Press Release

FOR IMMEDIATE RELEASE

December 7, 2011

LAURENTIAN BANK REPORTS SOLID 2011 EARNINGS

The Bank's Annual Report, which includes the Audited Annual Consolidated Financial Statements and accompanying Management's Discussion and Analysis for 2011 will also be available today on the Bank's Web site at www.laurentianbank.ca.

2011 highlights

- Net income up 4% to $127.5 million, return on common shareholders' equity of 11.0%, and diluted earnings per share of $4.81
- Strong loan growth of 8% including securitized loans
- Significant improvement in credit quality with loan losses down 31% year-over-year

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- Before one-time Transaction and Integration Costs:
  - Record net income of $133.3 million, up 8% year-over-year
  - Return on common shareholders' equity of 11.6%
  - Diluted earnings per share of $5.05, up 9% year-over-year

Highlights of the fourth quarter 2011

- Common dividend increased $0.03 per share to $0.45
- Net income of $28.6 million, return on common shareholders' equity of 9.4%, and diluted earnings per share of $1.06
- Annualized loan growth rate of 9% including securitized loans
- Include one-time Transaction and Integration Costs of $8.2 million pre-tax

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- Before one-time Transaction and Integration Costs:
  - Net income of $34.4 million, up 6% year-over-year;
  - Return on common shareholders' equity of 11.6%
  - Diluted earnings per share of $1.31 per share, up 6% over last year

For the year ended October 31, 2011, Laurentian Bank reported net income of $127.5 million or diluted earnings of $4.81 per share, compared with net income of $122.9 million or diluted earnings of $4.63 per share in 2010. Return on common shareholders' equity was 11.0% in 2011, compared to 11.5% in 2010.

Excluding the integration costs related to the recently acquired MRS Companies[1] and the compensation for termination in 2012 of the existing distribution agreement of IA Clarington funds related to the signing of a new distribution agreement of Mackenzie mutual funds (Transaction and Integration Costs or T&I Costs), net income was $133.3 million, a new record, up 8% year-over-year, and return on common shareholders' equity was 11.6%. Excluding these one-time costs, diluted earnings per share totalled $5.05 in 2011 compared to $4.63 in 2010, a 9% increase.

Net income was $28.6 million, or $1.06 diluted per share, for the fourth quarter ended October 31, 2011, compared with $32.5 million, or $1.24 diluted per share, for the fourth quarter of 2010. Return on common shareholders' equity was 9.4% for the fourth quarter of 2011, compared to 11.8% for the fourth quarter of 2010.

Excluding the T&I Costs, net income was $34.4 million for the fourth quarter of 2011, up 6% year-over-year. Return on common shareholders' equity was 11.6%, and diluted earnings per share totalled $1.31, up 6% from the fourth quarter of 2010.

[1] The MRS Companies include: M.R.S. Inc.; M.R.S. Trust Company; M.R.S. Securities Services Inc.; and M.R.S. Correspondent Corporation.

Commenting on the Bank's financial results for 2011, Réjean Robitaille, President and Chief Executive Officer, mentioned: "For the seventh consecutive year, we successfully improved our earnings year-over-year and reached new record profitability, despite the challenging retail banking environment and even when including one-time costs related to our recent acquisition of the MRS Companies and mutual fund distribution agreement. As interest margins continued to be pressured throughout the year, higher other income as well as significant improvements in credit quality provided support. In addition, our business lines generated strong organic growth, as evidenced by sustained increases in loan and deposit volumes. As we continue to deploy various initiatives under our business plan, we remain committed to prudently invest in our business lines, with a constant focus on profitable growth, while closely controlling costs.

This confidence in our growth strategies is the reason the Bank increased its dividend by $0.03 this quarter to $0.45 per share. However, we will continue to prudently manage our capital ratios, especially in light of tighter regulatory capital requirements, and continue to invest in our businesses such as the recently announced MRS transaction.

I am pleased with the conclusion of the acquisition of the MRS Companies, which closed a few weeks ago, and the distribution agreement of Mackenzie Funds. These strategic transactions solidify our competitive position and will contribute to future growth of the Retail & SME-Québec and B2B Trust business segments."

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 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 dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED OCTOBER 31 2011	OCTOBER 31 2010	VARIANCE	FOR THE YEARS ENDED OCTOBER 31 2011	OCTOBER 31 2010	VARIANCE
Earnings						
Total revenue	**$ 187,414**	$ 190,074	(1) %	**$ 753,583**	$ 737,446	2 %
Net income	**$ 28,572**	$ 32,514	(12) %	**$ 127,489**	$ 122,941	4 %
Profitability						
Diluted earnings per share	**$ 1.06**	$ 1.24	(15) %	**$ 4.81**	$ 4.63	4 %
Return on common shareholders' equity (1)	**9.4 %**	11.8 %		**11.0 %**	11.5 %	
Net interest margin (1)	**2.00 %**	2.15 %		**2.02 %**	2.15 %	
Efficiency ratio (1)	**74.9 %**	69.7 %		**72.0 %**	68.4 %	
Excluding Transaction and Integration Costs						
Earnings						
Transaction and Integration Costs	**$ 8,180**	$ -		**$ 8,180**	$ -	
Adjusted net income	**$ 34,412**	$ 32,514	6 %	**$ 133,329**	$ 122,941	8 %
Profitability						
Adjusted diluted earnings per share	**$ 1.31**	$ 1.24	6 %	**$ 5.05**	$ 4.63	9 %
Adjusted return on common shareholders' equity (1)	**11.6 %**	11.8 %		**11.6 %**	11.5 %	
Adjusted efficiency ratio (1)	**70.5 %**	69.7 %		**71.0 %**	68.4 %	
Per common share						
Share price						
High	**$ 46.41**	$ 47.67		**$ 55.87**	$ 47.67	
Low	**$ 38.62**	$ 42.60		**$ 38.62**	$ 37.76	
Close	**$ 45.98**	$ 44.25	4 %	**$ 45.98**	$ 44.25	4 %
Price / earnings ratio				**9.6 x**	9.6 x	
Book value (1)				**$ 45.05**	$ 41.87	8 %
Market to book value				**102 %**	106 %	
Dividends declared	**$ 0.42**	$ 0.36	17 %	**$ 1.62**	$ 1.44	13 %
Dividend yield (1)	**3.65 %**	3.25 %		**3.52 %**	3.25 %	
Dividend payout ratio (1)	**39.5 %**	29.1 %		**33.7 %**	31.1 %	
Financial position						
Balance sheet assets				**$ 24,490,451**	$ 23,772,138	3 %
Loans and acceptances				**$ 18,590,741**	$ 17,708,837	5 %
Deposits				**$ 20,067,418**	$ 19,647,730	2 %
BIS capital ratio						
Tier I				**11.0 %**	10.9 %	
Other information						
Number of full-time equivalent employees				**3,669**	3,643	
Number of branches				**158**	157	
Number of automated banking machines				**427**	413	

(1) Refer to the non-GAAP financial measures on page 16.

