**Press Release**

**FOR IMMEDIATE RELEASE**

**DECEMBER 9, 2009**

# LAURENTIAN BANK REPORTS RECORD NET INCOME AND GROWTH FOR FISCAL 2009 RESULTS AND INCREASES ITS DIVIDEND

Laurentian Bank of Canada's audited Consolidated Financial Statements (including Notes to the Consolidated Financial Statements) for the year ended October 31, 2009, and accompanying Management's Discussion and Analysis are available at www.laurentianbank.ca.

## Fiscal 2009 Highlights

- Record net income up 10% to $113.1 million
- Total operating revenue up 6% to $666.5 million
- Return on common shareholders' equity of 11.4%
- Record loan and deposit growth
- Solid levels of capital

## Highlights of the fourth quarter 2009

- Net income of $38.2 million
- Return on common shareholders' equity of 15.3%
- Net interest income up 14% year over year
- Continued solid growth in all business segments

See page 3 for further information on fourth quarter results.

For the year ended October 31, 2009, Laurentian Bank reported net income of $113.1 million, or diluted earnings of $4.23 per common share, compared with $102.5 million, or diluted earnings of $3.80 per common share in 2008. Return on common shareholders' equity was 11.4% in 2009, compared with 11.0% in 2008.

Net income in 2009 includes income from discontinued operations of $11.5 million, or $0.48 diluted per common share, related to the sale of asset management activities in fiscal 2005. Net income in 2008 included income from discontinued operations of $4.4 million, or $0.19 diluted per common share. Income from continuing operations was $101.7 million in 2009, or $3.75 diluted per common share, compared with $98.1 million, or $3.61 diluted per common share in 2008.

The increase in earnings over last year mainly results from record growth in personal and commercial loan and deposit portfolios, as well as higher revenue from brokerage operations. However, higher loan losses resulting from poor market and economic conditions throughout the year and losses on securities have dampened the Bank's results.

Commenting on the Bank's financial results for 2009, Réjean Robitaille, President and Chief Executive Officer, mentioned: "We reached all our objectives for 2009 and completed another record year at Laurentian, despite weaker economic conditions in Canada. The Bank continued to perform well, as we have succeeded in taking advantage of certain market opportunities in an unsettled environment. Furthermore, with solid liquidity and capital levels, we maintained a strong financial position throughout the year. However, higher loan losses, as a consequence of the recession, have weighed on our profitability in 2009."

Mr. Robitaille added, with regard to operations: "Record increases in loan and deposit portfolios, as well as core operating revenue growth and prudent expense management, contributed to the sound performance of all our business segments. Our confidence in the Bank's future performance and our solid balance sheet prompted us to recommend a $0.02 per share, or 6%, increase in the quarterly dividend to $0.36 per common share."

## Financial review

The following sections present a summary analysis of the Bank's operating results for the year ended October 31, 2009, as well as for the fourth quarter ended October 31, 2009. The analysis should be read in conjunction with the unaudited financial information for the fourth quarter of 2009. Audited Annual Consolidated Financial Statements and accompanying Management's Discussion and Analysis for 2009 are also available on the Bank's Web site at www.laurentianbank.ca.

### 2009 Financial Performance

The Bank met all of its published objectives for fiscal 2009, as illustrated in the table below. Considering the prevailing market conditions, this is a significant achievement. Furthermore, the Bank continued to generate strong internal growth and maintain a solid financial position.

***Performance Indicators for 2009***

| | 2009 Objectives | 2009 Performance |
|---|---|---|
| Return on common shareholders' equity | 10.0% to 12.0% | 11.4% |
| Diluted net income per share | \$3.70 to \$4.40 | \$4.23 |
| Total revenue | + 2% to 5%<br>(\$645 to \$665 million) | + 6%<br>(\$666.5 million) |
| Efficiency ratio | 73% to 70% | 70.8% |
| Tier 1 capital ratio | Minimum of 9.5% | 11.0% |

Net income totalled \$113.1 million in 2009, as compared with \$102.5 million last year. Net income in 2009 includes income from discontinued operations of \$11.5 million related to the sale of asset management activities in fiscal 2005, while earnings for 2008 included income from discontinued operations of \$4.4 million. Income from continuing operations was \$101.7 million in 2009, compared with \$98.1 million in 2008.

Loans and bankers' acceptances totalled \$15.9 billion as of October 31, 2009, a \$1.6 billion increase over 2008. Growth in residential mortgage loans reached \$1.0 billion dollars for fiscal 2009 as a result of successful ongoing underwriting initiatives. Growth in commercial mortgages and commercial loan, including customers' liabilities under acceptances, reached \$352 million and \$208 million respectively for fiscal 2009 as the Bank capitalised on new business opportunities. Personal deposits reached \$15.1 billion at year-end, a \$2.7 billion growth compared to last year. B2B Trust's new High Interest Investment Account (HIIA) grew by \$3.1 billion in 2009. In addition, significant increases in retail and commercial deposits have helped to reduce the Bank's use of money market funding and other term deposits.

