

### Press Release

FOR IMMEDIATE RELEASE

December 8, 2010

## LAURENTIAN BANK INCREASES ITS DIVIDEND ON THE STRENGTH OF RECORD 2010 EARNINGS

Laurentian Bank of Canada's audited Consolidated Financial Statements for the year ended October 31, 2010, and accompanying Management's Discussion and Analysis (MD&A) are available at www.laurentianbank.ca.

#### 2010 highlights

- Record net income, up 9% to \$122.9 million
- Income from continuing operations up 21%
- Total revenue up 11% to \$737.4 million
- Return on common shareholders' equity of 11.5%
- Strong loan growth at 12%

#### Highlights of the fourth guarter 2010

- Common share dividend increase of \$0.03 to \$0.39
- Net income of \$32.5 million
- Return on common shareholders' equity of 11.8%
- Total revenue of \$190.1 million
- Continued solid growth in all business segments
- Sequentially stronger capital ratios

For the year ended October 31, 2010, Laurentian Bank reported net income of \$122.9 million or diluted earnings of \$4.63 per share, compared with net income of \$113.1 million or diluted earnings of \$4.23 per share in 2009. Return on common shareholders' equity was 11.5% in 2010, compared to 11.4% in 2009. Income from continuing operations for the year ended October 31, 2009 was \$101.7 million or \$3.75 diluted per share, with a return on common shareholders' equity of 10.1%. The 21% increase in continuing operations earnings over last year reflects the strong growth in mortgage loans and commercial loans, as well as a solid contribution from each business segment.

Net income was \$32.5 million, or \$1.24 diluted per share, for the fourth quarter ended October 31, 2010, compared with \$38.2 million, or \$1.47 diluted per share, for the fourth quarter of 2009. Return on common shareholders' equity was 11.8% for the fourth quarter of 2010, compared to 15.3% for the fourth quarter of 2009. Net income for the fourth quarter of 2009 included income from discontinued operations of \$11.5 million (\$0.48 diluted per share) related to the sale of asset management activities in fiscal 2005. Income from continuing operations was \$26.8 million and corresponding return on common shareholders' equity was 10.3% for the fourth quarter of 2009.

Commenting on the Bank's financial results for 2010, Réjean Robitaille, President and Chief Executive Officer, mentioned: "Last December, when we set our 2010 performance objectives, we once again raised the bar; and again we delivered. We reached all our objectives for 2010 and, for the fourth year in a row, completed another record year. We succeeded in surpassing last year's results by more than 20% despite international uncertainties, fierce competition in most retail segments and no revenue from discontinued operations. We owe this achievement to the solid operating foundation we have built, the growth momentum we have created in all our businesses, and above all to all our employees who, day after day, contribute to the Bank's success."

"Focusing on our key growth engines and good execution, we remain committed to improve the Bank's performance and continue to look forward with optimism. Given our confidence in the Bank's future and our solid balance sheet and capital ratios, the Board approved a \$0.03 per share increase in the quarterly dividend to \$0.39 per common share."

#### **Non-GAAP Financial Measures**

The Bank uses both generally accepted accounting principles ("GAAP") and certain non-GAAP measures to assess performance, such as return on common shareholders' equity, tangible common equity ratio, net interest margin and efficiency ratios. With regard to the calculation of the return on common shareholders' equity, the Bank considers that net income is the best measure of profitability and that common shareholders' equity, excluding accumulated other comprehensive income, should be used as a measure of capital. The calculation of the Bank's book value per share is also based on common shareholders' equity, excluding accumulated other comprehensive income. 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 divided by the risk-weighted assets.

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. The Bank believes that these non-GAAP financial measures provide investors and analysts with useful information so that they can better understand financial results and analyze the Bank's growth and profit potential more effectively.

#### **Caution Regarding Forward-looking Statements**

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

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

The Bank cautions readers against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ considerably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various material factors. Among other things, these factors include 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.

