THIRD QUARTER 2005

QUARTERLY REPORT FOR THE
PERIOD ENDED JULY 31, 2005

LAURENTIAN BANK

REPORT TO SHAREHOLDERS

Laurentian Bank of Canada reports, for the third quarter of 2005, a significant increase of its net income to $15.8 million

SUMMARY RESULTS

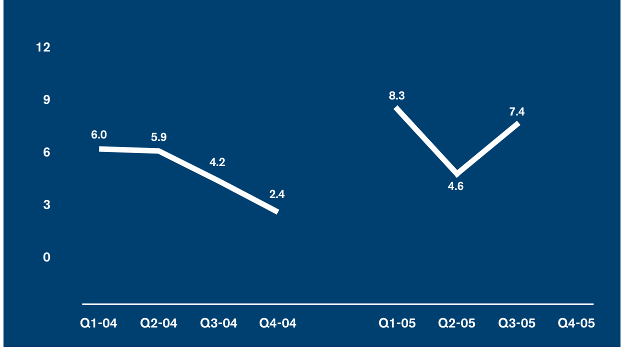
Laurentian Bank of Canada reported net income of $15.8 million or $0.54 diluted per common share for the third quarter ended July 31, 2005, compared to $9.7 million or $0.31 diluted per common share for the same period in 2004. Return on common shareholders' equity was 7.4% for the quarter, compared to 4.2% for the same period in 2004. For the current quarter, income from continuing operations stood at $15.2 million or $0.52 diluted per common share, excluding income from discontinued operations of $0.6 million. Net income for the third quarter of 2004, excluding the significant items reported last year and presented on page 4, would have been $7.2 million or $0.18 diluted per common share.

For the first nine months of 2005, net income totaled $43.7 million or $1.47 diluted per common share, compared to net income of $32.7 million or $1.16 diluted per common share in 2004. Return on common shareholders' equity was 6.8% for the nine-month period ended July 31, 2005, compared to 5.4% for the same period in 2004.

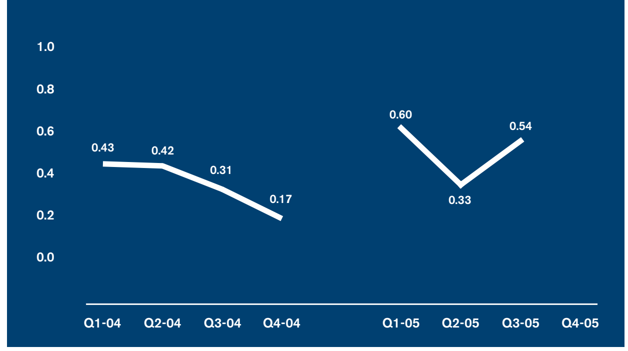
Mr. Raymond McManus, President and Chief Executive Officer, declared: "I am very pleased with the results of the quarter. After nine months, we reached our earnings objectives; net interest income and loan growth have continued to improve during the quarter."

Mr. McManus added: "We strongly believe in our business plan and it is now showing tangible results. In an effort to further strengthen its foundation and accelerate its impact, the Bank modified its corporate structure. All operations of the three main lines of business providing banking and financial services to retail and business clients will now be grouped under the leadership of a single executive officer, Mr. Réjean Robitaille, to promote additional synergies."

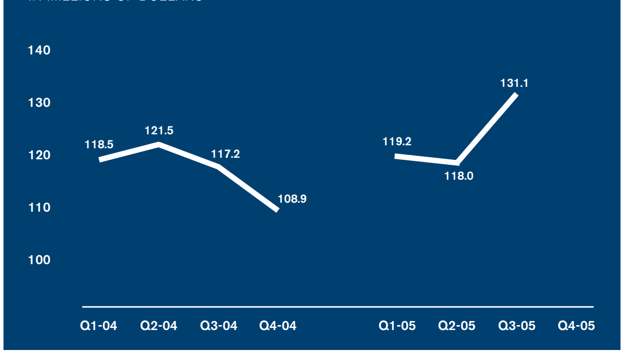
RETURN ON COMMON SHAREHOLDERS' EQUITY
AS A PERCENTAGE



DILUTED NET INCOME PER COMMON SHARE
IN DOLLARS

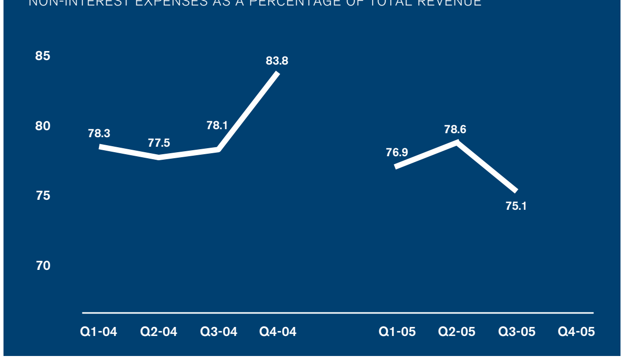


TOTAL REVENUE
IN MILLIONS OF DOLLARS

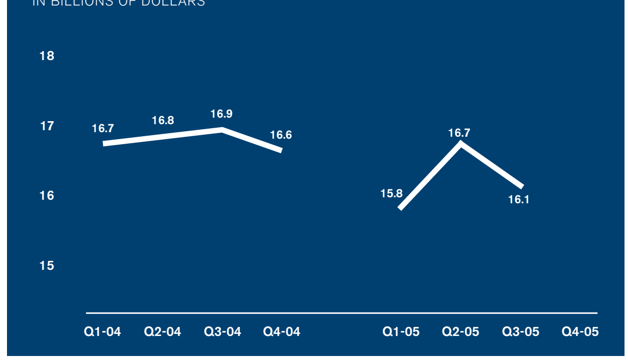


NON-INTEREST EXPENSES
IN MILLIONS OF DOLLARS

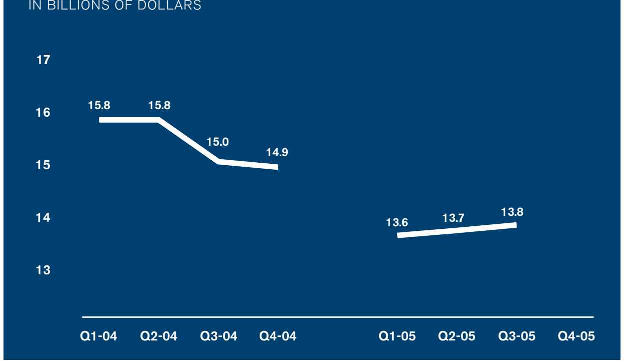
EFFICIENCY RATIO
NON-INTEREST EXPENSES AS A PERCENTAGE OF TOTAL REVENUE



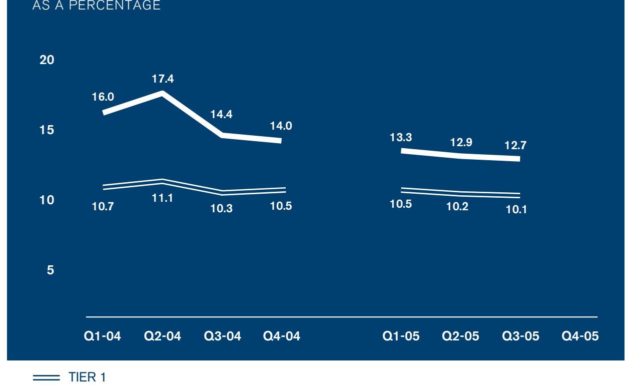
BALANCE SHEET ASSETS
IN BILLIONS OF DOLLARS



ASSETS UNDER ADMINISTRATION
IN BILLIONS OF DOLLARS



BIS CAPITAL RATIO
AS A PERCENTAGE



MANAGEMENT'S DISCUSSION AND ANALYSIS

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 purposes, the following table presents the performance compared to objectives that have been set by management for 2005.

Performance for 2005

	2005 OBJECTIVES	NINE-MONTH PERIOD ENDED JULY 31, 2005 – ACTUAL
Return on common shareholders' equity	**4.5% to 5.5%**	**6.8%**
		[5.7% from continuing operations]
Diluted net income per share	**$1.30 to $1.60 (annual)**	**$1.47**
		[$1.24 from continuing operations]
Total revenue	**$480 to $490 million (annual)**	**$368 million**
Efficiency ratio	**79% to 77.5%**	**76.8%**
Capital ratios		
Tier 1	**Minimum of 9.5%**	**10.1%**
Total	**Minimum of 13.0%**	**12.7%**
Credit quality (loan losses as a % of average assets)	**0.25% to 0.22%**	**0.23%**

HIGHLIGHTS

This section presents highlights regarding activities and details significant items affecting results of the third quarter ended July 31, 2005 and the nine-month period then ended, when compared to the same periods in 2004.

