FIRST
QUARTER
2004

QUARTERLY REPORT FOR THE PERIOD ENDED JANUARY 31, 2004

LAURENTIAN BANK OF CANADA

Report to shareholders

Laurentian Bank reports net income of $13.6 million for the first quarter of 2004

SUMMARY RESULTS

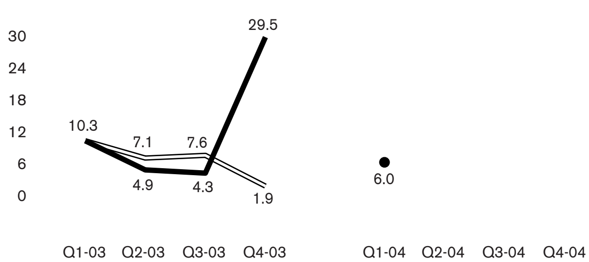
Laurentian Bank reported net income of $13.6 million or $0.43 diluted per common share for the first quarter ended January 31, 2004, compared to net income of $19.9 million or $0.70 diluted per common share for the first quarter of 2003. Return on common shareholders' equity was 6.0% for the quarter, compared to 10.3% for the same period in 2003. Results for the first quarter of 2004 include a $1.7 million ($0.06 diluted per common share) one-time favorable tax adjustment to future tax assets arising from the increase in Ontario income tax rates. Excluding this item, net income would have been $12.1 million or $0.37 diluted per common share. Results for the first quarter of 2003 included an $8.5 million ($0.29 diluted per common share) gain on the sale of TSX Group Inc. shares.

Net income for the fourth quarter of 2003 was $50.7 million or $2.01 diluted per common share and return on common shareholders' equity was 29.5%. Fourth quarter results included the significant impact of the gain on the sale of the Ontario and Western Canada branches and of the restructuring charge. Excluding the impact of these items in the fourth quarter of 2003, profitability increased in the first quarter of 2004 due to improvements in other income and lower salaries and income taxes. These more than compensated for the decrease in business volume resulting from the sale of the Ontario and Western Canada branches.

Raymond McManus, President and Chief Executive Officer, commented on the first quarter results: "Results are on target. At this point, earnings compare favorably to our business plan, while stronger capital ratios are providing us with the necessary flexibility to implement our strategies and maintain our dividend. Growth in loan portfolios is lower than anticipated as we will not increase volume at the sacrifice of pricing. However, expense reductions including the impact of the cost reduction initiatives initiated in 2003, were better than anticipated. During the quarter, we rolled out the Entrepreneurship project to our full branch network. Early results show improvement, however, we must continue to work hard to achieve our goals since the Bank is facing strong competition in its key markets. The buy-in by our employees in our three-year plan has been impressive. They have adopted a sense of urgency, however realize that tenacity and patience will be required before we reach our goals".

Return on common shareholders' equity

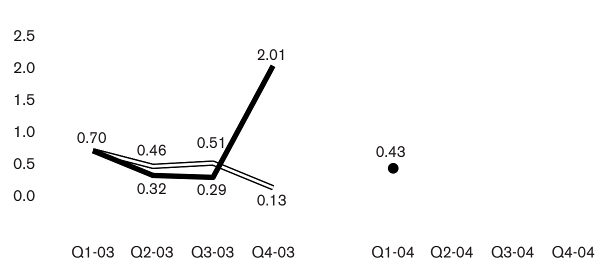
As a percentage



As per financial statements
Excluding special items

Diluted net income per common share

In dollars



As per financial statements
Excluding special items

PERFORMANCE AND FINANCIAL OBJECTIVES

Laurentian Bank publishes its Financial Objectives at the beginning of each financial year and then reports actual results quarterly. The Bank's practice is not to provide interim guidance.

Strictly for information, the following table presents the performance compared to objectives that have been set by Management for 2004:

Performance for 2004

	2004 Objectives	First quarter 2004 Actual
1. Return on common shareholders' equity	5%	6%
2. Diluted earnings per share	$1.44 (annual)	$0.43
3. Total revenue	$503 million (annual)	$120.5 million
4. Efficiency ratio	77%	77%
5. Capital ratios		
Tier 1 capital ratio	Minimum of 9.5%	10.7%
Total capital ratio	Minimum of 13.0%	16.0%
6. Credit quality (loan loss ratio)	0.22%	0.24%

HIGHLIGHTS

The evolution in the Bank's profitability during the first quarter of 2004, compared to the fourth quarter of 2003, is explained by the following factors:

– Total revenue decreased to $120.5 million in 2004 compared to $130.9 million in the fourth quarter of 2003, excluding the gain on the sale of the Ontario and Western Canada branches. The decrease arose mainly from the lost revenue contribution of $13.6 million resulting from the sale of the branch network.

– Non-interest expenses decreased 26% to $92.8 million in 2004 from $125.8 million for the fourth quarter of 2003. Variations versus the last quarter of 2003 are due principally to the restructuring charge recorded in the fourth quarter of 2003 in the amount of $16.6 million, the impact of the sale of the branch network and the higher variable compensation costs in 2003 due to the special financial incentive granted in the fourth quarter.

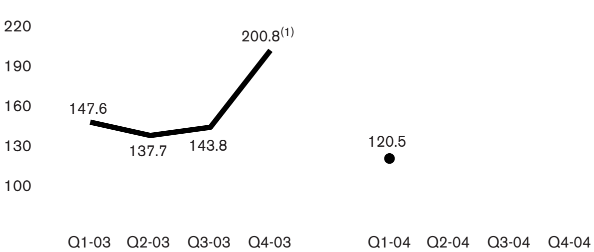
– The efficiency ratio (expenses divided by total revenue) was 77.0% in the first quarter of 2004 compared to 83.4% (excluding the impact of the gain resulting on the sale of the Ontario and Western Canada branches and the restructuring charge) in the fourth quarter of 2003.

– The provision for credit losses was $9.8 million in the first quarter of 2004 compared to $11.0 million for the fourth quarter of 2003.

– Income tax expense amounted to $3.4 million (equivalent to an effective tax rate of 18.7%) in the first quarter of 2004 compared to $3.4 million in the fourth quarter of 2003, excluding the gain on the sale of the branches and the restructuring charge (31.4% effective tax rate). The lower effective tax rate in 2004 is largely attributable to a $1.7 million ($0.06 diluted per common share) one-time tax adjustment arising from the increase in Ontario income tax rate.

Total revenue

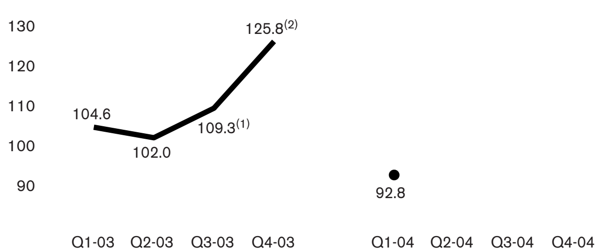
In millions of dollars



(1) $130.9 million excluding special items

Non-interest expenses

In millions of dollars



(1) $106.2 million excluding special items
(2) $109.2 million excluding special items

On February 2, 2004, the Bank sold its Ontario and Western Canada $27.9 million Visa credit card loan portfolio and related contract rights to MBNA Canada Bank for $32.9 million, resulting in a gain of $4.6 million, net of related closing and conversion fees. This is in line with the Bank's decision to focus its energy and resources in markets where it has competitive advantages and is consistent with the 2003 branch sale transaction. The transaction will be reflected in our second quarter results.