### **FINANCIAL HIGHLIGHTS**

	FOR TI	HE THRI	EE MON	THS ENDE	D			FOR THE	YEA	R ENDED		
IN MILLIONS OF DOLLARS,	ОСТ	OBER 31	I OC	TOBER 31			OC.	TOBER 31		OCTOBER 31		
UNLESS OTHERWISE INDICATED (UNAUDITED)		2010	)	2009		VARIANCE		2010	)	2009		VARIANCE
Earnings												
Net income	\$	32.5	\$	38.2		(15) %	\$	122.9		\$ 113.1		9 %
Income from continuing operations	\$	32.5	\$	26.8		21 %	\$	122.9		\$ 101.7		21 %
Net income available to common shareholders	\$	29.6	\$	35.2		(16) %	\$	110.8		\$ 101.0		10 %
Return on common shareholders' equity (1)	*	11.8		15.3	0/2	(.0) /0	•	11.5	0/2	11.4	0/2	, .
Return on common shareholders' equity		11.0	70	10.0	/0			11.5	/0	11.7	/0	
for continuing operations (1)		11.8	0/.	10.3	0/.			11.5	0/.	10.1	0/.	
Per common share		11.0	/0	10.3	/0			11.3	/0	10.1	/0	
Diluted earnings per share	\$	1.24	\$	1.47		(16) %	\$	4.63		\$ 4.23		9 %
Diluted earnings per share from continuing operations	\$	1.24	\$	0.99		25 %	\$	4.63		\$ 3.75		23 %
Dividends declared	\$	0.36	\$	0.34		6 %	\$	1.44		\$ 1.36		6 %
Book value (1)	Ψ	0.50	Ψ	0.54		0 /6	\$	41.87		\$ 38.68		8 %
Share price - close							\$	44.25		\$ 39.53		12 %
Financial position							Ψ	44.23		ψ 55.55		12 /0
Balance sheet assets							\$	23,800		\$ 22,165		7 %
Loans, bankers' acceptances and securities							Ψ	20,000		Ψ 22,100		, ,0
purchased under reverse repurchase												
agreements, net							\$	18,375		\$ 16,354		12 %
Personal deposits								15,425		\$ 15,139		2 %
Shareholders' equity and debentures							\$	-		\$ 1,321		5 %
Number of common shares - end of period (in thousan	ds)						Ψ	23,921		23,914		- %
Net Impaired loans as a % of average loans and accept		s						0.30	%	0.15	%	,,
Capital ratios												
Tier I BIS capital ratio								10.9	%	11.0	%	
Total BIS capital ratio								12.9	%	13.0	%	
Assets to capital multiple								17.9	X	18.0		
Tangible common equity as a percentage												
of risk-weighted assets (2)								9.0	%	9.1	%	
Ci Hok Weighted decete								3.0	70	0.1	70	
FINANCIAL RATIOS												
Per common share												
Price / earnings ratio								9.6	X	9.3	Χ	
Market to book value								106	%	102	%	
Dividend yield		3.25	%	3.44	%			3.25	%	3.44	%	
Dividend payout ratio		29.1	%	23.1	%			31.1	%	32.1	%	
As a percentage of average assets												
Net interest income		2.15		2.19				2.15		2.07		
Provision for loan losses		0.27	%	0.30	%			0.29	%	0.27	%	
Profitability												
Efficiency ratio (non-interest expenses												
as a % of total revenue)		69.7	%	71.8	%			68.4	%	70.8	%	
OTHER INFORMATION												
Number of full-time equivalent employees								3,643		3,528		
Number of branches								157		156		
Number of automated banking machines								413		408		

<sup>(1)</sup> With regard to the calculation of the Return on common shareholders' equity ratio, the Bank considers that net income is the best measure of profitability and that common shareholders' equity, excluding accumulated other comprehensive income, would be used as a capital measure. The calculation of the Bank's book value is also based on common shareholders' equity, excluding accumulated other comprehensive income.

(2) Tangible common equity is defined as common shareholders' equity, excluding accumulated other comprehensive income, less goodwill and contractual and customer relationship intangible assets.

#### Financial review

The following sections present a summary analysis of the Bank's operating results for the year ended October 31, 2010, as well as for the fourth quarter ended October 31, 2010. The analysis should be read in conjunction with the unaudited financial information for the fourth quarter of 2010. Audited Annual Consolidated Financial Statements and accompanying Management's Discussion and Analysis for 2010 are also available on the Bank's Web site at www.laurentianbank.ca.

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

#### **Performance and Financial Objectives**

The following table presents management's financial objectives for 2010 and the Bank's performance. These financial objectives are based on the same assumptions noted on page 21 of the Bank's 2009 Annual Report under the title "Key assumptions supporting the Bank's objectives".

#### **2010 FINANCIAL OBJECTIVES**

		FOR THE YEAR
	2010 OBJECTIVES	ENDED OCTOBER 31, 2010
Revenue growth	5 % to 10 %	11 %
Efficiency ratio	70 % to 67 %	68.4 %
Return on common shareholders' equity	10.0 % to 12.0 %	11.5 %
Diluted earnings per share	\$ 4.00 to \$ 4.70	\$ 4.63
Tier I BIS capital ratio	Minimum of 9.5 %	10.9 %

#### **Consolidated Results**

#### Year ended October 31, 2010 compared to year ended October 31, 2009

For the year ended October 31, 2010, net income totalled \$122.9 million or \$4.63 diluted per share, compared with net income of \$113.1 million or \$4.23 diluted per share in 2009. Net income in 2009 included income from discontinued operations of \$11.5 million, or \$0.48 diluted per share, related to the sale of asset management activities in fiscal 2005. Income from continuing operations was \$101.7 million in 2009, or \$3.75 diluted per share.

#### **Total revenue**

Total revenue improved 11% to \$737.4 million for the year ended October 31, 2010, compared to \$666.5 million for the year ended October 31, 2009. Net interest income increased from \$423.8 million for the year ended October 31, 2009 to \$496.4 million for the same period in 2010, as a combined result of improved net interest margins and higher loan and deposit volumes. Net interest margins had temporarily been under pressure in the first part of 2009 as a result of the introductory promotional pricing on B2B Trust's High Interest Investment Accounts and a generally declining interest rate environment. Although the overall lower interest rate environment has continued to put pressure on the Bank's margins, this was more than offset by improved loan and deposit pricing. Other income was only marginally lower compared to October 31, 2009, as higher fees and commissions resulting from solid core business growth, as well as higher income from treasury and financial market operations offset a \$28.4 million decrease in securitization income.

