FIRST QUARTER 2005

QUARTERLY REPORT FOR THE PERIOD ENDED JANUARY 31, 2005

LAURENTIAN BANK

REPORT TO SHAREHOLDERS

Laurentian Bank reports net income of $17.3 million for the first quarter of 2005

SUMMARY RESULTS

Laurentian Bank of Canada reported net income of $17.3 million or $0.60 diluted per common share for the first quarter ended January 31, 2005, compared to net income of $11.7 million or $0.43 diluted per common share for the first quarter of 2004. Return on common shareholders' equity was 8.3% for the quarter, compared to 6.0% for the same period in 2004.

During the quarter, the sale of the BLC-Edmond de Rothschild Asset Management joint venture was completed. As a result, the $9.8 million ($0.35 diluted per common share) gain resulting from the sale and a $4.4 million ($0.12 diluted per common share) write-down of certain investments related to seed capital in BLC-Edmond de Rothschild Asset Management's mutual funds were reported in discontinued operations. For the first quarter of 2005, income from continuing operations stood at $12.1 million or $0.38 diluted per common share and return on common shareholders' equity stood at 5.3%.

Results for the first quarter of 2004 included a $1.7 million ($0.06 diluted per common share) one-time favorable increase in future tax assets arising from the increase in Ontario income tax rates. Excluding this item, net income and return on common shareholders' equity would have been respectively $10.2 million ($0.37 diluted per common share) and 5.1%. Net income for the fourth quarter of 2004 was $7.1 million or $0.17 diluted per common share and return on common shareholders' equity was 2.4%.

Raymond McManus, President and Chief Executive Officer, commented on the first quarter results: "I am satisfied with the results for the first quarter, especially with the performance of Retail Financial Services and the improvement of our net interest income; we are making progress with regards to our business plan. Other initiatives undertaken in 2004, such as the B2B Trust privatization and the capital restructuring have also contributed positively to results. I am also pleased with the decision regarding the monetary clause of the collective agreement, which effectively resolves one of the major issues we were facing."

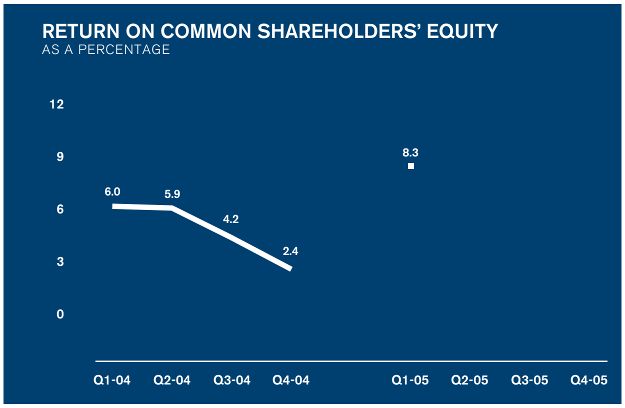
Management discussion and analysis of results of operations and financial condition

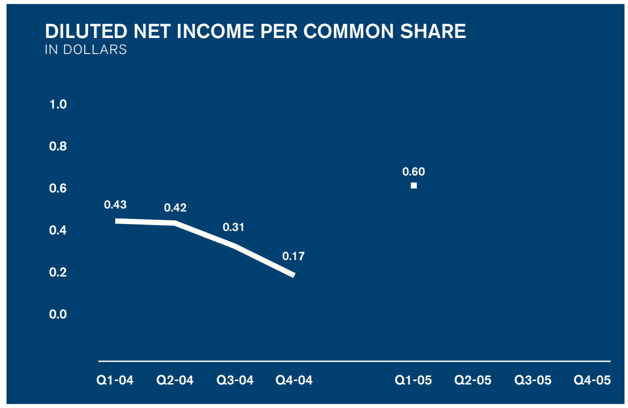
PERFORMANCE AND FINANCIAL OBJECTIVES

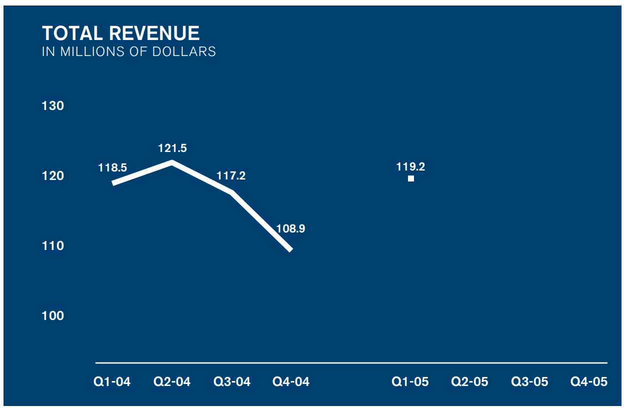
Laurentian Bank publishes its financial objectives at the beginning of each financial year and then reports actual results quarterly. The Bank's practice is not to provide interim guidance. Strictly for information purposes, the following table presents the performance compared to objectives that have been set by management for 2005:

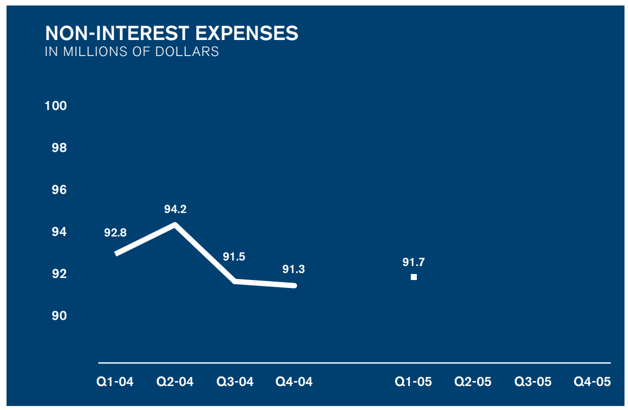
Performance for 2005

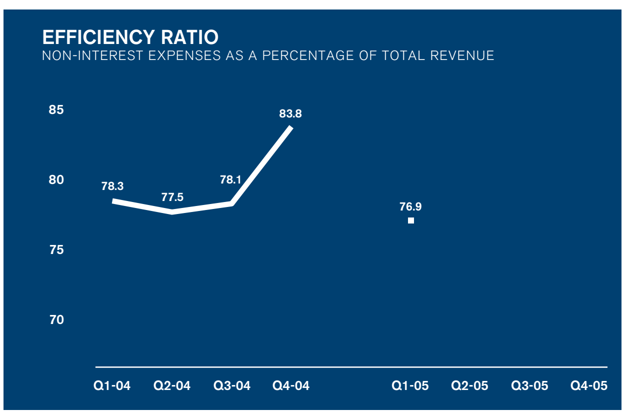
	2005 OBJECTIVES	FIRST QUARTER 2005 ACTUAL
Return on common shareholders' equity	**4.5% to 5.5%**	**8.3%**
		[5.3% from continuing operations]
Diluted net income per share	**$1.30 to $1.60 (annual)**	**$0.60**
		[$0.38 from continuing operations]
Total revenue	**$480 to $490 million (annual)**	**$119.2 million**
Efficiency ratio	**79% to 77.5%**	**76.9%**
Capital ratios		
Tier 1	**Minimum of 9.5%**	**10.5%**
Total	**Minimum of 13.0%**	**13.3%**
Credit quality (loan losses as a % of average assets)	**0.25% to 0.22%**	**0.24%**

