Press Release

FOR IMMEDIATE RELEASE

June 2, 2011

LAURENTIAN BANK REPORTS NET INCOME OF $30.1 MILLION FOR THE SECOND QUARTER OF 2011 AND INCREASES DIVIDEND BY $0.03 PER SHARE

Highlights of the second quarter 2011

- Quarterly common share dividend raised by $0.03 or 8% to $0.42 per share
- Net income of $30.1 million, up 6% from $28.3 million for the second quarter of 2010
- Diluted earnings per share up 7% to $1.13 from $1.06 for the second quarter of 2010
- Significant improvement in credit quality
- Expenses up, mainly as a result of business development investments, pension expense and costs related to fiscal measures and regulatory requirements
- Total loans and bankers' acceptances increased by 7%, including securitized assets, over the last 12 months

Laurentian Bank of Canada reported net income of $30.1 million, or $1.13 diluted earnings per share, for the second quarter ended April 30, 2011, compared to net income of $28.3 million, or $1.06 diluted earnings per share, for the second quarter of 2010. Return on common shareholders' equity was 10.7% for the quarter, compared to 10.9% for the corresponding period in 2010.

For the six months ended April 30, 2011, net income totalled $63.6 million or $2.40 diluted per share, compared with $60.4 million or $2.26 diluted per share in 2010. Return on common shareholders' equity was 11.3% for the six months ended April 30, 2011, compared to 11.6% for the same period in 2010.

Commenting on second-quarter results, Réjean Robitaille, President and Chief Executive Officer, mentioned: "I am satisfied with the second quarter's results as we successfully increased our profitability year-over-year. Credit quality has improved markedly since the beginning of the year in most of our portfolios. Reductions in loan demand in certain markets and heightened competitive pressure on interest margins since the beginning of the year have meant an increased focus on margins over volumes. Nonetheless, our continued growth, solid balance sheet and strong capital position have enabled us to once again raise our quarterly common share dividend by a further $0.03 to $0.42 per share."

Commenting on expense growth, he added: "Efficiency remains a key priority for the Bank. However, we believe our ongoing investments in business development, as well as in client service resources and systems support our long term growth objectives. We remain confident that these will help further entrench our distinctive business unit positioning and foster continued growth as we move forward."

REVIEW OF BUSINESS HIGHLIGHTS

Laurentian Bank's business plan continues to be the target of management's unwavering focus. Investments are being made and initiatives put in place to advance the distinctive positioning of each business unit. This commitment supports the Bank's raison d'être, serving its more than one million clients in the very best way possible. This contributes to the objective of achieving growth in profitability that is sustainable over the long-term.

The Retail and SME Québec business segment continues to make strides in communicating its distinctive branding through its new marketing and advertising campaign. It is resonating well with its target market, notably, young families that are responding favourably to the Bank's mortgage offer. Moreover, the RRSP and mutual fund campaigns were extremely successful in the second quarter of 2011. RRSP and mutual fund sales increased by 6% and 17% respectively compared to a year earlier. As well, penetration of the Bank's VISA card and credit insurance is increasing. Consequently, this progress contributes to the overall goal of increasing the number of clients who hold five or more products with the Bank.

On the commercial side, the Retail and SME Québec business segment is also proactive with respect to forging relationships with its SME clients. As owner daycares and pharmacies are priority sectors targeted by the Bank, it sponsors industry-related events, facilitating new relationships.

The Real Estate and Commercial business segment, which serves the needs of larger commercial clients and those of real estate developers, also prides itself on developing strong client relationships. The Bank continues to build on its reputation of fast turnaround time and uncompromising execution. These factors contributed to loan growth of 9% over the last 12 months.

B2B Trust continues to improve its processes in order to reach its ultimate goal of operational excellence. For example, during the important RRSP season, B2B Trust offered extended hours of service at its call center, a dedicated RRSP resource center, while maintaining competitive rates and offering a fast and easy application process. In return, B2B Trust had one of its best RRSP campaigns in the second quarter of 2011, generating volume growth and enhancing its leadership in serving the independent financial advisor community.

Laurentian Bank Securities has been building, strengthening and deepening its relationships with clients. This is particularly true within the Institutional Equities division, which in May celebrated its fifth anniversary. In these few years, a strong team of sales, trading and corporate finance professionals, along with 10 analysts covering 60 companies has been built.

As the Bank celebrates 165 years of operations, it does so with the knowledge that its clients are at the root of its success. The Bank will continue to provide the excellence in service that clients deserve. This has not gone unnoticed as Laurentian Bank has been recognized, for the past three years, as the second most admired banking institution in Québec. Maintaining these high standards will contribute to sustainable profitability for all stakeholders.

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. Forward-looking statements include, but are not limited to, statements regarding the Bank's business plan and financial objectives. The forward-looking statements contained in this document are used to assist the Bank's security holders and financial analysts in obtaining a better understanding of the Bank's financial position and the results of operations as at and for the periods ended on the dates presented and may not be appropriate for other purposes. Forward-looking 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 can give no assurance that these expectations will prove to have been correct.

The pro-forma impact of Basel III on regulatory capital ratios is based on the Bank's interpretation of the proposed rules announced by the Basel Committee on Banking Supervision (BCBS) and related requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI). The pro-forma impact of Basel III on regulatory capital ratios also includes the anticipated impact of International Financial Reporting Standards (IFRS) conversion. The Basel rules and impact of IFRS conversion could be subject to further change, which may impact the results of the Bank's analysis.

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.