FINANCIAL REVIEW

The following sections present a summary analysis of the Bank's operating results for the year ended October 31, 2011, as well as for the fourth quarter ended October 31, 2011. The analysis should be read in conjunction with the unaudited financial information for the fourth quarter of 2011 presented below.

Audited Annual Consolidated Financial Statements and accompanying Management's Discussion and Analysis for 2011 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 www.laurentianbank.ca and on SEDAR at www.sedar.com.

2011 FINANCIAL PERFORMANCE

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

2011 FINANCIAL OBJECTIVES

		FOR THE YEAR ENDED OCTOBER 31, 2011	
	2011 OBJECTIVES	AS REPORTED	EXCLUDING TRANSACTION AND INTEGRATION COSTS
Revenue growth	> 5 %	2 %	2 %
Efficiency ratio [(1)]	70 % to 67 %	72.0 %	71.0 %
Return on common shareholders' equity [(1)]	11 % to 13 %	11.0 %	11.6 %
Diluted earnings per share	$ 4.80 to $ 5.40	$ 4.81	$ 5.05

(1) Refer to the non-GAAP financial measures on page 16.

The Bank met its return on common shareholders' equity and diluted earnings per share objectives for fiscal 2011 both before and after taking one-time T&I Costs into consideration and posted, for the fifth year in a row, new record profitability level.

This overall satisfactory performance resulted from higher securitization and fee-based income, as well as continued improvements in the credit quality of the Bank's loan portfolio. Furthermore, all the Bank's business lines generated strong organic growth. The 8% increase in its loan portfolio, including securitized loans, represents one of the highest growth rates in the industry. However, revenue growth and efficiency ratio objectives were not achieved. Throughout the year, revenue growth was limited by the continued pressure on interest margins resulting from the very competitive, low interest rate environment, which more than offset the volume growth in the loan and deposit portfolios. Also, essentially as a result of lower revenues, and despite additional measures undertaken in the year to further control expenses, the Bank's efficiency ratio was higher than originally targeted.

ANALYSIS OF CONSOLIDATED RESULTS

In thousands of dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED OCTOBER 31 2011	JULY 31 2011	OCTOBER 31 2010	FOR THE YEARS ENDED OCTOBER 31 2011	OCTOBER 31 2010
Net interest income	**$ 122,391**	$ 123,818	$ 128,202	**$ 484,061**	$ 496,421
Other income	**65,023**	67,155	61,872	**269,522**	241,025
Total revenue	**187,414**	190,973	190,074	**753,583**	737,446
Provision for loan losses	**12,000**	8,000	16,000	**47,000**	68,000
Non-interest expenses	**140,305**	136,772	132,484	**542,859**	504,236
Income before income taxes	**35,109**	46,201	41,590	**163,724**	165,210
Income taxes	**6,537**	10,919	9,076	**36,235**	42,269
Net income	**$ 28,572**	$ 35,282	$ 32,514	**$ 127,489**	$ 122,941
Preferred share dividends, including applicable taxes	**3,111**	3,107	2,899	**12,436**	12,122
Net income available to common shareholders	**$ 25,461**	$ 32,175	$ 29,615	**$ 115,053**	$ 110,819
Earnings per share					
Basic	**$ 1.06**	$ 1.34	$ 1.24	**$ 4.81**	$ 4.63
Diluted	**$ 1.06**	$ 1.34	$ 1.24	**$ 4.81**	$ 4.63

YEAR ENDED OCTOBER 31, 2011 COMPARED TO YEAR ENDED OCTOBER 31, 2010

For the year ended October 31, 2011, net income totalled $127.5 million or $4.81 diluted per share, compared with $122.9 million or $4.63 diluted per share in 2010. Excluding the T&I Costs presented in the table below, net income was $133.3 million or $5.05 diluted per share.

IMPACT OF TRANSACTION AND INTEGRATION COSTS

In thousands of dollars, except per share amounts (Unaudited)	Segment	FOR THE YEAR ENDED OCTOBER 31, 2011 Items before income taxes	Items net of income taxes	Diluted, per common share (1)
Net income as per consolidated statement of income			**$ 127,489**	**$ 4.81**
Transaction and Integration Costs :				
Integration-related costs	B2B Trust	**$ 523**	**375**	**0.02**
Compensation for the termination in 2012 of the existing distribution agreement of IA Clarington funds	Other	**7,657**	**5,465**	**0.23**
		$ 8,180	**5,840**	**0.24**
Net income excluding Transaction and Integration Costs			**$ 133,329**	**$ 5.05**

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

TOTAL REVENUE

Total revenue increased to $753.6 million for the year ended October 31, 2011, compared to $737.4 million for the year ended October 31, 2010.

Net interest income decreased to $484.1 million for the year ended October 31, 2011 compared with $496.4 million for the year ended October 31, 2010, as increases in loan and deposit volumes were more than offset by margin compression. As a percentage of average assets, net interest margin was 13 basis points lower at 2.02% during 2011, largely due to competitive pricing, the continuing low interest rate environment and a flatter yield curve. The ongoing run-off of higher margin point-of-sale loans throughout the year, as well as the change in hedging strategies related to securitization activities initiated in the first quarter of 2011, which generated a shift of some net interest income to other income, also impacted interest margins.

Other income increased to $269.5 million for the year ended October 31, 2011 from $241.0 million for the year ended October 31, 2010. This increase is mainly due to higher securitization income, which increased by $29.5 million year-over-year, resulting from higher gains on $1.6 billion of new mortgage loan securitizations during the year. Throughout the year, the Bank continued to fund most of its strong mortgage loan growth through securitization as it was a favourably priced funding source given market conditions. The discussion on the Other sector's activity below provides further details on securitization activities.

The Bank's focus on developing fee-based income also impacted positively other income during the year, as evidenced by higher card service revenues stemming from increased activity. Moreover, the Bank generated higher income from credit insurance operations and sales of mutual funds, reflecting sustained efforts to develop these sources of revenues. These increases were partially offset by lower income from brokerage operations, which were impacted by unfavorable market conditions in the latter part of the year, and lower income from registered self-directed plans.

PROVISION FOR LOAN LOSSES

The provision for loan losses amounted to $47.0 million for the year ended October 31, 2011, compared to $68.0 million for the year ended October 31, 2010, a 31% improvement. This significant decrease reflects the good credit quality of the Bank's loan portfolios, and was especially notable in the improvements in the commercial loan and point-of-sale personal loan portfolios. This attests to the Bank's continued prudent loan underwriting standards as well as a generally favorable credit environment. The provision for loan losses also includes a $0.4 million net addition to general provisions as a $2.1 million reduction in general provisions in the third quarter of this year was offset by a $2.4 million addition to general provisions in the fourth quarter.

NON-INTEREST EXPENSES

Non-interest expenses totalled $542.9 million for the year ended October 31, 2011, up 8% compared to $504.2 million for the year ended October 31, 2010. Excluding the T&I Costs, non-interest expenses increased by 6% compared to last year.

Salaries and employee benefits costs increased from $276.0 million for the year ended October 31, 2010 to $293.9 million for the year ended October 31, 2011. The increase year-over-year is explained by regular salary increases and increased headcount in the business lines to support growth and quality service initiatives as well as to meet heightened regulatory requirements. Moreover, increased pension costs and higher compensation taxes on salaries more than offset lower performance-related charges.