Estimated impact of the sale of the Ontario and Western Canada branches and of the cost reduction program initiated in 2003

In millions of dollars	Q4 2003 (1)	Contribution of sold branches and cost reduction program	Q4 adjusted	Q1 2004	Variation Favorable (unfavorable)
Net interest income	83.1	10.5	72.6	70.0	(2.6)
Other income	47.8	3.1	44.7	50.5	5.8
Total revenue	130.9	13.6	117.3	120.5	3.2
Provision for credit losses	11.0	0.9	10.1	9.8	0.3
Non-interest expenses	109.2	10.5	98.7	92.8	5.9
Income taxes	3.4	0.7	2.7	3.4	(0.7)
Non-controlling interest	0.8	–	0.8	1.0	(0.2)
Net income	6.6	1.5	5.1	13.6	8.5

(1) Excluding the gain on the sale of the Ontario and Western Canada branches ($69.9 million – $54.9 million net of income taxes) and the restructuring charge ($16.6 million – $10.8 million net of income taxes).

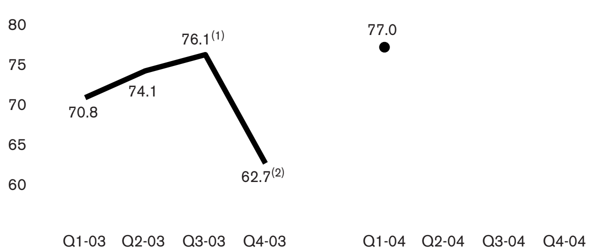
DETAILED FINANCIAL REVIEW

Total revenue was $120.5 million in the first quarter of 2004 compared to $200.8 million in the fourth quarter of 2003, or $130.9 million, excluding the gain on the sale of the Ontario and Western Canada branches. The Bank's net interest income decreased from $83.1 million in the fourth quarter of 2003 to $70.0 million for the first quarter of 2004, while the net interest margin as a percentage of average assets has declined from 1.79% to 1.69%. In the first quarter of 2003, total revenues were $147.6 million and net interest income $87.6 million, while net interest margin was 1.88%.

The decrease in net interest income when compared to the first and fourth quarters of 2003 mainly results from the anticipated decrease in business volumes resulting from the disposal of the Ontario and Western Canada branches at the end of 2003 and to a lesser extent, from the slight decline in the remaining Bank's loan volumes. In addition, the increased proportion of liquidities resulting from the sale of the branches has diluted the margin in the first quarter of 2004.

Efficiency ratio

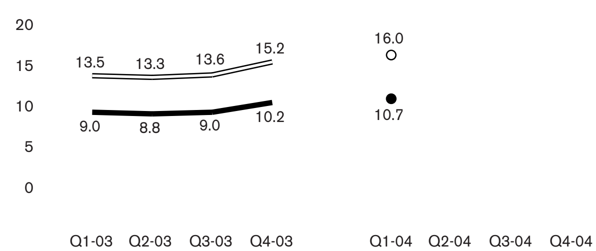
Non-interest expenses as a percentage of total revenue



(1) 73.9% excluding special items
(2) 83.4% excluding special items

BIS Capital Ratio

As a percentage



Tier 1
Total capital

Other income was $50.5 million during the first quarter of 2004 compared to $47.8 million in the fourth quarter of 2003, excluding the $69.9 million gain on the sale of the Ontario and Western Canada branches. The 6% increase is principally attributable to the strong performance in treasury and financial markets operations and brokerage activities. The implementation of the Canadian Institute of Chartered Accountants new Accounting Guideline 13 on hedging relationships had a marginal impact on the results of operations for the first quarter of 2004. However, evolution of the derivatives portfolio could eventually lead to higher earnings volatility under this new Guideline since some of the derivatives used for asset liability management purposes are no longer qualifying for hedge accounting. Lower loan and deposit fees results mainly from the decrease in loan and deposit volumes following the sale of the Ontario and Western Canada branches. Other income for the first quarter of 2003 included an $8.5 million gain on the sale of TSX Group Inc. shares ($6.7 million after tax).

The **provision for credit losses** was $9.8 million in the first quarter of 2004 or 0.24% of average assets versus $11.0 million or 0.24% in the first and fourth quarters of 2003. The decrease is essentially due to volume decreases in personal and commercial loan portfolios following the sale of branches, as the quality remained stable. Net impaired loans decreased during the quarter to $10.5 million (0.1% of total loans, bankers' acceptances and assets purchased under reverse repurchase agreements) from $22.0 million (0.2%) at October 31, 2003. During the quarter, net impaired commercial loans decreased by $21.5 million due to final resolutions on several accounts. This decrease in net impaired loans was partially offset by a slight deterioration of $2.5 million in the personal loan portfolio. Over the year, net impaired loans decreased by $4.3 million from $14.8 million (0.1%) at January 31, 2003. The Bank's general provision remained unchanged at $77.3 million at January 31, 2004 compared to year-end 2003. See Note 2 to the Interim Consolidated Financial Statements for more details.

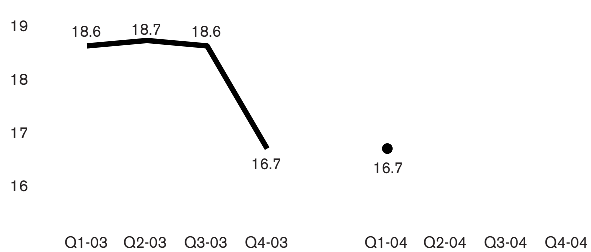
Non-interest expenses decreased by 15% to $92.8 million for the first quarter of 2004 compared to $109.2 million, excluding the $16.6 million restructuring charge recorded during the fourth quarter of 2003. Savings resulting from the concentration of our branch network in the Quebec market amounted to approximately $8.6 million of this reduction. The expense reduction program initiated during the third quarter of 2003 also favorably impacted expenses for approximately $1.9 million. The remainder of the variation mainly results from the net decrease of $5.7 million in performance variable compensation costs, related to the special financial incentive of $7.1 million granted during the last quarter of 2003, and the increase in pension expense of $1.1 million. Compared to the first quarter of 2003, non-interest expense decreased by $11.8 million from $104.6 million, reflecting the sale of the branches.

The efficiency ratio (expenses divided by total revenue) was 77.0% in the first quarter of 2004 compared to 83.4% in the fourth quarter of 2003, excluding the gain on the sale of the Ontario and Western Canada branches and the restructuring charge (62.7 % on a reported basis), and 70.8% in the first quarter of 2003. The number of employees (full time equivalent basis) increased to 3,182 at January 31, 2004 compared to 3,159 at October 31, 2003, while it stood at 3,711 a year ago.

Income tax expense was $3.4 million (18.7% effective tax rate) in the first quarter of 2004 compared to $3.4 million (31.4% effective tax rate) in the fourth quarter of 2003, excluding the gain on the sale of the Ontario and Western Canada branches and the restructuring charge. The lower effective rate in 2004 reflects the impact of the one-time increase of $1.7 million in future tax assets resulting from the recently announced increase in Ontario income tax rates. Excluding this favorable impact, the effective tax rate would have been 28.1% in the first quarter of 2004, reflecting the benefits from the lower Quebec tax rates resulting from a greater portion of its revenue being earned in the province due to the sale of the Ontario and Western Canada branches. In the fourth quarter of 2003, as reported, the Bank had a 19.6% overall effective tax rate, resulting mainly from lower income taxes on the gain resulting from the sale of the Ontario and Western Canada branches.