#### **Provision for loan losses**

The provision for loan losses amounted to \$68.0 million for the year ended October 31, 2010, compared to \$56.0 million for the year ended October 31, 2009. The increase mainly reflects losses related to certain commercial and real estate accounts, which were impacted by the soft North American economic environment, as well as higher loan volumes. Nonetheless, overall credit quality improved in the fourth quarter, as evidenced by the decline in net impaired loans. Retail portfolios performed well during the year, as borrowers benefited from the improved employment conditions in Canada and a low interest rate environment. Please refer to the annual MD&A on the Bank's website for further analysis of credit risk.

#### Non-interest expenses

Non-interest expenses totalled \$504.2 million for the year ended October 31, 2010, compared to \$472.0 million for the year ended October 31, 2009. The increase is principally attributable to higher salaries and costs related to growth initiatives, as well as higher pension costs and compensation tax. Premises and technology costs also increased as a result of higher amortization expense related to IT development projects and overall increases in technology costs to support higher business activity levels. Other non-interest expenses decreased compared to a year ago. Expenses for 2009 included the effect of a \$5.5 million charge related to two specific operational issues. Excluding this item, other expenses were relatively unchanged. For the year ended October 31, 2010, the efficiency ratio (non-interest expenses divided by total revenue) improved significantly to 68.4%, compared to 70.8% for the year ended October 31, 2009; reflecting a 3.8% positive operating leverage (percentage growth in revenues, less percentage growth in non-interest expenses).

#### Income taxes

For fiscal 2010, the income tax expense was \$42.3 million and the effective tax rate was 25.6%, compared to \$36.8 million and 26.6% for 2009. 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, as well as the lower taxation level on revenues from credit insurance operations. Results for 2010 also included favourable adjustments of \$2.2 million to future income taxes.

#### **Balance sheet review**

Loans and bankers' acceptances stood at \$17.7 billion at October 31, 2010, up \$1.8 billion from October 31, 2009. Since the beginning of the year, residential mortgage loans, including securitized loans, increased by 13.9% or \$1.4 billion. The Bank's ability to meet customer's needs, combined with the low interest rate environment, better economic conditions and overall favourable housing markets in Canada contributed to maintain the momentum in this portfolio's growth. Commercial mortgage loans and commercial loans, including bankers' acceptances, increased by a combined \$438 million, as the Bank continues to capitalize on growth opportunities in the Canadian market. Personal loans decreased slightly by \$24 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. Since the beginning of the year, total personal deposits increased by \$286 million and business and other deposits increased by \$1.1 billion.

#### Fourth guarter ended October 31, 2010 compared to fourth guarter ended October 31, 2009

Net income was \$32.5 million, or \$1.24 diluted per share, for the fourth quarter ended October 31, 2010, compared with \$38.2 million, or \$1.47 diluted per share, for the fourth quarter ended 2009. Net income for the fourth quarter of 2009 included income from discontinued operations of \$11.5 million related to the sale of asset management activities in fiscal 2005. Income from continuing operations was \$26.8 million for the fourth quarter of 2009.

#### Total revenue

Total revenue increased by 6% to \$190.1 million in the fourth quarter of 2010, compared with \$178.5 million in the fourth quarter of 2009. Net interest income increased to \$128.2 million for the fourth quarter of 2010, from \$118.2 million in the fourth quarter of 2009. The increase is mainly attributable to the strong loan and deposit growth year-over-year. Interest margins decreased slightly in the fourth quarter of 2010, when compared to the fourth quarter of 2009 as interest margins remained under pressure, because of sustained competition for retail customers, a flatter yield curve and the continued low interest rate environment.

Other income improved to \$61.9 million in the fourth quarter of 2010, compared to \$60.3 million in the fourth quarter of 2009. Overall retail business growth contributed to higher fees and commissions on loans and deposits, as well as to the increase in credit insurance income. In addition, income from treasury and financial market operations improved by more than \$5.0 million in the fourth quarter of 2010, when compared to the fourth quarter of 2009, as results for 2009 were hampered by net losses on securities of \$3.5 million. Securitization income decreased by \$5.0 million compared to the same quarter a year ago, as a result of lower gains on reduced level of mortgage loan securitization and tighter spreads on mortgage loans sold. Income from brokerage operations decreased by \$2.0 million in the fourth quarter of 2010, when compared to the fourth quarter of 2009. Results from these operations, for the fourth quarter of 2009, benefitted from the recovering equity markets, as well as from the particularly good quarter for the Institutional Fixed Income division of Laurentian Bank Securities. At \$14.9 million for the fourth quarter of 2010, brokerage revenues were nonetheless satisfactory.

#### **Provision for loan losses**

The provision for loan losses amounted to \$16.0 million in the fourth quarter of 2010, unchanged from the fourth quarter of 2009, as lower losses on retail portfolios were offset by increases in commercial portfolios. This level of losses is in line with the overall good credit quality of the Bank's loan portfolio given the current soft North American economic conditions.

#### Non-interest expenses

Non-interest expenses totalled \$132.5 million for the fourth quarter of 2010, compared to \$128.1 million for the fourth quarter of 2009. Salaries and employee benefits rose by \$6.1 million, mainly as a result of higher salary charges, compensation tax and pension costs. Over the last twelve months, headcount has increased by more than one hundred mainly to support growth and service quality initiatives. Premises and technology costs rose from \$31.9 million for the fourth quarter of 2009 to \$35.2 million for the fourth quarter of 2010, mainly as a result of higher amortization expenses related to recently completed IT development projects, technology costs to support business growth and rental costs. Other non-interest expenses decreased from \$30.2 million for the fourth quarter of 2009 to \$25.2 million for the fourth quarter of 2010. Other expenses for 2009 included the effect of a \$5.5 million charge related to two specific operational issues. Excluding this item, other expenses were relatively stable as a result of sustained cost control.