- Total revenue improved by $13.9 million and stood at $131.1 million in the third quarter of 2005, compared to $117.2 million in the third quarter of 2004. Results for 2004 included the positive impact of certain significant transactions amounting to $4.3 million, as detailed in the table on page 4.

  The improvement year over year is due mainly to the $21.2 million increase in net interest income to $85.5 million or 2.06% of average assets in the third quarter of 2005, compared to $64.3 million or 1.59% for the third quarter of 2004. Net interest income in 2004 included the expense related to the dividend and repurchase of Class A Preferred shares Series 7 and 8, as well as to the repurchase of debentures Series 7 totaling $4.8 million.

  Other income decreased by $7.3 million from $52.9 million in the third quarter of 2004 to $45.6 million in the third quarter of 2005. This decrease is due principally to the effect of the significant transactions of the third quarter of 2004, totaling $9.1 million, detailed on page 4.

Significant items affecting results in the third quarter of 2004

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	ITEMS, BEFORE INCOME TAXES	ITEMS, NET OF INCOME TAXES	DILUTED, PER COMMON SHARE
Items affecting net interest income			
Redemption premium paid on the repurchase of Class A Preferred shares Series 7 and 8 and overlap in dividend payments in the Class A preferred shares	$ (3.7)	$ (3.8)	$ (0.16)
Costs associated with the redemption of the Debentures Series 7	(1.1)	(0.7)	(0.03)
	(4.8)	(4.5)	(0.19)
Items affecting other income			
Sale of the debit and credit card transaction processing activities and certain rights to service mutual fund accounts	5.6	4.6	0.20
Review of the provisions related to the Ontario and Western Canada branches sold during the fourth quarter of 2003	3.5	2.4	0.10
	9.1	7.0	0.30
Effect on net income	$ 4.3	$ 2.5	$ 0.11
Partial dividend on Class A Preferred shares Series 10	0.5	0.5	0.02
Effect on net income available to common shareholders	$ 4.8	$ 3.0	$ 0.13

- Non-interest expenses increased by $7.0 million to $98.5 million in the third quarter of 2005, from $91.5 million in the third quarter of 2004, mainly as a result of rises in salaries and employee benefits, as well as business development expenses.
- The efficiency ratio (expenses divided by total revenue) stood at 75.1% for the third quarter of 2005, compared to 78.1% for the third quarter of 2004.
- The provision for credit losses was $9.8 million in the third quarter of 2005 compared to $10.9 million in the third quarter of 2004.

- Net income for the nine-month period ended July 31, 2005 stood at $43.7 million, compared to $32.7 million for the same period in 2004. The major improvement in net interest income was partially offset by lower other revenues, mainly from treasury and financial market activities. Results for 2004 also included the effect of the significant transactions mentioned above during the third quarter, as well as the $4.4 million pre-tax gain ($3.8 million net of taxes) resulting from the sale of the Ontario and Western Canada Visa loan portfolio in the second quarter of 2004 and the additional $3.9 million effect of the dividend payments on Class A Preferred shares Series 7 and 8 for the first six months of 2004.

Other significant events

- As part of the sale of the BLC-Edmond de Rothschild Asset Management joint-venture to Industrial Alliance Insurance and Financial Services Inc. (Industrial Alliance) in the first quarter of 2005, the Bank continues to distribute the R Funds, along with the Industrial Alliance mutual funds. The sales price is subject to certain recovery clauses. One of these clauses provides that the Bank would repay Industrial Alliance an amount of $5.2 million for each of the next five years, amounting to $26.2 million, if the net annual sales of mutual funds, as at December 31, do not reach $50 million. This portion of the proceeds was initially deferred and will be recognized over the next five years as the sales thresholds are expected to be achieved. As at July 31, 2005, net sales amounted to $89.6 million. Considering the uncertainty related to the sales level until December 31, 2005, no revenues were recognized in the third quarter. The situation will be reviewed at the end of the fourth quarter.
- On August 9, 2005, the Bank announced plans to redeem all Debentures, Series 6 on October 18, 2005.

ANALYSIS OF CONSOLIDATED RESULTS

Total revenue increased to $131.1 million in the third quarter of 2005 from $117.2 million for the same period a year ago.

The Bank's net interest income increased by $21.2 million, from $64.3 million in the third quarter of 2004 to $85.5 million in the third quarter of 2005. The improvement results largely from the tighter asset and liability management strategies initiated in 2004, the redemption of $200 million debentures in 2004 and 2005, as well as the growth in residential mortgage and personal loan portfolios. Also, results for 2004 included the dividend payments and premium paid on the repurchase of Class A Preferred shares Series 7 and 8, as well as the charge related to the redemption of the Series 7 Debentures, amounting to $3.7 million and $1.1 million respectively.

Other income was $45.6 million in the third quarter of 2005, while it stood at $52.9 million for the same quarter a year ago. Results for 2004 included gains resulting from the sale of certain activities and other adjustments amounting to $9.1 million, as noted in the table above. Revenues generated from other activities therefore increased by $1.8 million in 2005, compared to 2004, of which $0.8 million came from securitization activities, while other increases in revenues came from various sources.

Compared to the second quarter of 2005, net interest income increased by $6.4 million, as a result of the additional three days in the quarter and overall improvements in margins. The $6.7 million increase in Other income resulted from the higher treasury and financial market contribution and the gain on securitization activities.

The **provision for credit losses** decreased to $9.8 million or 0.24% of average assets in the third quarter of 2005, from $10.9 million or 0.27% of average assets during the third quarter of 2004. The change in the level of provisions reflects management views on the portfolios, which continue to benefit from favorable economic conditions. The provision for credit losses stood at $8.8 million in the second quarter of 2005.

Net impaired loans stood at -$3.1 million at July 31, 2005, compared to -$5.2 million at the end of the second quarter of 2005 and -$13.0 million at October 31, 2004. Gross impaired loans decreased to $117.8 million at July 31, 2005, compared to $127.0 million at October 31, 2004. Overall, the quality of the portfolios remains relatively stable. The Bank's general provision remained unchanged at $65.3 million at July 31, 2005 compared to year-end 2004. See Note 3 to the Interim Consolidated Financial Statements for more details.

Non-interest expenses increased by 8% to $98.5 million for the third quarter of 2005, compared to $91.5 million for the third quarter of 2004. Salaries and employee benefits were $4.3 million higher, mainly due to variable compensation costs, reflecting the improvement in revenues and profitability. Other expenses also increased as a result of the additional marketing and business development efforts.

Compared to the second quarter of 2005, expenses increased by $5.7 million, mainly as a result of higher variable compensation costs, marketing expenses and fees.

The efficiency ratio (expenses divided by total revenue) was 75.1% in the third quarter of 2005, compared to 78.1% in the third quarter of 2004. The improvement is mainly related to the improvement in net interest income, which more than compensated the increase in expenses. Results for the third quarter of 2004 included the gains on disposal of certain assets and activities, as noted. The number of employees (full time equivalent basis) stood at 3,252 at July 31, 2005 compared to 3,202 a year ago.

Income tax expense was $7.7 million (33.5% effective tax rate) in the third quarter of 2005 compared to $4.9 million (32.9% effective tax rate) in the third quarter of 2004. In 2004, lower income taxes on the gain on sale of the debit and credit card transaction processing activities and certain rights to service mutual fund accounts in Ontario and Western Canada were offset by the effect of the dividends payments presented as interest expense. The income tax expense for the second quarter of 2005 stood at $5.5 million (33.5% effective tax rate).

ANALYSIS OF FINANCIAL CONDITION

Balance sheet assets were $16.1 billion at July 31, 2005, compared to $16.6 billion at October 31, 2004. The decrease is primarily related to treasury and financial market operations, which reduced the overall level of liquidities and short-term obligations related to assets sold short and assets sold under repurchase agreements. Liquidities, including assets purchased under reverse repurchase agreements and securities were $3.4 billion or 21% of total assets at July 31, 2005, while they stood at $4.5 billion or 27% at year-end 2004. During the quarter, the Bank securitized $101 million of residential mortgage loans to finance the strong loan portfolio growth.

The portfolio of loans and bankers' acceptances stood at $12.0 billion at July 31, 2005, compared to $11.4 billion at October 31, 2004. The $536 million increase (of which $242 million in the third quarter of 2005), taking into account securitization activities, was driven by the strong residential mortgage market and the continued demand for personal credit.

Total personal deposits increased by $192 million over the last nine months to $10.7 billion at July 31, 2005 from $10.5 billion at October 31, 2004. Business and other deposits also grew by $159 million to $2.6 billion. These deposits provide additional liquidities to finance the Bank's growth. On August 9, 2005, the Bank announced plans to redeem all Debentures, Series 6 on October 18, 2005. The Bank believes other less expensive funding sources, such as securitization and personal deposits, will be available to fund growth.