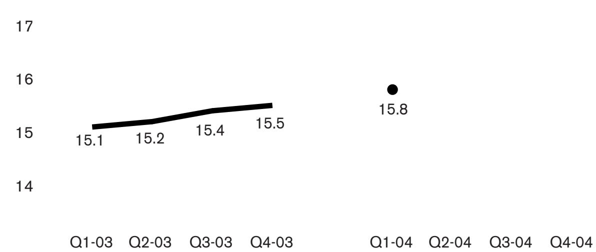
Balance sheet assets

In billions of dollars



Assets under administration

In billions of dollars



Balance sheet assets stood at $16.7 billion at January 31, 2004, the same level as at October 31, 2003. Total assets stood at $18.6 billion at the same date last year, decreasing $1.9 billion or 10% over the year as a result of the sale of the Ontario and Western Canada branches during the fourth quarter of 2003. Liquidities, including assets purchased under reverse repurchase agreements and securities remained at $4.8 billion or 29% of total assets at January 31, 2004, the same level at year-end 2003, while they stood at $4.5 billion or 24% of total assets a year ago. The increase in liquidities year-over-year results from the cash proceeds received following the sale of the Ontario and Western Canada branches and growth of personal deposits that has outpaced growth of the loan portfolio.

The portfolio of loans and bankers' acceptances decreased to $11.2 billion at January 31, 2004 from $11.4 billion at October 31, 2003 and $13.5 billion at the same date in 2003. Commercial loans declined by $70 million and commercial mortgages by $35 million during the last quarter. These reductions result in part from lower demand for commercial credit and from intense competition. The Bank has positioned itself to increase its loan book in 2004, but is not willing to do so at the expense of credit quality, in accordance with the strategic decision to focus on profitable segments to ensure sustainable and profitable growth. The decrease in personal loans of $80 million since year-end 2003 resulted from increased repayments of point-of-sale loans, while new loan volumes decreased as a result of the modification in pricing and commissioning strategies. Residential mortgages remained stable at $5.3 billion, as new originations and the favorable impact of the renewal of maturing securitized loans offset repayments. Despite favorable housing market conditions, competition on the mortgage market is limiting the Bank's ability to grow these portfolios. As for the reduction in loans compared to the first quarter of 2003, it essentially resulted from the sale of the Ontario and Western Canada branches.

Total personal deposits grew slightly by $0.1 billion over the last quarter to $10.6 billion at January 31, 2004 from $10.5 billion at October 31, 2003. Personal deposits increased to 85% of total deposits of $12.5 billion at January 31, 2004 compared to 79% at October 31, 2003. The increase results from lower level of business and other deposits, as the Bank increased its level of other treasury instruments.

Total capital of the Bank, comprised of common shareholders' equity, preferred shares, non-controlling interest and debentures, reached $1,320 million at January 31, 2004 compared to $1,315 million at October 31, 2003, an increase of $5 million over the period.

Common shareholders' equity increased to $678 million at January 31, 2004 from $673 million at October 31, 2003. There were 23,479,395 common shares outstanding as at January 31, 2004 and the Bank's book value per common share increased to $28.86 from $28.73 at year-end 2003.

The BIS Tier 1 and Total capital ratios increased to 10.7% and 16.0%, respectively, from 10.2% and 15.2% at October 31, 2003. Tangible common equity (common equity less goodwill and other intangibles) to risk-weighted assets ratio improved to 8.2% from 7.8% at October 31, 2003.

At its meeting on February 26, 2004, considering the favorable results as well as the sound financial condition of the Bank as evidenced by its capital ratios, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on March 10, 2004, as well as a dividend of $0.29 per common share, payable on May 1, 2004 to shareholders of record on April 1, 2004.

Assets under administration stood at $15.8 billion at January 31, 2004 compared to $15.5 billion at October 31, 2003 and $15.1 billion at January 31, 2003. The variation mainly results from the increase in market value of assets.

SEGMENTED INFORMATION

For the first quarter of 2004, all lines of business improved their results, compared to the fourth quarter of 2003. The Other sector saw its contribution decrease from $0.6 million, excluding special items as detailed below, to $(5.1) million.

Net income contributions

In millions of dollars	Retail Financial Services	Commercial Financial Services	B2B Trust	Wealth Management and Brokerage	Other	Total (1)
Q1-2004						
Net income	7.5	6.7	3.3	1.2	(5.1)	13.6
	40%	35%	18%	7%	n/a	100%
Q4-2003						
Net income	0.6	2.1	2.5	0.8	44.7	50.7
	10%	34%	42%	14%	n/a	100%
Q1-2003						
Net income	7.3	6.9	3.1	7.4	(4.8)	19.9
	30%	28%	12%	30%	n/a	100%

(1) Percentage net income contribution from the four lines of business, not including the Other sector.

Retail Financial Services

The Retail Financial Services sector contributed $7.5 million to net income for the first quarter of 2004, compared to $0.6 million for the fourth quarter of 2003. The efficiency ratio improved to 80.1% for the first quarter of 2004, compared to 91.9% for the fourth quarter of 2003.

The sale of the Ontario and Western Canada branches specifically impacted this sector during the first quarter, as loan and deposit portfolios amounting to approximately $2.0 billion and $1.9 billion respectively were sold. The related decrease in direct revenues and expenses are estimated at $13.6 million and $8.6 million respectively per quarter for 2004. This estimated forgone contribution of $5.0 million has been more than compensated by: a decrease in salary expense resulting from the special financial incentive granted during the fourth quarter of 2003; a decrease in salaries and other employee benefits as a result of the expense reduction program and increased profitability in point-of-sale lending.

The RRSP campaign is well underway and, so far, is very promising.

Retail Financial Services has identified four projects to develop its network and ensure sustainable and profitable operations.

New Laurentian Bank Signature and optimization of branch network
Significant efforts have been deployed to assess the profitability and potential of the existing branch network. This important step has allowed the Bank to identify markets where the Bank should enhance its local presence by renovating, relocating or merging branches within the network. It also provided information on markets where new branches could be opened over the next three years.

Development of the new Laurentian Bank Signature concept is moving forward. Management has selected the architecture firm and is reviewing several proposed concepts, for expected implementation in the second half of 2004.

Deployment of the Entrepreneurship *project*
The unfolding of the *Entrepreneurship* project to the full branch network has been the most significant achievement during the quarter. Branches have been grouped into 25 local area markets (LAM), which are now managed under this new concept aimed at improving customer satisfaction and energizing the sales force to stimulate profitable growth. Incentive remuneration plans, based on LAM's profitability have also been introduced to increase the employees' involvement. This initiative has required appointing 25 new LAM managers who are now responsible for the operations of Laurentian Bank branches in their market and also appointing managers in all of our branches.

"Retailer Approach" to client servicing and Enhancement of the multi-channel strategy across Canada
The Bank launched its new advertising campaign in January based on the theme of: DARE! That is the challenge Laurentian Bank of Canada is sending to all, consumers, homeowners, investors and entrepreneurs in Quebec, as part of its in-branch offer. This campaign is focusing on the Bank's distinctive character and the alternative it offers to the other financial institutions.