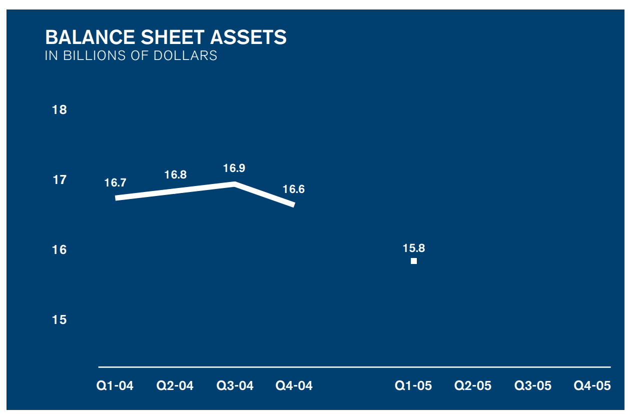

RETURN ON COMMON SHAREHOLDERS' EQUITY
AS A PERCENTAGE
12
9
6
3
0
6.0
5.9
4.2
2.4
8.3
Q1-04
Q2-04
Q3-04
Q4-04
Q1-05
Q2-05
Q3-05
Q4-05

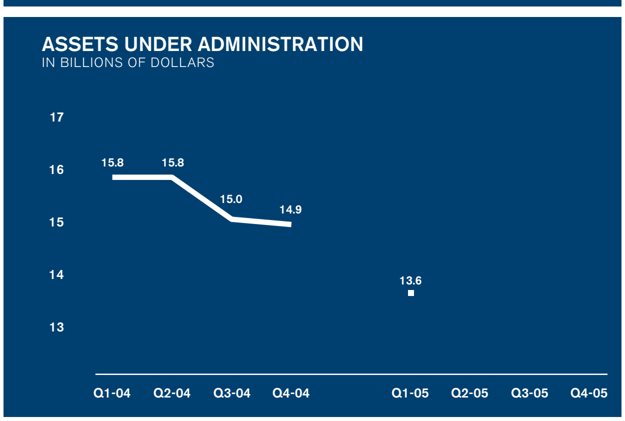

DILUTED NET INCOME PER COMMON SHARE
IN DOLLARS
1.0
0.8
0.6
0.4
0.2
0.0
0.43
0.42
0.31
0.17
0.60
Q1-04
Q2-04
Q3-04
Q4-04
Q1-05
Q2-05
Q3-05
Q4-05

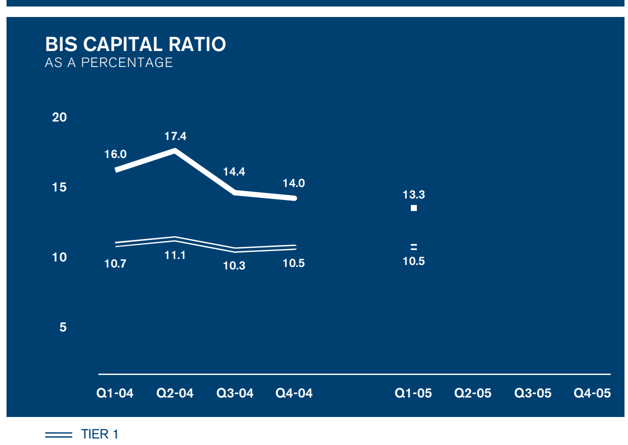

TOTAL REVENUE
IN MILLIONS OF DOLLARS
130
120
110
100
118.5
121.5
117.2
108.9
119.2
Q1-04
Q2-04
Q3-04
Q4-04
Q1-05
Q2-05
Q3-05
Q4-05


NON-INTEREST EXPENSES
IN MILLIONS OF DOLLARS
100
98
96
94
92
90
92.8
94.2
91.5
91.3
91.7
Q1-04
Q2-04
Q3-04
Q4-04
Q1-05
Q2-05
Q3-05
Q4-05


EFFICIENCY RATIO
NON-INTEREST EXPENSES AS A PERCENTAGE OF TOTAL REVENUE
85
80
75
70
78.3
77.5
78.1
83.8
76.9
Q1-04
Q2-04
Q3-04
Q4-04
Q1-05
Q2-05
Q3-05
Q4-05


BALANCE SHEET ASSETS
IN BILLIONS OF DOLLARS
18
17
16
15
16.7
16.8
16.9
16.6
15.8
Q1-04
Q2-04
Q3-04
Q4-04
Q1-05
Q2-05
Q3-05
Q4-05


ASSETS UNDER ADMINISTRATION
IN BILLIONS OF DOLLARS
17
16
15
14
13
15.8
15.8
15.0
14.9
13.6
Q1-04
Q2-04
Q3-04
Q4-04
Q1-05
Q2-05
Q3-05
Q4-05


BIS CAPITAL RATIO
AS A PERCENTAGE
20
15
10
5
16.0
17.4
14.4
14.0
13.3
10.7
11.1
10.3
10.5
10.5
Q1-04
Q2-04
Q3-04
Q4-04
Q1-05
Q2-05
Q3-05
Q4-05
TIER 1
TOTAL CAPITAL

HIGHLIGHTS

This section presents certain highlights regarding the activities of the first quarter ended January 31, 2005 and details significant items affecting results, compared to the first quarter of 2004 and the fourth quarter of 2004.