Total capital of the Bank, comprised of common shareholders' equity, preferred shares and debentures, reached $1,102 million at July 31, 2005, compared to $1,137 million at October 31, 2004. The decrease results essentially from the repurchase of the remaining balance of Series 8 debentures for $50.5 million during the first quarter of 2005.

Common shareholders' equity increased to $692 million at July 31, 2005, from $677 million at October 31, 2004. There were 23,540,069 common shares outstanding as at July 31, 2005, and the Bank's book value per common share increased to $29.38 from $28.78 at year-end 2004.

The BIS Tier 1 and Total capital ratios stood at 10.1% and 12.7%, respectively at July 31, 2005, compared to 10.5% and 14.0% at October 31, 2004. The decrease in the Total capital ratio results mainly from the repurchase of debentures in the first quarter of 2005. Nevertheless and more importantly, the Tier 1 ratio remains strong, despite growth in loan volumes.

At its meeting on August 26, 2005, since objectives were met and the financial condition remained sound as evidenced by the Bank's capital ratios, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on September 9, 2005, as well as a dividend of $0.29 per common share, payable on November 1, 2005 to shareholders of record on October 3, 2005.

Assets under administration stood at $13.8 billion at July 31, 2005 compared to $14.9 billion at October 31, 2004 and $15.0 billion at July 31, 2004. Assets under administration have increased slightly during the third quarter, while the reduction, compared to October 31, 2004, resulted from the sale of the BLC-Edmond de Rothschild Asset Management joint-venture during the first quarter.

SEGMENTED INFORMATION

Third quarter results improved significantly for the Retail Financial Services and B2B Trust business segments. Growth in loan and personal deposit portfolios, as well as lower loan losses all contributed to the increase in profitability.

NET INCOME CONTRIBUTIONS

IN MILLIONS OF DOLLARS	RETAIL FINANCIAL SERVICES	COMMERCIAL FINANCIAL SERVICES	B2B TRUST	LAURENTIAN BANK SECURITIES	OTHER	TOTAL[1]
Q3-2005						
Net income	6.3	5.5	4.3	0.6	(0.9)	15.8
	38%	33%	26%	3%	n/a	100%
Q2-2005						
Net income	4.7	7.0	3.4	0.8	(5.3)	10.6
	30%	44%	21%	5%	n/a	100%
Q3-2004						
Net income	4.4	6.1	2.2[2]	0.8	(3.8)	9.7
	33%	45%	16%	6%	n/a	100%

1 Percentage of net income contribution from the four business segments, excluding the Other segment.
2 Based on a 77% participation prior to the privatization of B2B Trust in June of 2004.

Retail Financial Services

The Retail Financial Services business contribution to consolidated results improved to $6.3 million for the third quarter of 2005, compared to $4.4 million for the same quarter of 2004. Revenues increased by 6%, mainly as a result of growth in loan and deposit portfolios. Also, results for the third quarter of 2004 included revenues of $1.2 million from the gain on the sale of the debit and credit card transaction processing activities and certain rights to service mutual fund accounts. Loan losses were also $0.8 million lower in 2005, as the portfolios' quality remain sound.

Compared to the second quarter of 2005, net income improved by 34%, from $4.7 million, mainly as a result of the 3-day longer quarter and lower loan losses, partially offset by higher variable compensation costs.

Average loan volumes increased by $206 million during the quarter and $474 million since a year ago. Continuous efforts in business development, including the promising results from the new financial services boutiques, and the still favorable personal lending conditions, have enabled the sector to grow its portfolios.

During the quarter, activities related to the opening of new branches continued. In addition, major efforts were initiated during the summer towards branch renovations and will continue during the fall of 2005. By the end of 2005, almost 20% of all branches, essentially on the Island of Montréal, will have been renovated. These renovation projects are part of the Bank's objective to enhance the quality of infrastructures to better serve clients.

Marketing and promotional efforts, in order to reinforce the Bank's notoriety and brand positioning, also continued during the quarter. Following the completion of the pilot project in several branches, the money transfer and payment services of Western Union was implemented throughout the network. This offer of services is an interesting addition to the current product line and will be offered both to the Bank's clients and to all other customers. It is perceived as a new, interesting business opportunity that is consistent with the intention to reach out to clients and to the cultural communities, which represent a large number of the Bank's customers.

Commercial Financial Services

The Commercial Financial Services business segment's contribution was slightly lower at $5.5 million for the third quarter of 2005, while it stood at $6.1 million for the same period a year ago. The variation results from the increase in non-interest expenses of $0.7 million, mainly related to compensation costs.

Compared to the second quarter of 2005, net income also declined by $1.5 million, from $7.0 million. The improvement in revenues of $0.6 million was offset by increases in loan losses of $2.3 million and other expenses of $0.7 million. Loan losses were particularly low for the second quarter of 2005 as a result of certain recoveries, while other expenses increased mainly as a result of variable compensation costs in the third quarter, as noted.

In order to meet growth objectives, significant efforts were made to strengthen the team, with the hiring of 15 new account managers and support staff since the beginning of the year. This will both help to increase business development activities and to improve the quality of service to clients.

B2B Trust

The B2B Trust business segment's net income was $4.3 million for the third quarter of 2005, compared to $2.2 million for the same quarter a year ago. Results for 2004 included a $0.3 million non-controlling interest charge, for the portion of the quarter prior to the privatization of B2B Trust on June 8, 2004. Revenues improved by 14%, mainly as a result of the increase in loan volumes and the improvement in net interest margins. The $0.5 million improvement in loan losses for the quarter also contributed to the higher profitability level.

Compared to the second quarter of 2005, net income improved by $0.9 million, from $3.4 million. Revenues increased by $0.5 million, as a result of the 3-day longer quarter, while expenses decreased by $0.9 million, mainly as second quarter results included additional costs related to the RRSP campaign.

As part of the efforts to offer innovative products to answer clients' needs, and in response to the very favorable answer received for the 100% Accelerator Loan, it was decided to further upgrade its characteristics. As a result, the limit for this product will be increased from $50,000 to $100,000. This strategy will allow more flexibility for clients and will help reach new types of clients.

Laurentian Bank Securities

The Laurentian Bank Securities business segment reported net income of $0.6 million for the third quarter of 2005, compared to $0.8 million for the same quarter of 2004 and the second quarter of 2005. Revenues stood at $5.1 million, slightly down from $6.4 million [including $1.5 million related to the operations of BLC-Edmond de Rothschild sold in December 2004] a year ago and $5.3 million in the second quarter.

Laurentian Bank Securities launched, in August, a new product called M3, Multi-dimensional Managed Account Program. This is a discretionary portfolio management product, which benefits from the knowledge of the top portfolio managers in the market. Beyond the enlargement of the array of products, this new specialized product will help to better serve high net-worth clients.

Other sector

The contribution of the Other sector for the third quarter of 2005 stood at -$0.9 million, compared to -$3.8 million a year ago. Results for 2004 included a $4.4 million portion of the gain on the sale of the debit and credit card transaction processing activities and certain rights to service mutual fund accounts, the favorable impact of changes in estimates for certain provisions related to the sale of the Ontario and Western Canada branches of $3.5 million, as well as the $3.8 million charge related to the dividend and repurchase of Class A Preferred shares Series 7 and 8. Excluding the effect of these items in 2004, net income for the Other sector significantly improved as a result of the tighter asset and liability management.

Compared to the second quarter of 2005, results increased by $4.4 million, mainly as treasury and financial market operations improved and also as a result of the positive contribution from discontinued operations of $0.6 million.

CHANGE TO THE CORPORATE STRUCTURE

Toward the end of the quarter, the Bank initiated changes to its corporate structure, so that all operations of the three main business segments providing banking and financial services to retail and business clients, i.e. Retail Financial Services, Commercial Financial Services and B2B Trust, were grouped under the leadership of a single executive officer. The modification to the structure aims at enhancing synergies between these sectors and accelerating the success of the business plan.

Therefore, Mr. Réjean Robitaille has been appointed Senior Executive Vice-President, Retail and Commercial Financial Services to oversee the banking and financial services to retail and business clients. Also, Mr. Luc Bernard has been appointed Executive Vice-President, Retail Financial Services. Until recently, he was Senior Vice-President, Marketing and Product Management. Mr. André Scott and Mr. François Desjardins will continue in their current functions and will manage Commercial Financial Services and B2B Trust, respectively.