Total revenue improved to \$666.5 million for fiscal 2009, from \$630.5 million for fiscal 2008. This \$36 million increase results from higher net interest income, reflecting record growth in the retail and commercial business activity as highlighted above and strategic repricing initiatives, as well as strong increases in fee income and brokerage revenues. These were partially offset by lower revenues from treasury and financial market operations, which were affected by net losses on securities amounting to \$9.0 million in 2009. Revenues for 2008 included a \$12.9 million gain on sale of Montreal Exchange shares, partially offset by net losses of \$10.3 million, mainly on certain U.S. and international financial institution fixed-income securities.

The provision for loan losses amounted to \$56.0 million for fiscal 2009, compared to \$48.5 million for fiscal 2008, which included an \$8.0 million increase in general provisions. The increase reflects the effect of the ongoing challenging credit environment resulting from weaker economic conditions and higher unemployment rates, as well as the growth in loan volumes. Gross impaired loans have increased by \$35.6 million since the beginning of the year, to \$137.5 million as at October 31, 2009. Net impaired loans amounted to \$23.0 million as at October 31, 2009 (representing 0.14% of total loans, bankers' acceptances and assets purchased under reverse repurchase agreements), compared with $8.4 million as at July 31, 2009 and –$10.6 million as at October 31, 2008. Overall, the loan portfolio performance remains satisfactory in light of the current economic conditions.

Non-interest expenses totalled $472.0 million for fiscal 2009, compared to $446.0 million for fiscal 2008. The increase is principally attributable to higher employee compensation, partially offset by lower pension costs, as well as increases in advertising expenses, tax charges and provisions related to specific operational issues. The efficiency ratio remained relatively unchanged at 70.8% for fiscal 2009, compared with 70.7% for fiscal 2008.

For fiscal 2009, the income tax expense was $36.8 million and the effective income tax rate was 26.6%, compared to $37.9 million and 27.9% for fiscal 2008. Results for fiscal 2008 included the effect of a $5.6 million unfavourable tax adjustment resulting from federal income tax rate reductions and partly offset by the lower income taxes on certain capital gains.

**Fourth quarter ended October 31, 2009 compared to fourth quarter ended October 31, 2008**

Net income for the fourth quarter ended October 31, 2009 was $38.2 million, compared to $27.3 million for the same period last year. Net income for the fourth quarter of 2009 includes income from discontinued operations of $11.5 million related to the sale of asset management activities in fiscal 2005, while earnings for the fourth quarter of 2008 included income from discontinued operations of $4.4 million. Income from continuing operations was $26.8 million for the fourth quarter of 2009, compared with $22.9 million for the fourth quarter of 2008.

Total revenue increased 17% to $178.5 million in the fourth quarter of 2009, from $152.8 million in the fourth quarter of 2008. Net interest income increased by $14.9 million to $118.2 million in the fourth quarter of 2009, from $103.3 million in the fourth quarter of 2008, mainly as a result of higher loan and deposit volumes. Net interest margin in the fourth quarter recovered to 2.19% after being under pressure at the beginning of the year. Net interest margin was 2.15% in the fourth quarter of 2008. During the year, the Bank has held a relatively higher level of lower yielding liquid assets fuelled by record personal deposit growth. This additional flexibility, in the context of the uncertain economic conditions secured the Bank's funding needs and enabled it to take advantage of growth opportunities.

Other income totalled $60.3 million in the fourth quarter of 2009, compared with $49.5 million in the fourth quarter of 2008. Income from brokerage operations improved markedly by $11.5 million, to $16.9 million, compared with the same period last year, as a result of continued strong performance from the Institutional Fixed Income division of Laurentian Bank Securities and recovering equity markets. Fees and commissions on loans and deposits also improved by $2.3 million, as a result of the overall increase in business activity. The contribution from treasury and financial market operations was hampered by net losses on securities of approximately $3.5 million for the fourth quarter of 2009. Income from treasury and financial market operations for the fourth quarter of 2008 included net losses of $8.3 million, mainly on certain U.S. and international financial institution fixed-income securities. Revenues from securitization activities were $5.6 million for the fourth quarter of 2009, including net gains of $6.2 million on the sale of $269 million of residential mortgages. Securitization revenues were $9.4 million for the fourth quarter of 2008. Other activities yielded generally comparable year-over-year results.

The provision for loan losses amounted to $16.0 million in the fourth quarter of 2009, compared with $10.5 million in the fourth quarter of 2008. The year-over-year increase reflects the effect of overall economic deterioration on most portfolios.

Non-interest expenses totalled $128.1 million for the fourth quarter of 2009, compared to $113.0 million for the fourth quarter of 2008. Salaries and employee benefits increased by $7.5 million, mainly as a result of higher variable compensation, partially offset by lower pension expenses. Other expenses increased by $6.5 million, mainly as a result of tax charges and provisions related to specific operational issues. Premises and technology costs remained relatively unchanged year-over-year. The efficiency ratio (non-interest expenses divided by total revenue) improved to 71.8% in the fourth quarter of 2009, compared from 74.0% in the fourth quarter of 2008.

For the quarter ended October 31, 2009, income tax expense related to continuing operations was $7.6 million and the effective tax rate was 22.1%. For the quarter ended October 31, 2008, income tax expense related to continuing operations was $6.4 million and the effective tax rate was 21.7%.

