LAURENTIAN BANK

Press Release

FOR IMMEDIATE RELEASE

LAURENTIAN BANK REPORTS NET INCOME OF $31.0 MILLION FOR THE FIRST QUARTER OF 2012

Highlights of the first quarter 2012

- Net income of $31.0 million, return on common shareholders' equity of 11.6%, and diluted earnings per share of $1.16
- Continued strong loan growth, up 10% year-over-year
- Closing of the acquisition of the MRS Companies
- Credit quality remains strong
- Before Transaction and Integration Costs related to the acquisition of the MRS Companies:
  - Net income of $32.9 million;
  - Return on common shareholders' equity of 12.4%
  - Diluted earnings per share of $1.24
- Issuance of common shares for net proceeds of $60.5 million in early February

Montréal, March 7, 2012 – Laurentian Bank of Canada reported net income of $31.0 million, or $1.16 diluted per share, for the first quarter ended January 31, 2012, compared with $36.9 million, or $1.41 diluted per share, for the first quarter of 2011. Return on common shareholders' equity was 11.6% for the first quarter of 2012, compared with 15.2% for the first quarter of 2011. Excluding Transaction and Integration Costs[1] (T&I Costs), net income was $32.9 million or $1.24 diluted per share for the first quarter of 2012 and return on common shareholders' equity was 12.4%. These results reflect the adoption of International Financial Reporting Standards (IFRS), which replaced prior Canadian Generally Accepted Accounting Principles (GAAP), effective November 1, 2011. Accordingly, comparative numbers have been restated under IFRS.

Commenting on the Bank's financial results for the first quarter of 2012, Réjean Robitaille, President and Chief Executive Officer, mentioned: "I am pleased with the results for the first quarter considering the challenging economic and banking environment. Strong organic loan growth from all our business lines and sustained credit quality contributed to our good performance. Furthermore, the conclusion of the acquisition of the MRS Companies on November 16 and the beginning of the distribution of Mackenzie Funds in our branch network since January solidify our competitive position, with the MRS acquisition already contributing to the growth of the B2B Trust business segment."

Mr. Robitaille concluded: "We are also very pleased with the market's receptiveness to the recent share issuance which evidences the Bank's progress and expresses confidence in the Bank's strategies going forward."

[1] Transaction and Integration Costs (T&I Costs) specifically refer to costs incurred by the Bank to finalize the acquisition of the MRS Companies (which include M.R.S. Inc.; MRS Trust Company; M.R.S. Securities Services Inc.; and M.R.S. Correspondent Corporation) and integrate their operations within the B2B Trust business segment.

IFRS Conversion

The Bank implemented IFRS as its financial reporting framework on November 1, 2011. Transition to IFRS occurred as at November 1, 2010 and required restatement of the Bank's 2011 comparative information from Canadian GAAP basis to IFRS basis. In addition, the Bank issued today a separate press release which provides quarterly and full year financial results for 2011 restated under IFRS. Additional information on the impact from the transition is also available in the Bank's 2011 Annual Report, in the notes to the unaudited condensed interim consolidated financial statements and in the supplementary information reported for the first quarter of 2012.

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.

Financial objectives for 2012 are based on expected results presented on an International Financial Reporting Standards (IFRS) basis. The completion of the IFRS conversion process in October 2012 could lead to changes to these objectives.

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 Annual Report under the title "Integrated Risk Management Framework" and other public filings available at www.sedar.com.

With respect to the MRS Companies transaction, such factors also include, but are not limited to: the anticipated benefits from the transaction such as it being accretive to earnings and synergies may not be realized in the time frame anticipated; the ability to promptly and effectively integrate the businesses; reputational risks and the reaction of B2B Trust's or MRS Companies' customers to the transaction; and diversion of management time on acquisition-related issues.

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 Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2012	JANUARY 31 2011	VARIANCE
Profitability			
Total revenue	**$ 193,744**	$ 186,855	4 %
Net income	**$ 30,962**	$ 36,920	(16) %
Diluted earnings per share	**$ 1.16**	$ 1.41	(18) %
Return on common shareholders' equity [1]	**11.6 %**	15.2 %	
Net interest margin [1]	**1.75 %**	1.86 %	
Efficiency ratio [1]	**73.8 %**	68.0 %	
Profitability - Excluding Transaction and Integration Costs [2]			
Transaction and Integration Costs	**$ 2,660**	$ -	
Adjusted net income [1]	**$ 32,919**	$ 36,920	(11) %
Adjusted diluted earnings per share [1]	**$ 1.24**	$ 1.41	(12) %
Adjusted return on common shareholders' equity [1]	**12.4 %**	15.2 %	
Adjusted efficiency ratio [1]	**72.4 %**	68.0 %	
Per common share			
Share price			
High	**$ 48.68**	$ 53.66	
Low	**$ 41.12**	$ 44.14	
Close	**$ 46.20**	$ 53.10	(13) %
Price / earnings ratio (trailing four quarters)	**10.5 x**	n.a.	
Book value [1]	**$ 40.12**	$ 37.40	7 %
Market to book value	**115 %**	142 %	
Dividends declared	**$ 0.45**	$ 0.39	15 %
Dividend yield [1]	**3.90 %**	2.94 %	
Dividend payout ratio [1]	**38.7 %**	27.6 %	
Financial position			
Balance sheet assets	**$ 29,921,236**	$ 26,918,638	11 %
Loans and acceptances	**$ 22,823,985**	$ 20,783,952	10 %
Deposits	**$ 20,701,287**	$ 18,927,105	9 %
Basel II regulatory capital ratio [3]			
Tier I	**10.3 %**	11.1 %	
Other information			
Number of full-time equivalent employees	**3,976**	3,715	
Number of branches	**158**	157	
Number of automated banking machines	**429**	421	

[1] Refer to the non-GAAP financial measures on page 20

[2] Costs related to the recently acquired MRS Companies.

[3] The ratio for 2011 is presented in accordance with previous Canadian GAAP as filed with OSFI.

Review of Business Highlights

In the first quarter of 2012, there are several notable highlights. In mid-November, the acquisition of the MRS Companies closed and its integration into B2B Trust began. This acquisition is already contributing to the profitability of B2B Trust, as well as to the diversification of its revenues, and should provide for further earnings increases, excluding integration costs, as cost and revenue synergies materialize next year. Furthermore, B2B Trust continues to provide its 22,000 financial advisors with error free and hassle free service. Being a best in class provider of products and services has resulted in a strong start to the RRSP season, and will continue to be mutually beneficial for B2B Trust's clients and the Bank.

In mid-January, the Bank began distributing Mackenzie funds in its branch network. After achieving record growth in mutual funds in 2011, the Retail and SME business segment will continue to make the sale of mutual funds a priority, along with credit insurance and card products, in order to help broaden and deepen client relationships. The combination of the Bank's client relationship management system and Mackenzie's strong fund offering should contribute to improving sales.

Also in January, the Bank took advantage of favourable market conditions and announced a common equity issue with Laurentian Bank Securities, assuming a co-lead position in the underwriting syndicate. This well-received issue closed in early February, increasing the number of shares outstanding by 1.3 million and strengthening common equity by $60.5 million. This is evidence of the Bank's sound approach to capital management, ensuring the Basel III capital requirements that come into effect January 2013 will be met.

In early February, Stéphane Therrien joined the Bank as Executive Vice President, Commercial Banking, and member of the Management Committee. The Real estate and Commercial business segment has been a strong contributor to the overall growth of the Bank over the recent years. This continued in the first quarter of 2012, with commercial loans increasing by 8%. Mr. Therrien's appointment reinforces the important role that this segment will continue to play in the future growth and development of the Bank.