NET INCOME, EXCLUDING SPECIAL ITEMS

To facilitate analysis, net income excluding special items has been presented at certain points in the document. In management's opinion, these significant items, which have been excluded, must be considered separately 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 report prior to its issuance. The disclosure controls and procedures support the ability of the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer 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

Montréal, August 26, 2005

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report 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, fiscal 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)	Q3-05	Q3-04[1]	PERCENTAGE VARIATION	FOR THE NINE-MONTH PERIODS ENDED JULY 31 2005	JULY 31 2004[1]	PERCENTAGE VARIATION
Earnings						
Net income	**$ 15.8**	$ 9.7	62.9 %	**$ 43.7**	$ 32.7	33.6 %
Income from continuing operations	**$ 15.2**	$ 9.7	56.7 %	**$ 38.2**	$ 32.7	16.8 %
Net income available to common shareholders	**$ 12.8**	$ 7.2	77.8 %	**$ 34.7**	$ 27.2	27.6 %
Return on common shareholders' equity	**7.4 %**	4.2 %		**6.8 %**	5.4 %	
Per common share						
Diluted net income	**$ 0.54**	$ 0.31	74.2 %	**$ 1.47**	$ 1.16	26.7 %
Diluted income from continuing operations	**$ 0.52**	$ 0.31	67.7 %	**$ 1.24**	$ 1.16	6.9 %
Dividends	**$ 0.29**	$ 0.29	– %	**$ 0.87**	$ 0.87	– %
Book value				**$ 29.38**	$ 28.90	1.7 %
Share price – close				**$ 27.25**	$ 28.02	(2.7)%
Financial position						
Balance sheet assets				**$ 16,125**	$ 16,906	(4.6)%
Assets under administration				**$ 13,778**	$ 14,979	(8.0)%
Loans, bankers' acceptances and assets purchased under reverse repurchase agreements, net				**$ 12,287**	$ 12,403	(0.9)%
Personal deposits				**$ 10,646**	$ 10,448	1.9 %
Shareholders' equity and debentures				**$ 1,102**	$ 1,189	(7.3)%
Number of common shares (in thousands)				**23,540**	23,505	0.1 %
Net impaired loans (as a % of loans, bankers' acceptances and assets purchased under reverse repurchase agreements)				**– %**	– %	
Risk-weighted assets				**$ 8,502**	$ 8,136	4.5 %
Capital ratios						
Tier I BIS				**10.1 %**	10.3 %	
Total BIS capital				**12.7 %**	14.4 %	
Assets to capital multiple				**15.0 x**	14.5 x	
Tangible common equity as a percentage of risk-weighted assets				**7.4 %**	7.5 %	
FINANCIAL RATIOS						
Per common share						
Price/earnings ratio (trailing four quarters)				**16.5 x**	8.8 x	
Market to book value				**93 %**	97 %	
Dividend yield	**4.26 %**	4.14 %		**4.26 %**	4.14 %	
Dividend payout ratio	**53.3 %**	94.8 %		**59.0 %**	75.1 %	
As a percentage of average assets						
Net interest income	**2.06 %**	1.59 %		**1.97 %**	1.61 %	
Provision for credit losses	**0.24 %**	0.27 %		**0.23 %**	0.25 %	
Net income	**0.38 %**	0.24 %		**0.36 %**	0.27 %	
Net income available to common shareholders	**0.31 %**	0.18 %		**0.29 %**	0.22 %	
Profitability						
Other income (as a % of total revenue)	**34.8 %**	45.1 %		**34.8 %**	44.8 %	
Efficiency ratio (non-interest expenses as a % of total revenue)	**75.1 %**	78.1 %		**76.8 %**	77.9 %	
OTHER INFORMATION						
Number of full-time equivalent employees				**3,252**	3,202	
Number of branches				**156**	154	
Number of automated banking machines				**309**	288	

1 Restated, see note 1 to the interim consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS (UNAUDITED)	NOTES	FOR THE THREE-MONTH PERIODS ENDED JULY 31 2005	APRIL 30 2005	JULY 31 2004 RESTATED (NOTE 1)	FOR THE NINE-MONTH PERIODS ENDED JULY 31 2005	JULY 31 2004 RESTATED (NOTE 1)
Interest income						
Loans		**$ 173,359**	$ 164,352	$ 169,749	**$ 507,659**	$ 521,302
Securities		**17,892**	14,182	12,384	**51,574**	43,025
Deposits with other financial institutions		**1,967**	1,854	2,410	**5,523**	7,662
		193,218	180,388	184,543	**564,756**	571,989
Interest expense						
Deposits and other liabilities		**103,803**	97,483	109,258	**312,047**	346,165
Subordinated debentures	5	**3,935**	3,817	7,047	**12,430**	20,848
Liability related to preferred shares	1	**–**	–	3,938	**–**	7,814
		107,738	101,300	120,243	**324,477**	374,827
Net interest income		**85,480**	79,088	64,300	**240,279**	197,162
Provision for credit losses	3	**9,750**	8,750	10,862	**28,250**	31,112
		75,730	70,338	53,438	**212,029**	166,050
Other income						
Fees and commissions on loans and deposits		**22,784**	22,145	22,076	**66,475**	67,120
Revenues from treasury and financial market operations		**5,637**	1,566	5,734	**11,418**	29,831
Brokerage operations		**4,734**	4,899	4,579	**14,564**	15,163
Revenues from sale and management of mutual funds		**2,165**	2,238	3,140	**7,235**	9,704
Revenues from registered self-directed plans		**2,839**	3,023	2,885	**8,822**	9,262
Insurance revenues		**1,515**	2,004	1,141	**5,177**	4,557
Securitization revenues		**3,032**	719	2,191	**6,812**	4,171
Gain on disposal		**–**	–	9,082	**–**	13,517
Other		**2,925**	2,297	2,085	**7,468**	6,733
		45,631	38,891	52,913	**127,971**	160,058
		121,361	109,229	106,351	**340,000**	326,108
Non-interest expenses						
Salaries and employee benefits		**50,618**	45,647	46,330	**141,072**	138,312
Premises and technology		**26,467**	26,708	25,049	**80,041**	78,381
Other	8	**21,409**	20,404	20,121	**61,828**	61,739
		98,494	92,759	91,500	**282,941**	278,432
Income from continuing operations before income taxes and non-controlling interest in net income of a subsidiary		**22,867**	16,470	14,851	**57,059**	47,676
Income taxes	1	**7,660**	5,518	4,889	**18,846**	13,019
Income from continuing operations before non-controlling interest in net income of a subsidiary		**15,207**	10,952	9,962	**38,213**	34,657
Non-controlling interest in net income of a subsidiary		**–**	–	260	**–**	1,916
Income from continuing operations		**15,207**	10,952	9,702	**38,213**	32,741
Income (loss) from discontinued operations, net of income taxes	2	**600**	(303)	–	**5,510**	–
Net income		**$ 15,807**	$ 10,649	$ 9,702	**$ 43,723**	$ 32,741
Preferred share dividends, including applicable income taxes	1	**2,998**	2,999	2,519	**9,032**	5,544
Net income available to common shareholders		**$ 12,809**	$ 7,650	$ 7,183	**$ 34,691**	$ 27,197
Average number of common shares (in thousands)						
Basic		**23,532**	23,511	23,490	**23,518**	23,476
Diluted		**23,557**	23,534	23,524	**23,541**	23,515
Income per common share from continuing operations						
Basic		**$ 0.52**	$ 0.34	$ 0.31	**$ 1.24**	$ 1.16
Diluted		**$ 0.52**	$ 0.34	$ 0.31	**$ 1.24**	$ 1.16
Net income per common share						
Basic		**$ 0.54**	$ 0.33	$ 0.31	**$ 1.48**	$ 1.16
Diluted		**$ 0.54**	$ 0.33	$ 0.31	**$ 1.47**	$ 1.16