**Three months ended October 31, 2009 compared to three months ended July 31, 2009**

Net income was $38.2 million for the fourth quarter ended October 31, 2009 and includes income from discontinued operations of $11.5 million related to the sale of asset management activities in fiscal 2005. Excluding this gain, income from continuing operations was $26.8 million for the fourth quarter of 2009, compared with $28.7 million for the third quarter of 2009. Net interest income improved by $5.5 million as a result of higher loan and deposit volumes and improvement in net interest margin. Other revenue decreased by $3.6 million, essentially as a result of lower securitization revenues. Non-interest expenses increased by $9.1 million, reflecting higher employee compensation, increases in tax charges and provisions related to specific operational issues.

**Dividend increase**

At its meeting on December 9, 2009, the Board of Directors approved a $0.02 per common share or 6% increase in the quarterly dividend, to $0.36 per common share. This increase reflects management and Board confidence in the Bank's ability to pursue its growth and maintain its strong financial position, while demonstrating the Bank's focus on shareholder value.

## Measuring 2010 Performance

The following table presents Management's objectives for 2010.

***2010 Objectives***

| | |
|---|---|
| • Revenue growth | 5% to 10% |
| • Efficiency ratio | 70% to 67% |
| • Return on common shareholders' equity | 10.0% to 12.0% |
| • Diluted net income per share | $4.00 to $4.70 |
| • Tier 1 capital ratio | Minimum of 9.5% |

***Key assumptions supporting the Bank's objectives***

The following assumptions are the most significant items considered in setting the Bank's strategic priorities and in determining its financial objectives. Other factors such as those detailed in the Caution Regarding Forward-Looking Statements section herein below and the Integrated Risk Management Framework section of the Management's Discussion and Analysis for 2009 could also cause future results to differ materially from these objectives.

The objectives for 2010 presented above assume that the Canadian economy will resume growth in 2010, but that unemployment will remain high and will maintain pressure on loan losses. These objectives also assume continued loan growth at a rate similar to 2009, reduced securitization gains and the absence of further income from discontinued operations. Generating core operating earnings growth remains at the forefront of the Bank's strategies for 2010.

## Segmented information

### Retail & SME Quebec

| (in million of $) | For the three months ended October 31, 2009 | July 31, 2009 | October 31, 2008 | For the year ended October 31, 2009 | October 31, 2008 |
|---|---|---|---|---|---|
| Net interest income | 77.4 | 77.8 | 76.6 | 306.0 | 299.3 |
| Other income | 30.9 | 31.2 | 29.7 | 120.0 | 115.9 |
| Total revenue | 108.3 | 109.1 | 106.3 | 425.9 | 415.2 |
| Provision for loan losses | 11.8 | 12.4 | 7.9 | 41.9 | 33.6 |
| Non-interest expense | 83.4 | 84.7 | 82.5 | 333.5 | 326.9 |
| | 13.1 | 11.9 | 16.0 | 50.6 | 54.8 |
| Income taxes | 3.0 | 2.3 | 4.2 | 10.9 | 13.8 |
| Income from continuing operations | 10.0 | 9.7 | 11.8 | 39.6 | 41.0 |
| Discontinued operations | 11.5 | - | 4.4 | 11.5 | 4.4 |
| Net income | 21.5 | 9.7 | 16.2 | 51.1 | 45.4 |

***2009 Financial Performance***

The Retail & SME Quebec business segment’s contribution to net income improved by $5.7 million, or 13%, to $51.1 million in 2009, compared with $45.4 million in 2008. Net income for 2009 includes income from discontinued operations of $11.5 million related to the sale of asset management activities in fiscal 2005, while earnings for 2008 included income from discontinued operations of $4.4 million. Income from continuing operations was $39.6 million in 2009, compared with $41.0 million in 2008.

Total revenue increased by 3% or $10.7 million, from $415.2 million in 2008 to $425.9 million in 2009, as a result of continued growth in loan and deposit volumes. Loan losses were higher, at $41.9 million in 2009, compared with $33.6 million in 2008, reflecting ongoing weaker credit conditions. Non-interest expenses increased by 2% or $6.6 million, from $326.9 million in 2008 to $333.5 million in 2009, due mainly to increases in salaries and advertising expenses.

***Fourth quarter ended October 31, 2009 compared to fourth quarter ended October 31, 2008***

The business segment’s contribution to net income improved $5.3 million, or 33%, to $21.5 million for the fourth quarter of 2009, compared with $16.2 million for the fourth quarter of 2008. Net income for the fourth quarter of 2009 includes income from discontinued operations of $11.5 million, while earnings for the fourth quarter of 2008 included income from discontinued operations of $4.4 million. Income from continuing operations was $10.0 million in 2009, compared with $11.8 million in 2008.

Total revenue increased by $2.0 million, from $106.3 million in the fourth quarter of 2008 to $108.3 million in the fourth quarter of 2009, as overall growth drove net interest income and fee revenues upward. Loan losses were higher, at $11.8 million in the fourth quarter of 2009, compared with $7.9 million in the fourth quarter of 2008, mainly in lines of credit, credit cards and SME lending. Non-interest expenses increased by $0.9 million, from $82.5 million in the fourth quarter of 2008 to $83.4 million in the fourth quarter of 2009, due mainly to increases in salaries and advertising expenses.