Summary of Financial Reporting Under IFRS

In the first quarter of 2012, Laurentian Bank, along with all other Canadian banks, transitioned to reporting financial results under IFRS from Canadian GAAP. Results for 2011 were restated to facilitate comparisons with prior periods. While this is no more than an accounting change, it is useful to understand the more significant accounting adjustments impacting the Bank's financial results.

Under IFRS, assets related to securitization activities were brought back on the balance sheet, which resulted in total assets approaching $29 billion at year-end 2011 under IFRS compared to $24.5 billion under Canadian GAAP. As at October 31, 2011, common shareholders' equity stood at $943 million under IFRS compared to $1.1 billion under previous Canadian GAAP; the difference largely owing to changes in the treatment of the pension fund and goodwill. With respect to the income statement, the two most significant adjustments relate to securitization and employee benefits. In addition, a few other accounting adjustments resulted in 2011 adjusted earnings per share of $4.93 under IFRS compared to adjusted $5.05 under Canadian GAAP. Further details are provided in a separate press release issued today.

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, 2012, and of how it performed during the three-month period then ended. This MD&A represents the Bank's first interim reporting under IFRS and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three-month period ended January 31, 2012, prepared in accordance with IAS 34 *Interim financial reporting,* and IFRS 1 *First-time adoption of IFRS,* as issued by the International Accounting Standards Board. The comparative figures as at January 31, 2011 and October 31, 2011 and for the three-month period ended January 31, 2011 and October 31, 2011 have been restated to comply with IFRS. For details on the significant adjustments to the interim financial statements, refer to Note 5, "Adoption of IFRS", to the interim consolidated financial statements. Supplemental information on risk management, critical accounting policies and estimates, and off-balance sheet arrangements is also provided in the Bank's 2011 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 global economic picture has not changed materially since the start of this year. Central Banks in Europe, Japan and North America have maintained very stimulative monetary policies. The U.S. Federal Reserve, for example, recently announced its intention to keep short-term interest rates near zero at least through late 2014, despite the recent decline in the unemployment rate. As for the worrying situation in the Euro zone, now officially facing recession, the authorities are still struggling to contain the debt crisis and avoid excessive contagion into the real economy. Despite a slight reprieve from financial stress following the European Central Bank's (ECB) intervention at the end of 2011, the situation is still far from normal.

With regards to Canada, the Bank expects the real economy to grow at a moderate pace throughout 2012 and 2013 (lower than 2%). Canada is not immune from developments elsewhere as even the fast growing emerging economies of Asia are showing some signs of slowdown. Although recent economic data, such as disappointing employment gains, may signal more modest economic activity here, the Bank of Canada is expected to maintain its policy rate unchanged. Nonetheless, the recent announcements by the ECB and the Federal Reserve contribute to the maintenance of a highly accommodating and stable interest rate environment in Canada. The Bank is of the view that the Bank of Canada will now wait until at least the third quarter of 2013 before gradually increasing its overnight target rate. This should offer sufficient support for both businesses and households; thus enabling the Canadian economy to continue its moderate expansion.

2012 Financial Objectives

The following table presents management's financial objectives for 2012 and the Bank's performance to date. Revenue growth was determined with reference to the restated 2011 IFRS comparative figures. These financial objectives are based on the same assumptions as noted on page 29 of the Bank's 2011 Annual Report under the title "Key assumptions supporting the Bank's objectives" and exclude Transaction and Integration Costs.

2012 FINANCIAL OBJECTIVES [1]

(Excluding Transaction and Integration Costs)

	2012 OBJECTIVES	FOR THE THREE MONTHS ENDED JANUARY 31, 2012
Revenue growth	> 5 %	4 %
Adjusted efficiency ratio	73 % to 70 %	72.4 %
Adjusted return on common shareholders' equity	11.0% to 13.5%	12.4 %
Adjusted diluted earnings per share	$ 4.80 to $ 5.40	$ 1.24

[1] Refer to the non-GAAP financial measures on page 20

After three months, management believes that the Bank is in line to meet its objectives as set out at the beginning of the year. Strong loan growth, both organic and from the acquisition of the MRS Companies, as well as continued improvements in credit quality have contributed to the overall good performance. After one quarter, the revenue growth objective is slightly below target, however continued business development should further contribute to revenue growth as the year unfolds. The efficiency ratio remains within the targeted range essentially as a result of ongoing initiatives to control expenses, which partially offset slower revenues.

Analysis of Consolidated Results

	FOR THE THREE MONTHS ENDED		
In thousands of Canadian dollars, except per share amounts (Unaudited)	**JANUARY 31 2012**	OCTOBER 31 2011	JANUARY 31 2011
Net interest income	**$ 130,629**	$ 126,391	$ 126,603
Other income	**63,115**	56,031	60,252
Total revenue	**193,744**	182,422	186,855
Provision for loan losses	**10,000**	12,999	11,457
Non-interest expenses	**143,020**	137,152	127,077
Income before income taxes	**40,724**	32,271	48,321
Income taxes	**9,762**	5,562	11,401
Net income	**$ 30,962**	$ 26,709	$ 36,920
Preferred share dividends, including applicable taxes	**3,166**	3,111	3,109
Net income available to common shareholders	**$ 27,796**	$ 23,598	$ 33,811
Earnings per share			
Basic	**$ 1.16**	$ 0.99	$ 1.41
Diluted	**$ 1.16**	$ 0.99	$ 1.41

Three months ended January 31, 2012 compared to three months ended January 31, 2011

Net income was $31.0 million, or $1.16 diluted per share, for the first quarter ended January 31, 2012, compared with $36.9 million, or $1.41 diluted per share, for the first quarter of 2011. Excluding T&I Costs, net income was $32.9 million, or $1.24 diluted per share as presented below.

IMPACT OF TRANSACTION AND INTEGRATION COSTS

		FOR THE THREE MONTHS ENDED JANUARY 31, 2012		
In thousands of Canadian dollars, except per share amounts (Unaudited)	SEGMENT	ITEMS BEFORE INCOME TAXES	ITEMS NET OF INCOME TAXES	DILUTED, PER COMMON SHARE
Net income as per consolidated statement of income			**$ 30,962**	**$ 1.16**
Transaction and Integration Costs :				
Integration-related costs	B2B Trust	**$ 2,660**	**1,957**	**0.08**
Net income excluding Transaction and Integration Costs			**$ 32,919**	**$ 1.24**

Total revenue

Total revenue increased $6.9 million or 4% to $193.7 million in the first quarter of 2012, compared with $186.9 million in the first quarter of 2011. Contribution from the MRS Companies to the total revenue amounted to $8.3 million for the first quarter of 2012.

Net interest income increased to $130.6 million for the first quarter of 2012, from $126.6 million in the first quarter of 2011, as strong loan and deposit growth year-over-year more than offset lower margins.

Under IFRS, the net interest margin is impacted by $3.6 billion of lower yielding assets related to securitization activities, reducing the net interest margin by 17 basis points when compared to the net interest margin of 2.03% calculated under previous Canadian GAAP for the first quarter of 2011. Over the last four quarters, the net interest margin declined 11 basis points from an IFRS-revised 1.86% in the first quarter of 2011 to 1.75% for the first quarter of 2012.

The further increase in securitization assets of $0.9 billion, including $434.2 million in Replacement Assets over the last twelve months resulted in the net interest margin declining 7 basis points. The compression in the net interest margin also reflects the pricing competition, particularly in the retail market, as well as the continuing low interest rate environment and flatter yield curve which combined, accounts for 4 basis points of margin compression.

Other income was $63.1 million in the first quarter of 2012, compared to $60.3 million in the first quarter of 2011, a 5% year-over-year increase. This increase is attributable to the $5.7 million contribution to other income from the acquisition of the MRS Companies, mainly from registered self-directed plan operations. These increases were partially offset by lower credit insurance income resulting from a higher level of claims, as well as by lower income from treasury and financial market operations.