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

CONSOLIDATED BALANCE SHEET

IN THOUSANDS OF DOLLARS (UNAUDITED)	NOTES	JULY 31 2005	OCTOBER 31 2004	JULY 31 2004
ASSETS				
Cash resources				
Cash and due from other financial institutions without interest		**$ 59,479**	$ 47,681	$ 47,733
Interest-bearing deposits with other financial institutions		**394,142**	280,751	556,979
		453,621	328,432	604,712
Securities				
Investment account		**1,447,059**	2,007,471	2,118,637
Trading account		**1,081,746**	995,004	966,191
		2,528,805	3,002,475	3,084,828
Assets purchased under reverse repurchase agreements		**432,335**	1,133,920	1,179,985
Loans	3 AND 4			
Personal		**3,854,510**	3,638,991	3,611,716
Residential mortgages		**5,836,226**	5,509,022	5,444,690
Commercial mortgages		**579,068**	604,085	636,478
Commercial and other		**1,568,889**	1,542,760	1,484,413
		11,838,693	11,294,858	11,177,297
Allowance for loan losses		**(120,849)**	(140,042)	(138,517)
		11,717,844	11,154,816	11,038,780
Other				
Customers' liability under acceptances		**136,669**	144,830	183,933
Capital assets		**90,272**	94,490	102,640
Amounts related to derivative financial instruments		**183,081**	201,717	175,646
Goodwill		**53,790**	54,029	54,029
Other intangible assets		**16,856**	18,897	19,490
Other assets		**511,749**	473,870	461,604
		992,417	987,833	997,342
		$ 16,125,022	$16,607,476	$16,905,647
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		**$ 10,646,431**	$10,454,368	$10,448,156
Business and other		**2,615,460**	2,456,672	2,399,552
		13,261,891	12,911,040	12,847,708
Other				
Cheques and other items in transit, net		**–**	–	76,803
Obligations related to assets sold short		**752,120**	1,495,574	1,283,637
Obligations related to assets sold under repurchase agreements		**40,875**	15,907	464,732
Acceptances		**136,669**	144,830	183,933
Amounts related to derivative financial instruments		**143,462**	189,489	155,224
Other liabilities		**688,429**	713,359	704,237
		1,761,555	2,559,159	2,868,566
Subordinated debentures	5	**200,000**	250,525	300,000
Shareholders' equity				
Preferred shares	1 AND 6	**210,000**	210,000	210,000
Common shares	6	**249,190**	248,593	248,455
Retained earnings	1	**442,386**	428,159	430,918
		901,576	886,752	889,373
		$ 16,125,022	$16,607,476	$16,905,647

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

IN THOUSANDS OF DOLLARS (UNAUDITED)	NOTES	FOR THE NINE-MONTH PERIODS ENDED JULY 31 2005	JULY 31 2004
			RESTATED (NOTE 1)
Preferred shares	1 AND 6		
Balance at beginning of period and as previously reported		**$ 210,000**	$ 200,000
Impact of adopting the new accounting policy regarding presentation of liabilities and equity		**–**	(100,000)
Restated balance at beginning of period		**210,000**	100,000
Issued during the period		**–**	110,000
Restated balance at end of period		**210,000**	210,000
Common shares	6		
Balance at beginning of period		**248,593**	246,813
Issued during the period		**597**	1,642
Balance at end of period		**249,190**	248,455
Retained earnings	1		
Balance at beginning of period		**428,159**	426,500
Net income		**43,723**	32,741
Dividends			
Preferred shares, including applicable income taxes		**(9,032)**	(5,544)
Common shares		**(20,464)**	(20,430)
Preferred share issue costs, net of income taxes		**–**	(2,349)
Balance at end of period		**442,386**	430,918
Shareholders' equity		**$ 901,576**	$ 889,373

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

CONSOLIDATED STATEMENT OF CASH FLOWS

IN THOUSANDS OF DOLLARS, (UNAUDITED)	NOTES	FOR THE THREE-MONTH PERIODS ENDED JULY 31 2005	APRIL 30 2005	JULY 31 2004 RESTATED (NOTE 1)	FOR THE NINE-MONTH PERIODS ENDED JULY 31 2005	JULY 31 2004 RESTATED (NOTE 1)
Cash flows relating to operating activities						
Net income		**$ 15,807**	$ 10,649	$ 9,702	**$ 43,723**	$ 32,741
Adjustments to determine net cash flows :						
Provision for credit losses		**9,750**	8,750	10,862	**28,250**	31,112
Gains on securitization operation	4	**(2,326)**	–	(167)	**(4,773)**	(1,437)
Net loss (gain) on disposal of capital assets		**353**	6	(7)	**364**	233
Net loss (gain) from discontinued operations	2	**(903)**	456	–	**(5,824)**	–
Gain on disposal of assets		**–**	–	(9,082)	**–**	(13,517)
Net gain on sale of securities held for investment		**(1,626)**	(1,016)	(771)	**(3,229)**	(13,642)
Future income taxes		**3,527**	1,144	(1,461)	**6,745**	(2,783)
Depreciation and amortization		**6,928**	7,767	8,291	**22,602**	27,424
Change in trading securities		**108,580**	69,577	(24,313)	**(66,332)**	50,132
Change in accrued interest receivable		**12,038**	(10,721)	7,344	**(757)**	13,956
Change in assets related to derivative financial instruments		**(10,550)**	15,563	32,806	**18,636**	(83,374)
Change in accrued interest payable		**5,135**	(47,780)	(5,811)	**(45,286)**	(4,006)
Change in liabilities related to derivative financial instruments		**(3,153)**	(14,636)	(50,460)	**(46,027)**	49,183
Other, net		**6,191**	56,157	9,800	**(46,433)**	10,519
		149,751	95,916	(13,267)	**(98,341)**	96,541
Cash flows relating to financing activities						
Change in deposits		**108,960**	239,274	438,741	**350,851**	(445,241)
Change in obligations related to assets sold short		**(235,018)**	171,852	101,172	**(743,454)**	313,974
Change in obligations related to assets sold under repurchase agreements		**(437,869)**	472,319	(219,544)	**24,968**	291,486
Redemption of subordinated debentures	5	**–**	–	(100,000)	**(50,525)**	(100,000)
Redemption of preferred shares	1	**–**	–	(100,000)	**–**	(100,000)
Issuance of preferred shares, net of issue costs		**–**	–	–	**–**	106,682
Issuance of common shares, net of issue costs		**597**	–	610	**597**	1,642
Dividends, including applicable income taxes		**(9,825)**	(9,817)	(9,331)	**(29,496)**	(26,734)
		(573,155)	873,628	111,648	**(447,059)**	41,809
Cash flows relating to investing activities						
Net proceeds from the sale of discontinued operations	2	**–**	–	–	**40,630**	–
Net proceeds from the sale of assets		**–**	–	5,853	**–**	38,069
Consideration paid for the privatization of a subsidiary		**–**	–	(60,470)	**–**	(60,470)
Change in interest-bearing deposits with other financial institutions		**(198,760)**	192,499	(21,251)	**(113,391)**	111,173
Change in securities held for investment						
Acquisitions		**(5,664,151)**	(6,091,904)	(5,679,966)	**(19,097,930)**	(19,609,658)
Proceeds from sales and maturities		**6,326,776**	5,512,834	5,751,448	**19,635,986**	19,559,216
Change in loans		**(331,340)**	(290,995)	(198,538)	**(753,563)**	(213,862)
Change in assets purchased under reverse repurchase agreements		**217,469**	(296,044)	(169,923)	**701,585**	(297,949)
Proceeds from mortgage loan securitizations	4	**100,228**	–	96,438	**161,787**	149,072
Acquisitions of capital assets		**(7,007)**	(7,527)	(4,273)	**(18,007)**	(12,484)
Proceeds from disposal of capital assets		**40**	61	42	**101**	2,892
		443,255	(981,076)	(280,640)	**557,198**	(334,001)
Change in cash and cash equivalents during the period		**19,851**	(11,532)	(182,259)	**11,798**	(195,651)
Cash and cash equivalents at beginning of period		**39,628**	51,160	153,189	**47,681**	166,581
Cash and cash equivalents at end of period		**$ 59,479**	$ 39,628	$ (29,070)	**$ 59,479**	$ (29,070)
Cash and cash equivalents at end of period represented by:						
Cash and due from other financial institutions without interest		**$ 59,479**	$ 39,628	$ 47,733	**$ 59,479**	$ 47,733
Cheques and other items in transit, net		**–**	–	(76,803)	**–**	(76,803)
		$ 59,479	$ 39,628	$ (29,070)	**$ 59,479**	$ (29,070)
Supplemental disclosure relating to cash flows:						
Interest paid during the period		**$ 98,977**	$ 145,843	$ 126,154	**$ 374,379**	$ 372,387
Income taxes paid during the period		**$ (1,157)**	$ 7,846	$ 3,146	**$ 25,954**	$ 19,622

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. ACCOUNTING POLICIES

The unaudited interim consolidated financial statements of Laurentian Bank have been prepared by management, which is responsible for the integrity and fairness of the financial information presented. These interim consolidated financial statements have been prepared in accordance with the *Bank Act*, which states that, except as otherwise specified by the Superintendent of Financial Institutions of Canada, the interim consolidated financial statements are to be prepared in accordance with Canadian generally accepted accounting principles (GAAP) for interim 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, 2004, except as described below. These accounting policies conform to GAAP. However, these interim consolidated financial statements do not reflect all of the information and disclosures required by GAAP for complete financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the annual consolidated audited financial statements. These interim consolidated financial statements reflect amounts, which are based on the best estimates and judgement of management. Actual results may differ from these estimates. Certain comparative figures have been reclassified to conform to the current period presentation.