**Real Estate & Commercial**

| (in million of $) | For the three months ended October 31, 2009 | For the three months ended July 31, 2009 | For the three months ended October 31, 2008 | For the year ended October 31, 2009 | For the year ended October 31, 2008 |
|---|---|---|---|---|---|
| Net interest income | 19.6 | 18.4 | 13.6 | 67.6 | 55.2 |
| Other income | 6.4 | 6.6 | 4.7 | 22.9 | 16.2 |
| Total revenue | 26.0 | 25.0 | 18.4 | 90.5 | 71.4 |
| Provision for loan losses | 2.9 | 2.1 | 1.9 | 9.8 | 5.4 |
| Non-interest expense | 12.0 | 6.8 | 6.5 | 31.0 | 23.3 |
| | 11.2 | 16.1 | 10.0 | 49.7 | 42.7 |
| Income taxes | 3.5 | 5.0 | 3.3 | 15.5 | 14.1 |
| Net income | 7.7 | 11.1 | 6.7 | 34.1 | 28.6 |

***2009 Financial Performance***

The Real Estate & Commercial business segment's contribution to net income improved by $5.5 million, or 20%, to $34.1 million in 2009, compared with $28.6 million in 2008.

Total revenue increased by 27% or $19.1 million, from $71.4 million in 2008 to $90.5 million in 2009, as a result of strong loan growth and recent initiatives to grow deposit volumes, as well as sound pricing strategies. Loan losses, essentially in Commercial lending, were higher at $9.8 million in 2009, compared with $5.4 million in 2008. Non-interest expenses increased by 33% or $7.7 million, from $23.3 million in 2008 to $31.0 million in 2009, due mainly to increases in salaries and variable compensation and provisions related to specific operational issues.

***Fourth quarter ended October 31, 2009 compared to fourth quarter ended October 31, 2008***

The business segment's contribution to net income improved by $1.0 million, or 15%, to $7.7 million for the fourth quarter of 2009, compared to $6.7 million for the fourth quarter of 2008.

Total revenue increased by $7.6 million, from $18.4 million in the fourth quarter of 2008 to $26.0 million in the fourth quarter of 2009, as a result of higher net interest income due to growth in both loan volumes and margins, as well as higher fees. Loan losses were slightly higher at $2.9 million in the fourth quarter of 2009, compared with $1.9 million in the fourth quarter of 2008. Given current economic conditions, loan losses in these portfolios remained well under control during the quarter. Non-interest expenses increased by $5.4 million to $12.0 million in the fourth quarter of 2009, from $6.5 million in the fourth quarter of 2008, essentially as a result of higher employee compensation and provisions related to specific operational issues.

**B2B Trust**

| (in million of $) | For the three months ended October 31, 2009 | For the three months ended July 31, 2009 | For the three months ended October 31, 2008 | For the year ended October 31, 2009 | For the year ended October 31, 2008 |
|---|---|---|---|---|---|
| Net interest income | 24.1 | 23.9 | 21.0 | 90.7 | 87.3 |
| Other income | 2.3 | 2.5 | 2.4 | 9.6 | 10.5 |
| Total revenue | 26.4 | 26.4 | 23.4 | 100.3 | 97.8 |
| Provision for loan losses | 1.3 | 1.5 | 0.8 | 4.3 | 1.5 |
| Non-interest expense | 14.2 | 12.3 | 12.1 | 49.0 | 43.7 |
| | 10.9 | 12.7 | 10.6 | 47.0 | 52.6 |
| Income taxes | 3.5 | 4.0 | 3.6 | 14.9 | 17.7 |
| Net income | 7.5 | 8.7 | 7.0 | 32.1 | 34.9 |

***2009 Financial Performance***

The B2B Trust business segment's contribution to net income declined by $2.8 million, or 8%, to $32.1 million in 2009, compared with $34.9 million in 2008.

Total revenue increased by $2.5 million, from $97.8 million in 2008 to $100.3 million in 2009. Net interest income increased by $3.4 million year-over-year, essentially as a result of higher loan and deposit volumes. While net interest income was under pressure at the beginning of the year, the relative easing of funding conditions during the last six months of 2009 and the gradual reduction in the introductory promotional interest rate on B2B Trust's HIIA contributed to restore the net interest margin in the latter part of the year.

Deposits reached $9.1 billion as at October 31, 2009, up $3.0 billion since the beginning of the year. The sharp increase resulted mainly from the new HIIA, which provided the Bank with an additional reliable retail funding source to support growth initiatives. Loans also continued their progression, with the average level increasing by $375 million over the last twelve months.

Provision for loan losses related to B2B Trust's various loan portfolios increased to $4.3 million in 2009, compared with $1.5 million in 2008, reflecting the effect of the recent economic slowdown on borrowers' ability to fully service their debt. However, the level of loan losses remains low considering the size of the underlying portfolios. In line with increased business activity, non-interest expenses rose $5.3 million, from $43.7 million in 2008 to $49.0 million in 2009.

***Fourth quarter ended October 31, 2009 compared to fourth quarter ended October 31, 2008***
The business segment's contribution to net income increased by $0.5 million, or 6%, to $7.5 million in the fourth quarter of 2009, compared with $7.0 million in the fourth quarter of 2008.

