FIRST QUARTER 2009

QUARTERLY REPORT FOR THE PERIOD
ENDED JANUARY 31, 2009

LAURENTIAN BANK

REPORT TO SHAREHOLDERS

Laurentian Bank reports net income of $25.0 million for the first quarter of 2009

HIGHLIGHTS OF THE FIRST QUARTER 2009 COMPARED TO FIRST QUARTER 2008

- Net income of $25.0 million, up from $19.1 million
- Return on common shareholders' equity of 10.0%, compared to 8.1%
- Total revenue of $156.5 million, up from $151.1 million
- Loan losses to $12.0 million, up from $9.5 million
- Stable non-interest expenses, reflecting tight cost control
- Growth in retail deposits of $738 million during the quarter

Lau rentian Bank of Canada reported net income of $25.0 million, or $0.91 diluted per common share, for the first quarter ended January 31, 2009, compared to net income of $19.1 million, or $0.68 diluted per common share, for the first quarter of 2008. Return on common shareholder's equity was 10.0% for the quarter, compared to 8.1% for the corresponding period in 2008.

Results for the first quarter of 2008 included an unfavorable tax adjustment of $5.6 million ($0.23 diluted per common share). Excluding this tax adjustment, net income would have stood at $24.7 million, or $0.91 diluted per common share, and return on common shareholders' equity would have been 10.9%.

Commenting on first-quarter results, Réjean Robitaille, President and Chief Executive Officer, mentioned: "Despite market conditions, we had another good quarter with solid loan and deposit growth. However, results also reflected concerns related to the slowing economy and, as anticipated, margin compression and higher loan losses. We have been closely monitoring the situation and are taking appropriate measures. Moreover, we remain well positioned to benefit from growth opportunities in the Canadian market, considering our strong capital and liquidity positions."

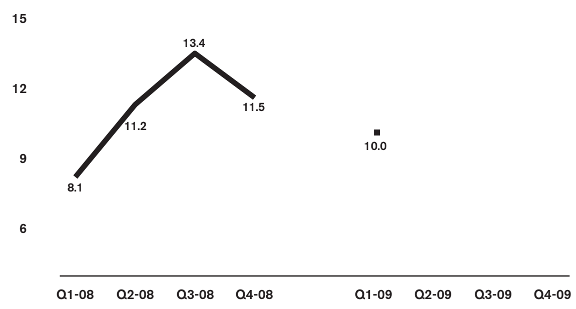
REVIEW OF BUSINESS DEVELOPMENT INITIATIVES

The strong growth of loan and deposit volumes testifies to the effectiveness of our distribution networks and our ability to seize business opportunities. Loans increased by more than $250 million during the quarter while maintaining rigorous credit risk management.

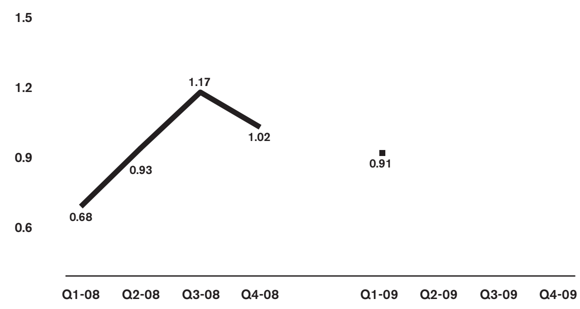
With respect to deposits, the Tax-Free Savings Account product has drawn significant interest from clients in the retail sector, while B2B Trust's new High Interest Investment Account has generated strong deposit volumes. This product's pricing strategy and ease of access for financial advisors are key contributors to its popularity. The product reaffirms B2B Trust's leadership position within the financial intermediary community.

Our three fundamental priorities – increase profitability, improve efficiency and develop human capital - continue to be the pillars of our overall strategy. We will continue to prudently develop our business, while exerting tight cost control. This should, notably, lead us to prioritize investments that will enhance efficiency.

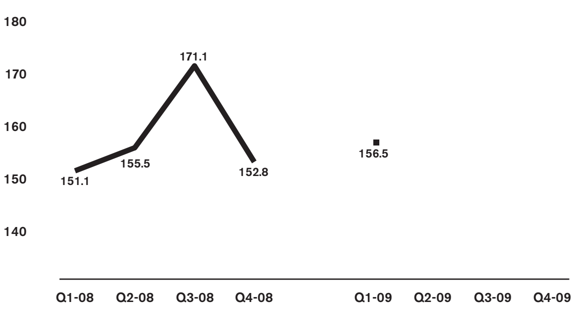
RETURN ON COMMON SHAREHOLDERS' EQUITY
AS A PERCENTAGE



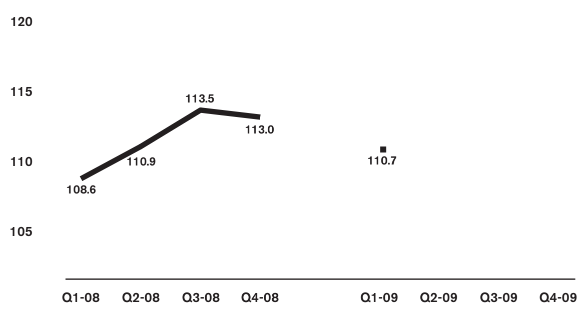
DILUTED NET INCOME PER COMMON SHARE
IN DOLLARS



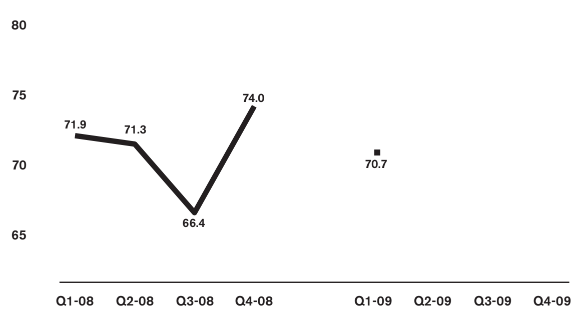
TOTAL REVENUE
IN MILLIONS OF DOLLARS



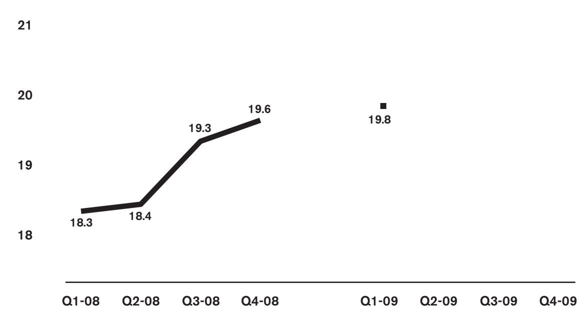
NON-INTEREST EXPENSES
IN MILLIONS OF DOLLARS



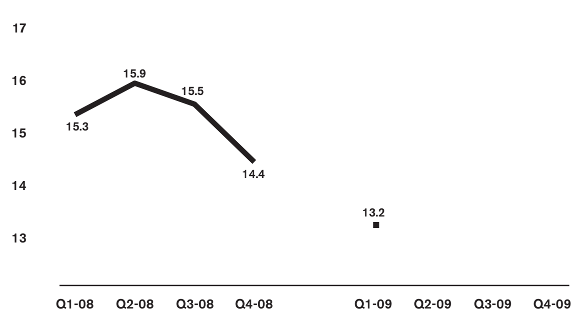
EFFICIENCY RATIO
NON-INTEREST EXPENSES AS A PERCENTAGE OF TOTAL REVENUE



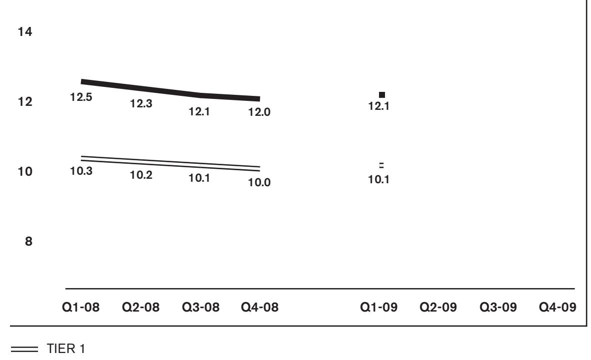
BALANCE SHEET ASSETS
IN BILLIONS OF DOLLARS



ASSETS UNDER ADMINISTRATION
IN BILLIONS OF DOLLARS



BIS CAPITAL RATIO
AS A PERCENTAGE



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) is a narrative explanation, through the eyes of management, of the Bank's financial condition as at January 31, 2009, and of how it performed during the three-month period then ended. This MD&A, dated March 4, 2009, should be read in conjunction with the unaudited interim consolidated financial statements for the first quarter of 2009. Supplemental information on subjects such as risk management, accounting policies and off-balance sheet arrangements is also provided in the Bank's 2008 Annual Report.