Premises and technology costs increased from $132.5 million for the year ended October 31, 2010 to $140.8 million for the year ended October 31, 2011. This increase results from higher amortization expenses related to completed IT development projects, increases in the square footage of leased premises and continued investments in the Bank's technology infrastructure.

Other non-interest expenses increased by 4% from $95.7 million for the year ended October 31, 2010 to $99.9 million for the year ended October 31, 2011, mainly representing increased professional fees related to ongoing regulatory and other projects. In addition, results for 2010 included a $3.3 million recovery related to a specific operational issue.

T&I Costs for the year ended October 31, 2011 include a $7.7 million compensation charge for the termination in 2012 of the existing distribution agreement of IA Clarington funds and costs of $0.5 million incurred to initiate the integration process of the newly acquired MRS Companies.

For the year ended October 31, 2011, the efficiency ratio increased to 72.0% from 68.4% for the year ended October 31, 2010. Excluding the T&I Costs, the efficiency ratio was 71.0%. The deterioration in the efficiency ratio in 2011 is essentially due to margin compression which generated negative operating leverage in the year, despite strong volume growth in the business segments.

INCOME TAXES

For the year ended October 31, 2011, the income tax expense was $36.2 million and the effective tax rate was 22.1%, compared to $42.3 million and 25.6% for the year ended October 31, 2010. The lower tax rate, compared to the statutory rate, mainly resulted from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income and the lower taxation level on revenues from credit insurance operations. In addition, compared to 2010, income taxes for the year ended October 31, 2011 benefited from the effect of the reduction in Federal income tax rates of 1.4% which became effective this year and a year-end favourable adjustment to future income taxes.

THREE MONTHS ENDED OCTOBER 31, 2011 COMPARED TO THREE MONTHS ENDED OCTOBER 31, 2010

Net income was $28.6 million, or $1.06 diluted per share, for the fourth quarter ended October 31, 2011, compared with $32.5 million, or $1.24 diluted per share, for the fourth quarter of 2010. Excluding T&I Costs, net income was $34.4 million, or $1.31 diluted per share as presented below.

IMPACT OF TRANSACTION AND INTEGRATION COSTS

		FOR THE THREE MONTHS ENDED OCTOBER 31, 2011		
In thousands of 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			**$ 28,572**	**$ 1.06**
Transaction and Integration Costs :				
Integration-related costs	B2B Trust	**$ 523**	**375**	**0.02**
Compensation for the termination in 2012 of the existing distribution agreement of IA Clarington funds	Other	**7,657**	**5,465**	**0.23**
		$ 8,180	**5,840**	**0.24**
Net income excluding Transaction and Integration Costs			**$ 34,412**	**$ 1.31**

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

TOTAL REVENUE

Total revenue declined marginally year-over-year and stood at $187.4 million in the fourth quarter of 2011, compared with $190.1 million in the fourth quarter of 2010.

Net interest income decreased to $122.4 million for the fourth quarter of 2011, from $128.2 million in the fourth quarter of 2010, as strong loan and deposit growth year-over-year did not fully offset lower interest margins. When compared to the fourth quarter of 2010, margins decreased by 15 basis points to 2.00% in the fourth quarter of 2011. This decrease is mainly explained by intense competition in many markets, which continues to put pressure on loan and deposit pricing, particularly in the retail market, a flatter yield curve as well as the change in hedging strategies related to securitization activities as explained above.

Other income was $65.0 million in the fourth quarter of 2011, compared to $61.9 million in the fourth quarter of 2010, a 5% year-over-year increase. This increase is mainly attributable to securitization income which increased by $8.3 million year-over-year, mainly as a result of higher gains on $314.7 million of new mortgage loan securitizations during the quarter. Higher card service revenues resulting from higher transaction volumes in the fourth quarter also contributed to the increase in other income. These increases were partially offset by lower income from brokerage operations which were impacted by the current financial market environment.

PROVISION FOR LOAN LOSSES

The provision for loan losses amounted to $12.0 million in the fourth quarter of 2011, down $4.0 million from $16.0 million in the fourth quarter of 2010. Specific provisions totalled $9.6 million in the quarter, while general provisions totalled $2.4 million.

NON-INTEREST EXPENSES

Non-interest expenses totalled $140.3 million for the fourth quarter of 2011, compared to $132.5 million for the fourth quarter of 2010; a 6% year-over-year increase. Excluding the T&I Costs, non-interest expenses decreased by $0.4 million to $132.1 million, as a result of continued expense management and strategies to improve efficiency.

Salaries and employee benefits increased slightly compared to the fourth quarter of 2010 as increases in salaries and pension costs were not fully offset by lower performance-related charges.

Premises and technology costs remained flat compared to the fourth quarter of 2010 as higher amortization expense related to IT development projects was offset by lower IT maintenance costs compared to last year.

Other non-interest expenses decreased by 8% to $23.1 million for the fourth quarter of 2011 from $25.2 million for the fourth quarter of 2010 due to tight expense management initiatives as demonstrated by lower advertising and recruitment fees compared to the same period last year.

T&I Costs for the fourth quarter of 2011 include a $7.7 million compensation charge for the termination in 2012 of the existing distribution agreement of IA Clarington funds and costs of $0.5 million related to the integration of the MRS Companies.

The efficiency ratio was 74.9% in the fourth quarter of 2011, compared with 69.7% in the fourth quarter of 2010. Excluding the T&I Costs, the efficiency ratio was 70.5%, marginally higher compared to last year.

INCOME TAXES
For the quarter ended October 31, 2011, the income tax expense was $6.5 million and the effective tax rate was 18.6%. The lower tax rate, compared to the statutory rate, mainly resulted from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income and the lower taxation level on revenues from credit insurance operations. In addition, compared to the same quarter of 2010, income taxes for the fourth quarter ended October 31, 2011 benefited from the effect of the reduction in Federal income tax rates of 1.4% which became effective this year and a year-end favourable adjustment to future 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%.

THREE MONTHS ENDED OCTOBER 31, 2011 COMPARED TO THREE MONTHS ENDED JULY 31, 2011
Net income was $28.6 million or $1.06 diluted per share for the fourth quarter of 2011. Excluding T&I Costs, net income was $34.4 million, or $1.31 diluted per share, compared to $35.3 million or $1.34 diluted per share for the third quarter ended July 31, 2011.

Total revenue decreased to $187.4 million in the fourth quarter of 2011, from $191.0 million in the previous quarter. Net interest income amounted to $122.4 million, marginally lower sequentially and the net interest margin was 2.00% during the fourth quarter compared with 2.03% during the third quarter. Pricing competition has continued quarter-over-quarter, and the persistently low level of interest rates has maintained pressure on spreads. However, tighter management of low-yielding liquidity assets and broker inventories eased the impact on spreads in the quarter.

Other income decreased by 3% compared to the third quarter of 2011, as higher income from credit insurance and income from treasury and financial market operations were offset by slightly lower securitization income and income from brokerage operations which continued to be impacted by challenging capital market conditions.