Provision for loan losses

The provision for loan losses amounted to $10.0 million in the first quarter of 2012, down $1.5 million or 13% from $11.5 million in the first quarter of 2011, reflecting the excellent credit conditions of loan portfolios. Albeit the current overall improvements in loan losses, the Bank remains cautious and continues to adhere to prudent loan underwriting standards in the current uncertain economic environment.

Non-interest expenses

Non-interest expenses totalled $143.0 million for the first quarter of 2012, compared to $127.1 million for the first quarter of 2011. Excluding T&I Costs of $2.7 million and current operating costs related to MRS Companies of $7.1 million, non-interest expenses increased by $6.2 million or 5% to $133.3 million.

Salaries and employee benefits increased by $8.3 million or 12% to $77.0 million compared to the first quarter of 2011, mainly due to increased headcount from the acquisition of the MRS Companies and regular salary increases. In addition, the Bank incurred higher employee benefits costs related to certain group insurance programs where it co-insures the risk.

Premises and technology costs increased by $2.6 million compared to the first quarter of 2011, resulting from higher rental costs due to the acquisition of the MRS Companies and increased square footage of leased premises. Continued investments in the Bank’s technology infrastructure and higher amortization expense related to completed IT development projects also contributed to the increase.

Other non-interest expenses increased by $2.4 million to $26.2 million for the first quarter of 2012 from $23.8 million for the first quarter of 2011, mainly as a result of the acquisition of the MRS Companies.

T&I Costs for the first quarter of 2012 totalled $2.7 million and were related to IT, legal and communication expenses for the integration of the MRS Companies. Note that integration costs are not expected to be incurred on a linear basis but the integration process is progressing in order to bring to fruition the expected synergies.

The efficiency ratio was 73.8% in the first quarter of 2012, compared with 68.0% in the first quarter of 2011. Excluding the T&I Costs, the efficiency ratio was 72.4%. Despite good cost control, competitive pricing over the last year and the overall lower interest rate environment weighed on the Bank's efficiency ratio. With pressure on net interest income likely to continue in the near future, as the present interest rate environment continues, the Bank is maintaining its focus on generating other income, controlling costs and improving execution.

Income taxes

For the quarter ended January 31, 2012, the income tax expense was $9.8 million and the effective tax rate was 24.0%. 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 and reinsurance operations. Compared to the same quarter of 2011, the higher income tax rate for the first quarter ended January 31, 2012 reflects the lower level of revenues from credit insurance operations, which effect was partly offset by the reduction in Federal income tax rates of 1.5% which became effective this year. For the quarter ended January 31, 2011, the income tax expense was $11.4 million and the effective tax rate was 23.6%.

Three months ended January 31, 2012 compared to three months ended October 31, 2011

Net income was $31.0 million or $1.16 diluted per share for the first quarter of 2012 compared with $26.7 million or $0.99 diluted per share for the fourth quarter of 2012. Excluding T&I Costs, net income was $32.9 million, or $1.24 diluted per share, compared to $33.4 million or $1.26 diluted per share for the fourth quarter ended October 31, 2011.

IMPACT OF TRANSACTION AND INTEGRATION COSTS

		FOR THE THREE MONTHS ENDED OCTOBER 31, 2011		
In thousands of Canadian dollars, except per share amounts (Unaudited)	SEGMENT	ITEMS BEFORE INCOME TAXES	ITEMS NET OF INCOME TAXES	DILUTED, PER COMMON SHARE [1]
Net income as per consolidated statement of income			$ 26,709	$ 0.99
Transaction and Integration Costs :				
Integration-related costs	B2B Trust	$ 1,349	1,201	0.05
Compensation for the termination in 2012 of the existing distribution agreement of IA Clarington funds	Other	7,657	5,465	0.23
		$ 9,006	6,666	0.28
Net income excluding Transaction and Integration Costs			$ 33,375	$ 1.26

[1] The impact of Transaction and Integration Costs on a per share basis does not add due to rounding.

Total revenue increased to $193.7 million in the first quarter of 2012, from $182.4 million in the previous quarter. Net interest income amounted to $130.6 million, an increase of 3% sequentially resulting from solid loan growth, as the net interest margin was relatively unchanged at 1.75% during the first quarter compared with 1.76% during the fourth quarter.

Other income increased by 13% compared to the fourth quarter of 2011, largely due to higher income from registered self-directed plans resulting from the acquisition of the MRS Companies and significantly higher income from brokerage operations as macroeconomic conditions improved compared to the fourth quarter of 2011.

The provision for loan losses amounted to $10.0 million in the first quarter of 2012, compared to $13.0 million for the fourth quarter of 2011, reflecting the excellent quality of the portfolio.

Non-interest expenses amounted to $143.0 million in the first quarter of 2012, compared to $137.2 million in the fourth quarter of 2011. Excluding T&I Costs of $2.7 million in the first quarter of 2012 and of $9.0 million in the fourth quarter of 2011, non-interest expenses increased by $12.2 million sequentially mainly as a result of normal operating expenses related to the MRS Companies of $7.1 million, as well as increases in salaries and employee benefits, as noted above.

Financial Condition

CONDENSED BALANCE SHEET

In thousands of Canadian dollars (Unaudited)	AS AT JANUARY 31 2012	AS AT OCTOBER 31 2011	AS AT JANUARY 31 2011
ASSETS			
Cash and deposits with other banks	**$ 622,707**	$ 367,059	$ 533,633
Securities	**5,192,491**	5,175,866	4,567,432
Securities purchased under reverse repurchase agreements	**639,604**	720,317	515,855
Loans and acceptances, net	**22,681,682**	21,944,394	20,648,409
Other assets	**784,752**	755,574	653,309
	$ 29,921,236	$ 28,963,210	$ 26,918,638
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits	**$ 20,701,287**	$ 20,016,281	$ 18,927,105
Other liabilities	**2,952,430**	2,725,215	2,824,241
Debt related to securitization activities	**4,798,554**	4,760,847	3,786,336
Subordinated debt	**242,987**	242,551	241,116
Shareholders' equity	**1,225,978**	1,218,316	1,139,840
	$ 29,921,236	$ 28,963,210	$ 26,918,638

Balance sheet assets stood at $29.9 billion as at January 31, 2012, up $1.0 billion from year-end 2011. Over the last twelve months, balance sheet assets increased by $3.0 billion.

Liquid assets

Liquid assets, including cash, deposits with other banks, securities and securities purchased under reverse repurchase agreements, increased by $0.2 billion from year-end 2011, essentially as a result of the acquisition of the MRS Companies during the quarter. Otherwise, the Bank continued to manage the level and mix of liquid assets in order to support its continued strong loan growth throughout the quarter. Liquid assets as a percentage of total assets was 22%, unchanged from October 31, 2011.

Loan portfolio

The portfolio of gross loans and bankers' acceptances stood at $22.8 billion at January 31, 2012, up $0.7 billion or 3% from October 31, 2011 and 10% year-over-year. Organic growth accounted for a $0.4 billion increase, as the Bank continued to grow despite intense competition, while $0.3 billion is related to the acquisition of the MRS Companies. Personal loans increased by $289.8 million, mainly due to higher investment loans acquired through the MRS Companies transaction and higher home equity lines of credit. Residential mortgage loans increased by $255.0 million during the quarter, including $64.7 million related to the acquisition of the MRS Companies. In addition, commercial mortgage loans and commercial loans, including bankers' acceptances, grew by $71.4 million or 3% and $120.2 million or 6%, respectively from October 31, 2011, as the Bank continued to leverage its client base to capitalize on growth opportunities across the Canadian market.