Continuing operations

- Total revenue increased to $119.2 million in 2005, compared to $118.5 million for the same period a year ago, mainly as a result of the improvement in net interest income.
- Non-interest expenses decreased by 1% to $91.7 million in 2005, from $92.8 million for the first quarter of 2004.
- The efficiency ratio (expenses divided by total revenue) was 76.9% in the first quarter of 2005 compared to 78.3% in the first quarter of 2004.
- The provision for credit losses was stable at $9.8 million in the first quarter of 2005 compared to the first quarter of 2004.
- On December 10, 2004, the arbitration board rendered a decision concerning the monetary clauses of the collective agreement. The Bank and the Union reported that they were satisfied with this partial decision. The parties expect that all other components of the collective agreement will be finalized in the second quarter of 2005. The Bank is optimistic that labor relations will continue to improve. The resolution of the arbitration process on the monetary clauses did not have a significant impact on the financial statements.

Discontinued operations

Results for the first quarter of 2005 include a net $5.2 million gain resulting from the sale of the BLC-Edmond de Rothschild Asset Management joint venture and the related write-down of certain investments in the seed capital of BLC-Edmond de Rothschild Asset Management's mutual funds. A summary of the sale transaction is presented below, while Note 2 to the interim consolidated financial statements provides full details of the transaction.

Sale of BLC-Edmond de Rothschild Asset Management Inc.

On December 31, 2004, Industrial Alliance Insurance and Financial Services Inc. acquired all of the shares of BLC-Edmond de Rothschild Asset Management Inc. previously held by Laurentian Bank and La Compagnie financière Edmond de Rothschild Banque. This agreement also provides for the Bank to continue to distribute the R Funds over the next 10 years, along with Industrial Alliance's mutual funds. Laurentian Bank is thus taking a further step in the implementation of its business plan, and further strengthening its offering.

The transaction generated a pre-tax gain of $9.8 million ($8.1 million net of income taxes), net of certain transaction costs amounting to $2.3 million. The initial proceeds, based on the assets under management at the time of the conclusion of the transaction, amounted to $67.8 million. Proceeds in the amount of $26.2 million, which are subject to a recovery clause, were recorded as deferred income and will be recognized in income from discontinued operations over the next five years as minimum net sales conditions are met.

ANALYSIS OF CONSOLIDATED RESULTS

Total revenue was $119.2 million in the first quarter of 2005, compared to $118.5 million in the first quarter of 2004. The Bank's net interest income increased from $68.0 million in the first quarter of 2004 to $75.7 million in the first quarter of 2005, while the net interest margin, as a percentage of average assets, has improved from 1.64% to 1.83%. In the fourth quarter of 2004, total revenues were $108.9 million and net interest income $70.0 million, while net interest margin was 1.71%.

The increase in net interest income, when compared to the first and fourth quarters of 2004, results from improvements in both variable and term portfolios. The lower level of liquidities and the favorable impact of efficient hedging and investment strategies, contributed to improve net interest margin to 1.83%.

Other income was $43.4 million during the first quarter of 2005, compared to $50.5 million in the first quarter of 2004. The decrease is principally attributable to lower results from treasury and financial markets operations. The $2.8 million increase in securitization revenues mainly results from the gain on the securitization of residential mortgage loans of $61.7 million during the quarter.

The **provision for credit losses** was $9.8 million in the first quarter of 2005 or 0.24% of average assets, the same level as a year ago. Net impaired loans stood at -$5.8 million (-0.0% of total loans, bankers' acceptances and assets purchased under reverse repurchase agreements) at January 31, 2005, compared to $10.5 million (0.1%) at January 31, 2004 and -$13.0 million (-0.1%) at October 31, 2004. Credit quality has remained relatively good during the quarter, as shown by the level of gross impaired loans which decreased to $118.5 million at January 31, 2005, from $127.0 million at October 31, 2004. The Bank's general provision remained unchanged at $65.3 million at January 31, 2005 compared to year-end 2004. See Note 3 to the interim consolidated financial statements for more details.

Non-interest expenses were relatively stable at $91.7 million for the first quarter of 2005 compared to $92.8 million for the first quarter of 2004. The variation mainly results from lower salary expense and employee benefits. Premises and technology costs remained at levels similar to a year ago as the decrease in depreciation expense offset increases in other technology costs. Other expenses also decreased slightly as a result of a number of favorable factors.

The efficiency ratio (expenses divided by total revenue) was 76.9% in the first quarter of 2005 compared to 78.3% in the first quarter of 2004.

Income tax expense was $5.7 million (32.0% effective tax rate) in the first quarter of 2005 compared to $3.4 million (21.1% effective tax rate) in the first quarter of 2004. In 2004, the lower effective tax rate reflected the impact of the one-time increase of $1.7 million in future tax assets resulting from the increase in Ontario income tax rates.

ANALYSIS OF FINANCIAL CONDITION

Balance sheet assets stood at $15.8 billion at January 31, 2005, while they stood at $16.6 billion at October 31, 2004 and $16.7 billion a year ago. The decrease is essentially related to the reduced level of liquidities, including assets purchased under reverse repurchase agreements, with short-term liabilities declining in similar proportion.

The portfolio of loans and bankers' acceptances remained stable at $11.4 billion at January 31, 2005, compared to October 31, 2004. At January 31, 2004, the portfolio of loans stood at $11.2 billion. Commercial loans, including bankers' acceptances, declined by $36.3 million during the quarter as demand for commercial credit remains soft and certain significant exposures were repaid. Commercial mortgages and personal loans portfolios remained relatively stable at $603 million and $3,635 million respectively. The residential mortgage portfolio grew by $48 million during the last quarter, net of the impact of a $62 million securitization transaction. This increase is essentially attributable to the direct retail network as the housing market remains favorable.

Total personal deposits grew by 3% or $284 million during the quarter to $10.7 billion at January 31, 2005 from $10.5 billion at October 31, 2004. At the same time, business and other deposits decreased by $0.3 billion. The Bank continues to benefit from very stable and diversified sources of funding through personal deposits. At January 31, 2005, personal deposits accounted for 83% of total deposits of $12.9 billion, compared to 81% at October 31, 2004.

Total capital of the Bank, comprised of common shareholders' equity, preferred shares and debentures, reached $1,094 million at January 31, 2005 compared to $1,137 million at October 31, 2004, a decrease of $43 million over the period, essentially as a result of the repurchase of the remaining Series 8 debentures for $50.5 million.

Common shareholders' equity increased to $684 million at January 31, 2005, from $677 million at October 31, 2004. There were 23,511,343 common shares outstanding as at January 31, 2005, and the Bank's book value per common share increased to $29.10 from $28.78 at year-end 2004.