PERFORMANCE AND FINANCIAL OBJECTIVES

The following presents management's financial objectives for 2009 and how the Bank has performed to date.

Performance indicators

	2009 OBJECTIVES	FIRST QUARTER 2009 (ACTUAL)
Return on common shareholders' equity	**10.0% to 12.0%**	**10.0%**
Diluted net income per share	**$3.70 to $4.40**	**$0.91**
Total revenue	**+ 2% to 5%**	**+ 3.6%**
	($645 to $665 million)	**($156.5 million)**
Efficiency ratio	**73% to 70%**	**70.7%**
Tier 1 capital ratio	**Minimum of 9.5%**	**10.1%**

As shown in the table above, first quarter results are generally in line with 2009 objectives.

ANALYSIS OF CONSOLIDATED RESULTS

Net income was $25.0 million, or $0.91 diluted per common share, for the first quarter ended January 31, 2009, compared to $19.1 million, or $0.68 diluted per common share, for the first quarter of 2008. Results for the first quarter of 2008 included an unfavorable tax charge of $5.6 million ($0.23 diluted per common share) as the Bank's future income tax assets were adjusted as a result of new federal income tax rate reductions adopted in December 2007. Excluding this tax adjustment, net income for the first quarter of 2008 would have been $24.7 million ($0.91 diluted per common share).

Total revenue was $156.5 million in the first quarter of 2009, compared to $151.1 million in the first quarter of 2008.

The Bank's net interest income decreased slightly to $98.7 million for the first quarter of 2009, from $99.5 million in the first quarter of 2008. The sharp rise in retail deposit volumes during the quarter has significantly improved the Bank's liquidity and provided it with added flexibility to support growth initiatives. However, continued intense competition has affected pricing. Moreover, margins realized on the reinvestment of these funds have been hindered by a radically lower interest rate environment. As a result, net interest margin compressed from 2.27% in the first quarter of 2008 to 2.00% in the first quarter of 2009. To address this situation, Management has undertaken various initiatives, such as reviewing the pricing of loan portfolios.

Other income was $57.8 million during the first quarter of 2009, compared to $51.5 million in the first quarter of 2008. Revenues from securitization activities increased by $5.2 million, from $5.4 million in the first quarter of 2008 to $10.5 million in the first quarter of 2009, mainly as a result of gains on the securitization of $312.4 million of residential mortgages. Note 3 to the interim financial statements provides further details on securitization activities. The improvement in other income also resulted from a $2.0 million increase in fees and commissions on loans and deposits associated with the overall increase in business activity over the last twelve months; higher income from brokerage operations; and higher credit insurance income. These increases were partially offset by lower income from treasury and financial market operations, including losses of approximately $2.0 million on the timely disposal of certain securities.

The provision for credit losses amounted to $12.0 million in the first quarter of 2009, compared with $9.5 million in the first quarter of 2008 and $10.5 million in the fourth quarter of 2008. The increase mainly relates to consumer loan portfolios (Point-of-sale financing, Visa and Unsecured lines of credit) where credit conditions in the quarter have deteriorated. Net impaired loans stood at $13.0 million at January 31, 2009 (representing 0.09% of total loans, bankers' acceptances and assets purchased under reverse repurchase agreements), compared to –$10.6 million (–0.07%) at October 31, 2008. Gross impaired loans stood at $124.6 million at January 31, 2009, compared to $101.9 million at October 31, 2008. Three loans account for $20.9 million or 92% of this increase. Excluding these, impaired loans have deteriorated only slightly, mainly in Point-of-sale financing. However, the economic environment remains a source of concern moving forward. See Note 2 to the interim consolidated financial statements for more details.

Non-interest expenses totaled $110.7 million for the first quarter of 2009, compared to $108.6 million for the first quarter of 2008; a 2.0% year-over-year increase. Salaries and employee benefits increased by $2.1 million, mainly as a result of higher salaries and limited hiring last year, partially offset by lower pension expenses. Slight improvements during the first quarter of 2009 in premises and technology costs were generally offset by increases in other expenses. The efficiency ratio (non-interest expenses divided by total revenue) was 70.7% in the first quarter of 2009, compared with 71.9% in the first quarter of 2008.

For the quarter ended January 31, 2009, the income tax expense was $8.8 million and the effective tax rate was 25.9%. For the quarter ended January 31, 2008, the income tax expense was $13.9 million which included a $5.6 million adjustment to the Bank's future income tax assets related to further announced reductions in the federal income tax rates. Excluding the effect of this adjustment, the income tax expense would have been $8.3 million for the first quarter of last year, representing a comparable effective tax rate of 25.0%.

First quarter 2009 compared to fourth quarter 2008

For the fourth quarter ended October 31, 2008, income from continuing operations was $22.9 million. Results for the fourth quarter of 2008 included an impairment charge of $8.1 million on fixed-income securities ($5.5 million net of income taxes – $0.23 diluted per common share) and a $2.2 million write-off of technology development costs ($1.5 million net of income taxes – $0.06 diluted per common share). Excluding these items, income from continuing operations would have been $29.9 million or $1.13 diluted per common share. Compared with the fourth quarter of 2008, the Bank's overall performance for the first quarter of 2009 was mainly affected by margin compression, as well as by higher loan losses.

ANALYSIS OF FINANCIAL CONDITION

Balance sheet assets stood at $19.8 billion at January 31, 2009, compared to $19.6 billion at October 31, 2008.

Liquid assets, including cash, deposits with other banks, securities and assets purchased under reverse repurchase agreements, increased by $223.4 million, mainly as a result of strong deposit growth, securitization activities and ongoing investment strategies. The Bank continues to maintain a high level of liquid assets to improve its financial flexibility as prudence dictates in today's market conditions and to be well positioned to capitalize on growth opportunities as they arise. The restructuring of the securities issued by conduits covered by the Montreal Accord, finalized during the quarter, had no significant impact on the Bank's results or financial condition.

The portfolio of loans and bankers' acceptances stood at $14.4 billion at January 31, 2009, up $61.9 million from October 31, 2008. The Bank had another solid quarter, with significant new loan volumes. Residential mortgages increased by $144 million, as detailed below.

Residential mortgage portfolio

IN MILLIONS OF DOLLARS	**JANUARY 31 2009**	OCTOBER 31 2008	NET GROWTH
Residential mortgage loans, as reported on the balance sheet	**$ 6,137**	$ 6,183	$ (46)
Securitized loans	**2,589**	2,399	190
Total residential mortgage loans, including securitized loans	**$ 8,726**	$ 8,582	$ 144

Commercial mortgages and commercial loans increased by more than $40 million and $38 million, respectively, as the Bank remains well positioned to capitalize on growth opportunities in the Canadian market. Personal loans increased by $28 million, mainly in home equity lines of credit.

Total personal deposits grew by a significant $738.4 million during the quarter to $13.2 billion as at January 31, 2009. These deposits continue to be a particularly stable source of financing for the Bank, owing to their availability and lower cost when compared to institutional deposits. The new B2B Trust High Interest Investment Account accounted for more than $250 million of this increase. This product should contribute to fund the variable rate loan portfolios and ease the Bank's overall asset-liability management. The level of business and other deposits decreased by $499.3 million, as certain deposits matured and other funding sources proved to be more attractive. As at January 31, 2009, personal deposits accounted for 85% of total deposits of $15.6 billion.

Shareholders' equity stood at $1,105 million as at January 31, 2009, compared with $1,083 million as at October 31, 2008. The increase in shareholders' equity results from net income accumulated during the last quarter and from the increase in the value of derivatives designated as cash flow hedges, recorded in other comprehensive income.

The Bank's book value per common share, excluding accumulated other comprehensive income, was $36.41 as at January 31, 2009, compared to $35.84 as at October 31, 2008. There were 23,849,313 common shares and 125,725 share purchase options outstanding as at February 26, 2009.

The regulatory Tier I capital of the Bank reached $976.3 million as at January 31, 2009, as compared to $965.4 million as at October 31, 2008. The BIS Tier 1 and total capital ratios stood at 10.1% and 12.1%, respectively, as at January 31, 2009, compared to 10.0% and 12.0%, respectively, as at October 31, 2008. These ratios remain strong. Tangible common equity, at 8.3%, also testifies to the high quality of the Bank's capital.

At its meeting on February 25, 2009, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on March 9, 2009. Also, at its meeting on March 4, 2009, the Board of Directors declared a dividend of $0.34 per common share, payable on May 1, 2009, to shareholders of record on April 1, 2009.