HIGHLIGHTS

In thousands of dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED APRIL 30 2011	FOR THE THREE MONTHS ENDED APRIL 30 2010	VARIANCE	FOR THE SIX MONTHS ENDED APRIL 30 2011	FOR THE SIX MONTHS ENDED APRIL 30 2010	VARIANCE
Earnings						
Total revenue	**$ 185,717**	$ 178,113	4 %	**$ 375,196**	$ 358,562	5 %
Net income	**$ 30,142**	$ 28,349	6 %	**$ 63,635**	$ 60,363	5 %
Profitability						
Diluted earnings per share	**$ 1.13**	$ 1.06	7 %	**$ 2.40**	$ 2.26	6 %
Return on common shareholders' equity (1)	**10.7 %**	10.9 %		**11.3 %**	11.6 %	
Net interest margin (1)	**2.01 %**	2.10 %		**2.02 %**	2.12 %	
Efficiency ratio (1)	**72.6 %**	69.4 %		**70.8 %**	68.0 %	
Per common share						
Share price						
High	**$ 55.87**	$ 44.82		**$ 55.87**	$ 44.82	
Low	**$ 48.25**	$ 37.99		**$ 44.14**	$ 37.76	
Close	**$ 50.27**	$ 44.12	14 %	**$ 50.27**	$ 44.12	14 %
Price / earnings ratio (trailing four quarters)				**10.5 x**	9.2 x	
Book value (1)				**$ 43.49**	$ 40.22	8 %
Market to book value				**116 %**	110 %	
Dividends declared	**$ 0.39**	$ 0.36	8 %	**$ 0.78**	$ 0.72	8 %
Dividend yield	**3.10 %**	3.26 %		**3.10 %**	3.26 %	
Dividend payout ratio (1)	**34.5 %**	34.1 %		**32.5 %**	31.8 %	
Financial position						
Balance sheet assets				**$ 24,059,424**	$ 23,062,156	4 %
Loans and acceptances				**$ 17,730,233**	$ 16,986,172	4 %
Deposits				**$ 19,626,510**	$ 18,709,895	5 %
BIS capital ratio						
Tier I				**11.1 %**	10.9 %	
Other information						
Number of full-time equivalent employees				**3,728**	3,632	
Number of branches				**157**	156	
Number of automated banking machines				**422**	407	

(1) Refer to the non-GAAP financial measures on page 19.

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 April 30, 2011, and of how it performed during the three-month and six-month periods then ended. This MD&A, dated June 2, 2011, should be read in conjunction with the unaudited interim consolidated financial statements for the second quarter of 2011. Supplemental information on risk management, critical accounting policies and estimates, and off-balance sheet arrangements is also provided in the Bank's 2010 Annual Report.

Additional information about the Laurentian Bank of Canada, including the Annual Information Form, is available on the Bank's website www.laurentianbank.ca and on SEDAR at www.sedar.com.

ECONOMIC OUTLOOK

The Bank maintains a cautiously optimistic view regarding the outlook for the Canadian economy in the second half of 2011 and into 2012. The Canadian economy has clearly benefitted from the strong rebound in global trade currently underway, including a marked upturn in U.S. industrial production. Although current economic momentum is constructive, there is still anticipation of a moderation in growth later this year in Canada. This mainly results from the rise in the Canadian dollar, fuelled by a sharp increase in global commodity prices, especially energy, and continued strong global financial flows into Canadian assets. Higher energy prices and the persistent strength of the Canadian dollar have a noticeably greater potential impact in Québec and Ontario. In Québec, this is compounded by the necessary fiscal measures already put in place and still to come next year. The strength of the Canadian dollar could moderate future export expansion should it persist. Household spending growth could slow given the impact of higher energy prices, a high debt burden and the anticipation of higher interest rates later this summer, which nonetheless should remain relatively low.

2011 FINANCIAL OBJECTIVES

The following table presents management's financial objectives for 2011 and the Bank's performance to date. These financial objectives are based on the same assumptions noted on page 29 of the Bank's 2010 Annual Report under the title "Key assumptions supporting the Bank's objectives".

2011 FINANCIAL OBJECTIVES

	2011 OBJECTIVES	FOR THE SIX MONTHS ENDED APRIL 30, 2011
Revenue growth	> 5 %	5 %
Efficiency ratio (1)	70 % to 67 %	70.8 %
Return on common shareholders' equity (1)	11 % to 13 %	11.3 %
Diluted earnings per share	$ 4.80 to $ 5.40	$ 2.40

(1) Refer to the non-GAAP financial measures on page 19.

After six months, management believes that the Bank should meet its overall profitability objectives as set out at the beginning of the year, mainly as credit quality remained good and the Bank pursues its disciplined approach to expense management. However, as shown in the table above, the Bank's revenue growth and efficiency ratio objectives are slightly below targets. This is largely due to a slowing in real estate activity since the beginning of the year, in part due to the recent economic context, as discussed above, combined with a very competitive environment.

ANALYSIS OF CONSOLIDATED RESULTS

In thousands of dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED APRIL 30 2011	JANUARY 31 2011	APRIL 30 2010	FOR THE SIX MONTHS ENDED APRIL 30 2011	APRIL 30 2010
Net interest income	**$ 116,434**	$ 121,418	$ 117,633	**$ 237,852**	$ 238,349
Other income	**69,283**	68,061	60,480	**137,344**	120,213
Total revenue	**185,717**	189,479	178,113	**375,196**	358,562
Provision for loan losses	**12,000**	15,000	16,000	**27,000**	32,000
Non-interest expenses	**134,824**	130,958	123,549	**265,782**	243,932
Income before income taxes	**38,893**	43,521	38,564	**82,414**	82,630
Income taxes	**8,751**	10,028	10,215	**18,779**	22,267
Net income	**$ 30,142**	$ 33,493	$ 28,349	**$ 63,635**	$ 60,363
Preferred share dividends, including applicable taxes	**3,109**	3,109	3,074	**6,218**	6,148
Net income available to common shareholders	**$ 27,033**	$ 30,384	$ 25,275	**$ 57,417**	$ 54,215
Earnings per share					
Basic	**$ 1.13**	$ 1.27	$ 1.06	**$ 2.40**	$ 2.27
Diluted	**$ 1.13**	$ 1.27	$ 1.06	**$ 2.40**	$ 2.26

THREE MONTHS ENDED APRIL 30, 2011 COMPARED TO THREE MONTHS ENDED APRIL 30, 2010

Net income was $30.1 million, or $1.13 diluted per share, for the second quarter ended April 30, 2011, compared with $28.3 million, or $1.06 diluted per share, for the second quarter of 2010.