Deposits

Total personal deposits were up $644.9 million from October 31, 2011 and stood at $16.3 billion as at January 31, 2012 mainly due to the acquisition of the MRS Companies. Business and other deposits (which include institutional deposits) were up marginally since the beginning of the year to $4.4 billion as at January 31, 2012 as other sources, such as using excess liquidity which resulted from the acquisition of the MRS Companies, were sufficient to meet the Bank's funding requirements in the quarter and support loan growth. Nevertheless, after the quarter, the Bank took advantage of favourable market conditions and successfully raised $200.0 million senior deposit notes to maintain solid liquidity. Through its Retail & SME-Québec and B2B Trust business segments, retail deposits continue to be a particularly stable source of financing for the Bank and represented 79% of total deposits as at January 31, 2012. The acquisition of the MRS Companies further enhances the Bank's deposit gathering activities.

Other Liabilities

Debt related to securitization activities increased by $37.7 million and stood at $4.8 billion as at January 31, 2012. During the quarter, the Bank securitized and legally sold $50.8 million of residential mortgage loans which led to an increase in debt related to securitization activities of $50.5 million. In addition, loans totaling $228.5 million were sold as Replacement Assets during the quarter. For additional information on the Bank's debt related to securitization activities, please refer to Note 8 to the interim financial statements.

As at January 31, 2012, subordinated debt stood at $243.0 million, relatively unchanged from October 31, 2011.

Shareholders' equity

Shareholders' equity stood at $1,226.0 million as at January 31, 2012, compared with $1,218.3 million as at October 31, 2011. This increase mainly resulted from net income for the first quarter, net of declared dividends, which more than offset the decrease in accumulated other comprehensive income (AOCI). The Bank's book value per common share, excluding AOCI, appreciated to $40.12 as at January 31, 2012 from $39.40 as at October 31, 2011. There were 25,250,137 common shares and 50,000 share purchase options outstanding as at February 27, 2012. The increase in the number of common shares after the quarter end resulted from the issuance of 1,325,100 common shares on February 2, 2012 as detailed below.

Assets under administration

Assets under administration stood at $32.9 billion as at January 31, 2012, $20.9 billion higher than as at October 31, 2011, and $20.4 billion higher than as at January 31, 2011. The increase compared with January 31, 2011 is mainly attributable to the increase in assets related to self-directed RRSPs due to the acquisition of the MRS Companies and mutual funds.

Capital Management

The regulatory Tier I capital of the Bank, measured under IFRS, reached $1,196.5 million as at January 31, 2012, compared with $1,217.2 million as at October 31, 2011, measured under previous Canadian GAAP. Taking into accounts that the Bank has elected to phase-in the IFRS adjustments, as detailed below, the Tier 1 BIS capital and total BIS capital ratios stood at 10.3% and 12.9%, respectively, as at January 31, 2012, compared to 11.0% and 13.7%, respectively, as at October 31, 2011 under previous Canadian GAAP. These ratios remain well above present minimum requirements. The tangible common equity ratio of 7.5% continues to reflect the high quality of the Bank's capital.

Furthermore, consistent with the Bank's prudent approach to managing capital and in order to maintain strong capital ratios, especially considering good organic growth prospects and the recent balance sheet expansion related to the acquisition of the MRS Companies, the Bank successfully completed a common share issue for net proceeds of $60.5 million on February 2, 2012.

REGULATORY CAPITAL

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT JANUARY 31 2012**	AS AT OCTOBER 31 [2] 2011	AS AT JANUARY 31 [2] 2011
Tier 1 capital (A)	**$ 1,196,462**	$ 1,217,225	$ 1,160,231
Tier I BIS capital ratio (A/C)	**10.3 %**	11.0 %	11.1 %
Total regulatory capital - BIS (B)	**$ 1,504,338**	$ 1,516,840	$ 1,458,957
Total BIS capital ratio (B/C)	**12.9 %**	13.7 %	14.0 %
Total risk-weighted assets (C)	**$ 11,645,279**	$ 11,071,971	$ 10,424,261
Assets to capital multiple	**18.0 x**	16.2 x	16.1 x
Tangible common equity as a % of risk-weighted assets [1]	**7.5 %**	9.2 %	9.2 %

[1] Refer to the non-GAAP financial measures on page 20

[2] The amounts are presented in accordance with previous Canadian GAAP as filed with OSFI.

Impact of the adoption of IFRS on regulatory capital

The IFRS conversion has had a significant impact on the Bank's shareholders' equity. However, the Office of the Superintendent of Financial Institutions Canada 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 ratios. As at the conversion date, the Bank has irrevocably elected to phase-in the adjustments. As such, for the purposes of calculating the Tier 1 capital ratio, the Bank has amortized, since November 1, 2011, the eligible portion of the impact of IFRS on capital totaling $136.0 million on a straight-line basis over the next five quarters until January 31, 2013. Therefore, the total impact of the IFRS conversion on the Bank's capital ratios will only be fully reflected as of January 31, 2013. Excluding this transitional provision, the Tier 1 capital ratio and total capital ratio would have been 9.3% and 12.0%, respectively, as at January 31, 2012.

Upon adoption of IFRS on November 1, 2011, the Bank's assets increased by the amount of securitized residential mortgage loans and replacements assets under administration. For purposes of the Asset to Capital Multiple (ACM) calculation, securitized mortgages sold through the CMB program on or before March 31, 2010 were excluded as permitted by OSFI. However, securitized mortgages sold after that date are now included in the ACM calculation and mainly contributed to the increase in the ACM, which stood at 18.0 as at January 31, 2012.

Proposal for new capital and liquidity regulatory measures

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

Considering the Bank's capital position and the nature of its operations, and based on current understanding of the Basel III rules, management believes that the Bank is well positioned to meet upcoming capital requirements. The *pro forma* Common Equity Tier 1 ratio, as at January 31, 2012, would be approximately 7.2% when applying the full Basel III rules applicable in 2019 (i.e., without transition arrangements) and when taking the recent common equity issuance into account. Further details on these capital measures, as well as the related new global liquidity standards, are provided in the Capital Management section of the annual MD&A.

Dividends

On February 22, 2012, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on March 7, 2012. At its meeting on March 7, 2012, the Board of Directors declared a dividend of $0.45 per common share, payable on May 1, 2012, to shareholders of record on April 2, 2012.

COMMON SHARE DIVIDENDS AND PAYOUT RATIO

In Canadian dollars, except payout ratios (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2012	FOR THE YEARS ENDED OCTOBER 31 2011	OCTOBER 31 2010	OCTOBER 31 2009
Dividends declared per common share	**$ 0.45**	$ 1.62	$ 1.44	$ 1.36
Dividend payout ratio [1][2]	**38.7 %**	34.8 %	31.1 %	32.1 %

[1] Refer to the non-GAAP financial measures on page 20

[2] The ratios for 2010 and 2009 are presented in accordance with previous Canadian GAAP.

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 2011 Annual Report.

Credit risk

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

PROVISION FOR LOAN LOSSES

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2012	OCTOBER 31 2011	JANUARY 31 2011
Provision for loan losses			
Personal loans	**$ 6,189**	$ 7,689	$ 6,755
Residential mortgage loans	**284**	(283)	336
Commercial mortgage loans	**888**	3,737	3,779
Commercial and other loans (including acceptances)	**2,639**	1,856	587
Total	**$10,000**	$12,999	$11,457
As a % of average loans and acceptances	**0.18 %**	0.24 %	0.22 %

The provision for loan losses decreased to $10.0 million in the first quarter of 2012, from $13.0 million in the fourth quarter of 2011 and $11.5 million a year ago reflecting the good overall credit quality of the Bank's loan portfolios. The year-over-year decrease in provisions on personal loans partly results from a reduced exposure to the point-of-sale financing business. The provisions on residential mortgage loans were down marginally in the first quarter of 2012 compared to the first quarter of 2011, albeit remaining at a very low level.