Assets under administration stood at $13.2 billion as at January 31, 2009, compared to $14.4 billion at October 31, 2008, and $15.3 billion at January 31, 2008. The decrease during the quarter is attributable to the continued decline in the market value of the assets under administration, mainly as they relate to self-directed RRSPs, client brokerage assets and mutual funds, as well as to the reduction in institutional assets. Mortgages under management increased as a result of securitization activities during the quarter.

SEGMENTED INFORMATION

The table below presents the net income contribution of each business segment of the Bank.

Net income contributions

IN MILLIONS OF DOLLARS	RETAIL & SME QUEBEC	REAL ESTATE & COMMERCIAL	B2B TRUST	LAURENTIAN BANK SECURITIES	OTHER	TOTAL[1]
Q1-2009	**$ 10.2**	**$ 7.9**	**$ 8.1**	**$ 1.0**	**$ (2.2)**	**$ 25.0**
	37%	**29%**	**30%**	**4%**	**n/a**	**100%**
Q4-2008	$ 16.2 [11.8 from cont. operations]	$ 6.7	$ 7.0	$ (0.2)	$ (2.4)	$ 27.3 [22.9 from cont. operations]
	54%	22%	24%	(0%)	n/a	100%
Q1-2008	$ 9.1	$ 6.8	$ 9.4	$ 0.5	$ (6.7)	$ 19.1
	35%	26%	37%	2%	n/a	100%

1 Percentage of net income contribution from the four business segments, excluding the Other segment.

Retail & SME Quebec

The Retail & SME Quebec business segment's contribution to net income improved 12%, totalling $10.2 million for the first quarter of 2009, compared with $9.1 million for the first quarter of 2008.

Total revenue increased by $4.4 million, from $100.4 million in the first quarter of 2008 to $104.8 million in the first quarter of 2009, mainly as a result of higher loan and deposit volumes and in spite of lower interest margins. Loan losses were higher, at $9.5 million in the first quarter of 2009, compared to $7.8 million in the first quarter of 2008, mainly as a result of increases in the consumer lending portfolios. Non-interest expenses increased by 2.3% or $1.8 million, from $80.4 million in the first quarter of 2008 to $82.2 million in the first quarter of 2009, mainly as a result of increases in salaries and employee benefits.

Real Estate & Commercial

The Real Estate & Commercial business segment's contribution to net income improved 17%, reaching $7.9 million for the first quarter of 2009, compared with $6.8 million for the first quarter of 2008.

Total revenue increased by $2.0 million, from $17.1 million in the first quarter of 2008 to $19.1 million in the first quarter of 2009, mainly as a result of higher net interest income due to growth in loan volumes. Loan losses were slightly higher at $1.7 million in the first quarter of 2009, compared to $1.5 million in the first quarter of 2008. Non-interest expenses also increased slightly by $0.4 million to $5.9 million in the first quarter of 2009, from $5.5 million in the first quarter of 2008.

B2B Trust

The B2B Trust business segment's contribution to net income declined by $1.3 million, to $8.1 million in the first quarter of 2009, compared with $9.4 million in the first quarter of 2008.

Total revenue decreased by $1.2 million, from $24.7 million in the first quarter of 2008 to $23.5 million in the first quarter of 2009. Net interest income decreased by $0.9 million as volume growth did not fully compensate for margin reductions. Over the last three months, average loans grew by $93.6 million or 2%, to reach $4,128.3 million at January 31, 2009; while average deposits grew by $202.3 million or 3%, to $6,404.0 million at January 31, 2009. This increase in indirect retail deposit has somewhat affected the segment's profitability because of the higher funding costs of personal term deposits. However, it specifically contributed to improving the overall Bank's liquidity and, hence, its balance sheet strength. Loan losses, including losses on investment lending activities, remained low at $0.8 million in the first quarter of 2009, compared with $0.2 million in the first quarter of 2008 and $0.8 million in the fourth quarter of 2008. Non-interest expenses increased slightly to $10.8 million in the first quarter of 2009, compared with $10.3 million in the first quarter of 2008.

Laurentian Bank Securities

The Laurentian Bank Securities (LBS) business segment's contribution to net income amounted to $1.0 million in the first quarter of 2009, compared with $0.5 million in the first quarter of 2008. The solid performance of the Institutional Fixed Income division continued to compensate for reduced activity in the Retail and Institutional Equity divisions. Non-interest expenses increased to $8.2 million in the first quarter of 2009, from $7.6 million in the first quarter of 2008, due primarily to higher variable compensation costs.

Other sector

The Other sector posted a negative contribution to net income of $2.2 million in the first quarter of 2009, compared with a negative contribution of $6.6 million in 2008. Results for the first quarter of 2008 included an unfavorable tax adjustment of $5.6 million. Higher funding costs and lower margins from liquidity management, as discussed above, have led to negative net interest income of $13.7 million for the first quarter of 2009, compared to negative net interest income of $9.8 million for the first quarter of 2008.

Other income for the first quarter of 2009 was $13.2 million, compared to $10.4 million for the first quarter of 2008, and included the gains related to securitization activities.

Non-interest expenses improved to $3.6 million for the first quarter of 2009, compared with $4.7 million for the first quarter of 2008.

ADDITIONAL DISCLOSURE – INVESTMENTS IN ASSET-BACKED SECURITIES

As detailed below, the Bank holds investments in asset-backed securities in its investment and trading portfolios.

AS AT JANUARY 31, 2009 (AT MARKET VALUE, IN MILLIONS OF DOLLARS)		TERM NOTES		
	ABCP	CMBS	OTHER ABS[1]	TOTAL
Securities issued by conduits previously covered by the Montreal Accord[2]	–	–	13	13
Other securities	–	15	9	24
Total – Asset-backed securities	–	15	22	37

1 Excluding mortgage-backed securities which are fully guaranteed by the Canada Mortgage and Housing Corporation under the National Housing Act (NHA).
2 During the quarter, all ABCP issued by conduits covered by the Montreal Accord were converted into term notes. The new securities have not traded actively to date. As a result, valuation techniques were used to estimate fair values. Compared to previous book values, the cumulative reductions in the value of these new securities amount to $5.9 million, or approximately 31%.

ABCP – Asset-backed commercial paper
CMBS – Commercial mortgage-backed securities
ABS – Asset-backed securities

ADDITIONAL FINANCIAL INFORMATION – QUARTERLY RESULTS

IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS (UNAUDITED)	**2009** **Q1**	2008 Q4	Q3	Q2	Q1	2007 Q4	Q3	Q2
Total revenue	**$ 156.5**	$ 152.8	$ 171.1	$ 155.5	$ 151.1	$ 145.6	$ 151.0	$ 145.7
Income from continuing operations	**25.0**	22.9	30.9	25.1	19.1	25.7	23.2	20.7
Net income	**25.0**	27.3	30.9	25.1	19.1	30.2	23.2	20.7
Income per common share from continuing operations								
Basic	**0.92**	0.84	1.17	0.93	0.68	0.96	0.85	0.75
Diluted	**0.91**	0.84	1.17	0.93	0.68	0.95	0.85	0.75
Net income per common share								
Basic	**0.92**	1.02	1.17	0.93	0.68	1.14	0.85	0.75
Diluted	**0.91**	1.02	1.17	0.93	0.68	1.14	0.85	0.75
Return on common shareholders' equity	**10.0%**	11.5%	13.4%	11.2%	8.1%	13.8%	10.5%	9.7%
Balance sheet assets	**$ 19,847**	$ 19,508	$ 19,301	$ 18,383	$ 18,270	$ 17,787	$ 18,011	$ 17,809

ACCOUNTING POLICIES

New accounting standards adopted during fiscal 2009

Goodwill and other intangible assets

In November 2007, the Canadian Accounting Standards Board (AcSB) approved new Section 3064, *Goodwill and Intangible Assets*, which supersedes Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. New Section 3064 establishes criteria for the recognition of internally generated intangible assets. In addition, EIC-27, *Revenues and Expenditures during the Pre-operating Period*, will no longer apply following the adoption of Section 3064. These changes, effective for the Bank as of November 1, 2008, had no significant effect on the interim consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On January 20, 2009, the Emerging Issue Committee of the Canadian Institute of Chartered Accountants issued Abstract EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*, which apply for the Bank retroactively as of November 1, 2008. The Abstract confirms that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. This abstract had no significant effect on the interim consolidated financial statements.