TOTAL REVENUE

Total revenue increased by $7.6 million year-over-year to $185.7 million in the second quarter of 2011, compared with $178.1 million in the second quarter of 2010. Net interest income decreased to $116.4 million for the second quarter of 2011, from $117.6 million in the second quarter of 2010, as loan and deposit growth year-over-year did not fully offset lower interest margins. When compared to the second quarter of 2010, margins decreased by 9 basis points to 2.01% in the second quarter of 2011. This decrease is mainly explained by the change in hedging strategies related to securitization activities initiated in the first quarter of 2011, which generated a shift of some net interest income to other income, as well as intense competition in many markets, which continues to put pressure on loan and deposit pricing.

OTHER INCOME

Other income was $69.3 million in the second quarter of 2011, compared to $60.5 million in the second quarter of 2010, a 15% year-over-year increase. Revenue from card services continued to improve in the second quarter due to higher transaction volumes. Income from sales of mutual funds also contributed to the increase in other income during the quarter, reflecting growth in assets under management over the past 12 months. In addition, income from brokerage operations increased by $2.9 million at Laurentian Bank Securities as a result of favourable market conditions and overall good performance from most divisions. Securitization income increased by $7.2 million year-over-year, mainly as a result of higher gains on $449.2 million of new mortgage loan securitizations during the quarter. Since the beginning of the year, the Bank opted to fund most of its loan growth through securitization as it remains a favourably priced funding source given market conditions. The discussion on the Other sector's activity below provides further details on securitization activities. These increases were partially offset by slightly lower income from treasury and financial market operations and lower revenues from lending activities.

PROVISION FOR LOAN LOSSES

The provision for loan losses amounted to $12.0 million in the second quarter of 2011, compared with $16.0 million in the second quarter of 2010, mainly due to continued improvement in the Bank's retail portfolios, combined with lower losses on the commercial portfolios. The overall credit quality has improved markedly, as evidenced by the significant reduction in gross impaired loans from $188.1 million as at October 31, 2010 to $155.3 million as at April 30, 2011, a 17% improvement in the last two quarters. The Risk Management section below provides additional information on credit quality.

NON-INTEREST EXPENSES

Non-interest expenses totalled $134.8 million for the second quarter of 2011, compared to $123.5 million for the second quarter of 2010; an $11.3 million year-over-year increase.

During the quarter, the Bank continued to invest in its human capital to support growth and service quality initiatives, as well as to meet heightened regulatory requirements. Salaries and employee benefits rose by $7.8 million, of which $1.5 million is related to higher salary costs from additional headcount compared to a year ago and $1.5 million from regular salary increases effective since January 1, 2011. A further $2.6 million was due to increased payroll tax rates and pension costs. These investments support the Bank's long term growth objectives and should contribute to further strengthening its positioning.

Premises and technology costs rose from $32.0 million for the second quarter of 2010 to $34.8 million for the second quarter of 2011, mainly as a result of higher technology costs related to ongoing business growth, amortization expenses related to recently completed IT development projects, and higher rental costs. Other non-interest expenses slightly increased from $23.9 million for the second quarter of 2010 to $24.6 million for the second quarter of 2011.

As a result of increases in non-interest expenses, as explained above, and net interest margin compression, the efficiency ratio was 72.6% in the second quarter of 2011, compared with 69.4% in the second quarter of 2010.

INCOME TAXES

For the quarter ended April 30, 2011, the income tax expense was $8.7 million and the effective tax rate was 22.5%. The lower tax rate, compared to the statutory rate, mainly resulted from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income and the lower taxation level on revenues from credit insurance operations. In addition, compared to the same quarter of 2010, income taxes for the second quarter ended April 30, 2011 benefitted from the effect of the reduction in Federal income tax rates of 1.4% which became effective for the year and the higher proportion of investments in Canadian securities. For the quarter ended April 30, 2010, the income tax expense was $10.2 million and the effective tax rate was 26.5%.

SIX MONTHS ENDED APRIL 30, 2011 COMPARED TO SIX MONTHS ENDED APRIL 30, 2010

For the six months ended April 30, 2011, net income totalled $63.6 million or $2.40 diluted per share, compared with $60.4 million or $2.26 diluted per share in 2010.

TOTAL REVENUE

Total revenue improved to $375.2 million for the six months ended April 30, 2011, up 5% compared to $358.6 million for the six months ended April 30, 2010. Net interest income remained relatively unchanged at $237.9 million for the six months ended April 30, 2011 compared with $238.3 million for the same period in 2010. Income generated through higher loan and deposit volumes was offset by the run-off of high margin point-of-sale loans and tighter margins resulting from the change in hedging strategies and competitive pricing, as noted above. Other income increased to $137.3 million for the six months ended April 30, 2011 from $120.2 million for the same period in 2010. This increase is mainly due to higher securitization income resulting from higher volumes of securitized loans compared to the previous year, combined with marked increases in credit insurance income and income from sales of mutual funds due to increased business activity as well as improved income from brokerage operations.

PROVISION FOR LOAN LOSSES

The provision for loan losses amounted to $27.0 million for the six months ended April 30, 2011, compared to $32.0 million for the six months ended April 30, 2010. This 16% decrease essentially relates to improvements in the retail loan portfolio and lower losses on the commercial loan portfolio.

NON-INTEREST EXPENSES

Non-interest expenses totalled $265.8 million for the six months ended April 30, 2011, compared to $243.9 million for the six months ended April 30, 2010. The increase is principally attributable to higher salaries, as well as continued investment in growth and quality service initiatives, as noted above. Premises and technology costs also increased as a result of higher amortization expense related to IT development projects and overall increases in technology costs. Other non-interest expenses remained relatively unchanged. Additional regulatory requirements, as well as higher payroll taxes have also contributed to the overall increase in non-interest expenses.