The provision for loan losses amounted to $12.0 million in the fourth quarter of 2011, compared to $8.0 million for the third quarter of 2011. During the third quarter, general allowances had decreased by a net $2.1 million as a result of adjustments to provisioning models in anticipation of conversion to IFRS while, in the fourth quarter general allowances increased by $2.4 million in light of recent economic conditions.

Non-interest expenses increased slightly compared with the third quarter of 2011, essentially as a result of the $8.2 million T&I Costs. Excluding these costs, non-interest expenses decreased by $4.6 million sequentially reflecting the Bank's initiatives to control costs.

BALANCE SHEET REVIEW
Total assets stood at $24.5 billion at October 31, 2011, up $0.7 billion from October 31, 2010, reflecting the continued growth in operations. Liquid assets decreased $0.2 billion compared to October 31, 2010 and totalled $5.0 billion on October 31, 2011 as the Bank continued to optimize its liquidity level in the context of the low interest rate environment.

Loans and bankers' acceptances stood at $18.6 billion at October 31, 2011, up $0.9 billion from October 31, 2010 and $1.6 billion or 8% including securitized loans. Residential mortgage loans, including securitized loans, increased by 9% or $1.0 billion from October 31, 2010. The Bank's development efforts and ability to meet its customers' needs, as well as favorable housing market conditions in Canada contributed to maintain the growth momentum in this portfolio in 2011, despite intense and sustained competition in the retail market. Commercial mortgage loans and commercial loans, including bankers' acceptances, increased by a combined $397.9 million, as the Bank continues to leverage its solid client base to capitalize on growth opportunities in the Canadian mid-market. Personal loans increased by $138.0 million, as growth in investment loans and home equity lines of credit compensated for ongoing run-offs in point-of-sale financing.

Since the beginning of the year, total personal deposits increased by $213.1 million and business and other deposits increased by $206.6 million. Also, during the first quarter of 2011, the Bank issued $250.0 million Medium Term Notes (subordinated debt) and redeemed all of its subordinated debentures, Series 10, with an aggregate notional amount of $150.0 million. When combined, the net of these transactions provided the Bank with added flexibility to pursue its growth initiatives and contribute to meeting new regulatory capital requirements. Overall, the Bank has continued to benefit from well diversified funding sources, including retail deposits which totalled more than $15.6 billion as at October 31, 2011.

MEASURING PERFORMANCE IN 2012

The following table presents Management's objectives for 2012, which are based on expected 2012 results presented on an IFRS basis. The Bank has finalized its preliminary unaudited opening IFRS consolidated balance sheet as at November 1, 2010, which is presented in the 2011 MD&A. The Bank is planning to release in January 2012 its final version of the restated statement of income for 2011 under IFRS. Revenue growth will be determined with reference to restated 2011 IFRS comparative figures which have yet to be finalized. Therefore, objectives may be adjusted upon completion of the conversion process in 2012. Please refer to the International Financial Reporting Standards section in the 2011 MD&A for additional information on the IFRS conversion.

2012 FINANCIAL OBJECTIVES

	EXPECTED 2011 RESULTS UNDER IFRS [(2)]	2012 OBJECTIVES [(3)]
Revenue growth	n.a.	> 5%
Efficiency ratio [(1)]	71% to 70%	73% to 70%
Return on common shareholders' equity [(1)]	12.8% to 13.3%	11.0% to 13.5%
Diluted earnings per share	$ 4.85 to $ 5.05	$ 4.80 to $ 5.40

(1) Refer to the non-GAAP financial measures on page 16.

(2) Expected results for 2011 are determined with reference to the preliminary restated 2011 IFRS comparative figures and exclude Transaction and Integration Costs. Therefore, the actual results may be adjusted upon completion of the conversion process in 2012.

(3) These objectives for 2012 exclude Transaction and Integration Costs and 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. The Bank's objectives do not constitute guidance and are based on certain key planning assumptions. In addition, uncertainties regarding potential accounting standard changes and potential regulatory changes could cause actual results to differ materially from management objectives. Other factors such as those detailed in the Caution Regarding Forward-Looking Statements and Integrated Risk Management Framework sections of the annual MD&A could also cause future results to differ materially from these objectives.

The objectives for 2012 reflect management's confidence in the sustainability of the Bank's operating profitability. However, the ongoing uncertainty in the Canadian economy, with continued challenges stemming from international financial instability, very low interest rates and strong competition for retail deposits and loans leads to persistent pressure on pricing and margins. Nonetheless, these challenges should be compensated by good loan and deposit growth anticipated in 2012 as well as higher other income stemming from various business initiatives and increased sales capabilities of the Bank. The targets for 2012 also incorporate increased spending necessary to meet heightened regulatory requirements as well as investments in technology and people to support growth and service levels. These targets exclude expected integration costs following the acquisition of the MRS Companies. Despite the challenges stemming from the business environment expected in the upcoming year, management remains confident that the Bank can provide continued solid return on common shareholders' equity by maintaining appropriate cost controls while effectively executing its business plan.

CAPITAL MANAGEMENT

The regulatory Tier I capital of the Bank reached $1,217.2 million as at October 31, 2011, compared with $1,140.8 million as at October 31, 2010. The Tier 1 BIS capital and total BIS capital ratios stood at 11.0% and 13.7%, respectively, as at October 31, 2011, compared to 10.9% and 12.9%, respectively, as at October 31, 2010. These ratios are well above present minimum requirements and reflect the strength of the Bank, as well as the relatively lower-risk profile of its operations. The tangible common equity ratio of 9.2% continues to reflect the high quality of the Bank's capital.

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 Common Equity Tier 1 ratio, as at October 31, 2011, would be approximately 7.3% when applying the full Basel III rules applicable in 2019 (i.e., without transition arrangements). The Tier 1 ratio under the new Basel III rules would be 9.2%. Given the evolving nature of international capital rules and the projected outlook for balance sheet expansion, the Bank will nonetheless remain cautious with respect to capital deployment. 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.

Furthermore, in order to maintain strong capital ratios and prudently manage capital, the Bank continues to contemplate a common share issue of approximately $50.0 million by the end of 2012, depending on evolving regulatory capital requirements, as well as on market conditions expected in 2012.

IMPLICATION OF THE ACQUISITION OF THE MRS COMPANIES

On November 16, 2011, the Bank, through its subsidiary, B2B Trust, concluded its acquisition of 100% of the MRS Companies. After incorporating the estimated capital requirements for the MRS Companies at closing, the Bank's Basel II Tier 1 Capital Ratio would have been approximately 10.4% as at October 31, 2011, still comfortably above existing regulatory guidelines. Furthermore, the Bank's Basel III Common Equity Ratio, based on the full Basel III rules applicable in 2019 (i.e. without transition arrangements) and including the anticipated effect of the adoption of IFRS, should meet the minimum requirement of 7% by the January 1, 2013 transition date, a level the Bank should reach with some proactive management of the risk-weighted assets over the next year.