The BIS Tier 1 and Total capital ratios stood at 10.5% and 13.3%, respectively at January 31, 2005, compared to 10.5% and 14.0% at October 31, 2004. Tangible common equity (common equity less goodwill and other intangibles) to risk-weighted assets ratio improved to 7.7% from 7.6% at October 31, 2004.

At its meeting on February 25, 2005, considering the favorable results, as well as the gain resulting from the sale of BLC-Edmond de Rothschild Asset Management and 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 9, 2005, as well as a dividend of $0.29 per common share, payable on May 1, 2005, to shareholders of record on April 1, 2005.

Assets under administration stood at $13.6 billion at January 31, 2005, compared to $14.9 billion at October 31, 2004, and $15.8 billion at January 31, 2004. The variation results from the decrease in institutional assets under management related to the sale of BLC-Edmond de Rothschild Asset Management. As for the mutual funds, the Bank continues to manage clients' accounts through its retail network and therefore maintained administrative responsibilities. The decrease is also related to lower volumes of self-directed RRSP accounts.

SEGMENTED INFORMATION

For the first quarter of 2005, results from business segments remained relatively similar to results from a year ago. Compared to the fourth quarter of 2004, the Retail Financial Services business segment significantly improved its contribution, mainly as a result of the improvement in net interest margin, while results from other business segments remained stable. The Other segment's contribution improved in the first quarter of 2005 as it included the gain resulting from the sale of BLC-Edmond de Rothschild Asset Management and the related write-down of investments.

Results from broker-sourced residential mortgages are now included with the B2B Trust business segment, while they were previously included with the Retail Financial Services segment. This transfer of responsibility reflects the Bank's will to focus its business segments. Over the years, B2B Trust has developed a recognized expertise with regards to the business generated through independent financial advisors and their dealerships, as such B2B Trust is well positioned to further develop these operations. As well, B2B Trust's treasury operations were integrated into the Bank's treasury operations. Comparative figures were restated to reflect the current period presentation.

NET INCOME CONTRIBUTIONS

IN MILLIONS OF DOLLARS	RETAIL FINANCIAL SERVICES	COMMERCIAL FINANCIAL SERVICES	B2B TRUST	LAURENTIAN BANK SECURITIES	OTHER	TOTAL[1]
Q1-2005						
Net income	8.0	5.0	4.3	0.9	(1.0)	17.3
	44%	27%	24%	5%	n/a	100%
Q4-2004						
Net income	3.9	7.0	3.4	1.3	(8.5)	7.1
	25%	45%	22%	8%	n/a	100%
Q1-2004						
Net income	7.0	6.6	3.2[2]	1.2	(6.4)	11.7
	39%	36%	18%	7%	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 segment's contribution to consolidated results improved to $8.0 million for the first quarter of 2005, compared to $7.0 million for the first quarter of 2004. Net interest revenues increased by 9% to $64.4 million, as a result of the robust growth in average loan and deposit volumes. Loan losses have remained stable at $4.6 million for the first quarter of 2005, compared to $4.7 million for the same quarter a year ago, while they stood at $5.1 million for the fourth quarter of 2004. Average loan volumes, consisting mainly in residential mortgages and personal loans generated by the branch network increased by more than $75 million over the quarter, which exceeds the Bank's objective. Retail Financial Services improved its contribution to results over the fourth quarter of 2004, with net income improving by $4.1 million from $3.9 million.

During the quarter, Retail Financial Services have also pursued a number of initiatives. The Bank's new financial services boutiques, the latest of which opened its doors in La Prairie on January 25, 2005, are actively developing their markets. The first few months of the boutiques' operations have proven satisfactory. In addition to its plan to open new branches, the Bank is pursuing its branches' renovation program where, in certain instances, the financial services boutique concept is implemented. Such was the case for the Place de la Cité branch in Québec City where renovations were completed at the beginning of 2005, bringing the number of financial services boutiques to six.

The Bank has further obtained a five-year contract for the operation of 17 automatic banking machines inside several metro stations in Montreal. The Bank thus becomes the sole financial institution to operate ABMs in the metro stations of the Société de Transport de Montréal. Granted following a call for tenders, this contract will enhance the Bank's visibility and play a significant role in the Bank's proximity strategy.

Throughout the first quarter of 2005, ongoing marketing and promotion initiatives included advertising campaigns for the Bank's range of products as well as new sponsorships. The Bank has also followed up its initiatives designed to further consolidate its leadership position as regards to quality of service. The first months in the implementation of the Bank's quality program, which includes new high standards of quality, mystery shoppers and client' surveys, have helped reinforce the quality assessment process. Early results clearly show that employees throughout the retail network are fully committed to enhancing the Bank's distinctive feature in that regard.

Commercial Financial Services

The Commercial Financial Services segment's contribution to net income declined to $5.0 million for the first quarter of 2005, compared to $6.6 million for the first quarter of 2004. Continued pressure on loan volumes has limited the ability to improve interest margins and other related revenues. Loan losses, at $4.1 million, are at a similar level as a year ago, where they stood at $4.4 million. Compared to the fourth quarter of 2004, the decrease in profitability mainly results from the higher level of loan losses which stood at $2.3 million for the quarter ended October 31, 2004. Credit quality has continuously improved over the last two years.

In line with its annual business plan, the Bank has revised its term financing pricing in order to reinforce its position in the real estate financing market. This strategic move offers the Bank a more advantageous competitive position and should contribute to the further development of this business segment.

B2B Trust

Net income for the first quarter of 2005 was $4.3 million, compared to $3.2 million for the same period in 2004 and $3.4 million for the fourth quarter of 2004. Following the privatization of B2B Trust in the third quarter of 2004, B2B Trust results now reflect 100% of the operations of the business segment, while results for the first quarter of 2004 only included the Bank's 77% participation. Higher volumes and lower loan losses were the other principal contributors to the improvement, while expenses remained relatively unchanged. Loan losses stood at $1.1 million for the quarter ended January 31, 2005, while they stood at $0.6 million for the same period a year ago and $1.6 million for the fourth quarter of 2004. As at January 31, 2005, investment loans amounted to $1,148 million ($1,145 million at October 31, 2004).

Laurentian Bank Securities

The Laurentian Bank Securities business segment reported net income of $0.9 million for the first quarter of 2005, compared to $1.2 million for the same quarter in 2004.

Laurentian Bank Securities (LBS) contribution to results decreased slightly compared to the same period a year ago and to the fourth quarter of 2004. During the quarter, LBS continued to expand its retail sales force in line with its growth strategy.