Other initiatives were launched to promote products and services offered by the Bank such as the presentation of the new *Passport Program*™, an exclusive benefit of the Laurentian Bank VISA Gold card. In the rest of Canada, the Bank was active to support its important point-of-sale lending service and franchise. The conclusion of a financing agreement with Genmar, a well-renowned manufacturer of motorized recreational boats, was another achievement of the quarter.

Commercial Financial Services

Net income was $6.7 million for the first quarter of 2004 versus $2.1 million for the last quarter of 2003 and $6.9 million for the first quarter of 2003. The first quarter results benefited from lower loan losses, which declined from $8.3 million in the last quarter of 2003 to $4.4 million in the first quarter of 2004. The significant efforts made over the last 18 months to improve credit quality are now showing encouraging results as loan losses decrease. Exposures in the corporate loan sector were further reduced during the quarter and there are now only 5 borrowers above $20 million.

In the mid-market segment, the last phase of the reorganization was completed in Quebec as all commercial lending activities were grouped under the Commercial Financial Services sector. The Bank now has 6 regional centres devoted to mid-market clients in Quebec in addition to 3 micro-business centres catering to the independent operators and professionals.

The Real Estate group continued to perform very well as credit quality remained very strong; but as signs of slowdown are becoming evident in certain regions, the challenge is to increase activities in other metropolitan areas to ensure growth in loan volumes.

Growth in farm lending was hampered last year amidst the turmoil suffered by the industry. Nevertheless, the potential remains significant for the Bank and following this pause, which enabled the Bank to consolidate its operations and resources, business is expected to improve.

B2B Trust

B2B Trust improved its contribution to consolidated results to $3.3 million in the first quarter of 2004 from $2.5 million in the fourth quarter of 2003 and $3.1 million for the first quarter of last year. Results benefited from a one-time adjustment of $1.0 million in future tax assets resulting from the recently announced increase in Ontario income tax rates.

Pre-tax operating profits declined slightly compared to the fourth quarter of 2003 from $5.3 million to $5.0 million for the first quarter of 2004. This decline results from lower net interest income, partially offset by higher other income, while expenses remained relatively stable. The evolution of asset mix and funding costs associated with the different portfolios have lowered net interest margins over the last year. Impaired loans have slightly increased from $2.4 million at October 31, 2003 to $2 9 million at January 31, 2004.

The efficiency ratio was 62.5% for the first quarter of 2004, compared to 61.8% in the fourth quarter of 2003 and 57.1% in the first quarter of 2003.

The investment lending business has begun to show renewed signs of growth as mutual fund sales gained momentum in the quarter. B2B Trust's focus continues to be on increasing the depth and breadth of alliances with product distributors, while taking the tactical steps necessary to ensure a more diversified mix of lending products and resulting revenue streams. In addition, B2B Trust continued to maintain close control over operating expenses.

Wealth Management and Brokerage

The Wealth Management and Brokerage line of business reported net income of $1.2 million in the first quarter of 2004 compared to $0.8 million in the last quarter of 2003 and $7.4 million for the first quarter of 2003. The first quarter 2003 results included a pre-tax gain of $8.5 million on the sale of TSX Group Inc. shares. Excluding the gain on TSX Group Inc. shares, the first quarter 2003 operating results stood at $0.7 million.

Laurentian Bank Securities (LBS) substantially improved its contribution to results in the first quarter of 2004, reaching $1.2 million, compared to the last quarter of 2003 of $0.8 million. Heightened activity in capital markets, including retail investors, has resulted in higher revenues, which increased by more than 30%, from $4.4 million in the last quarter of 2003 to $5.9 million in the first quarter of 2004. LBS operates in two lines of business: it has a leading fixed income division and retail brokerage activities. The fixed income activities maintained good operating results while the retail brokerage activities continued to improve and is now contributing positively to results.

The BLC-Edmond de Rothschild Asset Management (BLC-EdR) joint-venture has been steadily increasing its revenue base, improving from $2.0 million ($1.0 million – 50% participation) in the first quarter of 2003 to $2.4 million ($1.2 million – 50% participation) in the last quarter of 2003 and $2.5 million ($1.2 million – 50% participation) in the first quarter of 2004. Net income was marginally positive for the first quarter of 2004. Assets under management have increased by 6% since the beginning of the year and 29% since January 2003. This results from favorable equity markets and positive net sales of mutual funds as well as other private and institutional funds. BLC-EdR manages portfolios for its retail mutual funds and its private and institutional money management divisions.

Other sector
The lower contribution from the Other sector mainly results from reduced prepayment penalties revenues for $1.9 million. Results for the fourth quarter of 2003 included the gain on the sale of the Ontario and Western Canada branches for $69.9 million and the restructuring charge of $16.6 million, as well as a $4 million reversal of general provision.

NET INCOME, EXCLUDING SPECIAL ITEMS

To facilitate analysis, net income excluding special items has been presented throughout the document. In management's opinion, these items, which have been excluded, should not be considered when analyzing the Bank's performance. Net income, excluding special items is not based on Canadian generally accepted accounting principles and may not be comparable to another company's net income.

CORPORATE GOVERNANCE

The Board of Directors and the Audit Committee of Laurentian Bank reviewed this quarterly report. The disclosure controls and procedures of Laurentian Bank support the ability of the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer of Laurentian Bank to assure that Laurentian Bank's Interim Consolidated Financial Statements are fairly presented.

L. Denis Desautels, O.C.
Chairman of the Board

Raymond McManus
President and Chief Executive Officer

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This press release and related communications may contain forward-looking statements, including statements regarding the business and anticipated financial performance of Laurentian Bank. These statements are subject to a number of risks and uncertainties. Actual results may differ from results contemplated by the forward-looking statements. Such differences may be caused by factors which include, among others, global capital market activity, changes in government monetary and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition and technological change. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and should not place undue reliance on such forward-looking statements. The Laurentian Bank does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf.

Financial highlights

In millions of dollars, except per share amounts (unaudited)	January 31 2004	January 31 2003	Percentage variation
	For the three-month periods ended		
Earnings			
Net income	**$ 13.6**	$ 19.9	(31.7)%
Net income available to common shareholders	**$ 10.1**	$ 16.3	(38.0)%
Return on common shareholders' equity	**6.0 %**	10.3 %	
Per common share			
Net income			
Basic	**$ 0.43**	$ 0.70	(38.6)%
Diluted	**$ 0.43**	$ 0.70	(38.6)%
Dividends	**$ 0.29**	$ 0.29	– %
Book value	**$ 28.86**	$ 26.98	7.0 %
Share price – close	**$ 28.60**	$ 25.95	10.2 %
Financial position			
Balance sheet assets	**$ 16,723**	$ 18,582	(10.0)%
Assets under administration	**$ 15,765**	$ 15,128	4.2 %
Loans, bankers' acceptances and assets purchased under reverse repurchase agreements, net	**$ 12,421**	$ 14,067	(11.7)%
Personal deposits	**$ 10,601**	$ 12,055	(12.1)%
Shareholders' equity, non-controlling interest in a subsidiary and debentures	**$ 1,320**	$ 1,280	3.1 %
Number of common shares (in thousands)	**23,479**	23,412	0.3 %
Net impaired loans (as a % of loans, bankers' acceptances and assets purchased under reverse repurchase agreements)	**0.1 %**	0.1 %	
Risk-weighted assets	**$8,120.5**	$9,210.2	(11.8)%
BIS capital ratios			
Tier I	**10.7 %**	9.0 %	
Total capital	**16.0 %**	13.5 %	
Balance sheet assets to BIS capital ratio	**12.9 x**	15.1 x	
Tangible common equity as a percentage of risk-weighted assets	**8.2 %**	6.8 %	
FINANCIAL RATIOS			
Per common share			
Price/earnings ratio (trailing four quarters)	**9.3 x**	24.5 x	
Market to book value	**99 %**	96 %	
Dividend yield	**4.06 %**	4.47 %	
Dividend payout ratio	**67.3 %**	41.5 %	
As a percentage of average assets			
Net interest income	**1.69 %**	1.88 %	
Provision for credit losses	**0.24 %**	0.24 %	
Net income	**0.33 %**	0.43 %	
Net income available to common shareholders	**0.24 %**	0.35 %	
Profitability			
Other income (as a % of total revenue)	**41.9 %**	40.7 %	
Efficiency ratio (non-interest expenses as a % of total revenue)	**77.0 %**	70.8 %	
OTHER INFORMATION			
Number of full-time equivalent employees	**3,182**	3,711	
Number of branches	**154**	213	
Number of automated banking machines	**282**	348	