Future changes in accounting policy

International financial reporting standards

In January 2006, the AcSB released its new Strategic Plan, which includes the decision to move financial reporting for Canadian public entities to a single set of globally accepted standards, namely, the International Financial Reporting Standards (IFRS). Under the AcSB's plan, this new framework will be effective for fiscal years beginning on or after January 1, 2011, that is, for the Bank's fiscal year ending October 31, 2012. An analysis of the accounting consequences of the conversion to IFRS is underway, and a timetable has been prepared to assess the impact on financial disclosures, information systems and internal controls. The Bank is also closely monitoring potential implications of changes on capital requirements. A detailed changeover plan will be prepared by the end of 2009 to facilitate the transition in 2011.

To date, the Bank has analyzed the new requirements, especially with respect to the accounting for financial instruments, including securitization activities, hedging transactions and loan losses. Other topics of noteworthy interest include employee benefits, business combinations and share-based payments.

CORPORATE GOVERNANCE AND CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and the Audit Committee of Laurentian Bank reviewed this MD&A prior to its release. The disclosure controls and procedures support the ability of the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer in assuring that Laurentian Bank's interim consolidated financial statements are fairly presented.

During the last quarter ended January 31, 2009, there have been no changes in the Bank's policies or procedures and other processes that comprise its internal control over financial reporting which have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting.

NON-GAAP FINANCIAL MEASURES

The Bank uses both generally accepted accounting principles ("GAAP") and certain non-GAAP measures to assess performance, such as return on common shareholders' equity, net interest margin and efficiency ratios. In addition, net income excluding significant items has been presented at certain points in the document. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are unlikely to be comparable to any similar measures presented by other companies. The Bank believes that these non-GAAP financial measures provide investors and analysts with useful information so that they can better understand financial results and analyze the Bank's growth and profitability potential more effectively.

FINANCIAL HIGHLIGHTS

IN MILLIONS OF DOLLARS, UNLESS OTHERWISE INDICATED (UNAUDITED)	FOR THE THREE MONTHS ENDED JANUARY 31 2009	JANUARY 31 2008	VARIATION
Earnings			
Net income	**$ 25.0**	$ 19.1	31 %
Income from continuing operations	**$ 25.0**	$ 19.1	31 %
Net income available to common shareholders	**$ 21.8**	$ 16.2	35 %
Return on common shareholders' equity[1]	**10.0 %**	8.1 %	
Per common share			
Diluted net income	**$ 0.91**	$ 0.68	34 %
Dividends declared	**$ 0.34**	$ 0.32	6 %
Book value	**$ 36.41**	$ 33.69	8 %
Share price – close	**$ 29.07**	$ 35.87	(19)%
Financial position			
Balance sheet assets	**$ 19,847**	$ 18,270	9 %
Assets under administration	**$ 13,216**	$ 15,320	(14)%
Loans, bankers' acceptances and assets purchased under reverse repurchase agreements, net	**$ 14,901**	$ 13,884	7 %
Personal deposits	**$ 13,168**	$ 11,973	10 %
Shareholders' equity and debentures	**$ 1,255**	$ 1,183	6 %
Number of common shares – end of period (in thousands)	**23,849**	23,830	– %
Net impaired loans as a % of loans, bankers' acceptances and assets purchased under reverse repurchase agreements	**0.1 %**	– %	
Risk-weighted assets	**$ 9,677**	$ 8,928	8 %
Capital ratios			
Tier I BIS capital ratio	**10.1 %**	10.3 %	
Total BIS capital ratio	**12.1 %**	12.5 %	
Assets to capital multiple	**17.1 x**	16.4 x	
Tangible common equity as a percentage of risk-weighted assets[2]	**8.3 %**	8.2 %	
FINANCIAL RATIOS			
Per common share			
Price / earnings ratio (trailing four quarters)	**7.2 x**	10.5 x	
Market to book value	**80 %**	106 %	
Dividend yield	**4.68 %**	3.57 %	
Dividend payout ratio	**37.2 %**	47.1 %	
As a percentage of average assets			
Net interest income	**2.00 %**	2.27 %	
Provision for credit losses	**0.24 %**	0.22 %	
Profitability			
Efficiency ratio (non-interest expenses as a % of total revenue)	**70.7 %**	71.9 %	
OTHER INFORMATION			
Number of full-time equivalent employees	**3,454**	3,389	
Number of branches	**156**	156	
Number of automated banking machines	**348**	336	

1 With regards to the calculation of the Return on common shareholders' equity ratio, the Bank has considered that net income was the best measure of profitability and that common shareholders' equity, excluding the accumulated other comprehensive income, would be used as capital measure. The calculation of the Bank's book value will also be based on common shareholders' equity, excluding the accumulated other comprehensive income.

2 Tangible common equity is defined as common equity less goodwill and other intangible assets.

CONSOLIDATED BALANCE SHEET

IN THOUSANDS OF DOLLARS (UNAUDITED)	NOTES	AS AT JANUARY 31 2009	AS AT OCTOBER 31 2008	AS AT JANUARY 31 2008
ASSETS				
Cash and non-interest-bearing deposits with other banks		**$ 49,730**	$ 54,410	$ 59,361
Interest-bearing deposits with other banks		**240,968**	94,291	407,571
Securities accounts				
Available-for-sale		**1,349,781**	1,327,504	1,085,517
Held-for-trading		**1,052,870**	1,069,197	1,286,399
Designated as held-for-trading		**1,280,310**	1,118,838	741,317
		3,682,961	3,515,539	3,113,233
Assets purchased under reverse repurchase agreements		**575,339**	661,391	442,378
Loans	2 AND 3			
Personal		**5,330,495**	5,302,046	5,034,829
Residential mortgage		**6,137,137**	6,182,871	6,004,342
Commercial mortgage		**973,519**	932,688	794,199
Commercial and other		**1,885,596**	1,847,327	1,614,224
		14,326,747	14,264,932	13,447,594
Allowance for loan losses		**(111,608)**	(112,434)	(111,198)
		14,215,139	14,152,498	13,336,396
Other				
Customers' liabilities under acceptances		**110,421**	110,342	105,033
Tangible capital assets and software		**140,552**	143,489	136,200
Derivative financial instruments		**278,291**	237,704	96,441
Goodwill		**53,790**	53,790	53,790
Other intangible assets		**12,591**	12,896	13,810
Other assets		**487,445**	522,202	505,550
		1,083,090	1,080,423	910,824
		$ 19,847,227	$19,558,552	$18,269,763
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		**$ 13,168,403**	$12,430,038	$11,972,781
Business, banks and other		**2,404,467**	2,903,774	2,232,459
		15,572,870	15,333,812	14,205,240
Other				
Obligations related to assets sold short		**905,329**	819,236	1,246,688
Obligations related to assets sold under repurchase agreements		**1,151,848**	1,136,096	708,767
Acceptances		**110,421**	110,342	105,033
Derivative financial instruments		**134,029**	147,469	67,495
Other liabilities		**717,289**	778,162	753,959
		3,018,916	2,991,305	2,881,942
Subordinated debentures		**150,000**	150,000	150,000
Shareholders' equity				
Preferred shares	4	**210,000**	210,000	210,000
Common shares	4	**257,496**	257,462	256,966
Contributed surplus		**185**	173	127
Retained earnings		**610,690**	596,974	545,810
Accumulated other comprehensive income	8	**27,070**	18,826	19,678
		1,105,441	1,083,435	1,032,581
		$ 19,847,227	$19,558,552	$18,269,763

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

CONSOLIDATED STATEMENT OF INCOME

IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS (UNAUDITED)	NOTES	FOR THE THREE MONTHS ENDED JANUARY 31 2009	OCTOBER 31 2008	JANUARY 31 2008
Interest income				
Loans		**$ 190,648**	$ 206,157	$ 220,718
Securities		**18,465**	16,475	13,406
Deposits with other banks		**3,014**	5,173	7,420
Other, including derivative financial instruments		**22,275**	12,651	–
		234,402	240,456	241,544
Interest expense				
Deposits		**129,074**	128,170	126,720
Other liabilities, including derivative financial instruments		**4,678**	7,047	13,340
Subordinated debentures		**1,947**	1,946	1,948
		135,699	137,163	142,008
Net interest income		**98,703**	103,293	99,536
Other income				
Fees and commissions on loans and deposits		**23,609**	24,138	21,580
Income from brokerage operations		**8,691**	5,377	7,392
Income from treasury and financial market operations		**4,575**	(1,279)	7,136
Income from sales of mutual funds		**2,836**	3,329	3,442
Credit insurance income		**4,060**	3,487	3,056
Income from registered self-directed plans		**1,979**	1,939	2,180
Securitization income	3	**10,525**	10,246	5,358
Other		**1,559**	2,281	1,390
		57,834	49,518	51,534
Total revenue		**156,537**	152,811	151,070
Provision for loan losses	2	**12,000**	10,500	9,500
Non-interest expenses				
Salaries and employee benefits		**60,389**	58,547	58,267
Premises and technology		**27,985**	30,871	29,230
Other		**22,358**	23,622	21,057
		110,732	113,040	108,554
Income from continuing operations before income taxes		**33,805**	29,271	33,016
Income taxes		**8,758**	6,361	13,904
Income from continuing operations		**25,047**	22,910	19,112
Income from discontinued operations, net of income taxes		**–**	4,423	–
Net income		**$ 25,047**	$ 27,333	$ 19,112
Preferred share dividends, including applicable taxes		**3,222**	2,954	2,930
Net income available to common shareholders		**$ 21,825**	$ 24,379	$ 16,182
Average number of common shares outstanding (in thousands)				
Basic		**23,848**	23,846	23,824
Diluted		**23,872**	23,889	23,862
Income per common share from continuing operations				
Basic		**$ 0.92**	$ 0.84	$ 0.68
Diluted		**$ 0.91**	$ 0.84	$ 0.68
Net income per common share				
Basic		**$ 0.92**	$ 1.02	$ 0.68
Diluted		**$ 0.91**	$ 1.02	$ 0.68