LBS operates in four lines of business: capital market, retail brokerage, discount brokerage and the services of introducing brokers.

Other

Results for the Other segment were $-1.0 million for the first quarter of 2005, compared to $-6.4 million for the same quarter in 2004. The contribution of the Other sector for the first quarter of 2005 includes the $9.8 million gain resulting from the sale of the BLC-Edmond de Rothschild Asset Management and the $4.4 million write-down of securities. Results from continuing operations stood at $-6.2 million, a level similar to a year ago.

CHANGES IN ACCOUNTING POLICIES

The Bank's significant accounting policies are set out in Note 1 of the consolidated financial statements as at October 31, 2004. Note 1 to the Interim consolidated financial statements presents a summary of the changes to accounting policies in the first quarter of 2005. These changes result from new accounting standards that were required to be adopted in 2005.

The Bank adopted the new CICA Accounting Guideline 15, "Consolidation of Variable Interest Entities" (AcG-15). 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. The adoption of AcG-15 did not have a significant impact on the financial statements.

The Bank also adopted the revised Section 3860, "Financial Instruments – Disclosure and Presentation", which requires the classification as liabilities of certain financial instruments which were recorded as equity. The application of this revised standard did not have any impact on the liabilities and equities of the Bank since the securities issued by the Bank as at November 1, 2004 qualified to be presented as equity items. However, certain comparative figures were reclassified.

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

Montreal, February 25, 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 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)	FOR THE THREE-MONTH PERIODS ENDED JANUARY 31 2005	JANUARY 31 2004	PERCENTAGE VARIATION
Earnings			
Net income	$ 17.3	$ 11.7	47.9 %
Income from continuing operations	$ 12.1	$ 11.7	3.4 %
Net income available to common shareholders	$ 14.2	$ 10.1	40.6 %
Return on common shareholders' equity	8.3 %	6.0 %	
Per common share			
Diluted net income	$ 0.60	$ 0.43	39.5 %
Diluted income from continuing operations	$ 0.38	$ 0.43	(11.6)%
Dividends	$ 0.29	$ 0.29	– %
Book value	$ 29.10	$ 28.86	0.8 %
Share price – close	$ 23.60	$ 28.60	(17.5)%
Financial position			
Balance sheet assets	$ 15,817	$ 16,723	(5.4)%
Assets under administration	$ 13,599	$ 15,765	(13.7)%
Loans, bankers' acceptances and assets purchased under reverse repurchase agreements, net	$ 11,676	$ 12,421	(6.0)%
Personal deposits	$ 10,738	$ 10,601	1.3 %
Shareholders' equity, non-controlling interest in a subsidiary, liability related to preferred shares and debentures	$ 1,094	$ 1,320	(17.1)%
Number of common shares (in thousands)	23,511	23,479	0.1 %
Net impaired loans (as a % of loans, bankers' acceptances and assets purchased under reverse repurchase agreements)	– %	0.1 %	
Risk-weighted assets	$ 8,083	$ 8,121	(0.5)%
Capital ratios			
Tier I BIS	10.5 %	10.7 %	
Total BIS capital	13.3 %	16.0 %	
Assets to capital multiple	14.8 x	12.9 x	
Tangible common equity as a percentage of risk-weighted assets	7.7 %	8.2 %	

FINANCIAL RATIOS

Per common share			
Price/earnings ratio (trailing four quarters)	15.6 x	9.3 x	
Market to book value	81 %	99 %	
Dividend yield	4.92 %	4.06 %	
Dividend payout ratio	47.9 %	67.3 %	
As a percentage of average assets			
Net interest income	1.83 %	1.64 %	
Provision for credit losses	0.24 %	0.24 %	
Net income	0.42 %	0.28 %	
Net income available to common shareholders	0.34 %	0.24 %	
Profitability			
Other income (as a % of total revenue)	36.5 %	42.6 %	
Efficiency ratio (non-interest expenses as a % of total revenue)	76.9 %	78.3 %	

OTHER INFORMATION

Number of full-time equivalent employees	3,207	3,182	
Number of branches	156	154	
Number of automated banking machines	308	282	

CONSOLIDATED STATEMENT OF INCOME

IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS (UNAUDITED)	NOTES	FOR THE THREE-MONTH PERIODS ENDED JANUARY 31 2005	OCTOBER 31 2004	JANUARY 31 2004 RESTATED (NOTE 1)
Interest income				
Loans		**$ 169,948**	$ 169,487	$ 180,329
Securities		**19,500**	14,521	19,370
Deposits with other financial institutions		**1,702**	2,145	2,651
		191,150	186,153	202,350
Interest expense				
Deposits and other liabilities		**110,761**	109,785	125,384
Subordinated debentures	5	**4,678**	6,336	6,987
Liability related to preferred shares	1	**–**	–	1,938
		115,439	116,121	134,309
Net interest income		**75,711**	70,032	68,041
Provision for credit losses	3	**9,750**	8,888	9,750
		65,961	61,144	58,291
Other income				
Fees and commissions on loans and deposits		**21,546**	22,063	22,214
Revenues from treasury and financial market operations		**4,215**	789	12,706
Brokerage operations		**4,931**	5,060	5,456
Revenues from sale and management of mutual funds		**2,832**	3,182	2,982
Revenues from registered self-directed plans		**2,960**	2,979	3,051
Insurance revenues		**1,658**	1,504	1,825
Securitization revenues		**3,061**	266	267
Other		**2,246**	3,048	2,001
		43,449	38,891	50,502
		109,410	100,035	108,793
Non-interest expenses				
Salaries and employee benefits		**44,807**	44,617	46,138
Premises and technology		**26,866**	26,301	26,334
Other	8	**20,015**	20,369	20,294
		91,688	91,287	92,766
Income from continuing operations before income taxes and non-controlling interest in net income of a subsidiary		**17,722**	8,748	16,027
Income taxes	1	**5,668**	1,618	3,383
Income from continuing operations before non-controlling interest in net income of a subsidiary		**12,054**	7,130	12,644
Non-controlling interest in net income of a subsidiary		**–**	–	979
Income from continuing operations		**12,054**	7,130	11,665
Income from discontinued operations, net of income taxes	2	**5,213**	–	–
Net income		**$ 17,267**	$ 7,130	$ 11,665
Preferred share dividends, including applicable income taxes	1	**3,035**	3,062	1,560
Net income available to common shareholders		**$ 14,232**	$ 4,068	$ 10,105
Average number of common shares (in thousands)				
Basic		**23,511**	23,511	23,457
Diluted		**23,531**	23,539	23,501
Income per common share from continuing operations				
Basic		**$ 0.38**	$ 0.17	$ 0.43
Diluted		**$ 0.38**	$ 0.17	$ 0.43
Net income per common share				
Basic		**$ 0.61**	$ 0.17	$ 0.43
Diluted		**$ 0.60**	$ 0.17	$ 0.43