Total revenue increased by $3.0 million, from $23.4 million in the fourth quarter of 2008 to $26.4 million in the fourth quarter of 2009. Net interest income increased by $3.1 million year-over-year, mainly as a result of higher loan and deposit volumes. Net interest margins have recovered during the last six months, which contributed to the overall good fourth quarter performance.

Loan losses remained low at $1.3 million in the fourth quarter of 2009, compared with $0.8 million in the fourth quarter of 2008. Due to heightened business development costs, non-interest expenses increased to $14.2 million in the fourth quarter of 2009, compared with $12.1 million in the fourth quarter of 2008.

**Laurentian Bank Securities**

| | **For the three months ended** | | | **For the year ended** | |
|---|---|---|---|---|---|
| (in million of $) | **October 31, 2009** | **July 31, 2009** | **October 31, 2008** | **October 31, 2009** | **October 31, 2008** |
| Total revenue | 17.7 | 16.1 | 6.4 | 54.7 | 32.4 |
| Non-interest expense | 13.2 | 11.5 | 6.4 | 41.6 | 29.7 |
| | 4.5 | 4.6 | – | 13.1 | 2.7 |
| Income taxes | 2.0 | 1.4 | 0.2 | 4.6 | 1.0 |
| Net income | 2.5 | 3.2 | (0.2) | 8.6 | 1.7 |

***2009 Financial Performance***
The Laurentian Bank Securities (LBS) business segment's contribution to net income improved significantly to $8.6 million in 2009, compared with $1.7 million in 2008. The strong performance of the Institutional Fixed Income division and improving market conditions contributed to the excellent revenue performance. Non-interest expenses increased markedly to $41.6 million in 2009, from $29.7 million in 2008, primarily due to higher employee compensation.

***Fourth quarter ended October 31, 2009 compared to fourth quarter ended October 31, 2008***
The business segment's contribution to net income improved to $2.5 million in the fourth quarter of 2009, compared with a negative contribution of $0.2 million in the fourth quarter of 2008. The strong earnings of the quarter resulted from the improved performance of all LBS divisions. Non-interest expenses increased to $13.2 million in the fourth quarter of 2009, from $6.4 million in the fourth quarter of 2008, primarily due to higher variable compensation costs.

**Other Sector**

| (in million of $) | For the three months ended October 31, 2009 | July 31, 2009 | October 31, 2008 | For the year ended October 31, 2009 | October 31, 2008 |
|---|---|---|---|---|---|
| Total revenue | 0.2 | – | (1.7) | (4.9) | 13.6 |
| Provision for loan losses | – | – | – | – | 8.0 |
| Non-interest expense | 5.4 | 3.7 | 5.6 | 16.9 | 22.4 |
| | (5.2) | (3.7) | (7.3) | (21.8) | (16.8) |
| Income taxes | (4.4) | 0.2 | (4.9) | (9.1) | (8.8) |
| Net income | (0.8) | (4.0) | (2.4) | (12.7) | (8.0) |

***2009 Financial Performance***

The Other segment posted a negative contribution to net income of $12.7 million in 2009, compared with a negative contribution of $8.0 million in 2008.

Total revenue decreased by $18.5 million, as a result of the lower overall interest rate environment, the higher funding costs at the beginning of the year and higher net losses on securities incurred in 2009. Treasury and financial market revenues for 2008 included a $12.9 million gain on the sale of Montréal Exchange shares.

Results for 2008 also included an additional general provision for loan losses of $8.0 million and a $5.6 million income tax charge arising from a reduction of federal income tax rates, partly offset by the lower income taxes on certain capital gains.

***Fourth quarter ended October 31, 2009 compared to fourth quarter ended October 31, 2008***

The Other segment posted a negative contribution to net income of $0.8 million in the fourth quarter of 2009, compared with a negative contribution of $2.4 million in the corresponding quarter of 2008.

Total revenue increased slightly to $0.2 million fourth quarter of 2009, compared with –$1.7 million for the fourth quarter of 2008, mainly as a result of the lower level of losses on securities in 2009, compared to 2008.

## About Laurentian Bank

Laurentian Bank of Canada is a banking institution operating across Canada and offering its clients diversified financial services. Differentiating itself through excellence in service, as well as through its simplicity and proximity, the Bank serves individual consumers and small and medium-sized businesses. The Bank also offers its products to a wide network of independent financial intermediaries through B2B Trust, as well as full-service brokerage solutions through Laurentian Bank Securities.

Laurentian Bank is well established in the Province of Quebec, operating the third-largest retail branch network. Elsewhere throughout Canada, it operates in specific market segments where it holds an enviable position. Laurentian Bank of Canada has more than $22 billion in balance sheet assets and more than $14 billion in assets under administration. Founded in 1846, the Bank employs more than 3,500 people.

## 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, book value per common share and efficiency ratios. In addition, net income excluding significant items has been presented at certain points in this 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.

## Caution Regarding Forward-looking Statements

In this document and in other documents filed with Canadian regulatory authorities or in other communications, Laurentian Bank of Canada may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation, including statements regarding the Bank's business plan and financial objectives. These statements typically use the conditional, as well as words such as prospects, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the forecasts, projections and other forward-looking statements will not be achieved or will prove to be inaccurate. Although the Bank believes that the expectations reflected in these forward-looking statements are reasonable, it provides no assurance that these expectations will prove to have been correct.