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF DOLLARS (UNAUDITED)	NOTES	FOR THE THREE MONTHS ENDED JANUARY 31 2009	JANUARY 31 2008
Net income		**$ 25,047**	$ 19,112
Other comprehensive income, net of income taxes	8		
Net change in unrealized gains (losses) on available-for-sale securities		**(7,514)**	(2,197)
Reclassification of realized (gains) and losses on available-for-sale securities to net income		**717**	(1,734)
Net change in gains (losses) on derivative instruments designated as cash flow hedges		**15,041**	22,732
		8,244	18,801
Comprehensive income		**$ 33,291**	$ 37,913

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 MONTHS ENDED JANUARY 31 2009	JANUARY 31 2008
Preferred shares			
Balance at beginning and end of period		**$ 210,000**	$ 210,000
Common shares	4		
Balance at beginning of period		**257,462**	256,445
Issued during the period under the stock option purchase plan	5	**34**	521
Balance at end of period		**257,496**	256,966
Contributed surplus			
Balance at beginning of period		**173**	105
Stock-based compensation	5	**12**	22
Balance at end of period		**185**	127
Retained earnings			
Balance at beginning of period		**596,974**	537,254
Net income		**25,047**	19,112
Dividends			
Preferred shares, including applicable taxes		**(3,222)**	(2,930)
Common shares		**(8,109)**	(7,626)
Balance at end of period		**610,690**	545,810
Accumulated other comprehensive income	8		
Balance at beginning of period		**18,826**	877
Other comprehensive income, net of income taxes		**8,244**	18,801
Balance at end of period		**27,070**	19,678
Shareholders' equity		**$1,105,441**	$1,032,581

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 MONTHS ENDED **JANUARY 31 2009**	 OCTOBER 31 2008	 JANUARY 31 2008
Cash flows relating to operating activities				
Net income		**$ 25,047**	$ 27,333	$ 19,112
Adjustments to determine net cash flows relating to operating activities:				
Provision for loan losses		**12,000**	10,500	9,500
Gains on securitization operations	3	**(16,672)**	(6,243)	(6,022)
Net gain from discontinued operations		**–**	(5,185)	–
Net loss (gain) on disposal of non-trading securities		**2,685**	6,711	(2,687)
Future income taxes		**7,319**	2,687	11,981
Depreciation and amortization		**8,045**	8,043	7,673
Net change in held-for-trading securities		**16,327**	60,355	(199,441)
Change in accrued interest receivable		**9,376**	(8,842)	2,331
Change in assets relating to derivative financial instruments		**(40,587)**	(127,334)	(33,696)
Change in accrued interest payable		**(11,649)**	18,993	1,380
Change in liabilities relating to derivative financial instruments		**(13,440)**	76,488	(3,356)
Other, net		**(25,657)**	4,712	4,046
		(27,206)	68,218	(189,179)
Cash flows relating to financing activities				
Net change in deposits		**239,058**	179,847	326,532
Change in obligations related to assets sold short		**86,093**	(114,603)	378,013
Change in obligations related to assets sold under repurchase agreements		**15,752**	122,101	(220,220)
Issuance of common shares		**34**	102	521
Dividends, including applicable income taxes		**(11,331)**	(11,061)	(10,556)
		329,606	176,386	474,290
Cash flows relating to investing activities				
Change in securities available-for-sale and designated as held-for-trading				
Acquisitions		**(1,002,611)**	(1,452,625)	(788,820)
Proceeds on sale and at maturities		**835,849**	1,126,188	557,822
Change in loans		**(387,043)**	(518,261)	(458,303)
Change in assets purchased under reverse repurchase agreements		**86,052**	181,677	97,926
Proceeds from mortgage loan securitizations		**312,116**	226,556	401,049
Additions to tangible capital assets and software		**(4,770)**	(15,279)	(6,069)
Proceeds from disposal of tangible capital assets and software		**4**	–	84
Net change in interest-bearing deposits with other banks		**(146,677)**	197,794	(124,316)
Net cash flows from the sale of asset		**–**	–	29,632
		(307,080)	(253,950)	(290,995)
Net change in cash and non-interest-bearing deposits with other banks during the period		**(4,680)**	(9,346)	(5,884)
Cash and non-interest-bearing deposits with other banks at beginning of period		**54,410**	63,756	65,245
Cash and non-interest-bearing deposits with other banks at end of period		**$ 49,730**	$ 54,410	$ 59,361
Supplemental disclosure relating to cash flows:				
Interest paid during the period		**$ 127,066**	$ 111,523	$ 146,209
Income taxes paid (recovered) during the period		**$ 8,289**	$ 19	$ (3,991)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ALL TABULAR AMOUNTS ARE IN THOUSANDS OF DOLLARS, UNLESS OTHERWISE INDICATED (UNAUDITED)

1. ACCOUNTING POLICIES

The unaudited interim consolidated financial statements of Laurentian Bank of Canada (the Bank) have been prepared by management who is responsible for the integrity and fairness of the financial information presented. These interim consolidated financial statements have been 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, except for changes to accounting policies stated below, are the same as those in the Bank's annual consolidated audited financial statements as at October 31, 2008. 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 as at October 31, 2008. These interim consolidated financial statements reflect amounts which are based on the best estimates and judgment of management. Actual results may differ from these estimates. Certain comparative figures have been reclassified to conform to the current period presentation.

Changes to accounting policies

Goodwill and other intangible assets

In November 2007, the Canadian Accounting Standards Board (AcSB) approved new Section 3064, Goodwill and Intangible Assets, which supersedes Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. New Section 3064 establishes criteria for the recognition of internally developed intangible assets. In addition, EIC-27, Revenues and Expenditures during the Pre-operating Period, will not apply anymore upon the adoption of Section 3064. These changes, effective for the Bank as of November 1, 2008, had no significant effect on the interim consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On January 20, 2009, the Emerging Issue Committee of the Canadian Institute of Chartered Accountants issued Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which apply for the Bank retroactively as of November 1, 2008. The Abstract confirms that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. This abstract had no significant effect on the interim consolidated financial statements.

2. LOANS

LOANS AND IMPAIRED LOANS

AS AT JANUARY 31, 2009

	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal loans	**$ 5,330,495**	**$ 21,327**	**$ 7,564**	**$ 32,474**	**$ 40,038**
Residential mortgages	**6,137,137**	**23,308**	**1,826**	**3,901**	**5,727**
Commercial mortgages	**973,519**	**6,199**	**1,902**	**5,444**	**7,346**
Commercial and other loans	**1,885,596**	**73,785**	**27,066**	**31,431**	**58,497**
	$ 14,326,747	**$ 124,619**	**$ 38,358**	**$ 73,250**	**$ 111,608**

AS AT OCTOBER 31, 2008

	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal loans	$ 5,302,046	$ 19,250	$ 6,634	$ 33,052	$ 39,686
Residential mortgages	6,182,871	16,579	1,405	4,211	5,616
Commercial mortgages	932,688	6,275	1,883	4,760	6,643
Commercial and other loans	1,847,327	59,769	29,262	31,227	60,489
	$14,264,932	$ 101,873	$ 39,184	$ 73,250	$ 112,434