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

CONSOLIDATED BALANCE SHEET

IN THOUSANDS OF DOLLARS (UNAUDITED)	NOTES	JANUARY 31 2005	OCTOBER 31 2004	JANUARY 31 2004
				RESTATED (NOTE 1)
ASSETS				
Cash resources				
Cash and due from other financial institutions without interest		**$ 65,350**	$ 75,653	$ 89,185
Interest-bearing deposits with other financial institutions		**373,691**	252,779	385,116
Cheques and other items in transit, net		**–**	–	245,434
		439,041	328,432	719,735
Securities				
Investment account		**1,548,382**	2,007,471	1,741,493
Trading account		**1,239,493**	995,004	1,032,807
		2,787,875	3,002,475	2,774,300
Assets purchased under reverse repurchase agreements		**353,760**	1,133,920	1,335,124
Loans	3			
Personal		**3,635,252**	3,638,991	3,566,096
Residential mortgages		**5,557,193**	5,509,022	5,270,246
Commercial mortgages		**602,880**	604,085	669,989
Commercial and other		**1,543,624**	1,542,760	1,507,109
		11,338,949	11,294,858	11,013,440
Allowance for loan losses		**(124,311)**	(140,042)	(156,954)
		11,214,638	11,154,816	10,856,486
Other				
Customers' liability under acceptances		**107,686**	144,830	229,602
Capital assets		**90,236**	94,490	104,907
Amounts related to derivative financial instruments		**188,094**	201,717	248,012
Goodwill		**53,790**	54,029	54,029
Other intangible assets		**17,465**	18,897	1,690
Other assets		**564,275**	473,870	399,355
		1,021,546	987,833	1,037,595
		$ 15,816,860	$16,607,476	$16,723,240
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		**$ 10,738,499**	$10,454,368	$10,600,746
Business and other		**2,175,158**	2,456,672	1,893,707
		12,913,657	12,911,040	12,494,453
Other				
Obligations related to assets sold short		**815,286**	1,495,574	1,689,884
Obligations related to assets sold under repurchase agreements		**6,425**	15,907	72,786
Acceptances		**107,686**	144,830	229,602
Amounts related to derivative financial instruments		**161,251**	189,489	247,069
Other liabilities		**718,390**	713,359	669,422
		1,809,038	2,559,159	2,908,763
Subordinated debentures	5	**200,000**	250,525	400,000
Liability related to preferred shares	1	**–**	–	100,000
Non-controlling interest in a subsidiary		**–**	–	42,438
Shareholders' equity				
Preferred shares	1 AND 6	**210,000**	210,000	100,000
Common shares	6	**248,593**	248,593	247,789
Retained earnings		**435,572**	428,159	429,797
		894,165	886,752	777,586
		$ 15,816,860	$16,607,476	$16,723,240

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 THREE-MONTH PERIODS ENDED JANUARY 31 2005	 OCTOBER 31 2004
			RESTATED (NOTE 1)
Preferred shares	1 AND 6		
Previous balance		**$ 210,000**	$ 200,000
Impact of adopting the new accounting policy regarding presentation of liabilities and equity		**–**	(100,000)
Restated balance at beginning and end of period		**210,000**	100,000
Common shares	6		
Balance at beginning of period		**248,593**	246,813
Issued during the period		**–**	976
Balance at end of period		**248,593**	247,789
Retained earnings	1		
Balance at beginning of period		**428,159**	426,500
Net income		**17,267**	11,665
Dividends			
Preferred shares, including applicable income taxes		**(3,035)**	(1,560)
Common shares		**(6,819)**	(6,808)
Balance at end of period		**435,572**	429,797
Shareholders' equity		**$ 894,165**	$ 777,586

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 JANUARY 31 2005	OCTOBER 31 2004	JANUARY 31 2004
				RESTATED (NOTE 1)
Cash flows relating to operating activities				
Net income		**$ 17,267**	$ 7,130	$ 11,665
Adjustments to determine net cash flows:				
Provision for credit losses		**9,750**	8,888	9,750
Gains on securitization operation		**(2,447)**	–	–
Net loss (gain) on disposal of capital assets		**5**	175	(280)
Net gain on sale of discontinued operations	2	**(5,377)**	–	–
Net gain on sale of securities held for investment		**(587)**	(190)	(7,048)
Future income taxes		**2,074**	(521)	(1,222)
Depreciation and amortization		**7,907**	8,331	9,599
Change in trading securities		**(244,489)**	(28,813)	(16,484)
Change in accrued interest receivable		**(2,074)**	(2,611)	5,732
Change in assets related to derivative financial instruments		**13,623**	(26,071)	(155,740)
Change in accrued interest payable		**(2,641)**	(7,079)	51,418
Change in liabilities related to derivative financial instruments		**(28,238)**	45,614	129,520
Other, net		**(108,781)**	113,371	1,324
		(344,008)	118,224	38,234
Cash flows relating to financing activities				
Change in deposits		**2,617**	63,332	(798,496)
Change in obligations related to assets sold short		**(680,288)**	211,937	720,221
Change in obligations related to assets sold under repurchase agreements		**(9,482)**	(448,825)	(100,460)
Redemption of subordinated debentures	5	**(50,525)**	(49,723)	–
Issuance of preferred shares, net of issue costs		**–**	(94)	–
Issuance of common shares, net of issue costs		**–**	138	976
Dividends, including applicable income taxes		**(9,854)**	(9,880)	(8,748)
		(747,532)	(233,115)	(186,507)
Cash flows relating to investing activities				
Net proceeds from the sale of discontinued operations	2	**40,630**	–	–
Consideration paid for the privatization of a subsidiary		**–**	245	–
Change in interest-bearing deposits with other financial institutions		**(120,912)**	292,448	237,807
Change in securities held for investment				
Acquisitions		**(7,341,875)**	(8,443,069)	(5,374,630)
Proceeds from sales and maturities		**7,796,376**	8,554,425	5,694,738
Change in loans		**(131,228)**	(124,927)	167,377
Change in assets purchased under reverse repurchase agreements		**780,160**	46,065	(453,088)
Proceeds from mortgage loan securitizations		**61,559**	–	–
Acquisitions of capital assets		**(3,473)**	(5,533)	(3,942)
Proceeds from disposal of capital assets		**–**	17	2,820
		1,081,237	319,671	271,082
Change in cash and cash equivalents during the period		**(10,303)**	204,780	122,809
Cash and cash equivalents at beginning of period		**75,653**	(17,318)	211,810
Effect of adopting the standard on generally accepted accounting principles relating to cheques and other items in transit		**–**	(111,809)	–
Cash and cash equivalents at end of period		**$ 65,350**	$ 75,653	$ 334,619
Cash and cash equivalents at end of period represented by:				
Cash and due from other financial institutions without interest		**$ 65,350**	$ 75,653	$ 89,185
Cheques and other items in transit, net		**–**	–	245,434
		$ 65,350	$ 75,653	$ 334,619
Supplemental disclosure relating to cash flows:				
Interest paid during the period		**$ 129,559**	$ 104,578	$ 82,035
Income taxes paid during the period		**$ 19,265**	$ 3,751	$ 10,915