Consolidated statement of income

In thousands of dollars, except per share amounts (unaudited)	January 31 2004	For the three-month periods ended October 31 2003	January 31 2003
Interest income			
Loans	**$180,329**	$214,299	$218,663
Securities	**19,370**	17,743	19,475
Deposits with other financial institutions	**2,651**	3,446	1,943
	202,350	235,488	240,081
Interest expense			
Deposits and other liabilities	**125,384**	145,416	145,477
Subordinated debentures	**6,987**	6,993	6,992
	132,371	152,409	152,469
Net interest income	**69,979**	83,079	87,612
Provision for credit losses (note 2)	**9,750**	11,000	11,000
	60,229	72,079	76,612
Other income			
Fees and commissions on loans and deposits	**22,214**	24,556	25,107
Revenues from treasury and financial market operations	**12,706**	9,672	12,816
Commissions from brokerage operations	**5,456**	4,054	4,871
Revenues from registered self-directed plans	**3,051**	3,085	3,100
Revenues from sale and management of mutual funds	**2,982**	2,804	2,725
Insurance revenues	**1,825**	1,181	1,699
Securitization revenues (losses)	**267**	(120)	1,025
Gain on disposal of branches	**–**	69,946	–
Other	**2,001**	2,587	8,667
	50,502	117,765	60,010
	110,731	189,844	136,622
Non-interest expenses			
Salaries and employee benefits	**46,138**	55,883	51,232
Premises and technology	**26,334**	32,805	31,392
Restructuring costs (note 4)	**–**	16,634	–
Other	**20,294**	20,517	21,952
	92,766	125,839	104,576
Income before income taxes and non-controlling interest in net income of a subsidiary	**17,965**	64,005	32,046
Income taxes	**3,354**	12,533	11,064
Income before non-controlling interest in net income of a subsidiary	**14,611**	51,472	20,982
Non-controlling interest in net income of a subsidiary	**979**	751	1,076
Net income	**$ 13,632**	$ 50,721	$ 19,906
Preferred share dividends, including applicable income taxes	**3,527**	3,466	3,558
Net income available to common shareholders	**$ 10,105**	$ 47,255	$ 16,348
Average number of common shares (in thousands)	**23,457**	23,426	23,411
Average number of common shares after dilution (in thousands)	**23,501**	23,465	23,460
Net income per common share			
Basic	**$ 0.43**	$ 2.02	$ 0.70
Diluted	**$ 0.43**	$ 2.01	$ 0.70

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

Consolidated balance sheet

In thousands of dollars (unaudited)	**January 31 2004**	October 31 2003	January 31 2003
ASSETS			
Cash resources			
Cash and due from other financial institutions without interest	**$ 89,185**	$ 100,001	$ 139,564
Interest-bearing deposits with other financial institutions	**385,116**	622,923	112,371
Cheques and other items in transit, net	**245,434**	111,809	144,088
	719,735	834,733	396,023
Securities			
Investment account	**1,752,664**	2,064,301	2,635,155
Trading account	**1,021,636**	1,006,575	754,472
	2,774,300	3,070,876	3,389,627
Assets purchased under reverse repurchase agreements	**1,335,124**	882,036	761,684
Loans (note 2)			
Personal	**3,566,096**	3,646,070	3,858,469
Residential mortgages	**5,270,246**	5,274,128	6,594,425
Commercial mortgages	**669,989**	705,101	901,824
Commercial and other	**1,507,109**	1,571,491	1,848,459
	11,013,440	11,196,790	13,203,177
Allowance for loan losses	**(156,954)**	(163,177)	(203,643)
	10,856,486	11,033,613	12,999,534
Other			
Customers' liability under acceptances	**229,602**	235,286	305,387
Capital assets	**104,907**	114,479	142,790
Goodwill	**54,029**	54,029	54,029
Other assets	**649,057**	512,716	533,237
	1,037,595	916,510	1,035,443
	$16,723,240	$16,737,768	$18,582,311
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Personal	**$10,600,746**	$10,508,592	$12,055,270
Business and other	**1,893,707**	2,784,357	3,063,940
	12,494,453	13,292,949	15,119,210
Other			
Obligations related to assets sold short	**1,689,884**	969,663	800,329
Obligations related to assets sold under repurchase agreements	**72,786**	173,246	345,487
Acceptances	**229,602**	235,286	305,387
Other liabilities	**916,491**	751,484	732,152
	2,908,763	2,129,679	2,183,355
Subordinated debentures	**400,000**	400,000	400,000
Non-controlling interest in a subsidiary	**42,438**	41,827	47,743
Shareholders' equity			
Capital stock (note 3)			
Preferred shares	**200,000**	200,000	200,400
Common shares	**247,789**	246,813	246,305
Retained earnings	**429,797**	426,500	385,298
	877,586	873,313	832,003
	$16,723,240	$16,737,768	$18,582,311

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

Consolidated statement of changes in shareholders' equity

In thousands of dollars (unaudited)	For the three-month periods ended January 31 2004	January 31 2003
CAPITAL STOCK (note 3)		
Preferred shares		
Balance at beginning and end of period	**$200,000**	$200,400
Common shares		
Balance at beginning of period	**246,813**	246,230
Issued during the period	**976**	75
Balance at end of period	**247,789**	246,305
RETAINED EARNINGS		
Balance at beginning of period	**426,500**	375,740
Net income	**13,632**	19,906
Dividends		
Preferred shares, including applicable income taxes	**(3,527)**	(3,558)
Common shares	**(6,808)**	(6,790)
Balance at end of period	**429,797**	385,298
TOTAL SHAREHOLDERS' EQUITY	**$877,586**	$832,003