DIVIDENDS

On November 2, 2011, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on December 9, 2011. At its meeting on December 7, 2011, given the ongoing progress in the Bank's profitability, 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, or 7%, increase to the quarterly dividend on common shares and thus declared a dividend of $0.45 per common share, payable on February 1, 2012, to shareholders of record on January 3, 2012.

COMMON SHARE DIVIDENDS AND PAYOUT RATIO

In dollars, except payout ratios (Unaudited)	FOR THE THREE MONTHS ENDED				FOR THE YEARS ENDED			
	OCTOBER 31 2011	JULY 31 2011	APRIL 30 2011	JANUARY 31 2011	**OCTOBER 31 2011**	OCTOBER 31 2010	OCTOBER 31 2009	OCTOBER 31 2008
Dividends declared per common share	**$ 0.42**	$ 0.42	$ 0.39	$ 0.39	**$ 1.62**	$ 1.44	$ 1.36	$ 1.30
Dividend payout ratio (1)	**39.5 %**	31.2 %	34.5 %	30.7 %	**33.7 %**	31.1 %	32.1 %	34.2 %

(1) Refer to the non-GAAP financial measures on page 16.

SEGMENTED INFORMATION

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

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

RETAIL & SME-QUÉBEC

In thousands of dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED OCTOBER 31 2011	JULY 31 2011	OCTOBER 31 2010	FOR THE YEARS ENDED OCTOBER 31 2011	OCTOBER 31 2010
Net interest income	**$ 79,492**	$ 82,536	$ 79,813	**$ 319,113**	$ 323,740
Other income	**33,717**	33,492	32,853	**133,939**	129,774
Total revenue	**113,209**	116,028	112,666	**453,052**	453,514
Provision for loan losses	**5,851**	6,182	10,004	**26,172**	40,919
Non-interest expenses	**93,745**	94,289	90,635	**371,258**	352,621
Income before income taxes	**13,613**	15,557	12,027	**55,622**	59,974
Income taxes	**2,556**	3,812	2,281	**11,163**	12,961
Net income	**$ 11,057**	$ 11,745	$ 9,746	**$ 44,459**	$ 47,013
Efficiency ratio (1)	**82.8 %**	81.3 %	80.4 %	**81.9 %**	77.8 %

(1) Refer to the non-GAAP financial measures on page 16.

Year ended October 31, 2011

The Retail & SME-Québec business segment's contribution to net income was $44.5 million in 2011, compared to $47.0 million for 2010.

Total revenue was relatively stable year-over-year; from $453.5 million in 2010 to $453.1 million in 2011, as growth in other income resulting from business growth was offset by lower net interest income. Throughout the year, although the business segment generated strong and steady increases in loan and deposit volumes as it capitalized on various growth initiatives and sustained demand for retail credit, it also operated in a particularly low and competitive interest rate environment which compressed margins and adversely impacted net interest income. However, credit insurance revenues, income from the sale of mutual funds and card service revenues all improved year-over-year mainly due to increased business activity.

Loan losses decreased by $14.7 million and were $26.2 million in 2011 compared to $40.9 million in 2010. This significant progress is due to the good credit quality of all loan portfolios with particularly marked improvements in the point-of-sale financing and SME loan portfolios. Non-interest expenses increased by $18.7 million, from $352.6 million in 2010 to $371.3 million in 2011, essentially due to higher salaries expense resulting from regular salary increases, the hiring of new commercial account managers, and higher employee benefits, in particular pension costs. These increases were partially offset by various cost control initiatives.

Three months ended October 31, 2011

The Retail & SME-Québec business segment's contribution to net income increased by 13% from $9.7 million for the fourth quarter of 2010 to $11.1 million for the fourth quarter of 2011.

Total revenue slightly increased, from $112.7 million in the fourth quarter of 2010 to $113.2 million in the fourth quarter of 2011, mainly driven by other income. Increased business activity generated growth in many components of other income. Card service revenues increased due to higher transaction volume and annual fees, while income from the sale of mutual funds was higher due to growth in assets under management, mainly driven by new net sales. Higher credit insurance income and commercial loan underwriting fees also contributed to the overall increase. Net interest income remained relatively unchanged as the business segment's strong increases in loan and deposit volumes compared to a year ago were offset by the sustained low level of interest rates and competition in many markets, which continues to put pressure on loan and deposit pricing.

Loan losses decreased by $4.1 million, from $10.0 million in the fourth quarter of 2010 to $5.9 million in the fourth quarter of 2011. This significant improvement was mainly driven by lower losses in the SME portfolio and continued decrease in the point-of-sale portfolio stemming from the reduced exposure. Non-interest expenses increased by $3.1 million, from $90.6 million in the fourth quarter of 2010 to $93.7 million in the fourth quarter of 2011 as lower other expenses resulting from recently implemented cost control initiatives were more than offset by higher salaries and costs related to increased business activity. The increase in salaries mainly resulted from regular annual salary increases, higher compensation tax rates and pension costs, as well as the hiring of additional business development positions. In addition, non-interest expenses in the fourth quarter of 2011 were adversely impacted by a $1.5 million severance charge related to a specific initiative aimed at optimizing in-branch efficiency.

Balance sheet highlights

- Loans up 7% or $884 million over the last 12 months
- Increase in deposits of 7% or $610 million over the last 12 months, to $9.5 billion as at October 31, 2011

REAL ESTATE & COMMERCIAL

In thousands of dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED OCTOBER 31 2011	JULY 31 2011	OCTOBER 31 2010	FOR THE YEARS ENDED OCTOBER 31 2011	OCTOBER 31 2010
Net interest income	**$ 21,196**	$ 22,118	$ 21,808	**$ 87,710**	$ 84,475
Other income	**8,956**	8,837	9,196	**33,738**	34,852
Total revenue	**30,152**	30,955	31,004	**121,448**	119,327
Provision for loan losses	**3,034**	3,541	5,557	**18,687**	24,124
Non-interest expenses	**7,793**	7,592	7,780	**30,241**	24,801
Income before income taxes	**19,325**	19,822	17,667	**72,520**	70,402
Income taxes	**5,532**	5,675	5,348	**20,762**	21,313
Net income	**$ 13,793**	$ 14,147	$ 12,319	**$ 51,758**	$ 49,089
Efficiency ratio (1)	**25.8 %**	24.5 %	25.1 %	**24.9 %**	20.8 %

(1) Refer to the non-GAAP financial measures on page 16.

Year ended October 31, 2011

The Real Estate & Commercial business segment's contribution to net income improved by $2.7 million, or 5%, to $51.8 million in 2011, compared with $49.1 million in 2010.

Total revenue increased by $2.1 million, from $119.3 million in 2010 to $121.4 million in 2011, mainly driven by higher net interest income resulting from strong loan and deposit volume growth. Other income decreased slightly in 2011 due to lower stamping fees and reduced revenue from foreign exchange operations stemming from a relatively stable currency environment. Loan losses were lower at $18.7 million in 2011, compared with $24.1 million in 2010. The decrease mainly reflects the sharp improvement in the Ontario commercial loan portfolio which was particularly affected last year. Overall credit quality has further improved during the year, as evidenced by the lower level of impaired loans. Non-interest expenses increased by $5.4 million, from $24.8 million in 2010 to $30.2 million in 2011, mainly as results for 2010 included a $3.3 million recovery related to a specific operational issue. Higher pension costs, as well as salaries and hiring fees related to sales force and management development also contributed to the overall increase in 2011.