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. 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, 2004, except as described below. These accounting policies conform 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 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 quarter, the Bank converted this conduit into a qualified special-purpose entity and consequently it is no longer subject to the AcG-15 rules. As a result, this conduit was deconsolidated. These operations did not have a material impact on the interim 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.

1. ACCOUNTING POLICIES (CONTINUED)

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 with assets totalling $910,200,000 as at November 1, 2004 that met VIE criteria. 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. As at November 1, 2004, the Bank also held units relating to investments in seed capital amounting to $24,600,000 for certain funds. 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 held was 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 unfavourable, 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 qualify as equity.

However, the comparative figures relative to the Preferred Shares, Series 7 and 8 which were redeemed in June 2004 were restated. An amount of $100,000,000 originally reported in Preferred shares as at January 31, 2004 was reclassified to Liability related to preferred shares in the consolidated balance sheet. Also, the dividends related to these instruments that were previously reported in the consolidated statement of changes in shareholders' equity for the three-month period ended January 31, 2004 amounting to $1,967,000 including taxes were reclassified to the interim consolidated statement of income as Interest expense for an amount of $1,938,000 and Income taxes for an amount of $29,000. This reclassification had no impact on net income available to common shareholders and on earnings per share.

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 Laurentian 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, Laurentian Bank, Industrial Alliance and BLC-Edmond de Rothschild Asset Management Inc. entered into a ten-year distribution agreement. Under this agreement, Laurentian 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 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 once the sales milestones are 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 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, a $4,400,000 charge was recorded in Income from discontinued operations to carry the investment at market value.

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**
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**

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:

	FOR THE THREE-MONTH PERIODS ENDED					
IN THOUSANDS OF DOLLARS		**JANUARY 31 2005**		OCTOBER 31 2004		JANUARY 31 2004
Other income	**$**	**1,036**	$	1,446	$	1,264
Net income (loss)	**$**	**29**	$	(8)	$	7

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

IN THOUSANDS OF DOLLARS		**JANUARY 31 2005**		OCTOBER 31 2004		JANUARY 31 2004
Total assets	**$**	**20,227**	$	34,245	$	36,556
Total liabilities	**$**	**–**	$	1,528	$	1,363

3. LOANS

A_LOANS AND IMPAIRED LOANS

AS AT JANUARY 31, 2005

IN THOUSANDS OF DOLLARS	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal loans	**$ 3,635,252**	**$ 12,940**	**$ 3,326**	**$ 24,954**	**$ 28,280**
Residential mortgages	**5,557,193**	**13,945**	**3,964**	**5,303**	**9,267**
Commercial mortgages	**602,880**	**15,971**	**5,524**	**3,857**	**9,381**
Commercial loans and other	**1,543,624**	**75,620**	**46,247**	**26,745**	**72,992**
Unallocated general allowance	**–**	**–**	**–**	**4,391**	**4,391**
	$ 11,338,949	**$ 118,476**	**$ 59,061**	**$ 65,250**	**$ 124,311**

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

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

B_SPECIFIC ALLOWANCES FOR LOAN LOSSES

IN THOUSANDS OF DOLLARS	PERSONAL LOANS	RESIDENTIAL MORTGAGES	COMMERCIAL MORTGAGES	COMMERCIAL LOANS AND OTHER	TOTAL SPECIFIC ALLOWANCES 2005	TOTAL SPECIFIC ALLOWANCES 2004
					FOR THE THREE-MONTH PERIODS ENDED JANUARY 31	
Balance at beginning of period	$ 10,059	$ 3,935	$ 6,064	$ 54,734	$ 74,792	$ 85,927
Provision for credit losses recorded in the consolidated statement of income	5,203	274	78	4,195	9,750	9,750
Write-offs	(12,855)	(362)	(625)	(12,811)	(26,653)	(16,863)
Recoveries	919	117	7	129	1,172	890
Balance at end of period	$ 3,326	$ 3,964	$ 5,524	$ 46,247	$ 59,061	$ 79,704

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 2005	TOTAL GENERAL ALLOWANCES 2004
						FOR THE THREE-MONTH PERIODS ENDED JANUARY 31	
Balance at beginning of period	$ 23,795	$ 5,832	$ 3,625	$ 23,063	$ 8,935	$ 65,250	$ 77,250
Change during the period	1,159	(529)	232	3,682	(4,544)	–	–
Balance at end of period	$ 24,954	$ 5,303	$ 3,857	$ 26,745	$ 4,391	$ 65,250	$ 77,250

4. LOAN SECURITIZATION

During the quarter, the Bank securitized residential mortgages insured by the Canadian Mortgage and Housing Corporation (CMHC) in the amount of $61,651,000 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 $61,559,000 and recognized a gain on sale net of transaction costs of $2,447,000 in other income. The Bank also retained rights to excess interest earned on these securitized mortgage loans, for an estimated amount of $1,976,000.