Consolidation of variable interest entities

In September 2004, the Canadian Institute of Chartered Accountants (CICA) issued a revised version of Accounting Guideline no. 15 (AcG-15), "Consolidation of Variable Interest Entities". AcG-15 provides guidance for applying consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interests. Under this new standard, the Bank must consolidate these entities if it is the primary beneficiary thereof, that is, if as a result of its investments or the relationships it has with these entities, the Bank risks being exposed to a majority of their expected losses or is in a position to benefit from a majority of their expected residual returns. Where the Bank holds a significant variable interest in a variable interest entity (VIE) that it has not consolidated, certain information regarding the nature, purpose, size and activities of the VIE must also be provided. On November 1, 2004, the Bank adopted this guideline on a retroactive basis without restatement of prior period figures. The main impacts are detailed below.

Securitization conduits

The Bank securitizes its own assets through single-seller and multi-seller securitization conduits, which are normally considered VIEs. As at November 1, 2004, the Bank consolidated one of these conduits, whose total assets amounted to approximately $109,900,000. During the first quarter, the Bank converted this conduit into a qualified special-purpose entity and consequently it was deconsolidated. These operations did not have a material impact on the interim consolidated financial statements.

The other conduits were not consolidated under AcG-15, because the Bank's level of participation relative to other variable interest holders in the VIEs does not expose the Bank to a majority of the expected losses.

Note 5 to the annual consolidated financial statements presents more details on the Bank's securitization activities.

Mutual funds

Through its ownership interest in the joint venture BLC-Edmond de Rothschild Asset Management Inc., the Bank was the sponsor of mutual funds that met VIE criteria, as at November 1, 2004 with assets totaling $910,200,000. The Bank's joint venture charged fees, mainly based on the value of assets under management, in respect of the management and administration of these funds. This joint venture has been disposed as of December 31, 2004 (see note 2). The Bank also holds units relating to investments in seed capital for certain funds amounting to $20,410,000 as at July 31, 2005. Based on the analysis made, the Bank is not the primary beneficiary of these entities because the variability of the variable interests that the Bank holds is not significant relative to the other investors or beneficiaries. Therefore, these entities have not been consolidated.

Other entities

The Bank also acts as trustee of a certain number of personal trusts for which it levies fees. Based on the analyses made, the Bank is not the primary beneficiary of these entities because the variability in the fees earned is not significant relative to the risk assumed by the beneficiaries. Therefore, these entities have not been consolidated.

Presentation of liabilities and equity

In January 2004, the CICA issued revised 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, under conditions that are potentially unfavorable, be presented as liabilities. The dividend payments on these shares will be presented as interest expense in the statement of income. The revised recommendations are applicable on a retroactive basis with restatement of corresponding amounts.

The application of this revised standard as at November 1, 2004 did not have any impact on the liabilities and equities of the Bank since the securities issued and outstanding as at November 1, 2004 qualified as equity.

However, the comparative figures relative to the Preferred Shares, Series 7 and 8, for a total amount of $100,000,000 which were redeemed in June 2004, were restated. For the three-month period ended July 31, 2004, the dividends and the premium on redemption related to these instruments that were previously reported in the consolidated statement of changes in shareholders' equity amounting to $3,967,000 including taxes ($7,900,000 for the nine-month period ended July 31, 2004) were reclassified to the interim consolidated statement of income as Interest expense for an amount of $3,938,000 ($7,814,000 for the nine-month period ended July 31, 2004) and Income taxes for an amount of $29,000 ($86,000 for the nine-month period ended July 31, 2004). This reclassification had no impact on net income available to common shareholders and on earnings per share.

Future changes to accounting policies

Financial instruments

The CICA has issued three accounting standards: "Financial Instruments – Recognition and Measurement", "Hedges" and "Comprehensive income". These new standards will be effective for the Bank on November 1, 2006. The impact of implementing these standards on the Bank's financial statements cannot yet be determined as it is dependent on the Bank's positions and hedging strategies, as well as on market volatility at the time of application of these standards.

Financial Instruments – Recognition and Measurement

All financial assets and liabilities will be carried at fair value in the consolidated balance sheet, except loans and receivables, held-to-maturity securities and non-trading financial liabilities, which will be carried at amortized cost. Realized and unrealized gains and losses on financial assets and liabilities that are held for trading will be recorded in the consolidated statement of income. Unrealized gains and losses on financial assets that are available for sale will be recorded in other comprehensive income. These amounts will be reclassified in the consolidated statement of income in the periods in which the results are affected by the variability in the cash flows of the hedged item. All derivative financial instruments will be recorded at fair value in the consolidated balance sheet.

Hedges

In a fair value hedge, the component of the underlying asset or liability being hedged, as well as the hedging derivative, will be carried at fair value, with changes in fair value recognized in the consolidated statement of income. In a cash flow hedge, the change in fair value of the derivative financial instrument will be recorded in other comprehensive income. These amounts will be reclassified to the consolidated statement of income in the periods in which results are affected by the cash flows of the hedged item. Any hedge ineffectiveness will be recorded in the consolidated statement of income.

Comprehensive income

Other comprehensive income will be included in the consolidated balance sheet as a separate component of shareholders' equity.

2. DISCONTINUED OPERATIONS

Sale of BLC-Edmond de Rothschild Asset Management Inc.

On December 31, 2004, the Bank completed the acquisition of the 49.9% share of BLC-Edmond de Rothschild Asset Management Inc. that was owned by La Compagnie Financière Edmond de Rothschild Banque (LCFER) for an amount of $23,397,000, subject to certain post-closing adjustments. Subsequently, on December 31, 2004, Industrial Alliance Insurance and Financial Services Inc. (Industrial Alliance) acquired all of the shares of BLC-Edmond de Rothschild Asset Management Inc. from the Bank. The net sale price, paid in cash, amounts to $67,795,000, based on the assets under management as at December 31, 2004. This sale price is subject to certain recovery clauses that can reach $26,930,000, based on net sales of mutual funds for the next six years and on the balance of institutional funds under management on December 31, 2005. In addition, the Bank, Industrial Alliance and BLC-Edmond de Rothschild Asset Management Inc. entered into a ten-year distribution agreement. Under this agreement, the Bank will distribute the R Funds family acquired by Industrial Alliance to the Bank's clients, along with the Industrial Alliance mutual funds. The Bank will continue to receive commissions related to the distribution of funds, under terms equivalent to those prevailing in the industry.

During the first quarter, a pre-tax gain amounting to $9,777,000 ($8,139,000 net of related income taxes), was recorded under Income from discontinued operations, net of related transaction fees of $2,261,000.

Under a recovery clause, the Bank must repay Industrial Alliance an annual amount of $5,183,000, for the next five years, if the net annual sales of mutual funds do not reach $50,000,000. This portion of the proceeds was deferred and will be recognized over the next five years as the net sales thresholds are expected to be achieved. At the end of the six-year period ending on December 31, 2010, if the cumulative net sales of mutual funds reach $290,000,000, the amounts that would have been repaid to Industrial Alliance under this clause would be reimbursed to the Bank. A final payment of $8,300,000 would moreover be made to the Bank at the end of the first five years of the agreement if the cumulative net sales of mutual funds reach $350,000,000; including this premium, the total sale price related to the transaction would be $76,095,000. The gain relating to this final payment will be recognized in earnings once the conditions are expected to be met.

Under a separate recovery clause, the Bank could repay up to $1,015,000 to Industrial Alliance based on retention of institutional assets under management in the twelve-month period ending on December 31, 2005. The Bank deferred revenues of $300,000 related to this clause.

As the Bank will no longer be involved in the management of Mutual funds, the investment related to seed capital, which was carried at cost, will be disposed. As a result, an initial $4,400,000 charge was recorded in Income from discontinued operations to carry the investment at market value. During the third quarter, the Bank recorded revenues of $903,000 ($600,000 net of income taxes) to reflect the increase in value of this investment. During the second quarter, a $456,000 charge was recorded ($303,000 net of income taxes).

The gain, recorded in Income from discontinued operations, was entirely attributed to the Other sector.

Transaction summary

IN THOUSANDS OF DOLLARS

Net sale price	$ 67,795
Less: Deferred revenue under the recovery clauses	26,217
Net assets sold, including the amount related to the purchase of LCFER's shares[1]	29,540
	12,038
Transaction fees	2,261
Gain before the following items	9,777
Initial write-down of investments related to seed capital	(4,400)
Net gain before income taxes	5,377
Income taxes	164
Net gain after income taxes	5,213
Subsequent change in value of investments related to seed capital and other, net of income taxes ($447 before income taxes)	297
Income from discontinued operations, net of income taxes	$ 5,510

1 The assets consist mainly of goodwill, other intangible assets and cash of $1,507,000.

The operating results and the financial situation related to these operations, included in the attached interim consolidated financial statements, are presented hereafter. These operations are presented in the Laurentian Bank Securities segment.