The Bank cautions readers against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ considerably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various material factors. Among other things, these factors include capital market activity, changes in government monetary, fiscal and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition, credit ratings, scarcity of human resources and technological environment. The Bank further cautions that the foregoing list of factors is not exhaustive. For more information on the risks, uncertainties and assumptions that would cause the Bank's actual results to differ from current expectations, please also refer to the Bank's public filings available at www.sedar.com.

The Bank does not undertake to update any forward-looking statements, whether oral or written, made by itself or on its behalf, except to the extent required by securities regulations.

## Conference Call

Laurentian Bank invites media representatives and the public to listen to the conference call with financial analysts to be held at 2 p.m. Eastern Time on Wednesday, December 9, 2009. The live, listen-only, toll-free call-in number is 1-866-223-7781. You can listen to the call on a delayed basis at any time from 6:00 p.m. on Wednesday, December 9, 2009, until midnight on December 30, 2009, by dialling the following playback number: 1-800-408-3053 Code 8127463. The conference call can also be heard through the Investor Relations section of the Bank's Web site at www.laurentianbank.ca. The Bank's Website also offers additional financial information.

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# FINANCIAL HIGHLIGHTS

| IN MILLIONS OF DOLLARS, UNLESS OTHERWISE INDICATED (UNAUDITED) | FOR THE THREE MONTHS ENDED OCTOBER 31 2009 | OCTOBER 31 2008 | VARIANCE | FOR THE YEAR ENDED OCTOBER 31 2009 | OCTOBER 31 2008 | VARIANCE |
|---|---|---|---|---|---|---|
| **Earnings** | | | | | | |
| Net income | **$ 38.2** | $ 27.3 | 40 % | **$ 113.1** | $ 102.5 | 10 % |
| Income from continuing operations | **$ 26.8** | $ 22.9 | 17 % | **$ 101.7** | $ 98.1 | 4 % |
| Net income available to common shareholders | **$ 35.2** | $ 24.4 | 44 % | **$ 101.0** | $ 90.7 | 11 % |
| Return on common shareholders' equity (1) | **15.3 %** | 11.5 % | | **11.4 %** | 11.0 % | |
| **Per common share** | | | | | | |
| Diluted net income | **$ 1.47** | $ 1.02 | 44 % | **$ 4.23** | $ 3.80 | 11 % |
| Diluted income from continuing operations | **$ 0.99** | $ 0.84 | 18 % | **$ 3.75** | $ 3.61 | 4 % |
| Dividends declared | **$ 0.34** | $ 0.34 | - % | **$ 1.36** | $ 1.30 | 5 % |
| Book value (1) | | | | **$ 38.68** | $ 35.84 | 8 % |
| Share price - close | | | | **$ 39.53** | $ 40.88 | (3) % |
| **Financial position** | | | | | | |
| Balance sheet assets | | | | **$ 22,165** | $ 19,579 | 13 % |
| Assets under administration | | | | **$ 14,256** | $ 14,428 | (1) % |
| Loans, bankers' acceptances and assets purchased under reverse repurchase agreements, net | | | | **$ 16,354** | $ 14,924 | 10 % |
| Personal deposits | | | | **$ 15,139** | $ 12,430 | 22 % |
| Shareholders' equity and debentures | | | | **$ 1,321** | $ 1,233 | 7 % |
| Number of common shares - end of period (in thousands) | | | | **23,914** | 23,848 | - % |
| Net impaired loans as a % of loans, bankers' acceptances and assets purchased under reverse repurchase agreements | | | | **0.14 %** | (0.07) % | |
| Risk-weighted assets | | | | **$ 9,481** | $ 9,629 | (2) % |
| **Capital ratios** | | | | | | |
| Tier I BIS capital ratio | | | | **11.0 %** | 10.0 % | |
| Total BIS capital ratio | | | | **13.0 %** | 12.0 % | |
| Assets to capital multiple | | | | **18.0 x** | 17.0 x | |
| Tangible common equity as a percentage of risk-weighted assets (2) | | | | **9.1 %** | 8.2 % | |
| **FINANCIAL RATIOS** | | | | | | |
| **Per common share** | | | | | | |
| Price / earnings ratio | | | | **9.3 x** | 10.7 x | |
| Market to book value | | | | **102 %** | 114 % | |
| Dividend yield | **3.44 %** | 3.33 % | | **3.44 %** | 3.18 % | |
| Dividend payout ratio | **23.1 %** | 33.3 % | | **32.1 %** | 34.2 % | |
| **As a percentage of average assets** | | | | | | |
| Net interest income | **2.19 %** | 2.15 % | | **2.07 %** | 2.21 % | |
| Provision for credit losses | **0.30 %** | 0.22 % | | **0.27 %** | 0.26 % | |
| **Profitability** | | | | | | |
| Efficiency ratio (non-interest expenses as a % of total revenue) | **71.8 %** | 74.0 % | | **70.8 %** | 70.7 % | |
| **OTHER INFORMATION** | | | | | | |
| Number of full-time equivalent employees | | | | **3,528** | 3,393 | |
| Number of branches | | | | **156** | 156 | |
| Number of automated banking machines | | | | **408** | 342 | |

(1) With regard to the calculation of the Return on common shareholders' equity ratio, the Bank considers that net income is the best measure of profitability and that common shareholders' equity, excluding accumulated other comprehensive income, would be used as a capital measure. The calculation of the Bank's book value is also based on common shareholders' equity, excluding accumulated other comprehensive income.