Three months ended October 31, 2011

The Real Estate & Commercial business segment's contribution to net income increased by 12% or $1.5 million, reaching $13.8 million for the fourth quarter of 2011, compared with $12.3 million for the fourth quarter of 2010.

Total revenue decreased by $0.8 million, from $31.0 million in the fourth quarter of 2010 to $30.2 million in the fourth quarter of 2011, mainly due to lower net interest income as growth in loan volumes was offset by lower margins in certain markets. Loan losses further improved by $2.6 million to $3.0 million in the fourth quarter of 2011, compared to $5.6 million in the fourth quarter of 2010. This relatively low level of losses reflects the good credit quality of the loan portfolios which benefited from a generally favourable credit environment, as well as and recent measures taken to reduce certain exposures in the commercial loan portfolio. Non-interest expenses were stable at $7.8 million in the fourth quarters of 2011 and 2010.

Balance sheet highlights

- Loans and BAs up 9% or $260 million over the last 12 months
- Increase in deposits of $29 million over the last 12 months

B2B TRUST

In thousands of dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE YEARS ENDED	
	OCTOBER 31 2011	JULY 31 2011	OCTOBER 31 2010	**OCTOBER 31 2011**	OCTOBER 31 2010
Net interest income	**$ 30,395**	$ 29,988	$ 29,966	**$ 117,426**	$ 114,194
Other income	**1,912**	2,110	2,464	**8,966**	10,419
Total revenue	**32,307**	32,098	32,430	**126,392**	124,613
Provision for loan losses	**687**	353	439	**1,789**	2,957
Non-interest expenses	**17,090**	16,852	14,426	**66,173**	54,449
Income before income taxes	**14,530**	14,893	17,565	**58,430**	67,207
Income taxes	**4,118**	4,223	5,409	**16,564**	20,813
Net income	**$ 10,412**	$ 10,670	$ 12,156	**$ 41,866**	$ 46,394
Efficiency ratio (1)	**52.9 %**	52.5 %	44.5 %	**52.4 %**	43.7 %

(1) Refer to the non-GAAP financial measures on page 16.

The B2B Trust business segment's contribution to net income amounted to $41.9 million in 2011, compared with $46.4 million in 2010. Excluding the impact of MRS integration expenses of $0.4 million (net of income taxes) in the fourth quarter of 2011, net income was $42.3 million.

Total revenue increased by $1.8 million, from $124.6 million in 2010 to $126.4 million in 2011. Net interest income increased by $3.2 million year-over-year, as B2B Trust saw increased margins on the High Interest Investment Accounts and term deposits and generated growth in loan and deposit volumes, partially offset by reduced margins on loans. Income from registered self-directed plans was lower in 2011 due to a reduced number of accounts.

Provision for loan losses, including losses on investment lending activities, further decreased to $1.8 million in 2011, compared with $3.0 million in 2010, reflecting the quality of B2B Trust's loan portfolio and underwriting standards. Non-interest expenses rose from $54.4 million in 2010 to $66.2 million in 2011, mainly from the effect of additional employees required to support increased business activity and enhanced service levels, combined with higher rental costs related to new leased premises and increased professional services costs related to ongoing business development initiatives. Non-interest expenses in 2011 were also impacted by integration costs of $0.5 million related to the acquisition of the MRS Companies.

Three months ended October 31, 2011

The B2B Trust business segment's contribution to net income was $10.4 million in the fourth quarter of 2011, compared with $12.2 million in the fourth quarter of 2010. Excluding the impact of MRS integration expenses of $0.4 million (net of income taxes) in the fourth quarter of 2011, net income was $10.8 million.

Total revenue was relatively unchanged at $32.3 million in the fourth quarter of 2011 as slightly higher net interest income was partially offset by reduced other income.

Loan losses slightly increased by $0.3 million to $0.7 million in the fourth quarter of 2011, compared to $0.4 million in the fourth quarter of 2010, mainly due to higher provision on residential mortgage loans, as losses on investment loans remained very low. Non-interest expenses increased to $17.1 million in the fourth quarter of 2011, compared with $14.4 million in the fourth quarter of 2010, essentially for the same reasons explained above. Non-interest expenses in the fourth quarter of 2011 also included integration costs of $0.5 million related to the acquisition of the MRS Companies.

Balance sheet highlights

- Loans up 6% or $333 million over the last 12 months
- Total deposits up 2% or $196 million over the last 12 months

LAURENTIAN BANK SECURITIES & CAPITAL MARKETS

In thousands of dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED OCTOBER 31 2011	JULY 31 2011	OCTOBER 31 2010	FOR THE YEARS ENDED OCTOBER 31 2011	OCTOBER 31 2010
Total revenue	**$ 10,389**	$ 11,851	$ 17,367	**$ 56,353**	$ 61,115
Non-interest expenses	**10,246**	11,035	12,551	**47,902**	46,938
Income before income taxes	**143**	816	4,816	**8,451**	14,177
Income taxes	**12**	130	1,348	**2,180**	4,189
Net income	**$ 131**	$ 686	$ 3,468	**$ 6,271**	$ 9,988
Efficiency ratio (1)	**98.6 %**	93.1 %	72.3 %	**85.0 %**	76.8 %

(1) Refer to the non-GAAP financial measures on page 16.

For the year ended October 31, 2011, the Laurentian Bank Securities & Capital Markets business segment's contribution to net income was $6.3 million, a decrease of $3.7 million compared to $10.0 million in 2010. Total revenue decreased by $4.8 million in 2011 as a result of lower underwriting fees and trading income stemming from the challenging market conditions in the latter part of the year. Reduced retail brokerage income, resulting from lower fees and commissions related to the Immigrant Investor Program, also contributed to the overall decrease. Non-interest expenses increased by 2% or $1.0 million, as increases resulting from the growth in clientele and new representatives were only partially offset by lower performance-based compensation due to lower market-driven income and reduced commissions.

Three months ended October 31, 2011

The Laurentian Bank Securities and Capital Markets business segment's contribution to net income decreased to $0.1 million in the fourth quarter of 2011, compared with $3.5 million in the fourth quarter of 2010.

Total revenue decreased by $7.0 million and amounted to $10.4 million in the fourth quarter of 2011 compared with $17.4 million for the same quarter of 2010. Market conditions further deteriorated during the fourth quarter of 2011 and prolonged the difficult environment for underwriting and trading activities, resulting in lower brokerage and trading revenues during the fourth quarter of 2011. Non-interest expenses decreased by $2.3 million mainly due to lower performance-based compensation resulting from lower income levels.