For the six months ended April 30, 2011, the efficiency ratio increased to 70.8% from 68.0% for the six months ended April 30, 2010.

INCOME TAXES

For the six months ended April 30, 2011, the income tax expense was $18.8 million and the effective tax rate was 22.8%, compared to $22.3 million and 26.9% for the six months ended April 30, 2010. The lower tax rate, compared to the statutory rate, mainly resulted from the same factors noted above.

SECOND QUARTER 2011 COMPARED TO FIRST QUARTER 2011

Net income was $30.1 million for the second quarter of 2011, compared to $33.5 million for the first quarter ended January 31, 2011. Total revenue decreased to $185.7 million in the second quarter of 2011, compared with $189.5 million in the previous quarter. Net interest income decreased $5.0 million sequentially, mainly as a result of three fewer days in the quarter. Net interest margins remained relatively unchanged during the second quarter of 2011 and stood at 2.01% of average assets, compared with 2.03% for the first quarter of 2011. Pressure on pricing in many markets remained strong, impacting net interest margins.

Other income increased 2% compared to the first quarter of 2011, as higher income from brokerage operations due to increased business activity was partly offset by lower securitization income and income from treasury and financial market operations.

The provision for loan losses amounted to $12.0 million in the second quarter of 2011, compared to $15.0 million for the first quarter of 2011, reflecting ongoing improvements in credit quality on the commercial loan portfolios.

Non-interest expenses increased by $3.9 million compared with the first quarter of 2011. The increase mainly relates to salaries and employee benefits partially reflecting the effect of annual increases effective as of January 1st, higher incentive compensation costs and higher headcount to support growth and service quality initiatives.

FINANCIAL CONDITION

CONDENSED BALANCE SHEET

In thousands of dollars (Unaudited)	**AS AT APRIL 30 2011**	AS AT OCTOBER 31 2010	AS AT APRIL 30 2010
ASSETS			
Cash and deposits with other banks	**$ 711,064**	$ 166,098	$ 258,061
Securities	**4,301,714**	4,258,805	4,143,430
Securities purchased under reverse repurchase agreements	**443,456**	803,874	569,066
Loans, net	**17,542,833**	17,405,244	16,837,773
Other assets	**1,060,357**	1,138,117	1,253,826
	$ 24,059,424	$ 23,772,138	$ 23,062,156
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits	**$ 19,626,510**	$ 19,647,730	$ 18,709,895
Other liabilities	**2,925,167**	2,734,993	3,018,525
Subordinated debt	**241,640**	150,000	150,000
Shareholders' equity	**1,266,107**	1,239,415	1,183,736
	$ 24,059,424	$ 23,772,138	$ 23,062,156

Balance sheet assets stood at $24.1 billion as at April 30, 2011, up $0.3 billion from year-end 2010. Over the last twelve months, balance sheet assets increased by $1.0 billion or 4%.

LIQUID ASSETS

Liquid assets, including cash, deposits with other banks, securities and securities purchased under reverse repurchase agreements, increased by $0.2 billion from year-end 2010, mainly as a result of higher securities' inventories held to support business activity at Laurentian Bank Securities. Overall, liquid assets as a percentage of total assets increased marginally to 23% compared with 22% as at October 31, 2010 as the Bank maintained relatively higher levels of liquidity to support loan disbursements and growth initiatives.

LOAN PORTFOLIO

The portfolio of loans and bankers' acceptances stood at $17.9 billion at April 30, 2011, slightly higher than as at October 31, 2010. Personal loans increased by $46.4 million, as growth in investment loans and home equity lines of credit more than compensated for ongoing run-offs in point-of-sale financing totaling $82.0 million since October 31, 2010. In addition, commercial mortgage loans and commercial loans, including bankers' acceptances increased by $25.5 million and $154.0 million, respectively, as the Bank continues to capitalize on growth opportunities in the Canadian market. The Bank's residential mortgage loan portfolio, including off-balance sheet loans, was up $413.5 million since the beginning of the year as indicated in the table below. The Bank securitized $449.3 million in residential mortgages during the quarter; $351.0 million through the CMHC CMB Program ($350.2 million during the first quarter of 2011) and $98.3 million ($37.8 million during the first quarter of 2011) as replacement assets in this same conduit.

RESIDENTIAL MORTGAGE LOAN PORTFOLIO

In thousands of dollars (Unaudited)	**AS AT APRIL 30 2011**	AS AT OCTOBER 31 2010	VARIANCE
On-balance sheet residential mortgage loans	**$ 8,526,298**	$ 8,582,548	$ (56,250)
Securitized residential mortgage loans (off-balance sheet)	**3,185,279**	2,715,535	469,744
Total residential mortgage loans, including securitized loans	**$ 11,711,577**	$ 11,298,083	$ 413,494

DEPOSITS

Total personal deposits increased by $166.5 million from October 31, 2010 and stood at $15.6 billion as at April 30, 2011 as a result of continued growth in the second quarter. Business and other deposits (which include institutional deposits) were down $187.7 million since the beginning of the year to $4.1 billion as at April 30, 2011 as the Bank prioritized other sources, such as securitization, to meet its funding requirements. The Bank continues to actively manage its liquidity levels to meet funding requirements, while exercising rigorous pricing controls and focuses its efforts on retail deposit gathering. Retail deposits continue to be a particularly stable source of financing for the Bank, at a lower cost when compared to institutional deposits. As at April 30, 2011, personal deposits represented close to 80% of total deposits.