(2) Tangible common equity is defined as common shareholders' equity, excluding accumulated other comprehensive income, less goodwill and contractual and customer relationships.

# CONSOLIDATED
# BALANCE SHEET

| IN THOUSANDS OF DOLLARS (UNAUDITED) | AS AT OCTOBER 31 2009 | AS AT OCTOBER 31 2008 |
|---|---|---|
| **ASSETS** | | |
| **Cash and non-interest-bearing deposits with other banks** | **$ 61,010** | $ 54,410 |
| **Interest-bearing deposits with other banks** | **239,606** | 94,291 |
| **Securities accounts** | | |
| Available-for-sale | **1,424,043** | 1,302,137 |
| Held-for-trading | **1,391,313** | 1,069,197 |
| Designated as held-for-trading | **1,616,827** | 1,118,838 |
| | **4,432,183** | 3,490,172 |
| **Assets purchased under reverse repurchase agreements** | **536,064** | 661,391 |
| **Loans** | | |
| Personal | **5,655,055** | 5,694,574 |
| Residential mortgage | **7,219,830** | 6,182,871 |
| Commercial mortgage | **1,285,012** | 932,688 |
| Commercial and other | **1,555,956** | 1,454,799 |
| | **15,715,853** | 14,264,932 |
| Allowance for loan losses | **(114,546)** | (112,434) |
| | **15,601,307** | 14,152,498 |
| **Other** | | |
| Customers' liabilities under acceptances | **216,817** | 110,342 |
| Tangible capital assets | **58,163** | 59,927 |
| Derivative financial instruments | **253,661** | 237,704 |
| Goodwill | **53,790** | 53,790 |
| Other intangible assets | **103,386** | 96,458 |
| Other assets | **608,793** | 568,489 |
| | **1,294,610** | 1,126,710 |
| | **$ 22,164,780** | $ 19,579,472 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Deposits** | | |
| Personal | **$ 15,138,637** | $ 12,430,038 |
| Business, banks and other | **3,161,329** | 2,903,774 |
| | **18,299,966** | 15,333,812 |
| **Other** | | |
| Obligations related to assets sold short | **1,054,470** | 819,236 |
| Obligations related to assets sold under repurchase agreements | **284,988** | 1,136,096 |
| Acceptances | **216,817** | 110,342 |
| Derivative financial instruments | **174,859** | 147,469 |
| Other liabilities | **812,454** | 799,082 |
| | **2,543,588** | 3,012,225 |
| **Subordinated debentures** | **150,000** | 150,000 |
| **Shareholders' equity** | | |
| Preferred shares | **210,000** | 210,000 |
| Common shares | **259,208** | 257,462 |
| Contributed surplus | **209** | 173 |
| Retained earnings | **665,538** | 596,974 |
| Accumulated other comprehensive income | **36,271** | 18,826 |
| | **1,171,226** | 1,083,435 |
| | **$ 22,164,780** | $ 19,579,472 |