AS AT JANUARY 31, 2008

	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal loans	$ 5,034,829	$ 17,498	$ 6,014	$ 29,342	$ 35,356
Residential mortgages	6,004,342	14,061	945	2,983	3,928
Commercial mortgages	794,199	4,294	1,777	3,926	5,703
Commercial and other loans	1,614,224	70,851	37,212	28,999	66,211
	$13,447,594	$ 106,704	$ 45,948	$ 65,250	$ 111,198

SPECIFIC ALLOWANCES FOR LOAN LOSSES

					FOR THE THREE MONTHS ENDED JANUARY 31	
					2009	2008
	PERSONAL LOANS	**RESIDENTIAL MORTGAGES**	**COMMERCIAL MORTGAGES**	**COMMERCIAL AND OTHER LOANS**	**TOTAL SPECIFIC ALLOWANCES**	TOTAL SPECIFIC ALLOWANCES
Balance at beginning of period	**$ 6,634**	**$ 1,405**	**$ 1,883**	**$ 29,262**	**$ 39,184**	$ 50,072
Provision for loan losses recorded in the consolidated statement of income	**9,173**	**670**	**19**	**2,138**	**12,000**	9,500
Write-offs	**(9,305)**	**(299)**	**–**	**(4,384)**	**(13,988)**	(14,826)
Recoveries	**1,062**	**50**	**–**	**50**	**1,162**	1,202
Balance at end of period	**$ 7,564**	**$ 1,826**	**$ 1,902**	**$ 27,066**	**$ 38,358**	$ 45,948

GENERAL ALLOWANCES FOR LOAN LOSSES

					FOR THE THREE MONTHS ENDED JANUARY 31	
					2009	2008
	PERSONAL LOANS	**RESIDENTIAL MORTGAGES**	**COMMERCIAL MORTGAGES**	**COMMERCIAL AND OTHER LOANS**	**TOTAL GENERAL ALLOWANCES**	TOTAL GENERAL ALLOWANCES
Balance at beginning of period	**$ 33,052**	**$ 4,211**	**$ 4,760**	**$ 31,227**	**$ 73,250**	$ 65,250
Provision for loan losses recorded in the consolidated statement of income	**(578)**	**(310)**	**684**	**204**	**–**	–
Balance at end of period	**$ 32,474**	**$ 3,901**	**$ 5,444**	**$ 31,431**	**$ 73,250**	$ 65,250

LOANS PAST DUE BUT NOT IMPAIRED

Personal and residential mortgage loans shown in the table below are not classified as impaired because they are less than 90 days past due or they are secured in order to reasonably expect full repayment. Commercial loans past due but not impaired are not significant.

	AS AT JANUARY 31, 2009			AS AT OCTOBER 31, 2008		
	32 TO 90 DAYS	**OVER 90 DAYS**	**TOTAL**	32 TO 90 DAYS	OVER 90 DAYS	TOTAL
Personal loans	**$ 30,007**	**$ 3,747**	**$ 33,754**	$ 26,298	$ 3,665	$ 29,963
Residential mortgages	**30,579**	**14,815**	**45,394**	27,861	16,368	44,229
	$ 60,586	**$ 18,562**	**$ 79,148**	$ 54,159	$ 20,033	$ 74,192

3. LOAN SECURITIZATION

The Bank securitizes residential mortgage loans insured by the Canadian Mortgage and Housing Corporation, as well as conventional mortgages. The gains before income taxes, net of transaction related costs, are recognized in securitization income.

The following table summarizes the residential mortgage loan securitization transactions carried out by the Bank:

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2009	OCTOBER 31 2008	JANUARY 31 2008
Cash proceeds, net of transaction costs	**$ 312,116**	$ 226,556	$ 401,049
Rights to future excess spreads	**28,307**	11,772	13,109
Servicing liability	**(2,798)**	(1,821)	(3,366)
Other	**(5,058)**	(3,233)	(3,246)
	332,567	233,274	407,546
Residential mortgages securitized and sold	**(312,402)**	(225,475)	(399,437)
Write-off of loan origination costs	**(3,493)**	(1,556)	(2,087)
Gains before income taxes	**$ 16,672**	$ 6,243	$ 6,022

With regard to the transfer of residential mortgages, the key assumptions used to determine the initial fair value of retained interests at the securitization date for transactions carried out during the quarter are summarized as follows:

Rate of prepayment	**22.1** %
Discount rate	**1.9** %

No loss is expected on insured residential mortgages.

The following table details the securitization income:

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2009	OCTOBER 31 2008	JANUARY 31 2008
Gain on sale	**$ 16,672**	$ 6,243	$ 6,022
Changes in fair value of seller swaps, net of economic hedges	**(5,789)**	1,275	(483)
Servicing revenues	**1,835**	1,567	1,413
Revaluation of retained interests and other provisions	**(1,520)**	2,158	683
Other	**(673)**	(997)	(2,277)
	$ 10,525	$ 10,246	$ 5,358

As at January 31, 2009, the Bank held rights to future excess interest of $88,486,000 [of which $82,421,000 related to insured mortgages] and cash reserve accounts of $15,330,000.

The total principal amount of securitized residential mortgages outstanding amounted to $2,588,796,000 as at January 31, 2009 ($2,398,564,000 as at October 31, 2008).

4. CAPITAL STOCK

Issuance of common shares

During the quarter, 1,613 common shares were issued under the employee share purchase option plan for the management of the Bank for a cash consideration of $34,000.

ISSUED AND OUTSTANDING	**AS AT JANUARY 31, 2009**		AS AT OCTOBER 31, 2008	
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	**23,849,313**	**$ 257,496**	23,847,700	$ 257,462

1 The preferred shares are convertible into common shares at the Bank's option. However, the number of shares issuable on conversion is not determinable until the date of conversion.

Capital management

The Bank's objective is to maintain an optimal level of capital to support activities while generating an acceptable return for its shareholders, considering the Bank's specific risk profile. Capital must be sufficient to demonstrate the Bank's solvency and its ability to deal with all of its operating risks, as well as to offer depositors and creditors the requisite safety. Capital must also meet minimum regulatory requirements, as defined by the Office of the Superintendent of Financial Institutions Canada (OSFI), internal capital adequacy objectives and be aligned with targeted credit ratings.

Regulatory guidelines issued by OSFI require banks to maintain a minimum Tier 1 capital ratio of at least 7% and a total capital ratio of at least 10%. The Bank is monitoring its regulatory capital based on the Standard Approach for the credit risk and the Basic Indicator Approach for operational risk, as proposed by the Bank for International Settlements regulatory risk-based capital framework (Basel II). The Bank has complied with these requirements throughout the first quarter of 2009.

Regulatory capital

IN THOUSANDS OF DOLLARS	**AS AT JANUARY 31 2009**	AS AT OCTOBER 31 2008	AS AT JANUARY 31 2008
Tier 1 capital			
Common shares	**$ 257,496**	$ 257,462	$ 256,966
Contributed surplus	**185**	173	127
Retained earnings	**610,690**	596,974	545,810
Non-cumulative preferred shares	**210,000**	210,000	210,000
Less: goodwill, securitization and other	**(102,028)**	(99,239)	(89,495)
Total – Tier 1 capital	**976,343**	965,370	923,408
Tier 2 capital			
Subordinated debentures	**150,000**	150,000	150,000
General allowances	**73,250**	73,250	65,250
Less: securitization and other	**(30,035)**	(31,738)	(23,670)
Total – Tier 2 capital	**193,215**	191,512	191,580
Total – capital	**$ 1,169,558**	$ 1,156,882	$ 1,114,988

5. STOCK-BASED COMPENSATION

Stock Option Purchase Plan

There were no new grants during the first quarter of 2009. Information on outstanding number of options is as follows:

	AS AT JANUARY 31, 2009	AS AT OCTOBER 31, 2008
	NUMBER	NUMBER
Share purchase options		
Outstanding at end of period	**125,725**	127,338
Exercisable at end of period	**100,725**	89,838

Restricted Share Unit Program

During the first quarter of 2009, under the restricted share unit program, annual bonuses for certain employees amounting to $1,528,000 were converted into 42,537 entirely vested restricted share units. The Bank also granted 25,522 additional restricted share units which will vest in December 2011.

Performance-based share units program

During the first quarter of 2009, under the performance-based share units program, the Bank granted 42,724 performance-based share units valued at $35.93 each. Rights to 37.5% of these units will vest after 3 years. The rights to the remaining units will vest after 3 years, upon meeting certain financial objectives.

Stock appreciation rights plan

There were no grants during the first quarter of 2009.