The efficiency ratio improved to 69.7% in the fourth quarter of 2010, compared with 71.8% in the fourth quarter of 2009; reflecting a 3.1% positive operating leverage.

#### Income taxes

For the quarter ended October 31, 2010, the income tax expense was \$9.1 million and the effective tax rate was 21.8%. 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. Results for the fourth quarter also include year-end favourable adjustments of \$2.2 million to future income taxes. For the quarter ended October 31, 2009, the income tax expense related to continuing operations was \$7.6 million and the effective tax rate was 22.1%.

#### Fourth guarter 2010 compared to third guarter 2010

Net income was \$32.5 million for the fourth quarter of 2010, compared to \$30.1 million for the third quarter ended July 31, 2010. Total revenue increased to \$190.1 million in the fourth quarter of 2010, compared with \$188.8 million in the third quarter of 2010. Net interest income decreased slightly, despite continued growth in loans and deposits, as a result of tighter interest margins. These remained under pressure during the fourth quarter of 2010, due to the sustained competition for retail customers and the continued low interest rate environment.

Other income improved to \$61.9 million in the fourth quarter of 2010, compared to \$58.9 million in the third quarter of 2010, mainly as a result of better results from treasury and financial market operations and brokerage operations, which both benefitted from favourable financial markets during the quarter.

The provision for loan losses amounted to \$16.0 million in the fourth quarter of 2010, compared to \$20.0 million for the third quarter of 2010. The decrease is mainly related to a \$5.0 million loss on a single commercial exposure, during the third quarter. Otherwise, the overall credit condition of the portfolios has remained relatively stable over the last three months.

Non-interest expenses increased by \$4.7 million compared with the third quarter of 2010, mainly as a result of year-end variable compensation cost adjustments and higher technology costs.

#### Measuring performance in 2011

The following table presents Management's objectives for 2011.

#### 2011 Objectives (1)

Revenue growth	> 5%
Efficiency ratio	70% to 67%
Return on common shareholders' equity	11.0% to 13.0%
Diluted earnings per share	\$4.80 to \$5.40

<sup>(1)</sup> These objectives for 2011 should be read concurrently with the following paragraphs.

#### Key assumptions supporting the Bank's objectives

The following assumptions are the most significant items considered in setting the Bank's strategic priorities and financial objectives. Other factors such as those detailed in the Caution Regarding Forward-Looking Statements and Integrated Risk Management Framework sections of this MD&A could also cause future results to differ materially from these objectives.

The objectives for 2011 assume that the Canadian economy is entering a period of slow transition from recession to recovery, with continued challenges stemming from low interest rates and increased competition, leading to ongoing pressure on pricing and margins. Nonetheless, the Bank expects loan growth to continue at a healthy rate in 2011. The targets for 2011 also incorporate increased spending necessary to meet heightened regulatory requirements and higher salaries and employee benefits resulting from ongoing hiring to support growth and service levels, as well as higher pension costs. However, the Bank expects to maintain a solid return on common shareholders' equity by maintaining appropriate cost controls while ensuring it continues to further build its key growth engines.

#### **Capital Management**

On November 2, 2010, the Bank completed the issuance of \$250.0 million Medium Term Notes (subordinated indebtedness) due November 2, 2020. On December 6, 2010, the Bank also announced its intention to redeem the \$150.0 million subordinated debentures Series 10. When combined, these transactions will provide the Bank with added flexibility to pursue its growth initiatives and contribute to meet new pending regulatory capital requirements.

As at October 31, 2010, the BIS Tier 1 and total capital ratios stood at 10.9% and 12.9%, respectively, compared to 11.0% and 13.0%, respectively, as at October 31, 2009, and well above current regulatory requirements.

#### Basel Committee on Banking Supervision new proposed capital and liquidity regulation

In December 2009, the Basel Committee on Banking Supervision (BCBS) published proposals on new capital and liquidity requirements. Updates were also published in July and September 2010, providing additional information. The proposals introduce new global liquidity standards and provide more stringent capital adequacy standards. More information regarding these new regulatory requirements is expected over the coming months. At this stage, it is still too early to determine the definitive impact on capital ratios and 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. Nonetheless, 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.

#### **Dividends**

At its meeting on November 3, 2010, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on December 9, 2010. At its meeting on December 8, 2010, given its confidence in the Bank's future and the solid balance sheet and capital ratios, the Board of Directors approved a \$0.03 per share increase to the quarterly dividend on common shares and thus declared a dividend of \$0.39 per common share, payable on February 1, 2011, to shareholders of record on January 3, 2011.

#### **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 Quebec
- Real Estate & Commercial
- B2B Trust

- Laurentian Bank Securities and Capital Markets
- Other

As of November 1, 2009, certain capital market activities which were previously reported in the Other segment are now reported with Laurentian Bank Securities activities under the newly formed Laurentian Bank Securities and Capital Markets business segment. In addition, foreign exchange and international services, which were also formerly reported in the Other segment, are now reported in the Real Estate & Commercial segment. The Retail & SME Quebec and B2B Trust business segments were not affected by this reorganization. Comparative figures were reclassified to conform to the current year presentation.

