based compensation plan expense (revenue)	**$ 7,208**	$ (335)	$ (71)
Effect of hedges	**(6,998)**	1,181	813
Total	**$ 210**	$ 846	$ 742

7 EMPLOYEE FUTURE BENEFITS

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Defined benefit pension plan expense	**$ 3,520**	$ 1,660	$ 1,907
Defined contribution pension plan expense	**1,208**	1,193	1,093
Other plan expense	**805**	853	853
Total	**$ 5,533**	$ 3,706	$ 3,853

8 DILUTED WEIGHTED AVERAGE NUMBER OF OUTSTANDING COMMON SHARES

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Average number of outstanding common shares	**23,921,693**	23,920,962	23,919,297
Dilutive share purchase options	**19,970**	18,393	16,110
Diluted weighted average number of outstanding common shares	**23,941,663**	23,939,355	23,935,407

9 ADDITIONAL INFORMATION REGARDING OTHER COMPREHENSIVE INCOME

OTHER COMPREHENSIVE INCOME

	FOR THE THREE MONTHS ENDED JANUARY 31 2011			FOR THE THREE MONTHS ENDED JANUARY 31 2010		
	AMOUNTS BEFORE INCOME TAXES	**INCOME TAXES**	**NET OF INCOME TAXES**	AMOUNTS BEFORE INCOME TAXES	INCOME TAXES	NET OF INCOME TAXES
Unrealized net gains on available-for-sale securities	**$ 154**	**$ (54)**	**$ 100**	$ 4,052	$ (1,254)	$ 2,798
Reclassification of net gains on available-for-sale securities to net income	**(1,873)**	**186**	**(1,687)**	(575)	178	(397)
	(1,719)	**132**	**(1,587)**	3,477	(1,076)	2,401
Net change in value of derivatives designated as cash flow hedges	**(11,387)**	**3,233**	**(8,154)**	(3,548)	1,310	(2,238)
Other comprehensive income	**$ (13,106)**	**$ 3,365**	**$ (9,741)**	$ (71)	$ 234	$ 163

ACCUMULATED OTHER COMPREHENSIVE INCOME (NET OF INCOME TAXES)

	CASH FLOW HEDGES	**AVAILABLE-FOR-SALE SECURITIES**	**ACCUMULATED OTHER COMPREHENSIVE INCOME**
Balance at October 31, 2010	**$ 19,230**	**$ 8,668**	**$ 27,898**
Change during the three months ended January 31, 2011	**(8,154)**	**(1,587)**	**(9,741)**
Balance at January 31, 2011	**$ 11,076**	**$ 7,081**	**$ 18,157**

	CASH FLOW HEDGES	AVAILABLE-FOR-SALE SECURITIES	ACCUMULATED OTHER COMPREHENSIVE INCOME
Balance at October 31, 2009	$ 32,596	$ 3,675	$ 36,271
Change during the three months ended January 31, 2010	(2,238)	2,401	163
Balance at January 31, 2010	30,358	6,076	36,434
Change during the three months ended April 30, 2010	(24,232)	(585)	(24,817)
Change during the three months ended July 31, 2010	14,882	(371)	14,511
Change during the three months ended October 31, 2010	(1,778)	3,548	1,770
Balance at October 31, 2010	$ 19,230	$ 8,668	$ 27,898

10 ADDITIONAL INFORMATION REGARDING FINANCIAL INSTRUMENTS

SECURITIES

Gains and losses on the portfolio of available-for-sale securities

The following items were recognized in net income with regard to the portfolio of available-for-sale securities.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Realized net gains	**$ 1,873**	$ 562	$ 575
Writedowns for impairment recognized in income	**-**	(16)	-
Total	**$ 1,873**	$ 546	$ 575

Unrealized gains and losses on the portfolio of available-for-sale securities

The following table presents the gross unrealized gains and unrealized losses on available-for-sale securities, recognized in other comprehensive income.

				AS AT JANUARY 31, 2011
	AMORTIZED COST	**UNREALIZED GAINS**	**UNREALIZED LOSSES**	**FAIR VALUE**
Securities issued or guaranteed				
by Canada(1)	**$ 205,660**	**$ 31**	**$ -**	**$ 205,691**
by provinces	**375,607**	**3,680**	**19**	**379,268**
Other debt securities	**288,405**	**5,207**	**399**	**293,213**
Asset-backed securities	**28,959**	**1,086**	**73**	**29,972**
Preferred shares	**61,597**	**1,400**	**105**	**62,892**
Common shares and other securities	**41,451**	**3,348**	**661**	**44,138**
	$ 1,001,679	**$ 14,752**	**$ 1,257**	**$ 1,015,174**

				AS AT OCTOBER 31, 2010
	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Securities issued or guaranteed				
by Canada(1)	$ 432,649	$ 45	$ 24	$ 432,670
by provinces	407,449	4,498	-	411,947
Other debt securities	132,595	6,996	163	139,428
Asset-backed securities	24,694	1,278	53	25,919
Preferred shares	56,776	1,524	52	58,248
Common shares and other securities	32,796	3,392	656	35,532
	$ 1,086,959	$ 17,733	$ 948	$ 1,103,744

(1) Including mortgage-backed securities that are fully guaranteed by the CMHC pursuant to the National Housing Act.