Balance sheet highlight

- Assets under management stood at $2.2 billion as at October 31, 2011

OTHER SECTOR

In thousands of dollars (Unaudited)	FOR THE THREE MONTHS ENDED OCTOBER 31 2011	JULY 31 2011	OCTOBER 31 2010	FOR THE YEARS ENDED OCTOBER 31 2011	OCTOBER 31 2010
Net interest income	**$ (9,785)**	$ (11,435)	$ (4,204)	**$ (43,334)**	$ (28,429)
Other income	**11,142**	11,476	811	**39,672**	7,306
Total revenue (loss)	**1,357**	41	(3,393)	**(3,662)**	(21,123)
Provision for loan losses	**2,428**	(2,076)	-	**352**	-
Non-interest expenses (1)	**11,431**	7,004	7,092	**27,285**	25,427
Loss before income taxes	**(12,502)**	(4,887)	(10,485)	**(31,299)**	(46,550)
Income taxes recovered	**(5,681)**	(2,921)	(5,310)	**(14,434)**	(17,007)
Net loss	**$ (6,821)**	$ (1,966)	$ (5,175)	**$ (16,865)**	$ (29,543)

(1) Includes a $7.7 million compensation for the termination in 2012 of the existing distribution agreement of IA Clarington funds.

Year ended October 31, 2011

The Other segment posted a negative contribution to net income of $16.9 million in 2011, compared with a negative contribution of $29.5 million in 2010. Excluding one-time transaction costs of $5.5 million (net of income taxes) related to the compensation for the termination in 2012 of the existing distribution agreement of IA Clarington funds, negative contribution to net income was $11.4 million.

Net interest income decreased significantly in 2011 mainly due to the higher volume of mortgage loans that were securitized and the lower level and yield on securities held to hedge securitization activities. Under current Canadian GAAP, higher levels of securitized assets increase the forgone net interest income related to securitized loans recorded in the Other sector, as these loans and accompanying interest income remain in the Retail & SME-Québec and B2B Trust segments for segmented information purposes. The decrease in net interest income was more than offset by stronger gains on new securitizations during the year, as the Bank profited from the decline in interest rates to secure low-cost medium term funding.

Net income in 2011 was also impacted by a net increase in general allowances partly attributable to adjustments to provisioning models in anticipation of conversion to IFRS. Moreover, 2011 results included a one-time charge of $7.7 million before taxes for compensation related to the termination in 2012 of the existing distribution agreement of IA Clarington funds resulting from the signing of a new distribution agreement of Mackenzie funds.

Three months ended October 31, 2011

The Other sector posted a negative contribution to net income of $6.8 million in the fourth quarter of 2011, compared with a negative contribution of $5.2 million in the fourth quarter of 2010. Excluding one-time T&I Costs of $5.5 million after taxes related to the compensation for the termination in 2012 of the existing distribution agreement of IA Clarington funds, negative contribution to net income was $1.3 million.

Net interest income decreased to negative $9.8 million in the fourth quarter of 2011, compared to negative $4.2 million in the fourth quarter of 2010 mainly as a result of the lower level and yield on securities held to hedge securitization activities and the increased level of securitized assets as explained above.

Other income for the fourth quarter of 2011 was $11.1 million, compared to $0.8 million for the fourth quarter of 2010. The increase in profitability mainly results from higher gains on new securitization transactions due to better margins on this favourably priced funding source. During the quarter, the Bank securitized $314.7 million of residential mortgage loans, as it continued to fund most of its insured mortgage loan growth through securitization.

SECURITIZATION INCOME

	FOR THE THREE MONTHS ENDED			FOR THE YEARS ENDED	
In thousands of dollars (Unaudited)	**OCTOBER 31 2011**	JULY 31 2011	OCTOBER 31 2010	**OCTOBER 31 2011**	OCTOBER 31 2010
Gains on securitization operations	**$ 11,757**	$ 9,258	$ 3,116	**$ 42,475**	$ 13,471
Changes in fair value of retained interests related to excess spreads, securitization swaps and financial instruments held for economic hedging purposes	**(3,969)**	(294)	(2,843)	**(11,028)**	(8,611)
Management income	**2,142**	1,881	1,551	**8,058**	6,958
Other	**(1,099)**	(644)	(1,271)	**(4,019)**	(5,822)
	$ 8,831	$ 10,201	$ 553	**$ 35,486**	$ 5,996

The provision for loan losses in the fourth quarter of 2011 reflects a $2.4 million increase of general allowances mainly attributable to recent uncertainty in the economic conditions and deterioration in certain factors which adversely impacted loan losses during the quarter. Non-interest expenses in the fourth quarter of 2011 amounted to $11.4 million compared to $7.1 million a year ago, a $4.3 million increase. However, 2011 results included the one-time charge of $7.7 million before taxes related to the termination of a distribution agreement explained above.

TRANSACTIONS WITH MACKENZIE FINANCIAL

On November 16, 2011, the Bank and Mackenzie Financial Corporation (Mackenzie) concluded an agreement pursuant to which B2B Trust, a subsidiary of the Bank, acquired 100% of the MRS Companies in a share purchase transaction. Relevant regulatory approvals required to complete this transaction have been obtained.

The transaction strengthens B2B Trust's product line as it is a leader in offering loan and deposit products to financial advisors while MRS is among the leaders offering self-directed registered products to this group. The final purchase price will be based on the audited net book value of the MRS Companies as of the closing date, plus a premium of $50.0 million, and should approximate $199.5 million, to be paid in cash. Integration is underway and should take 12 to 18 months to complete and cost approximately $38.0 million, the majority being systems integration expenses. The transaction should be accretive to net earnings as early as 2013, upon the completion of the greater part of the integration process and the materialization of expected cost and revenue synergies.

On October 14, 2011, the Bank and Mackenzie Investments entered into a non-exclusive distribution agreement for a preferred series of Mackenzie mutual funds. Under this agreement, the Bank, as principal distributor, will distribute starting in mid-January 2012 a preferred series of Mackenzie mutual funds. The Bank expects that this new distribution agreement will be gradually accretive starting next year.

NON-GAAP FINANCIAL MEASURES

The Bank uses both generally accepted accounting principles ("GAAP") and certain non-GAAP measures to assess performance. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are unlikely to be comparable to any similar measures presented by other companies. These non-GAAP financial measures are considered useful to investors and analysts in obtaining a better understanding of the Bank's financial results and analyzing its growth and profit potential more effectively. The Bank's non-GAAP financial measures are defined as follows:

RETURN ON COMMON SHAREHOLDERS' EQUITY

Return on common shareholders' equity is a profitability measure 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 transactions with Mackenzie recorded in fiscal 2011, as further detailed on page 15 in this document.

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 $24 billion in balance sheet assets and more than $35 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 3,700 people.