SUBORDINATED DEBT

As at April 30, 2011, subordinated debt increased to $241.6 million, from $150.0 million as at October 31, 2010. During the first quarter, the Bank issued $250.0 million Medium Term Notes (subordinated indebtedness) Series 2010-1 due November 2, 2020 and redeemed all of its subordinated debentures, Series 10, maturing in 2016, with an aggregate notional amount of $150.0 million. When combined, these transactions will provide the Bank with added flexibility to pursue its growth initiatives and will contribute to help meet new regulatory capital requirements.

SHAREHOLDERS' EQUITY

Shareholders' equity stood at $1,266.1 million as at April 30, 2011, compared with $1,239.4 million as at October 31, 2010. This increase mainly resulted from net income for the first six months of 2011, net of declared dividends, as well as unrealized gains related to available-for-sale securities in other comprehensive income, partly offset by a decrease in the deferred gain related to interest rate swaps in accumulated other comprehensive income. The Bank's book value per common share, excluding AOCI, appreciated to $43.49 as at April 30, 2011 from $41.87 as at October 31, 2010. There were 23,924,762 common shares and 50,275 share purchase options outstanding as at May 25, 2011.

ASSETS UNDER ADMINISTRATION

Assets under administration stood at $15.8 billion as at April 30, 2011, $0.8 billion higher than as at October 31, 2010, and $1.1 billion higher than as at April 30, 2010, where they stood at $14.7 billion. The increase compared with April 30, 2010 is attributable to the increase in mortgage loans under management, and the appreciation in market value and volume growth of assets related to mutual funds and self-directed RRSPs.

CAPITAL MANAGEMENT

The regulatory Tier I capital of the Bank reached $1,171.1 million as at April 30, 2011, compared with $1,134.3 million as at October 31, 2010. The BIS Tier 1 and total capital ratios stood at 11.1% and 13.9%, respectively, as at April 30, 2011, compared to 10.9% and 12.9%, respectively, as at October 31, 2010. These ratios are well above present minimum requirements and reflect the strength of the Bank, as well as the relatively lower-risk profile of its operations. The tangible common equity ratio of 9.3% also reflects the high quality of the Bank's capital.

REGULATORY CAPITAL

In thousands of dollars, except percentage amounts (Unaudited)	AS AT APRIL 30 2011	AS AT OCTOBER 31 2010	AS AT APRIL 30 2010
Tier 1 capital (A)	**$ 1,171,148**	$ 1,134,291	$ 1,081,593
Tier I BIS capital ratio (A/C)	**11.1 %**	10.9 %	10.9 %
Total regulatory capital - BIS (B)	**$ 1,464,834**	$ 1,337,327	$ 1,270,338
Total BIS capital ratio (B/C)	**13.9 %**	12.9 %	12.8 %
Total risk-weighted assets (C)	**$ 10,520,162**	$ 10,388,050	$ 9,924,365
Assets to capital multiple	**16.5 x**	17.9 x	18.3 x
Tangible common equity as a % of risk-weighted assets (1)	**9.3 %**	9.0 %	9.0 %

(1) Refer to the non-GAAP financial measures on page 19.

PROPOSAL FOR NEW CAPITAL AND LIQUIDITY REGULATORY MEASURES

In December 2010, the Basel Committee on Banking Supervision (BCBS) published new capital guidelines commonly referred to as Basel III. These new requirements will take effect in January 2013 and will generally provide more stringent capital adequacy standards.

The BCBS published further details in January 2011 with regards to qualifying criteria for capital under the guidelines. The Office of the Superintendent of Financial Institutions Canada (OSFI) subsequently provided additional guidance regarding the treatment of non-qualifying capital instruments in February 2011. As a result, certain capital instruments may no longer qualify fully as capital beginning January 1, 2013. The Bank's non-common capital instruments will be considered non-qualifying capital instruments under Basel III and will therefore be subject to a 10% phase-out per year beginning in 2013. These non-common capital instruments include both Series 9 and 10 preferred shares and Series 2010-1 subordinated Medium Term Notes. The Bank has not issued any hybrids or innovative Tier 1 instruments and none of its capital instruments are subject to a regulatory event redemption clause. Therefore, no regulatory event redemption is expected.

Considering the Bank’s capital position and the nature of its operations, and based on current understanding of the Basel III rules, management believes that the Bank is well positioned to meet upcoming capital requirements. The Common Equity Tier 1 ratio, as at April 30, 2011, would be approximately 7.2% when applying the full Basel III rules applicable in 2019 (i.e., without transition arrangements). The Tier 1 ratio under the new Basel III rules would be 9.2%. Given the evolving nature of international capital rules and the projected outlook for balance sheet expansion, the Bank will nonetheless remain cautious with respect to capital deployment.

In December 2009, the BCBS published proposals on new liquidity requirements, which introduced new global liquidity standards. Updates were also published in 2010, providing additional information. At this stage, it is still too early to determine their definitive impact on liquidity requirements, considering the proposals are yet to be finalized at both the international (BCBS) and national (OSFI) levels and may further change between now and when the final rules take effect.

DIVIDENDS

On May 25, 2011, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on June 9, 2011. At its meeting on June 2, 2011, given the ongoing progress in the Bank’s profitability, its confidence in the Bank’s future and the solid balance sheet and capital ratios, the Board of Directors approved a $0.03 per share, or 8%, increase to the quarterly dividend on common shares and thus declared a dividend of $0.42 per common share, payable on August 1, 2011, to shareholders of record on July 4, 2011.

COMMON SHARE DIVIDENDS AND PAYOUT RATIO

	FOR THE THREE MONTHS ENDED	FOR THE THREE MONTHS ENDED	FOR THE SIX MONTHS ENDED	FOR THE YEARS ENDED		
In dollars, except payout ratios (Unaudited)	**APRIL 30 2011**	**JANUARY 31 2011**	**APRIL 30 2011**	OCTOBER 31 2010	OCTOBER 31 2009	OCTOBER 31 2008
Dividends declared per common share	**$ 0.39**	**$ 0.39**	**$ 0.78**	$ 1.44	$ 1.36	$ 1.30
Dividend payout ratio (1)	**34.5 %**	**30.7 %**	**32.5 %**	31.1 %	32.1 %	34.2 %

(1) Refer to the non-GAAP financial measures on page 19.