The results related to these operations, included in continuing operations in the consolidated statement of income, are as follows:

IN THOUSANDS OF DOLLARS	FOR THE THREE-MONTH PERIODS ENDED JULY 31 2005	APRIL 30 2005	JULY 31 2004	FOR THE NINE-MONTH PERIODS ENDED JULY 31 2005	JULY 31 2004
Other income	**$ –**	$ –	$ 1,471	**$ 1,036**	$ 4,183
Net income	**$ –**	$ –	$ 168	**$ 29**	$ 211

Assets held for sale and liabilities related to these assets are detailed as follows:

IN THOUSANDS OF DOLLARS	JULY 31 2005	OCTOBER 31 2004	JULY 31 2004
Total assets	**$ 20,410**	$ 34,245	$ 36,799
Total liabilities	**$ –**	$ 1,528	$ 1,516

3. LOANS

A_LOANS AND IMPAIRED LOANS

AS AT JULY 31, 2005

IN THOUSANDS OF DOLLARS	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal loans	**$ 3,854,510**	**$ 13,074**	**$ 3,260**	**$ 26,735**	**$ 29,995**
Residential mortgages	**5,836,226**	**11,698**	**3,763**	**5,648**	**9,411**
Commercial mortgages	**579,068**	**14,025**	**5,707**	**4,001**	**9,708**
Commercial loans and other	**1,568,889**	**78,959**	**42,869**	**24,783**	**67,652**
Unallocated general allowance	**–**	**–**	**–**	**4,083**	**4,083**
	$ 11,838,693	**$ 117,756**	**$ 55,599**	**$ 65,250**	**$ 120,849**

AS AT OCTOBER 31, 2004

IN THOUSANDS OF DOLLARS	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal loans	$ 3,638,991	$ 18,103	$ 10,059	$ 23,795	$ 33,854
Residential mortgages	5,509,022	13,199	3,935	5,832	9,767
Commercial mortgages	604,085	15,482	6,064	3,625	9,689
Commercial loans and other	1,542,760	80,213	54,734	23,063	77,797
Unallocated general allowance	–	–	–	8,935	8,935
	$11,294,858	$ 126,997	$ 74,792	$ 65,250	$ 140,042

3. LOANS (CONTINUED)

A_LOANS AND IMPAIRED LOANS (CONTINUED)

AS AT JULY 31, 2004

IN THOUSANDS OF DOLLARS	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal loans	$ 3,611,716	$ 20,514	$ 7,304	$ 19,284	$ 26,588
Residential mortgages	5,444,690	12,199	3,237	5,436	8,673
Commercial mortgages	636,478	8,388	4,388	5,039	9,427
Commercial loans and other	1,484,413	91,770	46,338	23,697	70,035
Unallocated general allowance	–	–	–	23,794	23,794
	$11,177,297	$ 132,871	$ 61,267	$ 77,250	$ 138,517

B_SPECIFIC ALLOWANCES FOR LOAN LOSSES

FOR THE NINE-MONTH PERIODS ENDED JULY 31

					2005	2004
IN THOUSANDS OF DOLLARS	**PERSONAL LOANS**	**RESIDENTIAL MORTGAGES**	**COMMERCIAL MORTGAGES**	**COMMERCIAL LOANS AND OTHER**	**TOTAL SPECIFIC ALLOWANCES**	TOTAL SPECIFIC ALLOWANCES
Balance at beginning of period	**$ 10,059**	**$ 3,935**	**$ 6,064**	**$ 54,734**	**$ 74,792**	$ 85,927
Provision for credit losses	**18,332**	**626**	**1,360**	**7,932**	**28,250**	31,112
Write-offs	**(28,914)**	**(1,046)**	**(1,724)**	**(20,117)**	**(51,801)**	(59,020)
Recoveries	**3,783**	**248**	**7**	**320**	**4,358**	3,985
Allowance for loan losses resulting from sale of branches	**–**	**–**	**–**	**–**	**–**	(737)
Balance at end of period	**$ 3,260**	**$ 3,763**	**$ 5,707**	**$ 42,869**	**$ 55,599**	$ 61,267

C_GENERAL ALLOWANCES FOR LOAN LOSSES

FOR THE NINE-MONTH PERIODS ENDED JULY 31

						2005	2004
IN THOUSANDS OF DOLLARS	**PERSONAL LOANS**	**RESIDENTIAL MORTGAGES**	**COMMERCIAL MORTGAGES**	**COMMERCIAL LOANS AND OTHER**	**UNALLOCATED GENERAL ALLOWANCE**	**TOTAL GENERAL ALLOWANCES**	TOTAL GENERAL ALLOWANCES
Balance at beginning of period	**$ 23,795**	**$ 5,832**	**$ 3,625**	**$ 23,063**	**$ 8,935**	**$ 65,250**	$ 77,250
Change during the period	**2,940**	**(184)**	**376**	**1,720**	**(4,852)**	**–**	–
Balance at end of period	**$ 26,735**	**$ 5,648**	**$ 4,001**	**$ 24,783**	**$ 4,083**	**$ 65,250**	$ 77,250

4. LOAN SECURITIZATION

During the quarter, the Bank securitized residential mortgages insured by the Canadian Mortgage and Housing Corporation in the amount of $100,629,000 through the creation of mortgage-backed securities. The Bank subsequently sold such mortgage-backed securities. As part of this transaction, the Bank received total proceeds of $100,228,000 and recognized a gain on sale net of transaction costs of $2,326,000 in other income. The Bank also retained rights to excess interest earned on these securitized mortgage loans, for an estimated amount of $5,229,000.

The total principal amount of securitized loans totaled $569,000,000 as at July 31, 2005 ($551,963,000 as at October 31, 2004).

5. REDEMPTION OF SUBORDINATED DEBENTURES

On December 15, 2004, the Bank redeemed all of its 7.00% Debentures, Series 8, maturing in 2009 of a notional amount of $100,000,000, including debentures amounting to $49,475,000 that it had purchased as at October 31, 2004, plus the accrued interest not paid at the date of the redemption.

6. CAPITAL STOCK

Issuance of common shares

During the quarter, 28,726 common shares were issued under the employee share purchase option plan for the management of the Bank for a cash consideration of $597,000.

ISSUED AND OUTSTANDING	**AS AT JULY 31, 2005**		AS AT OCTOBER 31, 2004	
IN THOUSANDS OF DOLLARS, EXCEPT NUMBER OF SHARES	**NUMBER OF SHARES**	**AMOUNT**	NUMBER OF SHARES	AMOUNT
Class A Preferred Shares[1]				
Series 9	**4,000,000**	**$ 100,000**	4,000,000	$ 100,000
Series 10	**4,400,000**	**110,000**	4,400,000	110,000
Total preferred shares	**8,400,000**	**210,000**	8,400,000	210,000
Common Shares	**23,540,069**	**249,190**	23,511,343	248,593
Total capital stock		**$ 459,190**		$ 458,593

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 JULY 31, 2005	AS AT OCTOBER 31, 2004
	NUMBER	NUMBER
Share purchase options		
Oustanding at end of period	**446,563**	476,089
Exercisable at end of period	**396,563**	416,239

7. EMPLOYEE FUTURE BENEFITS

IN THOUSANDS OF DOLLARS	FOR THE THREE-MONTH PERIODS ENDED JULY 31 2005	2004	FOR THE NINE-MONTH PERIODS ENDED JULY 31 2005	2004
Defined benefit pension plans expense	**$ 3,175**	$ 3,183	**$ 10,030**	$ 9,456
Defined contribution pension plan expense	**560**	519	**1,632**	1,501
Other plans expense	**630**	654	**1,869**	1,947
Total	**$ 4,365**	$ 4,356	**$ 13,531**	$ 12,904

8. RESTRUCTURING COSTS

During the quarter, a restructuring provision for remaining lease rentals, initially recorded on October 31, 2003, was reduced by an amount of $196,000 ($697,000 during the nine-month period ended July 31, 2005) as a result of adjustments to the anticipated occupancy level of certain premises.

The amounts used during the three-month period ended July 31, 2005 amounted to $87,000 ($424,000 during the nine-month period ended July 31, 2005). The restructuring costs balance as at July 31, 2005 amounted to $1,250,000 ($2,371,000 as at October 31, 2004).

9. SUBSEQUENT EVENT

On August 9, 2005, the Bank announced plans to redeem all Debentures, Series 6 on October 18, 2005 for a total value of $50,000,000.