CONFERENCE CALL

Laurentian Bank invites media representatives and the public to listen to the conference call with financial analysts to be held at 2:00 p.m. Eastern Time on Wednesday, December 7, 2011. The live, listen-only, toll-free, call-in number is 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, December 7, 2011 until 11:59 p.m. on January 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

CONSOLIDATED BALANCE SHEET

In thousands of dollars (Unaudited)	AS AT OCTOBER 31 2011	AS AT OCTOBER 31 2010
ASSETS		
Cash and non-interest-bearing deposits with other banks	**$ 81,600**	$ 70,537
Interest-bearing deposits with other banks	**276,429**	95,561
Securities accounts		
Available-for-sale	**1,096,333**	1,103,744
Held-for-trading	**2,181,969**	1,496,583
Designated as held-for-trading	**1,011,742**	1,658,478
	4,290,044	4,258,805
Securities purchased under reverse repurchase agreements	**318,753**	803,874
Loans		
Personal	**5,768,787**	5,630,788
Residential mortgage	**8,928,544**	8,582,548
Commercial mortgage	**1,813,293**	1,638,861
Commercial and other	**1,900,977**	1,691,190
	18,411,601	17,543,387
Allowance for loan losses	**(149,743)**	(138,143)
	18,261,858	17,405,244
Other		
Customers' liabilities under acceptances	**179,140**	165,450
Premises and equipment	**64,752**	58,536
Derivatives	**228,704**	162,610
Goodwill	**53,790**	53,790
Software and other intangible assets	**123,357**	112,369
Other assets	**612,024**	585,362
	1,261,767	1,138,117
	$ 24,490,451	$ 23,772,138
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Personal	**$ 15,610,012**	$ 15,396,911
Business, banks and other	**4,457,406**	4,250,819
	20,067,418	19,647,730
Other		
Obligations related to securities sold short	**1,471,254**	1,362,336
Obligations related to securities sold under repurchase agreements	**36,770**	60,050
Acceptances	**179,140**	165,450
Derivatives	**246,475**	199,278
Other liabilities	**912,190**	947,879
	2,845,829	2,734,993
Subordinated debt	**242,512**	150,000
Shareholders' equity		
Preferred shares	**210,000**	210,000
Common shares	**259,492**	259,363
Contributed surplus	**227**	243
Retained earnings	**818,207**	741,911
Accumulated other comprehensive income	**46,766**	27,898
	1,334,692	1,239,415
	$ 24,490,451	$ 23,772,138

CONSOLIDATED STATEMENT OF INCOME

In thousands of dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED OCTOBER 31 2011	JULY 31 2011	OCTOBER 31 2010	FOR THE YEARS ENDED OCTOBER 31 2011	OCTOBER 31 2010
Interest income					
Loans	**$ 202,915**	$ 203,304	$ 201,066	**$ 808,995**	$ 757,677
Securities	**15,237**	15,618	19,020	**61,631**	72,975
Deposits with other banks	**1,066**	1,584	112	**5,233**	298
Other, including derivatives	**15,826**	18,221	23,273	**66,475**	116,273
	235,044	238,727	243,471	**942,334**	947,223
Interest expense					
Deposits	**110,069**	112,032	112,473	**444,463**	440,053
Subordinated debt	**2,432**	2,411	1,950	**11,574**	7,738
Other, including derivatives	**152**	466	846	**2,236**	3,011
	112,653	114,909	115,269	**458,273**	450,802
Net interest income	**122,391**	123,818	128,202	**484,061**	496,421
Other income					
Fees and commissions on loans and deposits	**29,960**	30,240	28,861	**116,595**	113,700
Income from brokerage operations	**8,332**	10,221	14,920	**48,429**	52,934
Securitization income	**8,831**	10,201	553	**35,486**	5,996
Credit insurance income	**5,097**	4,223	4,759	**19,141**	17,785
Income from treasury and financial market operations	**5,328**	4,555	5,114	**18,973**	18,035
Income from sales of mutual funds	**4,258**	4,483	3,961	**17,308**	15,012
Income from registered self-directed plans	**1,505**	1,674	1,997	**7,253**	8,680
Other	**1,712**	1,558	1,707	**6,337**	8,883
	65,023	67,155	61,872	**269,522**	241,025
Total revenue	**187,414**	190,973	190,074	**753,583**	737,446
Provision for loan losses	**12,000**	8,000	16,000	**47,000**	68,000
Non-interest expenses					
Salaries and employee benefits	**73,716**	72,466	72,101	**293,930**	275,964
Premises and technology	**35,332**	36,198	35,180	**140,839**	132,540
Other	**23,077**	28,108	25,203	**99,910**	95,732
Costs related to an acquisition and other (1)	**8,180**	-	-	**8,180**	-
	140,305	136,772	132,484	**542,859**	504,236
Income before income taxes	**35,109**	46,201	41,590	**163,724**	165,210
Income taxes	**6,537**	10,919	9,076	**36,235**	42,269
Net income	**$ 28,572**	$ 35,282	$ 32,514	**$ 127,489**	$ 122,941
Preferred share dividends, including applicable taxes	**3,111**	3,107	2,899	**12,436**	12,122
Net income available to common shareholders	**$ 25,461**	$ 32,175	$ 29,615	**$ 115,053**	$ 110,819
Average number of common shares outstanding (in thousands)					
Basic	**23,925**	23,925	23,921	**23,924**	23,921
Diluted	**23,941**	23,943	23,939	**23,943**	23,937
Earnings per share					
Basic	**$ 1.06**	$ 1.34	$ 1.24	**$ 4.81**	$ 4.63
Diluted	**$ 1.06**	$ 1.34	$ 1.24	**$ 4.81**	$ 4.63

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of dollars (Unaudited)	FOR THE THREE MONTHS ENDED OCTOBER 31 2011	FOR THE THREE MONTHS ENDED OCTOBER 31 2010	FOR THE YEARS ENDED OCTOBER 31 2011	FOR THE YEARS ENDED OCTOBER 31 2010
Net income	**$ 28,572**	$ 32,514	**$ 127,489**	$ 122,941
Other comprehensive income, net of income taxes				
Unrealized gains (losses) on available-for-sale securities	**(3,005)**	3,983	**(1,595)**	7,256
Reclassification of net gains on available-for-sale securities to net income	**(596)**	(435)	**(3,501)**	(2,263)
Net change in value of derivatives designated as cash flow hedges	**19,371**	(1,778)	**23,964**	(13,366)
	15,770	1,770	**18,868**	(8,373)
Comprehensive income	**$ 44,342**	$ 34,284	**$ 146,357**	$ 114,568

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of dollars (Unaudited)	FOR THE YEARS ENDED OCTOBER 31 2011	FOR THE YEARS ENDED OCTOBER 31 2010
Preferred shares		
Balance at beginning and end of year	**$ 210,000**	$ 210,000
Common shares		
Balance at beginning of year	**259,363**	259,208
Issued during the year under share purchase option plan	**129**	155
Balance at end of year	**259,492**	259,363
Contributed surplus		
Balance at beginning of year	**243**	209
Stock-based compensation	**(16)**	34
Balance at end of year	**227**	243
Retained earnings		
Balance at beginning of year	**741,911**	665,538
Net income	**127,489**	122,941
Dividends		
Preferred shares, including applicable taxes	**(12,436)**	(12,122)
Common shares	**(38,757)**	(34,446)
Balance at end of year	**818,207**	741,911
Accumulated other comprehensive income		
Balance at beginning of year	**27,898**	36,271
Other comprehensive income, net of income taxes	**18,868**	(8,373)
Balance at end of year	**46,766**	27,898
Shareholders' equity	**$ 1,334,692**	$ 1,239,415