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

Consolidated statement of cash flows

In thousands of dollars (unaudited)	January 31 2004	October 31 2003	January 31 2003
		For the three-month periods ended	
Cash flows relating to operating activities			
Net income	**$ 13,632**	$ 50,721	$ 19,906
Adjustments to determine net cash flows relating to operating activities:			
Provision for credit losses	**9,750**	11,000	11,000
Gains on securitization operations	**–**	–	(1,859)
Net loss on disposal of capital assets	**116**	–	2,445
Restructuring costs (note 4)	**–**	17,360	–
Gain on disposal of branches	**–**	(69,946)	–
Net gains on sale of securities held for investment	**(7,048)**	(973)	(10,153)
Future income tax expense (recovery)	**(1,222)**	8,993	4,091
Depreciation and amortization	**9,599**	11,128	10,010
Net change in trading securities	**(15,061)**	(101,269)	211,000
Change in accrued interest receivable	**5,732**	(6,669)	10,133
Increase in unrealized gains and amounts receivable on derivative financial instruments	**(155,740)**	(10,751)	(12,743)
Change in accrued interest payable	**51,418**	28,722	31,402
Increase in unrealized losses and amounts payable on derivative financial instruments	**129,520**	11,499	3,410
Other, net	**(239)**	(29,906)	1,147
	40,457	(80,091)	279,789
Cash flows relating to financing activities			
Net change in deposits	**(798,496)**	356,978	150,936
Net change in obligations related to assets sold short	**720,221**	(256,026)	(60,691)
Net change in obligations related to assets sold under repurchase agreements	**(100,460)**	(111,922)	(102,375)
Issuance of common shares, net of issue costs (note 3)	**976**	483	75
Redemption of common shares of a subsidiary	**–**	(3,247)	–
Dividends, including applicable income taxes	**(10,715)**	(10,642)	(10,796)
	(188,474)	(24,376)	(22,851)
Cash flows relating to investing activities			
Net cash flows related to an acquisition of net assets	**–**	–	(28,427)
Net change in interest-bearing deposits with other financial institutions	**237,807**	(125,526)	152,601
Acquisitions of securities held for investment	**(5,376,982)**	(7,262,323)	(9,098,157)
Maturities of securities held for investment	**24,298**	164,394	–
Proceeds from sales of securities held for investment	**5,671,369**	6,703,887	8,557,740
Net change in loans	**167,377**	122,582	100,040
Net change in assets purchased under reverse repurchase agreements	**(453,088)**	425,296	108,146
Proceeds from mortgage loan securitizations	**–**	–	39,836
Acquisitions of capital assets	**(2,705)**	–	(694)
Net cash flows from disposal of branches	**–**	165,112	–
Proceeds from disposal of capital assets	**2,750**	5,759	6,930
	270,826	199,181	(161,985)
Net change in cash and cash equivalents	**122,809**	94,714	94,953
Cash and cash equivalents at beginning of period	**211,810**	117,096	188,699
Cash and cash equivalents at end of period	**$ 334,619**	$ 211,810	$ 283,652
Cash and cash equivalents are detailed as follows:			
Cash and due from other financial institutions without interest	**$ 89,185**	$ 100,001	$ 139,564
Cheques and other items in transit, net	**245,434**	111,809	144,088
	$ 334,619	$ 211,810	$ 283,652
Supplemental disclosure relating to cash flows:			
Interest paid during the period	**$ 82,035**	$ 174,404	$ 125,361
Income taxes paid during the period	**$ 10,915**	$ 5,133	$ 3,413

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

Notes to the consolidated financial statements
(unaudited)

1. ACCOUNTING POLICIES

The unaudited interim consolidated financial statements of Laurentian Bank of Canada have been prepared by management, which is responsible for the integrity and fairness of the financial information presented. These interim consolidated financial statements have been prepared in accordance with the *Bank Act*, which states that except as otherwise specified by the Superintendent of Financial Institutions of Canada, the interim financial statements are to be prepared in accordance with Canadian generally accepted accounting principles (GAAP) for interim financial statements. Accordingly, they do not reflect all of the information and disclosures required by GAAP for complete financial statements. The significant accounting policies used in the preparation of these interim consolidated financial statements, including the accounting requirements of the Superintendent, are the same as those in the Bank's annual consolidated audited financial statements as at October 31, 2003, except as described below. These accounting policies conform, in all material respects, to GAAP. These interim consolidated financial statements should be read in conjunction with those annual consolidated audited financial statements. These interim consolidated financial statements reflect amounts, which must, of necessity, be based on the best estimates and judgement of management with appropriate consideration as to materiality. Actual results may differ from these estimates. Certain comparative figures have been reclassified to conform to the current year presentation.

DERIVATIVE FINANCIAL INSTRUMENTS

On November 1, 2003, the Bank adopted the Canadian Institute of Chartered Accountants' (CICA) Accounting Guideline no. 13 "Hedging Relationships" (AcG-13) and Emerging Issues Committee Abstract no. 128 "Accounting for trading, speculative or non-hedging derivative financial instruments" (EIC-128). This guideline establishes certain qualifying conditions for the use of hedge accounting, which are more stringent and formalized than previous standards.

Derivatives are primarily used to manage the Bank's exposure to interest rate and currency risks. Derivatives are also used in trading activities or to serve the needs of customers.

Derivatives used to manage interest rate risks are accounted for using the accrual method. Under this method, interest income or expense on these derivative instruments is accrued and included in interest income or expense in the consolidated statements of income and reported in other assets or other liabilities on the consolidated balance sheet.

When derivatives are used to manage its own exposure, the Bank determines for each derivative whether hedge accounting can be applied. If hedge accounting can be applied, a hedge relationship is designated as a fair value hedge or a cash flow hedge. The hedge is documented at inception detailing the particular risk management objective and the strategy for undertaking the hedge transaction. The documentation identifies the specific asset or liability being hedged, the risk that is being hedged, the type of derivative used and the method of measuring its effectiveness. The derivative must be highly effective in accomplishing the objective of offsetting either changes in the fair value or cash flows attributable to the risk being hedged both at inception and over the life of the hedge.

Fair value hedge transactions predominantly use interest rate swaps to hedge the changes in the fair value of an asset, liability or firm commitment. Cash flow hedge transactions predominantly use interest rate swaps to hedge the variability in cash flows related to a variable rate asset or liability. When a derivative is designated and functions effectively as a fair value or cash flow hedge, the fair value of the derivative is recognized in other assets or liabilities, on a gross basis, and the profit or loss of the derivative is deferred.

Hedge accounting is discontinued prospectively when the derivative no longer qualifies as an effective hedge or the derivative is terminated or sold. The deferred gain or loss is recognized in net interest income during the periods in which the hedged item affects income. Hedge accounting is also discontinued upon the sale or early termination of the hedged item. At that time, the deferred gain or loss is recognized in other income.

Non-trading derivatives that do not qualify for hedge accounting are carried at fair value in other assets or liabilities, on a gross basis, with changes in fair value recorded in other income. These non-trading derivatives are still eligible for designation in future hedging relationships. Upon a designation, any previously recorded fair value on the Consolidated balance sheet is amortized to other income over the remaining life of the derivative.

When used in trading activities or to serve the needs of customers, the realized and unrealized gains and losses on derivatives are recognized in other income. Unrealized gains and losses are reported on a gross basis in other assets or liabilities.

Market values are determined using pricing models that incorporate current market and contractual prices of the underlying instruments, time value of money, yield curve and volatility factors.

Margin requirements are also included in other assets.

As at November 1, 2003, as a result of applying the new guidance, other assets and deferred gains were increased by $108,810,000, of which $19,087,000 relates to derivative financial instruments still qualifying for hedge accounting. In addition, other liabilities and deferred losses were increased by $102,553,000, of which $4,434,000 relates to derivative financial instruments still qualifying for hedge accounting. Under the new guidance transition rules, the net deferred losses related to the derivative financial instruments no longer qualifying for hedge accounting as at November 1, 2003 amounting to $8,396,000 will be recognized in earnings over the remaining term of the hedging items. The impact of adopting the new guidance was not significant on the current period's earnings.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

In July 2003, the CICA issued handbook section 1100, "Generally Accepted Accounting Principles." This section establishes standards for financial reporting in accordance with GAAP, and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not dealt with explicitly in the primary sources of GAAP. The initial adoption of the new section, on a prospective basis, on November 1, 2003 did not have any significant impact on the Bank's consolidated financial statements. However, the Bank is presently pursuing its analysis of the impact of the new section and, upon the completion of the analysis, certain balance sheet items, which have historically been presented on a net basis according to the Canadian banking industry practice, may be reclassified and presented on a gross basis.