Charge related to stock-based compensation plans

The following table presents the charge related to all stock-based compensation plans, net of the effect of the related hedging transactions.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2009	OCTOBER 31 2008	JANUARY 31 2008
Charge related to stock-based compensation plans	$ **(5,915)**	$ (2)	$ (4,113)
Effect of hedges	**8,029**	784	5,639
Total	$ **2,114**	$ 782	$ 1,526

6. EMPLOYEE FUTURE BENEFITS

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2009	OCTOBER 31 2008	JANUARY 31 2008
Defined benefit pension plans expense	$ **1,471**	$ 2,559	$ 2,640
Defined contribution pension plans expense	**993**	975	816
Other plans expense	**832**	827	830
Total	$ **3,296**	$ 4,361	$ 4,286

7. WEIGHTED AVERAGE NUMBER OF OUTSTANDING COMMON SHARES

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2009	OCTOBER 31 2008	JANUARY 31 2008
Average number of outstanding common shares	**23,848,489**	23,846,113	23,824,005
Dilutive share purchase options	**23,426**	42,486	37,992
Weighted average number of outstanding common shares	**23,871,915**	23,888,599	23,861,997
Average number of share purchase options not taken into account in the calculation of diluted net income per common share[1]	**–**	–	–

1 The average number of share purchase options was not taken into account in the calculation of diluted net income per common share since the average exercise price of these options exceeded the average market price of the Bank's shares during these periods.

8. SUPPLEMENTAL INFORMATION ON OTHER COMPREHENSIVE INCOME

Other comprehensive income

	FOR THE THREE MONTHS ENDED JANUARY 31 2009			FOR THE THREE MONTHS ENDED JANUARY 31 2008		
	BEFORE INCOME TAXES	**INCOME TAXES**	**NET OF INCOME TAXES**	BEFORE INCOME TAXES	INCOME TAXES	NET OF INCOME TAXES
Unrealized gains and (losses) on available-for-sale securities						
Unrealized gains and (losses) during the period	**$ (10,918)**	**$ 3,404**	**$ (7,514)**	$ (3,205)	$ 1,008	$ (2,197)
Less: reclassification to net income of realized (gains) and losses during the period	**1,041**	**(324)**	**717**	(2,013)	279	(1,734)
Unrealized gains and (losses) on available-for-sale securities	**(9,877)**	**3,080**	**(6,797)**	(5,218)	1,287	(3,931)
Gains and (losses) on derivatives designated as cash flow hedges	**22,386**	**(7,345)**	**15,041**	33,590	(10,858)	22,732
Other comprehensive income	**$ 12,509**	**$ (4,265)**	**$ 8,244**	$ 28,372	$ (9,571)	$ 18,801

Accumulated other comprehensive income (net of income taxes)

	CASH FLOW HEDGING	AVAILABLE-FOR-SALE SECURITIES	ACCUMULATED OTHER COMPREHENSIVE INCOME
Balance at October 31, 2008	**$ 35,417**	**$ (16,591)**	**$ 18,826**
Change during the three-month period ended January 31, 2009	**15,041**	**(6,797)**	**8,244**
Balance at January 31, 2009	**$ 50,458**	**$ (23,388)**	**$ 27,070**

	CASH FLOW HEDGING	AVAILABLE-FOR-SALE SECURITIES	ACCUMULATED OTHER COMPREHENSIVE INCOME
Balance at October 31, 2007	$ (10,255)	$ 11,132	$ 877
Change during the three-month period ended January 31, 2008	22,732	(3,931)	18,801
Balance at January 31, 2008	12,477	7,201	19,678
Change during the three-month period ended April 30, 2008	5,278	(931)	4,347
Change during the three-month period ended July 31, 2008	(641)	(10,789)	(11,430)
Change during the three-month period ended October 31, 2008	18,303	(12,072)	6,231
Balance at October 31, 2008	$ 35,417	$ (16,591)	$ 18,826

9. RISK MANAGEMENT

The Bank is exposed to various types of risks owing to the nature of the business activities it carries on, including those related to the use of financial instruments. In order to manage the risks associated with using financial instruments, including loan and deposit, security and derivative financial instrument portfolios, controls such as risk management policies and various risk limits have been implemented. These measures aim to optimize the return/risk ratio in all operating segments. A corporate governance structure was also designed to insure global risk tolerance is consistent with the Bank's strategies and objectives. The main risks to which the Bank is exposed are set out below.

Market risk

Market risk corresponds to the financial losses that the Bank could incur because of unfavorable fluctuations in the value of financial instruments, following variations in the parameters underlying their evaluation, such as interest rates, exchange rates or quoted stock market prices.

As at January 31, 2009 the effect on the economic value of common shareholders' equity and on its net interest income before taxes of a sudden and sustained 1% increase in interest rates is as follows:

	AS AT JANUARY 31, 2009	AS AT OCTOBER 31, 2008
Increase (decrease) in net interest income before taxes over the next 12 months	**$ 11,063**	$ 8,901
Increase (decrease) in net the economic value of common shareholders' equity	**$ (20,707)**	$ (27,060)

9. RISK MANAGEMENT (CONTINUED)

Credit risk

The use of financial instruments, including derivatives, can result in credit risk exposure representing the risk of financial loss arising from a counterparty's inability or refusal to fully honour its contractual obligations.

Note 2 to these interim consolidated financial statements, provides detailed information on the Bank's loan portfolios.

The majority of the Bank's credit concentration with respect to derivative financial instruments is with financial institutions, primarily Canadian banks.

The amount that best represents the maximum exposure to credit risk of the Bank as at January 31, 2009, without taking account of any collateral held or other credit enhancements, essentially corresponds to the sum of financial assets on the consolidated financial statement to which are added credit-related commitments as set-out below.

	AS AT JANUARY 31, 2009	AS AT OCTOBER 31, 2008
Financial assets, as reported on consolidated balance sheet	**$ 19,537**	$ 19,255
Credit commitments and other off-balance sheet items[1]	**4,129**	4,153
Total	**$ 23,666**	$ 23,408

1 Including $2,119,000,000 as at January 31, 2009 ($2,083,000,000 as at October 31, 2008) related to personal credit facilities and credit card lines.

Liquidity risk

Liquidity risk represents the possibility that the Bank may not be able to gather sufficient cash resources, when required and under reasonable conditions, to meet its financial obligations. Liquidity management pays particular attention to deposit and loan maturities, as well as to funding availability and demand when planning financing.

Contractual maturities of financial liabilities

The following table presents the principal obligations related to financial liabilities by their contractual maturities.

					AS AT JANUARY 31, 2009
		TERM			
	DEMAND AND NOTICE	WITHIN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Deposits	**$ 3,209,642**	**$ 5,716,385**	**$ 6,638,789**	**$ 8,054**	**$ 15,572,870**
Obligations related to assets sold short	**–**	**905,329**	**–**	**–**	**905,329**
Obligations related to assets sold under repurchase agreeements	**–**	**1,151,848**	**–**	**–**	**1,151,848**
Subordinated debentures	**–**	**–**	**150,000**	**–**	**150,000**
	$ 3,209,642	**$ 7,773,562**	**$ 6,788,789**	**$ 8,054**	**$ 17,780,047**

10. SUPPLEMENTAL INFORMATION ON FINANCIAL INSTRUMENTS

Fair value of financial instruments

The fair value of a financial instrument is defined as the amount of consideration for a financial instrument that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Quoted market prices are not available for a significant portion of the Bank's financial instruments. As a result, for these instruments, the fair values presented are estimates derived using present value or other valuation techniques and may not be indicative of the net realizable value.

When fair value is determined using valuation models, it may be necessary to use assumptions as to the amount and timing of estimated future cash flows and discount rates. These assumptions reflect the risks inherent in financial instruments.

As at January 31, 2009, the fair value of financial assets and liabilities approximate their carrying amount, except for the assets and liabilities presented below.

	AS AT JANUARY 31, 2009			AS AT OCTOBER 31, 2008		
IN MILLIONS OF DOLLARS	BOOK VALUE	FAIR VALUE	FAVORABLE (UNFAVORABLE) VARIANCE	BOOK VALUE	FAIR VALUE	FAVORABLE (UNFAVORABLE) VARIANCE
Assets						
Loans	**$ 14,215**	**$ 14,370**	**$ 155**	$ 14,153	$ 14,272	$ 119
Liabilities						
Deposits	**15,573**	**15,680**	**(107)**	15,334	15,418	(84)
Subordinated debentures	**$ 150**	**$ 153**	**$ (3)**	$ 150	$ 155	$ (5)

Methods and assumptions used in estimating the fair value of financial instruments

Loans

The fair value of loans is estimated by discounting cash flows adjusted to reflect the prepayments, if any, at the prevailing interest rates in the marketplace for new loans with substantially similar terms. For certain variable rate loans subject to frequent rate revisions and loans with indeterminate maturities, the fair value is deemed to represent the carrying amount.