During the quarter, mortgage loans on residential real estate development properties and projects which were previously reported in residential mortgage loans were reclassified to commercial mortgage loans to better reflect the nature and risk of these loans. Furthermore, the acquisition of the MRS Companies during the first quarter of 2012 should not have a significant impact on the provision for loan losses going forward, as the investment and mortgage loan portfolios acquired are relatively well secured and present a lower risk profile.

Provisions on commercial mortgages and commercial loans remained low during the first quarter and decreased by a combined $2.1 million, reflecting the good credit quality of this portfolio and favourable credit conditions.

IMPAIRED LOANS

In thousands of Canadian dollars, except percentage amounts (Unaudited)	AS AT JANUARY 31 2012	AS AT OCTOBER 31 2011	AS AT JANUARY 31 2011
Gross impaired loans			
Personal	**$ 15,642**	$ 14,395	$ 17,250
Residential mortgages	**16,127**	17,053	19,044
Commercial mortgages	**61,580**	62,541	52,605
Commercial and other (including acceptances)	**59,414**	69,736	79,778
	152,763	163,725	168,677
Individual allowances	**(62,385)**	(69,450)	(65,665)
Collective allowances	**(79,918)**	(73,700)	(69,878)
Net impaired loans	**$ 10,460**	$ 20,575	$ 33,134
Impaired loans as a % of loans and acceptances			
Gross	**0.67 %**	0.74 %	0.81 %
Net	**0.05 %**	0.09 %	0.16 %

Gross impaired loans amounted to $152.8 million as at January 31, 2012, compared to $163.7 million as at October 31, 2011 and $168.7 million as at January 31, 2011 as credit quality slightly improved during the quarter. The decrease since October 31, 2011 essentially resulted from improvements in the commercial loan portfolios. Retail portfolios continued to perform well and related impaired loans were relatively unchanged from October 31, 2011, as borrowers continued to benefit from the current low interest rate environment. Individual allowances decreased by $7.1 million to $62.4 million since the beginning of the year while collective allowances increased by $6.2 million to $79.9 million over the same period, in part due to the increase in loan volumes.

Net impaired loans amounted to $10.5 million as at January 31, 2012, compared to $20.6 million as at October 31, 2011, reflecting the lower level of gross impaired loans.

Market risk

Market risk represents the financial losses that the Bank could incur following unfavourable fluctuations in the value of financial instruments subsequent to changes in the underlying factors used to measure them, such as interest rates, exchange rates or equity prices. This risk is inherent to the Bank’s financing, investment, trading and asset and liability management (ALM) activities.

The purpose of ALM activities is to control structural interest rate risk, which corresponds to the potential negative impact of interest rate movements on the Bank’s 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, 2012, 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 was as follows.

STRUCTURAL INTEREST RATE SENSITIVITY ANALYSIS

In thousands of Canadian dollars (Unaudited)	**AS AT JANUARY 31 2012**	AS AT OCTOBER 31 2011
Increase in net interest income before taxes over the next 12 months	**$ 19,916**	$ 22,026
Decrease in the economic value of common shareholders' equity (Net of income taxes)	**$ (17,779)**	$ (15,964)

As shown in the table above, the Bank has maintained its ALM positioning relatively unchanged compared to October 31, 2011. These results reflect management’s efforts to take advantage of short-term and long-term interest rate movements, while maintaining the sensitivity to these fluctuations within 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 Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2012	OCTOBER 31 2011	JANUARY 31 2011
Net interest income	**$ 78,725**	$ 80,112	$ 80,448
Other income	**31,803**	33,090	33,342
Total revenue	**110,528**	113,202	113,790
Provision for loan losses	**6,216**	6,082	7,684
Non-interest expenses	**91,260**	91,352	89,959
Income before income taxes	**13,052**	15,768	16,147
Income taxes	**2,631**	3,174	3,113
Net income	**$ 10,421**	$ 12,594	$ 13,034
Efficiency ratio [1]	**82.6 %**	80.7 %	79.1 %

[1] Refer to the non-GAAP financial measures on page 20

The Retail & SME-Québec business segment’s contribution to net income was $10.4 million in the first quarter of 2012, compared with $13.0 million in the first quarter of 2011.

Total revenue decreased from $113.8 million in the first quarter of 2011 to $110.5 million in the first quarter of 2012 resulting from the combined effect of lower other income and continued pressure on net interest margins. Year-over-year, net interest income decreased by $1.7 million, mostly as a result of the continued run-off in the point-of-sale financing loan portfolio, as well as the low interest rates and competition, which continued to put pressure on retail loan and deposit pricing. The decline, nonetheless, was partly compensated by the significant growth in loan and deposit volumes, including commercial loans from SME-Québec. The decrease in other income was mainly due to lower credit insurance income year-over-year owing to a higher level of claims during the quarter, as other sources of revenues remained relatively unchanged.

Loan losses decreased by $1.5 million, from $7.7 million in the first quarter of 2011 to $6.2 million in the first quarter of 2012. This progress was mainly driven by the overall good quality of all loan portfolios, with particularly marked improvements in the SME portfolio and continued decrease in the point-of-sale portfolio stemming from the reduced exposure. Non-interest expenses increased by $1.3 million from $90.0 million in the first quarter of 2011 to $91.3 million in the first quarter of 2012 as lower other expenses resulting from recently implemented cost control initiatives were more than offset by higher salaries due to regular annual increases. Furthermore, a change in branch management structures, implemented in the first quarter of 2012, will result in some permanent cost savings in this business segment. Through the hiring of new commercial account managers over the last year, the Bank continues to invest in its human capital, which has largely aided in the strong commercial loan growth compared to last year.

Balance sheet highlights

- Loans up 8% or $949 million over the last 12 months
- Increase in deposits of 6% or $521 million over the last 12 months, to $9.4 billion as at January 31, 2012

Real Estate & Commercial

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2012	OCTOBER 31 2011	JANUARY 31 2011
Net interest income	**$ 22,212**	$ 22,105	$ 23,095
Other income	**8,006**	8,956	8,094
Total revenue	**30,218**	31,061	31,189
Provision for loan losses	**2,851**	3,982	3,377
Non-interest expenses	**7,756**	8,293	7,359
Income before income taxes	**19,611**	18,786	20,453
Income taxes	**5,305**	5,378	5,855
Net income	**$ 14,306**	$ 13,408	$ 14,598
Efficiency ratio [1]	**25.7 %**	26.7 %	23.6 %

[1] Refer to the non-GAAP financial measures on page 20

The Real Estate & Commercial business segment's contribution to net income was $14.3 million in the first quarter of 2012, down marginally compared with $14.6 million in the first quarter of 2011.

Total revenue decreased by $1.0 million, from $31.2 million in the first quarter of 2011 to $30.2 million in the first quarter of 2012, mainly resulting from the impact of margin compression in commercial loans as the Bank continued to see overall strong loan growth year-over-year. Loan losses further improved by $0.5 million to $2.9 million in the first quarter of 2012, compared with $3.4 million in the first quarter of 2011, mainly due to lower losses in the real estate financing portfolio. This relatively low level of losses and the decrease in impaired loans reflect the overall good credit quality of the loan portfolios. Non-interest expenses increased to $7.8 million in the first quarter of 2012 compared with $7.4 million in the first quarter of 2011 essentially due to increased salaries and benefits resulting from regular salary increases and additional headcount hired to support higher business activity.