FUTURE CHANGES TO ACCOUNTING POLICIES

Liabilities and equity presentation

In November 2003, the Accounting Standards Board approved a modification to the CICA section 3860 "Financial Instruments – Disclosure and Presentation", to require that obligations that can be settled at the issuer's option, by a variable number of the issuer's own equity instruments be presented as liabilities. The implication of the proposed revision is that securities issued by the Bank that give the unrestricted right to settle the principal amount in cash or in the equivalent value of its own equity instruments will no longer be presented as equity. The recommendations are applicable retroactively for all years beginning on or afterNovember 1, 2004.

2. LOANS

(A) LOANS AND IMPAIRED LOANS

As at January 31, 2004

In thousands of dollars	**Gross amount of loans**	**Gross amount of impaired loans**	**Specific allowances**	**General allowances**	**Total allowances**
Personal loans	**$ 3,566,096**	**$ 22,842**	**$ 9,740**	**$19,999**	**$ 29,739**
Residential mortgages	**5,270,246**	**13,365**	**3,518**	**4,841**	**8,359**
Commercial mortgages	**669,989**	**12,857**	**5,771**	**5,265**	**11,036**
Commercial loans and other	**1,507,109**	**118,399**	**60,675**	**27,645**	**88,320**
Unallocated general allowance	**–**	**–**	**–**	**19,500**	**19,500**
	$11,013,440	**$167,463**	**$ 79,704**	**$77,250**	**$156,954**

As at October 31, 2003

In thousands of dollars	Gross amount of loans	Gross amount of impaired loans	Specific allowances	General allowances	Total allowances
Personal loans	$ 3,646,070	$ 19,594	$ 9,311	$19,715	$ 29,026
Residential mortgages	5,274,128	13,991	3,741	5,611	9,352
Commercial mortgages	705,101	13,030	6,048	7,561	13,609
Commercial loans and other	1,571,491	138,571	66,827	20,167	86,994
Unallocated general allowance	–	–	–	24,196	24,196
	$11,196,790	$185,186	$ 85,927	$77,250	$163,177

As at January 31, 2003

In thousands of dollars	Gross amount of loans	Gross amount of impaired loans	Specific allowances	General allowances	Total allowances
Personal loans	$ 3,858,469	$ 24,742	$ 7,032	$20,108	$ 27,140
Residential mortgages	6,594,425	11,159	5,310	5,468	10,778
Commercial mortgages	901,824	17,656	9,460	9,435	18,895
Commercial loans and other	1,848,459	164,886	96,091	25,898	121,989
Unallocated general allowance	–	–	–	24,841	24,841
	$13,203,177	$218,443	$117,893	$85,750	$203,643

(B) SPECIFIC ALLOWANCES FOR LOAN LOSSES

In thousands of dollars	Personal loans	Residential mortgages	Commercial mortgages	Commercial loans and other	Total specific allowances 2004	Total specific allowances 2003
					For the three-month periods ended January 31	
					2004	2003
Balance at beginning of period	**$9,311**	**$3,741**	**$6,048**	**$66,827**	**$85,927**	$132,381
Provision for credit losses recorded in the consolidated statement of income	**5,211**	**693**	**(17)**	**3,863**	**9,750**	11,000
Write-offs	**(5,582)**	**(934)**	**(262)**	**(10,085)**	**(16,863)**	(26,573)
Recoveries	**800**	**18**	**2**	**70**	**890**	1,085
Balance at end of period	**$9,740**	**$3,518**	**$5,771**	**$60,675**	**$79,704**	$117,893

(C) GENERAL ALLOWANCES FOR LOAN LOSSES

In thousands of dollars	Personal loans	Residential mortgages	Commercial mortgages	Commercial loans and other	Unallocated general allowance	Total general allowances 2004	Total general allowances 2003
						For the three-month periods ended January 31	
						2004	2003
Balance at beginning of period	**$19,715**	**$5,611**	**$7,561**	**$20,167**	**$24,196**	**$77,250**	$85,500
Change during the period	**284**	**(770)**	**(2,296)**	**7,478**	**(4,696)**	**–**	–
Allowance for loan losses resulting from an acquisition	**–**	**–**	**–**	**–**	**–**	**–**	250
Balance at end of period	**$19,999**	**$4,841**	**$5,265**	**$27,645**	**$19,500**	**$77,250**	$85,750

3. CAPITAL STOCK

Issuance of common shares

During the first quarter of 2004, 43,810 common shares were issued under the management share purchase option plan for a total cash consideration of $976,000.

Issued and outstanding

In thousands of dollars, except number of shares	As at January 31, 2004 Number of shares	As at January 31, 2004 Amount	As at October 31, 2003 Number of shares	As at October 31, 2003 Amount
Class A Preferred Shares [(1)]				
Series 7	**2,000,000**	**$ 50,000**	2,000,000	$ 50,000
Series 8	**2,000,000**	**50,000**	2,000,000	50,000
Series 9	**4,000,000**	**100,000**	4,000,000	100,000
Total preferred shares	**8,000,000**	**200,000**	8,000,000	200,000
Common Shares	**23,479,395**	**247,789**	23,435,585	246,813
Total capital stock		**$447,789**		$446,813

(1) The preferred shares are convertible into common shares. However, the number of shares issuable on conversion is not determinable until the date of conversion.

	As at January 31, 2004 Number	As at October 31, 2003 Number
Share purchase options		
Outstanding, end of period	**512,656**	595,522
Exercisable, end of period	**413,331**	476,848

4. RESTRUCTURING COSTS

The following table shows the changes in restructuring costs during the three-month period ended January 31, 2004. The restructuring costs balance is included in other liabilities in the consolidated balance sheet.

2003 program — For the three-month period ended **January 31, 2004**

In thousands of dollars	Write-off of computer equipment and software and lease terminations	Human resources expenses	Total restructuring costs
Balance at beginning of period	**$5,944**	**$3,163**	**$9,107**
Amount utilized			
Retail Financial Services	**1,830**	**642**	**2,472**
Commercial Financial Services	**134**	**387**	**521**
Other segments	**638**	**498**	**1,136**
Balance at end of period	**$3,342**	**$1,636**	**$4,978**

5. COSTS RELATED TO THE TRANSFER OF ACTIVITIES AND OTHER COSTS

As at October 31, 2003, there was a provision of $11,783,000, at the time of the sale of branches, related to the transfer of activities and other costs due to the sale of the Ontario and Western Canada branches. During the three-month period ended January 31, 2004, the amount utilized totaled $885,000. The balance will be incurred upon the completion of the transfer of the activities.

6. SUBSEQUENT EVENT

DISPOSAL OF A CREDIT CARD LOAN PORTFOLIO

On February 2, 2004, the Bank sold its $27,900,000 Ontario and Western Canada credit card loan portfolio and related contract rights to MBNA Canada Bank. The sale price, paid in cash on February 2, 2004, amounted to approximately $32,900,000, for a gain of $4,600,000, net of related closing and conversion fees.