#### Retail & SME Quebec

	FOR THE THREE MONTHS ENDED FOR THE YEAR				
In thousands of dollars, except percentage amounts (Unaudited)	OCTOBER 31 2010	JULY 31 C	2009	OCTOBER 31 2010	OCTOBER 31 2009
Total revenue Provision for loan losses Income from continuing operations Net income Efficiency ratio	\$112,666 \$ 10,004 \$ 9,746 \$ 9,746 80.4 %	\$ 9,583 \$ \$ 14,633 \$	108,274 11,815 10,013 21,482 77.0 %	\$ 453,514 \$ 40,919 \$ 47,013 \$ 47,013 77.8 %	\$ 425,924 \$ 41,887 \$ 39,623 \$ 51,092 78.3 %

#### 2010 Financial Performance

The Retail & SME Quebec business segment had a great year, with income from continuing operations improving 19% to \$47.0 million, compared to \$39.6 million for 2009. Net income for 2009 was \$51.1 million and included income from discontinued operations of \$11.5 million related to the sale of asset management activities in fiscal 2005.

Revenues improved by 6% or \$27.6 million, from \$425.9 million in 2009 to \$453.5 million in 2010, as a result of the significant growth in loan and deposit volumes stemming from various growth initiatives and favourable market conditions, as well as higher prepayment penalties on mortgage loans. Credit insurance revenues, income from mutual funds and credit card service revenues all improved year-over-year. Non-interest expenses also increased by 6%, or \$19.1 million, from \$333.5 million in 2009 to \$352.6 million in 2010, essentially in salaries. Loan losses decreased slightly to \$40.9 million in 2010 from \$41.9 million in 2009, as a result of lower losses on the point-of-sale financing portfolio, partially offset by higher losses in the small commercial business portfolio. Retail credit conditions have steadily improved over the last 18 months and remain sound at the onset of 2011.

#### Fourth quarter ended October 31, 2010

Income from continuing operations remained relatively stable at \$9.7 million for the fourth quarter of 2010, compared to \$10.0 million for the fourth quarter of 2009. Net income for 2009 was \$21.5 million and included income from discontinued operations of \$11.5 million related to the sale of asset management activities in fiscal 2005, as noted above.

Total revenue increased by \$4.4 million, from \$108.3 million in the fourth quarter of 2009 to \$112.7 million in the fourth quarter of 2010, as a result of higher net interest income and continued increases in other income sources, mainly from mutual funds and credit card services. Loan losses decreased from \$11.8 million in the fourth quarter of 2009 to \$10.0 million in the fourth quarter of 2010, essentially as a result of lower losses in the point-of-sale financing portfolio. Non-interest expenses rose by \$7.2 million, from \$83.4 million in the fourth quarter of 2009 to \$90.6 million in the fourth quarter of 2010, mainly as a result of increases in salaries, in the number of employees, as well as in pension costs and compensation tax. Higher advertising expenses and costs related to the opening of two new branches also contributed to the increase year-over-year.

Compared to the third quarter of 2010, results were particularly affected by lower net interest income. Prepayment penalties for the third quarter were above average, as a result of the higher level of prepayments. Also, non-interest expenses for the fourth quarter increased as a result of year-end adjustments to variable compensation costs and higher advertising costs.

#### Balance sheet highlights

- Loans up 6% or \$625 million over the last 12 months
- Increase in deposits of \$546 million over the last 12 months, to \$8.9 billion as at October 31, 2010

#### **Real Estate & Commercial**

	FOR TH	FOR THE THREE MONTHS ENDED					
In thousands of dollars, except percentage amounts	OCTOBER 31	JULY 31	OCTOBER 31	OCTOBER 31	OCTOBER 31		
(Unaudited)	2010	2010	2009	2010	2009		
Total revenue	\$ 31,004	\$ 31,608	\$ 26,597	\$ 119,327	\$ 93,513		
Provision for loan losses	\$ 5,557	\$ 9,433	\$ 2,897	\$ 24,124	\$ 9,817		
Net income	\$ 12,319	\$ 10,427	\$ 7,611	\$ 49,089	\$ 34,421		
Efficiency ratio	25.1 %	22.8 %	47.5 %	20.8 %	35.9 %		

#### 2010 Financial Performance

The Real Estate & Commercial business segment's contribution to net income improved by \$14.7 million, or 43%, to \$49.1 million in 2010, compared with \$34.4 million in 2009.

Total revenue increased by 28% or \$25.8 million, from \$93.5 million in 2009 to \$119.3 million in 2010, as a result of strong loan growth and recent initiatives to grow deposit volumes, as well as sound pricing strategies. Loan losses were higher at \$24.1 million in 2010, compared with \$9.8 million in 2009. The increase mainly reflects losses related to a limited number of commercial and real estate accounts which were adversely impacted by the economic slowdown, as well as higher loan volumes. Nonetheless, overall credit quality has improved toward the end of the year, as evidenced by a decline in net impaired loans. Non-interest expenses decreased by 26% or \$8.8 million, from \$33.6 million in 2009 to \$24.8 million in 2010, mainly as results for 2009 included charges related to specific operational issues, mostly recovered early in 2010.