FINANCIAL INSTRUMENTS DESIGNATED AS HELD-FOR-TRADING

Management can elect to designate financial instruments as held-for-trading instruments, with changes in fair value recorded in income, provided that such designations meet specific criteria. Certain securities and retained interests related to securitization activities were designated as held-for-trading in order to significantly reduce recognition inconsistency that would otherwise have arisen from recognizing gains and losses on different bases. These financial instruments are used as part of the Bank's overall asset-liability management and provide an economic hedge for other financial instruments that are measured at fair value. Gains and losses on these instruments are therefore generally offset by changes in value of other financial instruments. The following table shows the impact of changes in value of these instruments.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Included in securitization income	**$ (9,643)**	$ 11,887	$ 7,025

10 ADDITIONAL INFORMATION REGARDING FINANCIAL INSTRUMENTS (CONTINUED)

DERIVATIVES

Ineffective portions of hedging relationships

The following tables shows the ineffective portions of the cumulative changes in fair value of hedging instruments recognized in the consolidated statement of income.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2011	OCTOBER 31 2010	JANUARY 31 2010
Cash flow hedges	**$ 60**	$ (468)	$ (65)
Fair value hedges	**342**	106	88
	$ 402	$ (362)	$ 23

Other information on hedging relationships

Net deferred losses of $9.0 million included in accumulated other comprehensive income as at January 31, 2011, are expected to be transferred into net income over the next twelve months.

The maximum term of cash flow hedging relationships was eight years as at January 31, 2011.

11. SEGMENTED INFORMATION

The Bank determines its reportable segments based on the different services it provides to individuals, businesses, financial intermediaries and institutional clients. The four business segments of the Bank are: Retail & SME Québec, Real Estate & Commercial, B2B Trust, and Laurentian Bank Securities & Capital Markets.

The Retail & SME Québec segment covers the full range of savings, investment, financing and transactional products and services offered through its direct distribution network, which includes branches, the electronic network and the call centre, as well as Point-of-Sale financing across Canada. This business segment also offers Visa credit card services, insurance products and trust services. As well, it offers all commercial financial services to the small and medium-sized enterprises in Québec.

The Real Estate & Commercial segment handles real estate financing throughout Canada, commercial financing in Ontario and national accounts, as well as foreign exchange and international services.

The B2B Trust segment supplies generic and complementary banking and financial products to financial advisors and non-bank financial institutions across Canada. This business segment also encompasses deposit brokerage operations.

Laurentian Bank Securities & Capital Markets segment consists of the Laurentian Bank Securities Inc. subsidiary and capital market activities.

The Other segment includes treasury and securitization activities and other activities of the Bank, including revenues and expenses that are not attributable and allocated to the above-mentioned segments.

FOR THE THREE MONTHS ENDED JANUARY 31, 2011

	RETAIL & SME QUÉBEC	REAL ESTATE & COMMERCIAL	B2B TRUST	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	**$ 79,782**	**$ 22,556**	**$ 28,718**	**$ 772**	**$ (10,410)**	**$ 121,418**
Other income	**33,182**	**8,094**	**2,525**	**15,469**	**8,791**	**68,061**
Total revenue	**112,964**	**30,650**	**31,243**	**16,241**	**(1,619)**	**189,479**
Provision for loan losses	**7,351**	**7,272**	**377**	**-**	**-**	**15,000**
Non-interest expenses	**91,489**	**7,567**	**16,222**	**12,495**	**3,185**	**130,958**
Income (loss) before income taxes	**14,124**	**15,811**	**14,644**	**3,746**	**(4,804)**	**43,521**
Income taxes (recovered)	**2,533**	**4,527**	**4,151**	**1,024**	**(2,207)**	**10,028**
Net income (loss)	**$ 11,591**	**$ 11,284**	**$ 10,493**	**$ 2,722**	**$ (2,597)**	**$ 33,493**
Average assets[1]	**$ 12,420,373**	**$ 3,033,650**	**$ 5,316,481**	**$ 2,326,780**	**$ 613,879**	**$ 23,711,163**

11. SEGMENTED INFORMATION (CONTINUED)

FOR THE THREE MONTHS ENDED OCTOBER 31, 2010

	RETAIL & SME QUÉBEC	REAL ESTATE & COMMERCIAL	B2B TRUST	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	$ 79,813	$ 21,808	$ 29,966	$ 819	$ (4,204)	$ 128,202
Other income	32,853	9,196	2,464	16,548	811	61,872
Total revenue	112,666	31,004	32,430	17,367	(3,393)	190,074
Provision for loan losses	10,004	5,557	439	-	-	16,000
Non-interest expenses	90,635	7,780	14,426	12,551	7,092	132,484
Income (loss) before income taxes	12,027	17,667	17,565	4,816	(10,485)	41,590
Income taxes (recovered)	2,281	5,348	5,409	1,348	(5,310)	9,076
Net income (loss)	$ 9,746	$ 12,319	$ 12,156	$ 3,468	$ (5,175)	$ 32,514
Average assets[1]	$ 12,219,190	$ 3,009,950	$ 5,250,750	$ 2,375,110	$ 833,890	$ 23,688,890

FOR THE THREE MONTHS ENDED JANUARY 31, 2010

	RETAIL & SME QUÉBEC	REAL ESTATE & COMMERCIAL	B2B TRUST	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	$ 81,811	$ 19,911	$ 27,340	$ 485	$ (8,831)	$ 120,716
Other income	30,692	7,679	2,497	14,002	4,863	59,733
Total revenue	112,503	27,590	29,837	14,487	(3,968)	180,449
Provision for loan losses	9,790	5,150	1,060	-	-	16,000
Non-interest expenses	86,502	4,242	12,607	11,680	5,352	120,383
Income (loss) before income taxes	16,211	18,198	16,170	2,807	(9,320)	44,066
Income taxes (recovered)	3,659	5,510	5,109	973	(3,199)	12,052
Net income (loss)	$ 12,552	$ 12,688	$ 11,061	$ 1,834	$ (6,121)	$ 32,014
Average assets[1]	$ 11,752,657	$ 2,800,270	$ 4,738,833	$ 2,461,648	$ 741,713	$ 22,495,121

(1) Assets are disclosed on an average basis as this measure is most relevant to a financial institution.