7. SEGMENTED INFORMATION

For the three-month period ended **January 31, 2004**

In thousands of dollars	RFS	CFS	B2B	WMB	Other	Total
Net interest income [1]	**$ 60,415**	**$ 14,736**	**$ 10,755**	**$ 341**	**$ (16,268)**	**$ 69,979**
Other income	**21,173**	**8,331**	**4,232**	**6,792**	**9,974**	**50,502**
Total revenue	**81,588**	**23,067**	**14,987**	**7,133**	**(6,294)**	**120,481**
Provision for credit losses	**4,720**	**4,400**	**630**	**–**	**–**	**9,750**
Non-interest expenses	**65,337**	**8,607**	**9,367**	**5,281**	**4,174**	**92,766**
Income (loss) before income taxes and non-controlling interest in net income of a subsidiary	**11,531**	**10,060**	**4,990**	**1,852**	**(10,468)**	**17,965**
Income taxes (recovery)	**4,028**	**3,417**	**683**	**627**	**(5,401)**	**3,354**
Non-controlling interest in net income of a subsidiary	**–**	**–**	**979**	**–**	**–**	**979**
Net income (loss)	**$ 7,503**	**$ 6,643**	**$ 3,328**	**$ 1,225**	**$ (5,067)**	**$ 13,632**
Average assets [2]	**$8,373,584**	**$2,440,058**	**$2,640,343**	**$1,357,296**	**$ 1,680,952**	**$16,492,233**
Average loans [2]	**$8,170,656**	**$1,969,199**	**$1,948,727**	**$ 8**	**$(1,405,119)**	**$10,683,471**
Average deposits [2]	**$9,179,203**	**$ 86,216**	**$2,345,559**	**$ 265**	**$ 1,418,873**	**$13,030,116**
Efficiency ratio [3]	**80.1%**	**37.3%**	**62.5%**	**74.0%**	**n/a**	**77.0%**

7. SEGMENTED INFORMATION (CONTINUED)

For the three-month period ended October 31, 2003

In thousands of dollars	RFS	CFS	B2B	WMB	Other (4)	Total
Net interest income	$ 65,755	$ 15,256	$ 11,254	$ 324	$ (9,510)	$ 83,079
Other income	23,376	6,344	3,832	5,329	78,884	117,765
Total revenue	89,131	21,600	15,086	5,653	69,374	200,844
Provision for credit losses	6,229	8,326	445	–	(4,000)	11,000
Non-interest expenses	81,933	9,774	9,316	4,440	20,376	125,839
Income before income taxes and non-controlling interest in net income of a subsidiary	969	3,500	5,325	1,213	52,998	64,005
Income taxes	372	1,430	2,034	405	8,292	12,533
Non-controlling interest in net income of a subsidiary	–	–	751	–	–	751
Net income	$ 597	$ 2,070	$ 2,540	$ 808	$ 44,706	$ 50,721
Average assets (2)	$10,842,965	$2,542,935	$2,611,548	$1,159,962	$ 1,288,828	$18,446,238
Average loans (2)	$10,635,308	$2,040,352	$2,003,502	$ 8	$(1,809,224)	$12,869,946
Average deposits (2)	$11,021,492	$ 55,476	$2,341,504	$ 262	$ 1,796,629	$15,215,363
Efficiency ratio (3)	91.9%	45.3%	61.8%	78.5%	n/a	62.7%

For the three-month period ended January 31, 2003

In thousands of dollars	RFS	CFS	B2B	WMB (5)	Other	Total
Net interest income	$ 71,607	$ 16,782	$ 12,324	$ 298	$ (13,399)	$ 87,612
Other income	23,409	6,338	3,899	14,345	12,019	60,010
Total revenue	95,016	23,120	16,223	14,643	(1,380)	147,622
Provision for credit losses	7,075	3,612	313	–	–	11,000
Non-interest expenses	75,891	8,147	9,260	5,152	6,126	104,576
Income (loss) before income taxes and non-controlling interest in net income of a subsidiary	12,050	11,361	6,650	9,491	(7,506)	32,046
Income taxes (recovery)	4,742	4,477	2,468	2,132	(2,755)	11,064
Non-controlling interest in net income of a subsidiary	–	–	1,076	–	–	1,076
Net income (loss)	$ 7,308	$ 6,884	$ 3,106	$ 7,359	$ (4,751)	$ 19,906
Average assets (2)	$11,133,457	$2,827,312	$2,650,168	$1,468,309	$ 370,128	$18,449,374
Average loans (2)	$10,870,596	$2,260,072	$2,176,702	$ 6	$(2,627,426)	$12,679,950
Average deposits (2)	$10,898,717	$ 31,804	$2,364,185	$ 252	$ 1,960,697	$15,255,655
Efficiency ratio (3)	79.9%	35.2%	57.1%	35.2%	n/a	70.8%

RFS – The Retail Financial Services segment covers the full range of savings, investment, financing and transactional products and services offered through its direct distribution network, which includes branches, the electronic network and the call centres, as well as Point-of-Sale financing, agent deposits and broker mortgages across Canada. This business line also offers Visa credit card services and insurance products as well as trust services.

CFS – The Commercial Financial Services segment handles commercial loans and larger financings as part of banking syndicates, as well as commercial mortgage financing, leasing, factoring and other services.

B2B – The B2B Trust segment supplies generic and complementary banking and financial products to independent financial advisors and non-bank financial institutions across Canada.

WMB – Wealth Management and Brokerage consists of the activities of the subsidiary Laurentian Bank Securities Inc. and the Bank's share of the joint venture BLC - Edmond de Rothschild Asset Management Inc.

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

(1) In 2004, the Bank reviewed its internal transfer pricing assumptions and modified net interest margin allocation between segments.
(2) Assets and liabilities are disclosed on an average basis as this measure is most relevant to a financial institution.
(3) Corresponds to non-interest expenses as a percentage of total revenue.
(4) Includes the gain on sale of branches of $69.9 million ($54.9 million net of taxes) and the restructuring costs of $16.6 million ($10.8 million net of taxes).
(5) Includes the gain of $8.5 million ($6.7 million net of taxes) on the sale of shares of TSX Group Inc.

Shareholder information

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Journalists may contact the Public Affairs and Communications Department at Head Office by calling (514) 284-4500 ext. 7511.

Change of address and inquiries
Shareholders should notify the Transfer Agent of a change of address. Inquiries or requests may be directed to the Secretary's Office at Head Office or by calling (514) 284-4500 ext. 7545.

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Stock symbol and dividend payment

The common and preferred shares indicated below are listed on the Toronto Stock Exchnage.	Stock Symbol Code CUSIP	Dividend Record Date*	Dividend Payment Date*
Common shares	51925D 10 6 LB	First business day of:	First business day of:
		January	February
		April	May
		July	August
		October	November
Preferred shares			
Series 7	51925D 70 0 LB.PR.B	**	March 15
Series 8	51925D 80 9 LB.PR.C	**	June 15
Series 9	51925D 87 4 LB.PR.D	***	September 15
			December 15

* Subject to the approval of the Board of Directors.
** On such day (which shall not be more than 50 days preceding the date fixed for payment of such dividend) as may be determined from time to time by the Board of Directors of the Bank.
*** On such day (which shall not be more than 30 days preceding the date fixed for payment of such dividend) as may be determined from time to time by the Board of Directors of the Bank.

LAURENTIAN BANK
OF CANADA