# CONSOLIDATED STATEMENT OF INCOME

| IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS (UNAUDITED) | FOR THE THREE MONTHS ENDED OCTOBER 31 2009 | JULY 31 2009 | OCTOBER 31 2008 | FOR THE YEAR ENDED OCTOBER 31 2009 | OCTOBER 31 2008 |
|---|---|---|---|---|---|
| **Interest income** | | | | | |
| Loans | **$ 179,730** | $ 178,002 | $ 206,157 | **$ 719,538** | $ 837,532 |
| Securities | **18,154** | 18,031 | 16,475 | **71,373** | 60,873 |
| Deposits with other banks | **102** | 278 | 5,173 | **3,903** | 26,360 |
| Other, including derivative financial instruments | **39,764** | 40,979 | 12,651 | **137,275** | 30,190 |
| | **237,750** | 237,290 | 240,456 | **932,089** | 954,955 |
| **Interest expense** | | | | | |
| Deposits | **117,048** | 122,119 | 128,170 | **493,812** | 508,403 |
| Other, including derivative financial instruments | **516** | 455 | 7,047 | **6,765** | 33,547 |
| Subordinated debentures | **1,951** | 1,950 | 1,946 | **7,735** | 7,742 |
| | **119,515** | 124,524 | 137,163 | **508,312** | 549,692 |
| **Net interest income** | **118,235** | 112,766 | 103,293 | **423,777** | 405,263 |
| **Other income** | | | | | |
| Fees and commissions on loans and deposits | **26,403** | 26,768 | 24,138 | **101,445** | 91,913 |
| Income from brokerage operations | **16,926** | 15,417 | 5,377 | **51,788** | 28,707 |
| Income from treasury and financial market operations | **(99)** | 17 | (1,279) | **10,472** | 24,474 |
| Income from sales of mutual funds | **3,383** | 3,225 | 3,329 | **12,429** | 14,170 |
| Credit insurance income | **3,399** | 4,767 | 3,487 | **15,994** | 13,717 |
| Income from registered self-directed plans | **1,887** | 2,056 | 1,939 | **7,960** | 8,736 |
| Securitization income | **5,551** | 9,771 | 10,246 | **34,441** | 35,865 |
| Other | **2,855** | 1,870 | 2,281 | **8,196** | 7,636 |
| | **60,305** | 63,891 | 49,518 | **242,725** | 225,218 |
| **Total revenue** | **178,540** | 176,657 | 152,811 | **666,502** | 630,481 |
| **Provision for loan losses** | **16,000** | 16,000 | 10,500 | **56,000** | 48,500 |
| **Non-interest expenses** | | | | | |
| Salaries and employee benefits | **66,027** | 62,828 | 58,547 | **249,658** | 236,280 |
| Premises and technology | **31,948** | 30,331 | 30,871 | **120,054** | 119,192 |
| Other | **30,168** | 25,922 | 23,622 | **102,278** | 90,519 |
| | **128,143** | 119,081 | 113,040 | **471,990** | 445,991 |
| **Income from continuing operations before income taxes** | **34,397** | 41,576 | 29,271 | **138,512** | 135,990 |
| Income taxes | **7,618** | 12,893 | 6,361 | **36,848** | 37,882 |
| **Income from continuing operations** | **26,779** | 28,683 | 22,910 | **101,664** | 98,108 |
| **Income from discontinued operations, net of income taxes** | **11,469** | - | 4,423 | **11,469** | 4,423 |
| **Net income** | **$ 38,248** | $ 28,683 | $ 27,333 | **$ 113,133** | $ 102,531 |
| Preferred share dividends, including applicable taxes | **3,066** | 2,824 | 2,954 | **12,116** | 11,818 |
| Net income available to common shareholders | **$ 35,182** | $ 25,859 | $ 24,379 | **$ 101,017** | $ 90,713 |
| Average number of common shares outstanding (in thousands) | | | | | |
| Basic | **23,878** | 23,854 | 23,846 | **23,858** | 23,837 |
| Diluted | **23,903** | 23,872 | 23,889 | **23,876** | 23,880 |
| Income per common share from continuing operations | | | | | |
| Basic | **$ 0.99** | $ 1.08 | $ 0.84 | **$ 3.75** | $ 3.62 |
| Diluted | **$ 0.99** | $ 1.08 | $ 0.84 | **$ 3.75** | $ 3.61 |
| Net income per common share | | | | | |
| Basic | **$ 1.47** | $ 1.08 | $ 1.02 | **$ 4.23** | $ 3.81 |
| Diluted | **$ 1.47** | $ 1.08 | $ 1.02 | **$ 4.23** | $ 3.80 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| IN THOUSANDS OF DOLLARS (UNAUDITED) | FOR THE THREE MONTHS ENDED OCTOBER 31 2009 | OCTOBER 31 2008 | FOR THE YEAR ENDED OCTOBER 31 2009 | OCTOBER 31 2008 |
|---|---|---|---|---|
| **Net income** | **$ 38,248** | $ 27,333 | **$ 113,133** | $ 102,531 |
| **Other comprehensive income (loss), net of income taxes** | | | | |
| Net change in unrealized gains (losses) on available-for-sale securities | **4,552** | (17,764) | **14,081** | (23,347) |
| Reclassification of realized (gains) and losses on available-for-sale securities to net income | **2,390** | 5,692 | **6,185** | (4,376) |
| Net gains (losses) on derivative instruments designated as cash flow hedges | **(7,839)** | 18,303 | **(2,821)** | 45,672 |
| | **(897)** | 6,231 | **17,445** | 17,949 |
| **Comprehensive income** | **$ 37,351** | $ 33,564 | **$ 130,578** | $ 120,480 |

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| IN THOUSANDS OF DOLLARS (UNAUDITED) | FOR THE YEAR ENDED OCTOBER 31 2009 | OCTOBER 31 2008 |
|---|---|---|
| **Preferred shares** | | |
| Balance at beginning and end of year | **$ 210,000** | $ 210,000 |
| **Common shares** | | |
| Balance at beginning of year | **257,462** | 256,445 |
| Issued during the year under share purchase option plan | **1,746** | 1,017 |
| Balance at end of year | **259,208** | 257,462 |
| **Contributed surplus** | | |
| Balance at beginning of year | **173** | 105 |
| Stock-based compensation | **36** | 68 |
| Balance at end of year | **209** | 173 |
| **Retained earnings** | | |
| Balance at beginning of year | **596,974** | 537,254 |
| Net income | **113,133** | 102,531 |
| Dividends | | |
| Preferred shares, including applicable taxes | **(12,116)** | (11,818) |
| Common shares | **(32,453)** | (30,993) |
| Balance at end of year | **665,538** | 596,974 |
| **Accumulated other comprehensive income** | | |
| Balance at beginning of year | **18,826** | 877 |
| Other comprehensive income, net of income taxes | **17,445** | 17,949 |
| Balance at end of year | **36,271** | 18,826 |
| **Shareholders' equity** | **$ 1,171,226** | $ 1,083,435 |