#### Fourth quarter ended October 31, 2010

The Real Estate & Commercial business segment's contribution to net income increased 62%, to \$12.3 million for the fourth quarter of 2010, compared with \$7.6 million for the fourth quarter of 2009.

Total revenue increased by \$4.4 million, from \$26.6 million in the fourth quarter of 2009 to \$31.0 million in the fourth quarter of 2010, essentially as a result of continued strong business growth. Loan losses stood at \$5.6 million in the fourth quarter of 2010, compared to \$2.9 million in the fourth quarter of 2009. As mentioned above, certain commercial and real estate accounts continued to experience difficulties in the current economic environment. Non-interest expenses decreased by \$4.8 million to \$7.8 million in the fourth quarter of 2010, compared to \$12.6 million in the fourth quarter of 2009, essentially as a result of charges related to specific operational issues recorded in 2009.

#### Balance sheet highlight

Loans and BAs up 12% or \$331 million over the last 12 months

#### **B2B Trust**

	FOR THE THREE MONTHS ENDED FOR THE YEAR E					
In thousands of dollars, except percentage amounts	OCTOBER 31	JULY 31 OCTOBER 31	OCTOBER 31 OCTOBER 31			
(Unaudited)	2010	2010 2009	<b>2010</b> 2009	•		
Total revenue	\$ 32,430	\$ 32,711 \$ 26,412	<b>\$ 124,613</b> \$ 100,256			
Provision for loan losses	\$ 439	\$ 984 \$ 1,288	<b>\$ 2,957</b> \$ 4,296			
Net income	\$ 12,156	\$ 11,818 \$ 7,468	<b>\$ 46,394</b> \$ 32,092			
Efficiency ratio	44.5 %	44.8 % 53.7 %	<b>43.7</b> % 48.9	%		

#### 2010 Financial Performance

The B2B Trust business segment's contribution to net income improved by \$14.3 million, or 45%, to \$46.4 million in 2010, compared with \$32.1 million in 2009.

Total revenue increased by \$24.3 million, from \$100.3 million in 2009 to \$124.6 million in 2010. Net interest income increased by \$23.5 million year-over-year, as a combined result of higher loan and deposit volumes and B2B Trust's agility to weather the challenges from the evolving market environment and competition. In the first half of 2009, margins had been under pressure as a result of the introductory promotional pricing on the High Interest Investment Accounts.

Provision for loan losses related to B2B Trust's various loan portfolios decreased to \$3.0 million in 2010, compared with \$4.3 million in 2009, reflecting the quality of B2B Trust's loan portfolio and underwriting practices. In line with increased business activity and enhanced service levels, non-interest expenses rose by \$5.4 million, from \$49.0 million in 2009 to \$54.4 million in 2010, mainly from the effect of additional employees required to deliver on B2B Trust's commitments.

#### Fourth guarter ended October 31, 2010

The B2B Trust business segment's contribution to net income improved 63%, reaching \$12.2 million in the fourth quarter of 2010, compared with \$7.5 million in the fourth quarter of 2009.

Total revenue increased by \$6.0 million, from \$26.4 million in the fourth quarter of 2009, to \$32.4 million in the fourth quarter of 2010, essentially as a result of continued growth in loan and deposit volumes over the last twelve months. In addition, net interest margins also improved due to lower funding costs. Loan losses, including losses on investment lending activities, remained low at \$0.4 million in the fourth quarter of 2010, compared with \$1.3 million in the fourth quarter of 2009. Noninterest expenses increased slightly to \$14.4 million in the fourth guarter of 2010, compared with \$14.2 million in the fourth quarter of 2009; mainly as a result of higher staffing levels in support of B2B Trust's growth initiatives.

#### Balance sheet highlights

- Loans up 16% or \$735 million over the last 12 months
- At \$9.2 billion in retail deposits as at October 31, 2010, B2B Trust remains a key source of funding for the Bank

#### **Laurentian Bank Securities and Capital Markets**

	FOR THE	FOR THE THREE MONTHS ENDED FOR THE YEA					
In thousands of dollars, except percentage amounts	OCTOBER 31	JULY 31 OCTOBER 31	OCTOBER 31 OCTOB	BER 31			
(Unaudited)	2010	2010 2009	2010	2009			
Total revenue	\$ 17,367	\$ 13,981 \$ 18,483	<b>\$ 61,115</b> \$ 61	,573			
Net income	\$ 3,468	\$ 2,100 \$ 2,730	<b>\$ 9,988</b> \$ 11	,976			
Efficiency ratio	72.3 %	79.0 % 73.5 %	76.8 %	70.6 %			

#### 2010 Financial Performance

The Laurentian Bank Securities and Capital Markets business segment's contribution to net income totalled \$10.0 million in 2010, compared with \$12.0 million in 2009, as the better performance from the Retail brokerage and Institutional Equity divisions were offset by lower income from the Institutional Fixed Income division and the Bank's capital market operations. Non-interest expenses increased, mainly in the brokerage business, essentially as a result of higher variable compensation and higher salaries related to new employees hired to support growth.