Balance sheet highlights

- Loans and BAs up 11% or $349 million over the last 12 months
- Decrease in deposits of $14 million over the last 12 months

B2B Trust

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2012	OCTOBER 31 2011	JANUARY 31 2011
Net interest income	**$ 30,964**	$ 30,475	$ 28,812
Other income	**8,143**	1,913	2,525
Total revenue	**39,107**	32,388	31,337
Provision for loan losses	**933**	2,935	396
Non-interest expenses	**23,422**	15,927	15,902
Costs related to an acquisition and other [1]	**2,660**	1,349	-
Income before income taxes	**12,092**	12,177	15,039
Income taxes	**3,221**	3,446	4,262
Net income	**$ 8,871**	$ 8,731	$ 10,777
Efficiency ratio [2]	**66.7 %**	53.3 %	50.7 %
Adjusted net income [2]	**$ 10,828**	$ 9,932	$ 10,777
Adjusted efficiency ratio [2]	**59.9 %**	49.2 %	50.7 %

[1] Costs related to the recently acquired MRS Companies.

[2] Refer to the non-GAAP financial measures on page 20

The B2B Trust business segment's contribution to net income, excluding after-tax Transaction and Integration Costs related to the acquisition of MRS Companies of $1.9 million, was $10.8 million in the first quarter of 2012, compared with $10.8 million in the first quarter of 2011. Reported net income for the first quarter of 2012 was $8.9 million.

Total revenue increased to $39.1 million in the first quarter of 2012 compared with $31.3 million in the first quarter of 2011 mainly as a result of the increase in income from registered self-directed plans from the acquisition of the MRS Companies. Net interest income also increased by $2.2 million compared to last year due to higher loan and deposit volumes resulting mainly from the acquisition of the MRS Companies.

Loan losses slightly increased by $0.5 million to $0.9 million in the first quarter of 2012, compared to $0.4 million in the first quarter of 2011, mainly due to higher provisions required on greater volumes of investment loans and residential mortgage loans. Non-interest expenses increased by $7.5 million to $23.4 million in the first quarter of 2012, compared with $15.9 million in the first quarter of 2011. This increase includes current operating costs of $7.1 million related to the MRS Companies. Otherwise, expenses increased by $0.4 million or 3% year-over-year, due to higher salary expenses to support the segment's business growth objectives and higher rental costs. Costs related to an acquisition and other amounted to $2.7 million for the first quarter of 2012 resulting mainly from IT costs incurred to integrate the recently acquired MRS Companies.

The acquisition of the MRS Companies, after only two and a half months, is already yielding excellent results and contributing to improve revenue diversification. The integration of the MRS Companies is progressing according to plan, with the IT integration operational reorganizations proceeding smoothly. Management remains focused on completing this process in order to ensure anticipated synergies are met within the next 15 months.

Balance sheet highlights

- Loans up 12% or $658 million over the last 12 months
- Total deposits up 11% or $958 million over the last 12 months

Laurentian Bank Securities & Capital Markets

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2012	OCTOBER 31 2011	JANUARY 31 2011
Total revenue	**$ 14,655**	$ 10,389	$ 16,241
Non-interest expenses	**12,160**	10,246	12,495
Income before income taxes	**2,495**	143	3,746
Income taxes	**620**	12	1,024
Net income	**$ 1,875**	$ 131	$ 2,722
Efficiency ratio [1]	**83.0 %**	98.6 %	76.9 %

[1] Refer to the non-GAAP financial measures on page 20

The Laurentian Bank Securities and Capital Markets (LBS & CM) business segment's contribution to net income decreased to $1.9 million in the first quarter of 2012, compared with $2.7 million in the first quarter of 2011.

Total revenue decreased by $1.6 million and amounted to $14.7 million in the first quarter of 2012 compared with $16.2 million for the same quarter of 2011. Although market conditions have improved sequentially, they remained challenging for underwriting and trading activities compared to a year ago, resulting in slightly lower brokerage and trading revenues year-over-year. Reduced retail brokerage income resulting from the lower level of activity also contributed to the decrease. Non-interest expenses decreased by $0.3 million mainly due to lower performance-based compensation resulting from lower market-driven income and reduced commissions.

Compared to the last quarter of 2011, the contribution from the LBS & CM business segment has improved markedly as financial markets regained some confidence.

Balance sheet highlight

- Assets under management stood at $2.2 billion as at January 31, 2012

Other Sector

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2012	OCTOBER 31 2011	JANUARY 31 2011
Net interest income	**$ (1,781)**	$ (7,394)	$ (6,524)
Other income	**1,017**	2,776	822
Total revenue	**(764)**	(4,618)	(5,702)
Non-interest expenses	**5,762**	2,328	1,362
Costs related to an acquisition and other [1]	**-**	7,657	-
Loss before income taxes	**(6,526)**	(14,603)	(7,064)
Income taxes recovery	**(2,015)**	(6,448)	(2,853)
Net loss	**$ (4,511)**	$ (8,155)	$ (4,211)

[1] Costs related to the recently acquired MRS Companies and the compensation for termination in 2012 of the distribution agreement of IA Clarington funds.

The Other sector posted a negative contribution to net income of $4.5 million in the first quarter of 2012, compared with a negative contribution of $4.2 million in the first quarter of 2011.

Net interest income improved to negative $1.8 million in the first quarter of 2012, compared to negative $6.5 million in the first quarter of 2011, reflecting adjustments to asset-liability management in the quarter. Other income for the first quarter of 2012 was $1.0 million, compared to $0.8 million for the first quarter of 2011 and essentially relates to gains on treasury activities.

Non-interest expenses in the first quarter of 2012 amounted to $5.8 million compared to $1.4 million a year ago, a $4.4 million increase. Higher charges on certain group insurance programs where the Bank co-insures risk, higher share-based payment programs costs, and regular salary increases contributed to the increase compared to last year.

Additional Financial Information – Quarterly Results

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	IFRS					CANADIAN GAAP		
	JANUARY 31 2012	OCTOBER 31 2011	JULY 31 2011	APRIL 30 2011	JANUARY 31 2011	OCTOBER 31 2010	JULY 31 2010	APRIL 30 2010
Total revenue	**$ 193,744**	$ 182,422	$ 185,833	$ 183,237	$ 186,855	$ 190,074	$ 188,810	$ 178,113
Net income	**$ 30,962**	$ 26,709	$ 29,072	$ 31,016	$ 36,920	$ 32,514	$ 30,064	$ 28,349
Earnings per share								
Basic	**$ 1.16**	$ 0.99	$ 1.09	$ 1.17	$ 1.41	$ 1.24	$ 1.13	$ 1.06
Diluted	**$ 1.16**	$ 0.99	$ 1.08	$ 1.17	$ 1.41	$ 1.24	$ 1.13	$ 1.06
Return on common shareholders' equity [1]	**11.6 %**	10.0 %	11.2 %	12.7 %	15.2 %	11.8 %	11.0 %	10.9 %
Balance sheet assets (in millions of dollars)	**$ 29,921**	$ 28,963	$ 28,239	$ 27,896	$ 26,919	$ 23,772	$ 23,549	$ 23,062

[1] Refer to the non-GAAP financial measures on page 20

Accounting Policies

A summary of the Bank's significant accounting policies is presented in Notes 2 and 3 of the January 31, 2012 condensed interim consolidated financial statements. The interim consolidated financial statements for the first quarter of 2012 have been prepared in accordance with these accounting policies.

Future changes in accounting policy

The following section summarizes the future accounting changes which will be applicable for annual periods beginning on January 1, 2013 at the earliest. The Bank has not yet assessed the impact of the adoption of these standards on its financial statements.

IFRS 9: Financial Instruments
In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9, *Financial Instruments*. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2015. IFRS 9 provides new requirements for how an entity should classify and measure financial assets and liabilities that are currently in the scope of IAS 39.

IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements and IFRS 12: Disclosure of Interests in Other Entities
In May 2011, the IASB issued IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements* and IFRS 12, *Disclosure of Interests in Other Entities*, which are effective for annual periods beginning on or after January 1, 2013 and are to be applied retrospectively.

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 11 provides guidance for the accounting of joint arrangements that focuses on the rights and obligations of the arrangement, rather than its legal form. IFRS 12 provides disclosure requirements about subsidiaries, joint arrangements and associates, as well as structured entities, and replaces existing disclosure requirements.

IFRS 13: Fair Value Measurement
In May 2011, the IASB issued IFRS 13, *Fair Value Measurement*, which is effective for annual periods beginning on or after January 1, 2013 and is to be applied prospectively. IFRS 13 establishes a single source of guidance for fair value measurements when fair value is required or permitted by IFRS and provides for enhanced disclosures when fair value is applied.

IAS 19: Employee Benefits
In June 2011, the IASB issued an amended version of IAS 19, *Employee Benefits*, which is effective for annual periods beginning on or after January 1, 2013 and is to be applied retrospectively. The amendments to IAS 19 eliminate the option to defer the recognition of gains and losses resulting from defined benefit plans, known as the "corridor method", which is presently used by the Bank, and requires that remeasurements be presented in other comprehensive income.

IAS 32: Financial Instruments: Presentation, IFRS 7: Financial instruments: Disclosures

In December 2011, the IASB issued amendments to IAS 32 to clarify its requirements for offsetting financial instruments. The amendments, which address inconsistencies in current practice when applying the offsetting criteria in IAS 32, are effective for annual periods beginning on or after January 1, 2014 and are to be applied retrospectively. In addition, in December 2011, the IASB issued related amendments to IFRS 7 to include new disclosure requirements that are intended to help users to better assess the effect or potential effect of offsetting arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after January 1, 2013 and are to be applied retrospectively.

Corporate Governance and Changes in Internal Control over Financial Reporting

As at January 31, 2012, Laurentian Bank's management, with the participation of the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, has evaluated the effectiveness of the Bank's disclosure controls and procedures (DC&P), as defined in the rules of the Canadian Securities Administrators, and has concluded that such DC&P were effective.

On November 16, 2011, the Bank completed the acquisition of the MRS Companies. In accordance with Canadian securities law, which allows an issuer to limit its design of DC&P and internal controls over financial reporting (ICFR) to exclude the controls, policies and procedures of a business acquired not more than 365 days before the last day of the period covered by the interim filings, management has excluded the controls, policies and procedures of MRS Companies, the results of which are included in the interim consolidated financial statements of the Bank for the period ended January 31, 2012. MRS Companies constituted approximately 3% of total assets, 2% of total liabilities, 4% of total revenue and 3% of total net income as at and for the period ended January 31, 2012. For additional information on the assets acquired and liabilities assumed at the date of acquisition, refer to Note 14 to the unaudited condensed interim consolidated financial statements.

During the last quarter ended January 31, 2012, apart from the impact of the acquisition of the MRS Companies, there have been no changes in the Bank's policies or procedures and other processes that comprise its internal control over financial reporting which have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting.

The Board of Directors and the Audit Committee of Laurentian Bank reviewed this press release prior to its release today.

Non-GAAP Financial Measures

The Bank has adopted IFRS as its accounting framework. IFRS are the generally accepted accounting principles (GAAP) for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. The Bank uses both 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 calculated as 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 per common share 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

Net interest margin is the ratio of net interest income to total average assets, expressed as a percentage or basis points.

Efficiency ratio and operating leverage

The Bank uses the efficiency ratio as a measure of its productivity and cost control. This ratio is defined as non-interest expenses as a percentage of total revenue. The Bank also uses operating leverage as a measure of efficiency. Operating leverage is the difference between total revenue and non-interest expenses growth rates.

Dividend payout ratio

The dividend payout ratio is defined as dividends declared on common shares as a percentage of net income available to common shareholders.

Dividend yield

The dividend yield is defined as dividends declared per common share divided by the closing common share price.

Adjusted GAAP and non-GAAP measures

Certain analyses presented throughout this document are based on the Bank's core activities and therefore exclude the effect of the integration costs related to the recently acquired MRS Companies and the compensation for termination in 2012 of the distribution agreement of IA Clarington funds related to the signing of a new distribution agreement of Mackenzie mutual funds.

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 $29 billion in balance sheet assets and more than $32 billion in assets under administration. Founded in 1846, it has been selected as the Québec and Atlantic Canada regional winner of the Canada's 10 Most Admired Corporate Cultures™ program presented by Waterstone Human Capital. The Bank employs close to 4,000 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, March 7, 2012. The live, listen-only, toll-free, call-in number is 514-861-2255 or 1-866-696-5910 Code 1035375#.

You can listen to the call on a delayed basis at any time from 6:00 p.m. on Wednesday, March 7, 2012 until 11:59 p.m. on April 6, 2012, by dialing the following playback number: 514-861-2272 or 1-800-408-3053 Code 1063231#. 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

Interim Condensed Consolidated Financial Statements

The complete Interim Condensed Consolidated Financial Statements for the quarter ended January 31, 2012, including the notes to the condensed interim consolidated financial statements, are also available on the Bank's Web site at **www.laurentianbank.ca**.

Consolidated Balance Sheet [1]

In thousands of Canadian dollars (Unaudited)	AS AT JANUARY 31 2012	AS AT OCTOBER 31 2011	AS AT JANUARY 31 2011	AS AT NOVEMBER 1 2010
ASSETS				
Cash and non-interest-bearing deposits with other banks	**$ 85,426**	$ 81,600	$ 76,426	$ 72,444
Interest-bearing deposits with other banks	**537,281**	285,459	457,207	99,394
Securities				
Available-for-sale	**1,998,154**	2,108,075	2,034,629	2,138,861
Held-to-maturity	**1,058,491**	885,822	638,276	559,457
Held-for-trading	**2,135,846**	2,181,969	1,889,086	1,496,583
Designated as at fair value through profit or loss	**-**	-	5,441	624,642
	5,192,491	5,175,866	4,567,432	4,819,543
Securities purchased under reverse repurchase agreements	**639,604**	720,317	515,855	994,674
Loans				
Personal	**6,064,020**	5,774,207	5,627,619	5,636,203
Residential mortgage	**12,124,453**	11,869,412	11,037,610	10,859,647
Commercial mortgage	**2,435,219**	2,363,808	2,205,736	2,166,375
Commercial and other	**1,994,040**	1,900,977	1,742,889	1,691,190
Customers' liabilities under acceptances	**206,253**	179,140	170,098	165,450
	22,823,985	22,087,544	20,783,952	20,518,865
Allowances for loan losses	**(142,303)**	(143,150)	(135,543)	(131,567)
	22,681,682	21,944,394	20,648,409	20,387,298
Other				
Premises and equipment	**63,957**	61,708	60,638	55,727
Derivatives	**229,247**	228,261	128,865	158,066
Goodwill	**64,077**	29,224	29,224	29,224
Software and other intangible assets	**136,534**	113,949	99,973	101,671
Deferred tax assets	**2,724**	4,160	23,672	47,995
Other assets	**288,213**	318,272	310,937	289,289
	784,752	755,574	653,309	681,972
	$ 29,921,236	$ 28,963,210	$ 26,918,638	$ 27,055,325
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal	**$ 16,254,742**	$ 15,609,853	$ 15,381,366	$ 15,354,851
Business, banks and other	**4,446,545**	4,406,428	3,545,739	4,250,819
	20,701,287	20,016,281	18,927,105	19,605,670
Other				
Obligations related to securities sold short	**1,349,022**	1,471,254	1,170,817	1,362,336
Obligations related to securities sold under repurchase agreements	**360,622**	36,770	469,021	60,050
Acceptances	**206,253**	179,140	170,098	165,450
Derivatives	**141,754**	129,969	131,979	115,235
Deferred tax liabilities	**1,984**	6,362	1,251	27,543
Other liabilities	**892,795**	901,720	881,075	945,939
	2,952,430	2,725,215	2,824,241	2,676,553
Debt related to securitization activities	**4,798,554**	4,760,847	3,786,336	3,486,634
Subordinated debt	**242,987**	242,551	241,116	150,000
Shareholders' equity				
Preferred shares	**210,000**	210,000	210,000	210,000
Common shares	**259,492**	259,492	259,388	259,363
Share-based payment reserve	**227**	227	227	243
Retained earnings	**700,037**	683,007	634,965	610,483
Accumulated other comprehensive income	**56,222**	65,590	35,260	56,379
	1,225,978	1,218,316	1,139,840	1,136,468
	$ 29,921,236	$ 28,963,210	$ 26,918,638	$ 27,055,325

[1] Comparative figures have been prepared in accordance with IFRS. See Note 5 to the unaudited condensed interim consolidated financial statements as at January 31, 2012 for further details.