10. SEGMENTED INFORMATION

FOR THE THREE-MONTH PERIOD ENDED JULY 31, 2005

IN THOUSANDS OF DOLLARS	RFS[2]	CFS	B2B[2]	LBS	OTHER[2]	TOTAL
Net interest income	$ 63,387	$ 14,180	$ 14,123	$ 299	$ (6,509)	$ 85,480
Other income	22,282	7,281	3,388	4,756	7,924	45,631
Total revenue	85,669	21,461	17,511	5,055	1,415	131,111
Provision for credit losses	4,871	3,146	1,733	–	–	9,750
Non-interest expenses	71,193	9,829	9,207	4,085	4,180	98,494
Income (loss) from continuing operations before income taxes	9,605	8,486	6,571	970	(2,765)	22,867
Income taxes (recovery)	3,346	3,008	2,234	331	(1,259)	7,660
Income (loss) from continuing operations	6,259	5,478	4,337	639	(1,506)	15,207
Income from discontinued operations, net of income taxes	–	–	–	–	600	600
Net income	$ 6,259	$ 5,478	$ 4,337	$ 639	$ (906)	$ 15,807
Average assets[1]	$ 7,781,862	$ 2,195,513	$ 2,447,728	$ 1,602,932	$ 2,398,042	$ 16,426,077
Average loans[1]	$ 7,580,146	$ 1,994,542	$ 2,442,112	$ –	$ (440,221)	$ 11,576,579
Average deposits[1]	$ 9,459,250	$ 97,851	$ 2,205,265	$ –	$ 1,593,543	$ 13,355,909

FOR THE THREE-MONTH PERIOD ENDED APRIL 30, 2005

IN THOUSANDS OF DOLLARS	RFS[2]	CFS	B2B[2]	LBS	OTHER[2]	TOTAL
Net interest income	$ 59,507	$ 13,596	$ 13,542	$ 329	$ (7,886)	$ 79,088
Other income	21,884	7,230	3,448	4,957	1,372	38,891
Total revenue	81,391	20,826	16,990	5,286	(6,514)	117,979
Provision for credit losses	6,127	894	1,729	–	–	8,750
Non-interest expenses	68,020	9,113	10,082	4,160	1,384	92,759
Income (loss) from continuing operations before income taxes	7,244	10,819	5,179	1,126	(7,898)	16,470
Income taxes (recovery)	2,517	3,799	1,759	367	(2,924)	5,518
Income (loss) from continuing operations	4,727	7,020	3,420	759	(4,974)	10,952
Loss from discontinued operations, net of income taxes	–	–	–	–	(303)	(303)
Net income	$ 4,727	$ 7,020	$ 3,420	$ 759	$ (5,277)	$ 10,649
Average assets[1]	$ 7,579,102	$ 2,225,877	$ 2,395,815	$ 1,354,821	$ 2,506,054	$16,061,669
Average loans[1]	$ 7,373,670	$ 2,001,955	$ 2,403,290	$ 6	$ (415,766)	$11,363,155
Average deposits[1]	$ 9,421,460	$ 82,338	$ 2,257,614	$ –	$ 1,455,140	$13,216,552

FOR THE THREE-MONTH PERIOD ENDED JULY 31, 2004

IN THOUSANDS OF DOLLARS	RFS[2]	CFS	B2B[2]	LBS	OTHER[2]	TOTAL
Net interest income	$ 58,982	$ 14,140	$ 11,732	$ 336	$ (20,890)	$ 64,300
Other income	21,514	7,331	3,615	6,088	14,365	52,913
Total revenue	80,496	21,471	15,347	6,424	(6,525)	117,213
Provision for credit losses	5,702	2,897	2,263	–	–	10,862
Non-interest expenses	68,018	9,140	9,102	5,233	7	91,500
Income (loss) before income taxes and non-controlling interest in net income of a subsidiary	6,776	9,434	3,982	1,191	(6,532)	14,851
Income taxes (recovery)	2,359	3,308	1,490	419	(2,687)	4,889
Non-controlling interest in net income of a subsidiary	–	–	260	–	–	260
Net income	$ 4,417	$ 6,126	$ 2,232	$ 772	$ (3,845)	$ 9,702
Average assets[1]	$ 7,293,215	$ 2,365,007	$ 2,290,021	$ 1,430,699	$ 2,739,028	$16,117,970
Average loans[1]	$ 7,106,439	$ 2,074,784	$ 2,293,181	$ 8	$ (491,112)	$10,983,300
Average deposits[1]	$ 9,242,832	$ 86,578	$ 2,214,037	$ 59	$ 1,259,022	$12,802,528

10. SEGMENTED INFORMATION (CONTINUED)

FOR THE NINE-MONTH PERIOD ENDED JULY 31, 2005

IN THOUSANDS OF DOLLARS	RFS[2]	CFS	B2B[2]	LBS[3]	OTHER[2]	TOTAL
Net interest income	$ 185,612	$ 41,979	$ 41,067	$ 998	$ (29,377)	$ 240,279
Other income	64,603	21,731	10,377	15,701	15,559	127,971
Total revenue	250,215	63,710	51,444	16,699	(13,818)	368,250
Provision for credit losses	15,559	8,150	4,541	–	–	28,250
Non-interest expenses	207,111	28,507	28,834	13,280	5,209	282,941
Income (loss) from continuing operations before income taxes	27,545	27,053	18,069	3,419	(19,027)	57,059
Income taxes (recovery)	9,600	9,525	6,139	1,147	(7,565)	18,846
Income (loss) from continuing operations	17,945	17,528	11,930	2,272	(11,462)	38,213
Income from discontinued operations, net of income taxes	–	–	–	–	5,510	5,510
Net income	$ 17,945	$ 17,528	$ 11,930	$ 2,272	$ (5,952)	$ 43,723
Average assets[1]	$ 7,616,282	$ 2,210,299	$ 2,386,404	$ 1,494,476	$ 2,585,294	$ 16,292,755
Average loans[1]	$ 7,409,834	$ 1,993,173	$ 2,390,462	$ 4	$ (418,272)	$ 11,375,201
Average deposits[1]	$ 9,441,058	$ 89,166	$ 2,249,694	$ –	$ 1,431,421	$ 13,211,339

FOR THE NINE-MONTH PERIOD ENDED JULY 31, 2004

IN THOUSANDS OF DOLLARS	RFS[2]	CFS	B2B[2]	LBS	OTHER[2]	TOTAL
Net interest income	$ 175,033	$ 43,169	$ 37,024	$ 1,010	$ (59,074)	$ 197,162
Other income	65,555	24,116	11,172	19,497	39,718	160,058
Total revenue	240,588	67,285	48,196	20,507	(19,356)	357,220
Provision for credit losses	14,212	13,374	3,526	–	–	31,112
Non-interest expenses	197,715	27,099	28,374	15,953	9,291	278,432
Income (loss) before income taxes and non-controlling interest in net income of a subsidiary	28,661	26,812	16,296	4,554	(28,647)	47,676
Income taxes (recovery)	9,968	9,344	5,690	1,565	(13,548)	13,019
Non-controlling interest in net income of a subsidiary	–	–	1,916	–	–	1,916
Net income	$ 18,693	$ 17,468	$ 8,690	$ 2,989	$ (15,099)	$ 32,741
Average assets[1]	$ 7,262,258	$ 2,392,755	$ 2,287,912	$ 1,439,886	$ 2,946,839	$16,329,650
Average loans[1]	$ 7,091,018	$ 2,055,628	$ 2,289,929	$ 8	$ (509,795)	$10,926,788
Average deposits[1]	$ 9,188,291	$ 84,840	$ 2,286,530	$ 170	$ 1,287,783	$12,847,614

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 centre, as well as Point-of-Sale financing and agent deposits across Canada. This business segment 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 business segment supplies generic and complementary banking and financial products to independent financial advisors and non-bank financial institutions across Canada.

LBS – LBS segment consists of the activities of the subsidiary Laurentian Bank Securities Inc. and up to December 31, 2004, the activities of 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 Assets and liabilities are disclosed on an average basis as this measure is most relevant to a financial institution.

2 Since November 1, 2004 results from broker-sourced mortgages are now included with the B2B Trust business segment while they were previously included with the RFS business segment. Also, B2B Trust's treasury operations were integrated into the Bank's treasury operations and certain other items related to corporate activities were reclassified in the Other category. Comparative figures were restated to reflect the current period presentation.

3 Results for the first quarter of 2005 include a $0.03 million contribution from BLC-Edmond de Rothschild Asset Management Inc. for the two months prior to the sale (note 2).

SHAREHOLDER INFORMATION

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Tour Banque Laurentienne
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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.

STOCK SYMBOL AND DIVIDEND PAYMENT

THE COMMON AND PREFERRED SHARES INDICATED BELOW ARE LISTED ON THE TORONTO STOCK EXCHANGE.	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 9	51925D 87 4 LB.PR.D	**	March 15
Series 10	51925D 86 6 LB.PR.E	**	June 15
			September 15
			December 15

* Subject to the approval of the Board of Directors.
** 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.

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