RISK MANAGEMENT

The Bank is exposed to various types of risks owing to the nature of its activities. These risks are mainly related to the use of financial instruments. In order to manage these risks, controls such as risk management policies and various risk limits have been implemented. These measures aim to optimize the risk/return ratio in all operating segments. For additional information regarding the Bank's Risk Management Framework, please refer to the 2010 Annual Report.

CREDIT RISK

The following sections provide further details on the credit quality of the Bank's loan portfolios.

PROVISION FOR LOAN LOSSES

In thousands of dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED APRIL 30 **2011**	JANUARY 31 2011	APRIL 30 2010	FOR THE SIX MONTHS ENDED APRIL 30 **2011**	APRIL 30 2010
Provision for loan losses					
Personal loans	**$ 5,842**	$ 5,895	$ 7,591	**$ 11,737**	$ 16,249
Residential mortgage loans	**2,601**	1,266	170	**3,867**	433
Commercial mortgage loans	**804**	3,428	3,069	**4,232**	3,863
Commercial and other loans	**2,753**	4,411	5,170	**7,164**	11,455
Total	**$ 12,000**	$ 15,000	$ 16,000	**$ 27,000**	$ 32,000
As a % of average loans and acceptances	**0.28 %**	0.34 %	0.39 %	**0.31 %**	0.39 %

The provision for loan losses decreased to $12.0 million in the second quarter of 2011, from $15.0 million in the first quarter of 2011 and $16.0 million in the fourth quarter of 2010 as overall credit quality improved during the quarter. The year-over-year decrease in provisions on personal loans essentially results from improved employment conditions in Canada and a reduced exposure to the point-of-sale financing business. The increase in provisions on residential mortgage loans in the second quarter of 2011 is related to a limited number of loans for residential real estate development properties and projects. Provisions on commercial mortgages and commercial loans improved markedly during the second quarter, reflecting the good credit quality of this portfolio.

IMPAIRED LOANS

In thousands of dollars, except percentage amounts (Unaudited)	AS AT APRIL 30 **2011**	AS AT OCTOBER 31 2010	AS AT APRIL 30 2010
Gross impaired loans			
Personal	**$ 16,256**	$ 16,397	$ 20,771
Residential mortgages	**33,874**	39,304	28,377
Commercial mortgages	**32,740**	34,316	29,130
Commercial and other	**72,392**	98,106	83,652
	155,262	188,123	161,930
Specific allowances	**(74,975)**	(64,893)	(50,928)
General allowances	**(73,250)**	(73,250)	(73,250)
Net impaired loans	**$ 7,037**	$ 49,980	$ 37,752
Impaired loans as a % of loans and acceptances			
Gross	**0.87 %**	1.06 %	0.95 %
Net	**0.04 %**	0.28 %	0.22 %

Gross impaired loans stood at $155.3 million at April 30, 2011, compared to $168.7 million at January 31, 2011 and $188.1 million at October 31, 2010 as credit quality continued to improve during the quarter. The decrease since October 31, 2010 essentially resulted from overall improvements in loan portfolios, with clear progress in the commercial loan portfolios. Retail portfolios also continue to perform well, as borrowers continued to benefit from improving employment conditions in Canada and a low interest rate environment. Specific allowances increased by $10.1 million to $75.0 million since the beginning of the year and now represent 48% of gross impaired loans as at April 30, 2011.

Net impaired loans stood at $7.0 million at April 30, 2011 (representing 0.04% of average loans and bankers' acceptances), compared to $50.0 million (0.28%) at October 31, 2010, reflecting the higher level of provisioning of impaired loans.

MARKET RISK

Market risk corresponds to the financial losses that the Bank could incur due to unfavourable fluctuations in the value of financial instruments following variations in the parameters underlying their valuation, such as interest rates, exchange rates or quoted market prices. This risk is inherent to the Bank's financing, investment, trading and asset and liability management (ALM) activities.

The purpose of ALM activities is to control structural interest rate risk, which corresponds to the potential negative impact of interest rate movements on the Bank's revenues and economic value. Dynamic management of structural risk is intended to maximize the Bank's profitability while preserving the economic value of common shareholders' equity. As at April 30, 2011, the effect on the economic value of common shareholders' equity and on net interest income before taxes of a sudden and sustained 1% increase in interest rates across the yield curve was as follows.

STRUCTURAL INTEREST RATE SENSITIVITY ANALYSIS

In thousands of dollars (Unaudited)	**AS AT APRIL 30 2011**	AS AT OCTOBER 31 2010
Increase in net interest income before taxes over the next 12 months	**$ 4,331**	$ 4,650
Decrease in the economic value of common shareholders' equity (Net of income taxes)	**$ (27,292)**	$ (22,638)

As shown in the table above, the Bank is not significantly exposed to a sudden and sustained 1% increase in interest rates and has maintained its ALM positioning relatively unchanged compared to October 31, 2010 in expectation of a slight increase in interest rates.

SEGMENTED INFORMATION

This section outlines the Bank's operations according to its organizational structure. Services to individuals, businesses, financial intermediaries and institutional clients are offered through the following business segments:

- Retail & SME Québec
- Real Estate & Commercial
- B2B Trust
- Laurentian Bank Securities & Capital Markets
- Other

RETAIL & SME QUÉBEC

In thousands of dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED **APRIL 30 2011**	JANUARY 31 2011	APRIL 30 2010	FOR THE SIX MONTHS ENDED **APRIL 30 2011**	APRIL 30 2010
Net interest income	**$ 77,303**	$ 79,782	$ 78,531	**$ 157,085**	$ 160,342
Other income	**33,548**	33,182	32,851	**66,730**	63,543
Total revenue	**110,851**	112,964	111,382	**223,815**	223,885
Provision for loan losses	**6,788**	7,351	11,542	**14,139**	21,332
Non-interest expenses	**91,735**	91,489	87,305	**183,224**	173,807
Income before income taxes	**12,328**	14,124	12,535	**26,452**	28,746
Income taxes	**2,262**	2,533	2,453	**4,795**	6,112
Net income	**$ 10,066**	$ 11,591	$ 10,082	**$ 21,657**	$ 22,634
Efficiency ratio (1)	**82.8 %**	81.0 %	78.4 %	**81.9 %**	77.6 %

(1) Refer to the non-GAAP financial measures on page 19.