Consolidated Statement of Income [1]

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2012	OCTOBER 31 2011	JANUARY 31 2011
Interest income			
Loans	**$ 245,083**	$ 241,963	$ 242,416
Securities	**18,891**	18,797	18,286
Deposits with other banks	**1,024**	1,084	1,010
Other, including derivatives	**15,697**	15,752	15,108
	280,695	277,596	276,820
Interest expense			
Deposits	**107,673**	110,069	113,511
Debt related to securitization activities	**39,672**	38,552	31,875
Subordinated debt	**2,403**	2,432	4,379
Other, including derivatives	**318**	152	452
	150,066	151,205	150,217
Net interest income	**130,629**	126,391	126,603
Other income			
Fees and commissions on loans and deposits	**28,511**	29,333	28,343
Income from brokerage operations	**13,549**	8,332	13,284
Credit insurance income	**3,770**	4,994	5,203
Income from treasury and financial market operations	**4,714**	5,897	6,129
Income from sales of mutual funds	**4,329**	4,258	4,107
Income from registered self-directed plans	**6,801**	1,505	2,084
Other income	**1,441**	1,712	1,102
	63,115	56,031	60,252
Total revenue	**193,744**	182,422	186,855
Provision for loan losses	**10,000**	12,999	11,457
Non-interest expenses			
Salaries and employee benefits	**77,032**	70,431	68,688
Premises and technology	**37,166**	35,375	34,601
Other	**26,162**	22,340	23,788
Costs related to an acquisition and other	**2,660**	9,006	-
	143,020	137,152	127,077
Income before income taxes	**40,724**	32,271	48,321
Income taxes	**9,762**	5,562	11,401
Net income	**$ 30,962**	$ 26,709	$ 36,920
Preferred share dividends, including applicable taxes	**3,166**	3,111	3,109
Net income available to common shareholders	**$ 27,796**	$ 23,598	$ 33,811
Average number of common shares outstanding (in thousands)			
Basic	**23,925**	23,925	23,922
Diluted	**23,943**	23,941	23,942
Earnings per share			
Basic	**$ 1.16**	$ 0.99	$ 1.41
Diluted	**$ 1.16**	$ 0.99	$ 1.41
Dividends declared per share			
Common share	**$ 0.45**	$ 0.42	$ 0.39
Preferred share - Series 9	**$ 0.38**	$ 0.38	$ 0.38
Preferred share - Series 10	**$ 0.33**	$ 0.33	$ 0.33

[1] Comparative figures have been prepared in accordance with IFRS. See Note 5 to the unaudited condensed interim consolidated financial statements as at January 31, 2012 for further details.

Consolidated Statement of Comprehensive Income [1]

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2012	OCTOBER 31 2011	JANUARY 31 2011
Net income	**$ 30,962**	$ 26,709	$ 36,920
Other comprehensive income, net of income taxes			
Unrealized net gains (losses) on available-for-sale securities	**(1,483)**	(3,974)	(6,939)
Reclassification of net (gains) losses on available-for-sale securities to net income	**(321)**	(617)	(1,715)
Net change in value of derivatives designated as cash flow hedges	**(7,564)**	21,514	(12,465)
	(9,368)	16,923	(21,119)
Comprehensive income	**$ 21,594**	$ 43,632	$ 15,801

[1] Comparative figures have been prepared in accordance with IFRS. See Note 5 to the unaudited condensed interim consolidated financial statements as at January 31, 2012 for further details.

Consolidated Statement of Changes in Shareholders' Equity [1]

FOR THE THREE MONTHS ENDED JANUARY 31, 2012

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES	COMMON SHARES	RETAINED EARNINGS	AOCI RESERVES: AVAILABLE-FOR-SALE SECURITIES	AOCI RESERVES: CASH FLOW HEDGES	AOCI RESERVES: TOTAL	SHARE-BASED PAYMENT RESERVE	TOTAL SHARE-HOLDERS' EQUITY
Balance as at October 31, 2011	**$ 210,000**	**$ 259,492**	**$ 683,007**	**$ 22,217**	**$ 43,373**	**$ 65,590**	**$ 227**	**$ 1,218,316**
Net income			**30,962**					**30,962**
Other comprehensive income (net of income taxes)								
Unrealized net gains (losses) on available-for-sale securities				**(1,483)**		**(1,483)**		**(1,483)**
Reclassification of net (gains) losses on available-for-sale securities to net income				**(321)**		**(321)**		**(321)**
Net change in value of derivatives designated as cash flow hedges					**(7,564)**	**(7,564)**		**(7,564)**
Comprehensive income			**30,962**	**(1,804)**	**(7,564)**	**(9,368)**		**21,594**
Equity dividends								
Preferred shares, including applicable taxes			**(3,166)**					**(3,166)**
Common shares			**(10,766)**					**(10,766)**
Balance as at January 31, 2012	**$ 210,000**	**$ 259,492**	**$ 700,037**	**$ 20,413**	**$ 35,809**	**$ 56,222**	**$ 227**	**$ 1,225,978**

FOR THE THREE MONTHS ENDED JANUARY 31, 2011

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES	COMMON SHARES	RETAINED EARNINGS	AOCI RESERVES: AVAILABLE-FOR-SALE SECURITIES	AOCI RESERVES: CASH FLOW HEDGES	AOCI RESERVES: TOTAL	SHARE-BASED PAYMENT RESERVE	TOTAL SHARE-HOLDERS' EQUITY
Balance as at November 1, 2010	$ 210,000	$ 259,363	$ 610,483	$ 37,071	$ 19,308	$ 56,379	$ 243	$ 1,136,468
Net income			36,920					36,920
Other comprehensive income (net of income taxes)								
Unrealized net gains (losses) on available-for-sale securities				(6,939)		(6,939)		(6,939)
Reclassification of net (gains) losses on available-for-sale securities to net income				(1,715)		(1,715)		(1,715)
Net change in value of derivatives designated as cash flow hedges					(12,465)	(12,465)		(12,465)
Comprehensive income			36,920	(8,654)	(12,465)	(21,119)		15,801
Issuance of common shares under share purchase option plan		25						25
Share-based payments							(16)	(16)
Equity dividends								
Preferred shares, including applicable taxes			(3,109)					(3,109)
Common shares			(9,329)					(9,329)
Balance as at January 31, 2011	$ 210,000	$ 259,388	$ 634,965	$ 28,417	$ 6,843	$ 35,260	$ 227	$ 1,139,840

[1] Comparative figures have been prepared in accordance with IFRS. See Note 5 to the unaudited condensed interim consolidated financial statements as at January 31, 2012 for further details.