The total principal amount of securitized loans totalled $565,059,000 as at January 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

ISSUED AND OUTSTANDING	AS AT JANUARY 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	23,511,343	248,593	23,511,343	248,593
Total capital stock		$ 458,593		$ 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 JANUARY 31, 2005	AS AT OCTOBER 31, 2004
	NUMBER	NUMBER
Share purchase options		
Oustanding at end of period	475,289	476,089
Exercisable at end of period	416,889	416,239

7. EMPLOYEE FUTURE BENEFITS

IN THOUSANDS OF DOLLARS	FOR THE THREE-MONTH PERIODS ENDED JANUARY 31 2005	2004
Defined benefit pension plans expense	$ 3,776	$ 3,164
Defined contribution pension plan expense	526	474
Other plans expense	629	653
Total	$ 4,931	$ 4,291

8. RESTRUCTURING COSTS

During the first quarter of 2005, a restructuring provision for lease contracts termination, initially recorded on October 31, 2003, was reduced by an amount of $235,000 as a result of the subleasing of certain premises.

The amounts used during the three-month period ended January 31, 2005 amounted to $161,000. The restructuring costs balance as at January 31, 2005 amounted to $1,975,000 ($2,371,000 as at October 31, 2004).

9. RENEWAL OF COLLECTIVE AGREEMENT

On February 2, 2003, the Bank and the union representing its unionized employees agreed to have an arbitration board determine the content of the next collective agreement via a binding decision. The arbitration board had to, among other things, determine the scope of certain retroactive adjustments affecting employee compensation as of the expiry of the collective agreement. As at October 31, 2004, provisions had been recorded in this regard using management's best estimates.

On December 10, 2004, the arbitration board rendered a decision concerning the monetary clauses of the collective agreement. This decision did not have any significant impact on the financial statements since the recorded provisions were adequate. The other elements of the collective agreement should be finalized in the beginning of 2005 and should not have a significant impact on the Bank's financial statements.

10. SEGMENTED INFORMATION

	FOR THE THREE-MONTH PERIOD ENDED JANUARY 31, 2005					
IN THOUSANDS OF DOLLARS	RFS[2]	CFS	B2B[2]	LBS[3]	OTHER[2]	TOTAL
Net interest income	$ 64,355	$ 14,203	$ 13,597	$ 370	$ (16,814)	$ 75,711
Other income	20,437	7,220	3,541	5,988	6,263	43,449
Total revenue	84,792	21,423	17,138	6,358	(10,551)	119,160
Provision for credit losses	4,561	4,110	1,079	–	–	9,750
Non-interest expenses	67,898	9,565	9,545	5,035	(355)	91,688
Income (loss) from continuing operations before income taxes	12,333	7,748	6,514	1,323	(10,196)	17,722
Income taxes (recovery)	4,310	2,718	2,213	449	(4,022)	5,668
Income from continuing operations	8,023	5,030	4,301	874	(6,174)	12,054
Income from discontinued operations, net of income taxes	–	–	–	–	5,213	5,213
Net income	$ 8,023	$ 5,030	$ 4,301	$ 874	$ (961)	$ 17,267
Average assets[1]	$ 7,486,669	$ 2,210,015	$ 2,315,976	$ 1,521,121	$ 2,849,201	$ 16,382,982
Average loans[1]	$ 7,273,325	$ 1,845,241	$ 2,236,186	$ (3)	$ (483,020)	$ 10,871,729
Average deposits[1]	$ 9,441,826	$ 87,087	$ 2,286,460	$ –	$ 1,246,354	$ 13,061,727

10. SEGMENTED INFORMATION (CONTINUED)

IN THOUSANDS OF DOLLARS	RFS[2]	CFS	B2B[2]	LBS	OTHER[2]	TOTAL
	FOR THE THREE-MONTH PERIOD ENDED OCTOBER 31, 2004					
Net interest income	$ 58,617	$ 13,691	$ 11,822	$ 334	$ (14,432)	$ 70,032
Other income	20,219	8,268	3,706	6,533	165	38,891
Total revenue	78,836	21,959	15,528	6,867	(14,267)	108,923
Provision for credit losses	5,066	2,272	1,550	–	–	8,888
Non-interest expenses	67,892	8,894	8,841	5,503	157	91,287
Income (loss) before income taxes	5,878	10,793	5,137	1,364	(14,424)	8,748
Income taxes (recovery)	1,943	3,832	1,742	79	(5,978)	1,618
Net income	$ 3,935	$ 6,961	$ 3,395	$ 1,285	$ (8,446)	$ 7,130
Average assets[1]	$ 7,449,484	$ 2,304,221	$ 2,305,575	$ 1,487,091	$ 2,771,748	$16,318,119
Average loans[1]	$ 7,197,947	$ 1,915,135	$ 2,199,601	$ 7	$ (491,577)	$10,821,113
Average deposits[1]	$ 9,354,573	$ 85,734	$ 2,242,237	$ 24	$ 1,309,887	$12,992,455

FOR THE THREE-MONTH PERIOD ENDED JANUARY 31, 2004

IN THOUSANDS OF DOLLARS	RFS[2]	CFS	B2B[2]	LBS	OTHER[2]	TOTAL
Net interest income	$ 59,021	$ 14,736	$ 12,873	$ 341	$ (18,930)	$ 68,041
Other income	20,859	8,331	3,641	6,792	10,879	50,502
Total revenue	79,880	23,067	16,514	7,133	(8,051)	118,543
Provision for credit losses	4,706	4,400	644	–	–	9,750
Non-interest expenses	64,418	8,607	9,509	5,281	4,951	92,766
Income (loss) before income taxes and non-controlling interest in net income of a subsidiary	10,756	10,060	6,361	1,852	(13,002)	16,027
Income taxes (recovery)	3,757	3,417	2,170	627	(6,588)	3,383
Non-controlling interest in net income of a subsidiary	–	–	979	–	–	979
Net income	$ 6,999	$ 6,643	$ 3,212	$ 1,225	$ (6,414)	$ 11,665
Average assets[1]	$ 7,290,408	$ 2,440,058	$ 2,277,234	$ 1,357,296	$ 3,127,237	$16,492,233
Average loans[1]	$ 7,093,002	$ 1,969,199	$ 2,196,010	$ 8	$ (574,748)	$10,683,471
Average deposits[1]	$ 9,173,927	$ 86,216	$ 2,350,835	$ 265	$ 1,418,873	$13,030,116

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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Toll-free : 1-800-LBC-1846
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Transfer Agent and Registrar
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1500 University Street
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Investors and analysts
Investors and analysts may contact the Investor Relations Department at Head Office by calling (514) 284-4500 ext. 5916.

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

Ombudsman's office
Laurentian Bank of Canada
Tour Banque Laurentienne
1981 McGill College Avenue
14th Floor
Montreal, Quebec H3A 3K3
(514) 284-7192
1-800-473-4782

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.