#### Fourth quarter ended October 31, 2010

The Laurentian Bank Securities and Capital Markets business segment's contribution to net income amounted to \$3.5 million in the fourth quarter of 2010, compared with \$2.7 million in the fourth quarter of 2009. Revenues decreased by \$1.1 million to \$17.4 million in the fourth quarter of 2010, essentially as a result of the very good performance of the Institutional Fixed Income division in 2009, and despite a better performance by the Institutional Equity division in 2010. Non-interest expenses decreased to \$12.6 million in the fourth quarter of 2010, from \$13.6 million in the fourth quarter of 2009, due primarily to lower variable compensation in 2010.

#### Balance sheet highlight

Assets under management up 16% or \$305 million over the last 12 months

#### Other

	FOR THE T	FOR THE THREE MONTHS ENDED			AR ENDED
In thousands of dollars	OCTOBER 31	JULY 31	OCTOBER 31	OCTOBER 31	OCTOBER 31
(Unaudited)	2010	2010	2009	2010	2009
Total revenue	\$ (3,393)	\$ (6,453)	\$ (1,226)	\$ (21,123)	\$ (14,764)
Net loss	\$ (5,175)	\$ (8,914)	\$ (1,043)	\$ (29,543)	\$ (16,448)

#### 2010 Financial Performance

The Other segment posted a negative contribution to net income of \$29.5 million in 2010, compared with a negative contribution of \$16.4 million in 2009.

Net interest income improved as asset-liability management activities contributed more positively to results. However, securitization income declined sharply as lower volumes of mortgage loans were securitized. In addition, interest spreads on securitized loans narrowed in 2010, compared to 2009 and the mark-to-market revaluation on seller swaps affected results during 2010.

#### Fourth quarter ended October 31, 2010

The Other sector posted a negative contribution to net income of \$5.2 million in the fourth quarter of 2010, compared with a negative contribution of \$1.0 million in the fourth quarter of 2009. Net interest income decreased slightly to negative \$4.2 million in the fourth quarter of 2010, compared to negative \$3.4 million in the fourth quarter of 2009. Other income for the fourth quarter of 2010 amounted to \$0.8 million, compared to \$2.2 million for the fourth quarter of 2009. This decrease mainly resulted from lower income from securitization, partly offset by the absence of write-downs on securities which were recorded in the fourth quarter of 2009.

#### **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 Quebec, 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 3,600 people.

#### **Conference Call**

Laurentian Bank invites media representatives and the public to listen to the conference call with financial analysts to be held at 2:00 p.m. Eastern Time on Wednesday, December 8, 2010. 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, December 8, until 11:59 p.m. on Thursday, December 30, 2010, by dialling the following playback number: 416-695-5800 Code 2256173. 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 Web site 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)	AS AT OCTOBER 31 2010	AS AT OCTOBER 31 2009
ASSETS Cash and non-interest-bearing deposits with other banks	\$ 70,537	\$ 61,010
Interest-bearing deposits with other banks	95,561	239,606
Securities accounts		200,000
Available-for-sale	1,103,744	1,424,043
Held-for-trading	1,496,583	1,391,313
Designated as held-for-trading	1,658,478	1,616,827
Designation as field for trading	4,258,805	4,432,183
Securities purchased under reverse repurchase agreements	803,874	536,064
Loans		
Personal	5,630,788	5,655,055
Residential mortgage	8,582,548	7,219,830
Commercial mortgage	1,638,861	1,285,012
Commercial and other	1,691,190	1,555,956
	17,543,387	15,715,853
Allowance for loan losses	(138,143)	(114,546)
	17,405,244	15,601,307
Other	<del></del>	
Customers' liabilities under acceptances	165,450	216,817
Premises and equipment	58,536	58,163
Derivatives	162,610	253,661
Goodwill	53,790	53,790
Software and other intangible assets	112,369	103,386
Other assets	613,227	608,793
	1,165,982	1,294,610
	\$ 23,800,003	\$ 22,164,780
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Personal	\$ 15,424,776	\$ 15,138,637
Business, banks and other	4,250,819	3,161,329
	19,675,595	18,299,966
Other	·	
Obligations related to securities sold short	1,362,336	1,054,470
Obligations related to securities sold under repurchase agreements	60,050	284,988
Acceptances	165,450	216,817
Derivatives	199,278	174,859
Other liabilities	947,879	812,454
	2,734,993	2,543,588
Subordinated debentures	150,000	150,000
Shareholders' equity		
Preferred shares	210,000	210,000
Common shares	259,363	259,208
Contributed surplus	243	209
Retained earnings	741,911	665,538
Accumulated other comprehensive income	27,898	36,271
	1,239,415	1,171,226
	\$ 23,800,003	\$ 22,164,780