The Retail & SME Québec business segment's contribution to net income was $10.1 million for the second quarter of 2011, relatively unchanged compared with the second quarter of 2010.

Total revenue slightly decreased, from $111.4 million in the second quarter of 2010 to $110.9 million in the second quarter of 2011, as the increase in other income did not fully compensate for the decrease in net interest income. This decrease essentially resulted from continued pressure on loan and deposit pricing due to intense competition, which more than offset increases in loan and deposit volumes compared to a year ago. The ongoing run-off in point-of-sale financing loans also impacted net interest income in the quarter.

Other income improved mainly as a result of higher card service revenues due to increased transaction volumes and higher income from sales of mutual funds due to growth in assets under management. Loan losses decreased by 41% or $4.7 million, from $11.5 million in the second quarter of 2010 to $6.8 million in the second quarter of 2011. This significant improvement results essentially from commercial loans, in line with improved economic conditions in Québec, and the reduced exposure to the point-of-sale financing business. Non-interest expenses increased by $4.4 million, from $87.3 million in the second quarter of 2010 to $91.7 million in the second quarter of 2011, mainly as a result of increased salary cost related to additional business development positions, regular annual salary increases, and higher payroll tax rates and pension costs.

For the six months ended April 30, 2011, net income declined by 4% to $21.7 million, as decreases in net interest income and higher expenses more than offset improvements in other income and loan losses as explained above.

Balance sheet highlights

- Loans up 6% or $ 655 million over the last 12 months
- Increase in deposits of $546 million over the last 12 months, to $9.2 billion as at April 30, 2011

REAL ESTATE & COMMERCIAL

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
In thousands of dollars, except percentage amounts (Unaudited)	**APRIL 30 2011**	JANUARY 31 2011	APRIL 30 2010	**APRIL 30 2011**	APRIL 30 2010
Net interest income	**$ 21,840**	$ 22,556	$ 20,527	**$ 44,396**	$ 40,438
Other income	**7,851**	8,094	8,598	**15,945**	16,277
Total revenue	**29,691**	30,650	29,125	**60,341**	56,715
Provision for loan losses	**4,840**	7,272	3,984	**12,112**	9,134
Non-interest expenses	**7,289**	7,567	5,558	**14,856**	9,800
Income before income taxes	**17,562**	15,811	19,583	**33,373**	37,781
Income taxes	**5,028**	4,527	5,928	**9,555**	11,438
Net income	**$ 12,534**	$ 11,284	$ 13,655	**$ 23,818**	$ 26,343
Efficiency ratio (1)	**24.5 %**	24.7 %	19.1 %	**24.6 %**	17.3 %

(1) Refer to the non-GAAP financial measures on page 19.

The Real Estate & Commercial business segment’s contribution to net income decreased by 8% or $1.1 million, reaching $12.5 million for the second quarter of 2011, compared with $13.7 million for the second quarter of 2010.

Total revenue increased by $0.6 million, from $29.1 million in the second quarter of 2010 to $29.7 million in the second quarter of 2011, essentially as a result of higher net interest income due to growth in loan volumes. Loan losses were slightly higher at $4.8 million in the second quarter of 2011, compared to $4.0 million in the second quarter of 2010. This relatively low level of losses reflects the continuing improvement in the credit quality of portfolios resulting from the better economic conditions and prudent underwriting. This is further evidenced by the continued reduction in gross impaired loans compared to January 31, 2011 and October 31, 2010. Non-interest expenses increased by $1.7 million to $7.3 million in the second quarter of 2011, from $5.6 million in the second quarter of 2010, of which $0.7 million is related to the reversal of provisions in 2010 due to a partial resolution of a specific operational issue while the remaining $1.0 million increase is mainly related to higher salary expenses and allocated costs.

For the six months ended April 30, 2011, net income decreased by 10% to $23.8 million as higher expenses and loan losses more than offset the increase in revenues. Total revenue for the six months ended April 30, 2011 increased essentially for the same reasons as noted above. Non-interest expenses increased by $5.1 million compared to the six months ended April 30, 2010, mainly as results of 2010 included a reversal of $2.8 million related to partial resolution of certain operational issues as noted above, and higher salary expenses.

Balance sheet highlight

- Loans and BAs up 9% or more than $250 million over the last 12 months

B2B TRUST

In thousands of dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED APRIL 30 2011	JANUARY 31 2011	APRIL 30 2010	FOR THE SIX MONTHS ENDED APRIL 30 2011	APRIL 30 2010
Net interest income	**$ 28,325**	$ 28,718	$ 26,863	**$ 57,043**	$ 54,203
Other income	**2,419**	2,525	2,772	**4,944**	5,269
Total revenue	**30,744**	31,243	29,635	**61,987**	59,472
Provision for loan losses	**372**	377	474	**749**	1,534
Non-interest expenses	**16,009**	16,222	12,757	**32,231**	25,364
Income before income taxes	**14,363**	14,644	16,404	**29,007**	32,574
Income taxes	**4,072**	4,151	5,045	**8,223**	10,154
Net income	**$ 10,291**	$ 10,493	$ 11,359	**$ 20,784**	$ 22,420
Efficiency ratio (1)	**52.1 %**	51.9 %	43.0 %	**52.0 %**	42.6 %

(1) Refer to the non-GAAP financial measures on page 19.