Deposits

The fair value of fixed rate deposits is estimated using discounted cash flows based on current market interest rates for deposits with substantially similar terms. The fair value of deposits without stated maturities or variable rate deposits is deemed to represent their carrying amount.

Subordinated debentures

The fair value of subordinated debentures is estimated using discounted cash flows based on current market interest rates for similar issues or rates currently offered for debt securities with the same term to maturity.

10. SUPPLEMENTAL INFORMATION ON FINANCIAL INSTRUMENT (CONTINUED)

Financial instruments designated as held-for-trading

Management can elect to designate financial instruments as held-for-trading instruments, with changes in fair value recorded in income, provided that such designations meet specific criteria. Certain securities and retail deposits were designated as held-for-trading in order to significantly reduce a recognition inconsistency that would otherwise have arisen from recognizing gains and losses on different basis. These financial instruments are used as part of the Bank's overall asset-liability management and provide for an economic hedge for other financial instruments which are measured at fair value. This loss was therefore essentially offset by gains incurred on other financial instruments. The following table presents the effect on net income of fair valuing these instruments.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2009	OCTOBER 31 2008	JANUARY 31 2008
Included in securitization income	**$ 21,246**	$ 18,262	$ 14,354
Included in income from treasury and financial market operations	**(45)**	110	657
Total	**$ 21,201**	$ 18,372	$ 15,011

The Bank designated certain deposits for a nominal amount of $24,000,000 ($84,315,000 as at January 31, 2008) as held-for-trading. The difference between the amount the Bank would be contractually required to pay at maturity to the holder of the deposits and the carrying amount of $24,299,000 ($84,449,000 as at January 31, 2008), is $299,000 ($–134,000 as at January 31, 2008).

Derivative financial instruments

Ineffectiveness related to hedging relationships

The following table presents the ineffective portion of accumulated changes in the fair value of hedging instruments recognized in the consolidated income statement.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2009	OCTOBER 31 2008	JANUARY 31 2008
Favorable (unfavorable) ineffectiveness on cash flow hedging	**$ 35**	$ (6)	$ 256
Favorable (unfavorable) ineffectiveness on fair value hedging	**(770)**	(538)	100
	$ (735)	$ (544)	$ 356

Breakdown of swap contracts designated as hedging instruments, by category

The following table presents the Bank's swap contracts between those designated as cash flow hedging instruments and those designated as fair value hedging instruments.

The swap contracts designated as hedging instruments are used by the Bank primarily for balance sheet matching purposes and to mitigate net interest revenue volatility. The fair value of such swap contracts may vary considerably. Accordingly, changes in the fair value of the swap contracts designated as cash flow hedging instruments could result in significant changes in accumulated other comprehensive income and in shareholders' equity.

	AS AT JANUARY 31, 2009		AS AT OCTOBER 31, 2008	
	NOMINAL AMOUNT	**FAIR VALUE NET AMOUNT**	NOMINAL AMOUNT	FAIR VALUE NET AMOUNT
Interest rate swap contracts designated as hedging instruments				
Swaps used for cash flow hedging	**$ 2,972,000**	**$ 83,205**	$ 2,557,000	$ 46,118
Swaps used for fair value hedging	**2,894,750**	**105,180**	3,021,750	68,148
	$ 5,866,750	**$ 188,385**	$ 5,578,750	$ 114,266

Other information on hedging relationships

Net deferred losses of $122,000, included in accumulated other comprehensive income as at January 31, 2009, are expected to be transferred into net income over the next twelve months.

The maximum term of cash flow hedging relationships was 5 years as at January 31, 2009.

11. SEGMENTED INFORMATION

FOR THE THREE MONTHS ENDED JANUARY 31, 2009

	R & SME QUEBEC	RE&C	B2B	LBS	OTHER	TOTAL
Net interest income	**$ 76,254**	**$ 14,279**	**$ 21,115**	**$ 750**	**$ (13,695)**	**$ 98,703**
Other income	**28,545**	**4,865**	**2,386**	**8,823**	**13,215**	**57,834**
Total revenue	**104,799**	**19,144**	**23,501**	**9,573**	**(480)**	**156,537**
Provision for loan losses	**9,535**	**1,654**	**811**	**–**	**–**	**12,000**
Non-interest expenses	**82,233**	**5,932**	**10,776**	**8,191**	**3,600**	**110,732**
Income (loss) before income taxes	**13,031**	**11,558**	**11,914**	**1,382**	**(4,080)**	**33,805**
Income taxes (recovered)	**2,851**	**3,617**	**3,788**	**391**	**(1,889)**	**8,758**
Net income	**$ 10,180**	**$ 7,941**	**$ 8,126**	**$ 991**	**$ (2,191)**	**$ 25,047**
Average assets[1]	**$ 10,740,803**	**$ 2,205,826**	**$ 4,164,755**	**$ 1,279,855**	**$ 1,218,262**	**$ 19,609,501**

FOR THE THREE MONTHS ENDED OCTOBER 31, 2008

	R & SME QUEBEC	RE&C	B2B	LBS	OTHER	TOTAL
Net interest income	$ 76,629	$ 13,620	$ 21,004	$ 822	$ (8,782)	$ 103,293
Other income[2]	29,717	4,748	2,410	5,543	7,100	49,518
Total revenue	106,346	18,368	23,414	6,365	(1,682)	152,811
Provision for loan losses	7,857	1,877	766	–	–	10,500
Non-interest expenses[3]	82,509	6,506	12,058	6,397	5,570	113,040
Income (loss) before income taxes	15,980	9,985	10,590	(32)	(7,252)	29,271
Income taxes (recovered)	4,189	3,294	3,566	211	(4,899)	6,361
Income (loss) from continuing operations	11,791	6,691	7,024	(243)	(2,353)	22,910
Income from discontinued operations, net of income taxes	4,423	–	–	–	–	4,423
Net income	$ 16,214	$ 6,691	$ 7,024	$ (243)	$ (2,353)	$ 27,333
Average assets[1]	$10,574,835	$ 2,149,120	$ 4,076,782	$ 1,476,557	$ 795,252	$19,072,546

11. SEGMENTED INFORMATION (CONTINUED)

FOR THE THREE MONTHS ENDED JANUARY 31, 2008

	R & SME QUEBEC	RE&C	B2B	LBS	OTHER	TOTAL
Net interest income	$ 72,984	$ 13,633	$ 22,004	$ 734	$ (9,819)	$ 99,536
Other income[4]	27,379	3,513	2,661	7,550	10,431	51,534
Total revenue	100,363	17,146	24,665	8,284	612	151,070
Provision for loan losses	7,838	1,497	165	–	–	9,500
Non-interest expenses	80,391	5,538	10,344	7,618	4,663	108,554
Income (loss) before income taxes	12,134	10,111	14,156	666	(4,051)	33,016
Income taxes[5]	3,056	3,335	4,772	198	2,543	13,904
Net income	$ 9,078	$ 6,776	$ 9,384	$ 468	$ (6,594)	$ 19,112
Average assets[1]	$ 9,786,171	$ 2,094,553	$ 3,679,876	$ 1,423,406	$ 497,596	$17,481,602

R & SME Quebec – The Retail & SME Quebec 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 across Canada. This business segment also offers Visa credit card services, insurance products and trust services. As well, it offers all commercial financial services to the small and medium enterprises in Quebec.

RE&C – The Real Estate & Commercial segment handles real estate financing throughout Canada, commercial financing in Ontario and National accounts.

B2B – The B2B Trust business segment supplies generic and complementary banking and financial products to financial advisors and non-bank financial institutions across Canada. This business segment also consists of deposit brokerage operations.

LBS – LBS segment consists of the activities of the subsidiary Laurentian Bank Securities 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 are disclosed on an average basis as this measure is most relevant to a financial institution.

2 Other income in the Other segment includes an $8.1 million ($5.5 million net of income taxes) impairment charge on U.S. and international financial institution fixed-income securities.

3 The Other segment non-interest expense included a $2.2 million ($1.5 million net of income taxes) charge resulting from the write-off of technological development costs.

4 Other income in the Other segment includes a $0.4 million ($0.3 million net of income taxes) loss on the sale of a $30.1 million, personal line of credit portfolio. The Bank has not retained any rights or obligations in respect of these loans.

5 The Other segment income taxes includes a $5.6 million tax adjustment reflecting the decrease in the Bank’s future income tax assets as a result of further reductions in federal income tax rates.

SHAREHOLDER INFORMATION

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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:	
		January	February 1st
		April	May 1st
		July	August 1st
		October	November 1st
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.