### **CONSOLIDATED STATEMENT OF INCOME**

	FOR TH	HE THREE MONTHS	FOR THE YEAR ENDED		
IN THOUSANDS OF DOLLARS,	OCTOBER 31	JULY 31	OCTOBER 31	OCTOBER 31	OCTOBER 31
EXCEPT PER SHARE AMOUNTS (UNAUDITED)	2010	2010	2009	2010	2009
Interest income					
Loans	\$ 201,066	\$ 193,722	\$ 179,730	\$ 757,677	\$ 719,538
Securities	19,020	19,075	18,154	72,975	71,373
Deposits with other banks	112	73	102	298	3,903
Other, including derivative financial instruments	23,273	29,490	39,764	116,273	137,275
Other, including derivative infancial institutions	243,471	242,360	237,750	947,223	932,089
Interest expense	240,471	242,000	201,100	341,223	332,003
Deposits	112,473	109,304	117,048	440,053	493,812
Other, including derivative financial instruments	846	1,235	516	3,011	6,765
Subordinated debentures	1,950	1,951	1,951	7,738	7,735
Substantated dependings	115,269	112,490	119,515	450,802	508,312
Net interest income	128,202	129,870	118,235	496,421	423,777
Other income	120,202	129,070	110,233	450,421	423,111
	20.064	20.272	26 402	112 700	101 115
Fees and commissions on loans and deposits	28,861	29,372	26,403	113,700	101,445
Income from brokerage operations	14,920	11,607	16,926	52,934	51,788
Securitization income	553	935	5,551	5,996	34,441
Credit insurance income	4,759	4,287	3,399	17,785	15,994
Income from sales of mutual funds	3,961	3,739	3,383	15,012	12,429
Income from treasury and financial market operations	5,114	4,186	(99)	18,035	10,472
Income from registered self-directed plans	1,997	2,282	1,887	8,680	7,960
Other	1,707	2,532	2,855	8,883	8,196
	61,872	58,940	60,305	241,025	242,725
Total revenue	190,074	188,810	178,540	737,446	666,502
Provision for loan losses	16,000	20,000	16,000	68,000	56,000
Non-interest expenses					
Salaries and employee benefits	72,101	71,021	66,027	275,964	249,658
Premises and technology	35,180	33,201	31,948	132,540	120,054
Other	25,203	23,598	30,168	95,732	102,278
	132,484	127,820	128,143	504,236	471,990
Income from continuing operations					
before income taxes	41,590	40,990	34,397	165,210	138,512
Income taxes	9,076	10,926	7,618	42,269	36,848
Income from continuing operations	32,514	30,064	26,779	122,941	101,664
Income from discontinued operations,	- ,-	,	-,	,-	, , , , ,
net of income taxes	_	_	11,469	_	11,469
Net income	\$ 32,514	\$ 30,064	\$ 38,248	\$ 122,941	\$ 113,133
Preferred share dividends, including	<del>+</del> ==,===	<b>+</b> ,	<del>+</del>	¥ 122,011	+ 110,100
applicable taxes	2,899	3,075	3,066	12,122	12,116
Net income available to common shareholders	\$ 29,615	\$ 26,989	\$ 35,182	\$ 110,819	\$ 101,017
Average number of common shares	<del> </del>	Ψ =0,000	Ψ 00,.02	<b>V</b> 110,010	Ψ .σ.,σ
outstanding (in thousands)					
	22 024	22 021	22 070	22 024	23,858
Basic Diluted	23,921 23,939	23,921 23,938	23,878	23,921 23,937	23,858
	23,939	23,938	23,903	23,937	۷۵,076
Earnings per share from continuing operations	¢ 404	¢ 440	¢ 0.00	¢ 4.00	¢ 275
Basic	\$ 1.24	\$ 1.13	\$ 0.99	\$ 4.63	\$ 3.75
Diluted	\$ 1.24	\$ 1.13	\$ 0.99	\$ 4.63	\$ 3.75
Earnings per share					
Basic	\$ 1.24	\$ 1.13	\$ 1.47	\$ 4.63	\$ 4.23
Diluted	\$ 1.24	\$ 1.13	\$ 1.47	\$ 4.63	\$ 4.23

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED			
IN THOUSANDS OF DOLLARS (UNAUDITED)	0	2010	0	CTOBER 31 2009	-	2010		2009
Net income	\$	32,514	\$	38,248	\$	122,941	\$	113,133
Other comprehensive income, net of income taxes								
Unrealized gains on available-for-sale securities Reclassification of (gains) losses on		3,983		4,552		7,256		14,081
available-for-sale securities to net income Net change in value of derivative instruments		(435)		2,390		(2,263)		6,185
designated as cash flow hedges		(1,778)		(7,839)		(13,366)		(2,821)
		1,770		(897)		(8,373)		17,445
Comprehensive income	<u>\$</u>	34,284	\$	37,351	\$	114,568	\$	130,578

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	FOR THE YE	FOR THE YEAR ENDED				
IN THOUGANDS OF BOLLARS (INAUDITED)	OCTOBER 31 <b>2010</b>	OCTOBER 31 2009				
IN THOUSANDS OF DOLLARS (UNAUDITED)	2010	2009				
Preferred shares						
Balance at beginning and end of year	\$ 210,000	\$ 210,000				
Common shares						
Balance at beginning of year	259,208	257,462				
Issued during the year under share purchase option plan	155	1,746				
Balance at end of year	259,363	259,208				
Contributed surplus						
Balance at beginning of year	209	173				
Stock-based compensation	34	36				
Balance at end of year	243	209				
Retained earnings						
Balance at beginning of year	665,538	596,974				
Net income	122,941	113,133				
Dividends						
Preferred shares, including applicable taxes	(12,122)	(12,116)				
Common shares	(34,446)	(32,453)				
Balance at end of year	741,911	665,538				
Accumulated other comprehensive income						
Balance at beginning of year	36,271	18,826				
Other comprehensive income, net of income taxes	(8,373)	17,445				
Balance at end of year	27,898	36,271				
Shareholders' equity	\$ 1,239,415	\$ 1,171,226				