The B2B Trust business segment's contribution to net income decreased by 9% to $10.3 million in the second quarter of 2011, compared with $11.4 million in the second quarter of 2010. Total revenue increased by $1.1 million, from $29.6 million in the second quarter of 2010, to $30.7 million in the second quarter of 2011. Net interest income increased by $1.5 million, as volume growth in mortgage loans, mainly in the last six months of 2010, and better margins on the High Interest Investment Accounts and term deposits were partly offset by tighter margins on investment and mortgage loans. Since the beginning of 2011, B2B Trust focus on profitable growth has resulted in a deceleration in volume growth given the tightening in margins in the real estate market. Loan losses, including losses on investment lending activities, remained low at $0.4 million in the second quarter of 2011, compared with $0.5 million in the second quarter of 2010. Non-interest expenses increased to $16.0 million in the second quarter of 2011, compared with $12.8 million in the second quarter of 2010. This was mainly due to the combined effect of higher salary and employee benefits related to regular salary increases and additional business development and service center headcount, as well as higher allocated technology costs to support increased business activity and enhanced service levels.

For the six months ended April 30, 2011, net income decreased by 7% to $20.8 million, as higher expenses more than offset increases in revenues and improved loan losses, essentially for the same reasons as noted above.

Balance sheet highlights

- Loans up 7% or $351 million over the last 12 months
- Total deposits of $9.3 billion as at April 30, 2011, marginally lower compared to a year ago

LAURENTIAN BANK SECURITIES & CAPITAL MARKETS

In thousands of dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED APRIL 30 2011	JANUARY 31 2011	APRIL 30 2010	FOR THE SIX MONTHS ENDED APRIL 30 2011	APRIL 30 2010
Total revenue	**$ 17,872**	$ 16,241	$ 15,280	**$ 34,113**	$ 29,767
Non-interest expenses	**14,126**	12,495	11,657	**26,621**	23,337
Income before income taxes	**3,746**	3,746	3,623	**7,492**	6,430
Income taxes	**1,014**	1,024	1,037	**2,038**	2,010
Net income	**$ 2,732**	$ 2,722	$ 2,586	**$ 5,454**	$ 4,420
Efficiency ratio (1)	**79.0 %**	76.9 %	76.3 %	**78.0 %**	78.4 %

(1) Refer to the non-GAAP financial measures on page 19.

The Laurentian Bank Securities and Capital Markets business segment's contribution to net income increased by 6% to $2.7 million in the second quarter of 2011, compared with $2.6 million in the second quarter of 2010. Revenues continued their progression and grew by 17% to $17.9 million in the second quarter of 2011, as a result of favourable market conditions and the good performance from most divisions. Non-interest expenses increased to $14.1 million in the second quarter of 2011, from $11.7 million in the second quarter of 2010, due primarily to higher variable compensation costs from increased transaction volumes and new representatives.

For the six months ended April 30, 2011, net income increased by 23% or $1.0 million compared to the same period last year, as higher revenues offset increases in expenses, essentially for the same reasons presented above.

Balance sheet highlight

- Assets under management stood at $2.2 billion, up 1% or $20 million over the last 12 months

OTHER SECTOR

In thousands of dollars (Unaudited)	FOR THE THREE MONTHS ENDED APRIL 30 **2011**	 JANUARY 31 2011	 APRIL 30 2010	FOR THE SIX MONTHS ENDED APRIL 30 **2011**	 APRIL 30 2010
Net interest income	**$ (11,704)**	$ (10,410)	$ (8,724)	**$ (22,114)**	$ (17,555)
Other income	**8,263**	8,791	1,415	**17,054**	6,278
Total revenue	**(3,441)**	(1,619)	(7,309)	**(5,060)**	(11,277)
Non-interest expenses	**5,665**	3,185	6,272	**8,850**	11,624
Loss before income taxes	**(9,106)**	(4,804)	(13,581)	**(13,910)**	(22,901)
Income taxes recovery	**(3,625)**	(2,207)	(4,248)	**(5,832)**	(7,447)
Net loss	**$ (5,481)**	$ (2,597)	$ (9,333)	**$ (8,078)**	$ (15,454)

The Other sector posted a negative contribution to net income of $5.5 million in the second quarter of 2011, compared with a negative contribution of $9.3 million in the second quarter of 2010. Net interest income decreased to negative $11.7 million in the second quarter of 2011, compared to negative $8.7 million in the second quarter of 2010. The decrease mainly results from the lower level and yield on securities. In addition, the reversal, in the Other sector, of the net interest income related to securitized loans, has increased as a result of the higher level of securitized assets.

Other income for the second quarter of 2011 was $8.3 million, compared to $1.4 million for the second quarter of 2010. The increase in profitability mainly results from higher securitization income resulting from gains, under current Canadian GAAP. During the quarter, the Bank securitized $449.3 million of residential mortgage loan securitization, as it continued to fund most of its loan growth through securitization, which remains a favourably priced funding source given market conditions.

SECURITIZATION INCOME

In thousands of dollars (Unaudited)	FOR THE THREE MONTHS ENDED APRIL 30 **2011**	 JANUARY 31 2011	 APRIL 30 2010	FOR THE SIX MONTHS ENDED APRIL 30 **2011**	 APRIL 30 2010
Gains on securitization operations	**$ 9,785**	$ 11,675	$ 5,017	**$ 21,460**	$ 8,202
Changes in fair value of retained interests related to excess spreads, securitization swaps and financial instruments held for economic hedging purposes	**(3,057)**	(3,708)	(4,506)	**(6,765)**	(3,839)
Management income	**2,082**	1,953	1,977	**4,035**	3,952
Other	**(1,246)**	(1,030)	(2,160)	**(2,276)**	(3,807)
	$ 7,564	$ 8,890	$ 328	**$ 16,454**	$ 4,508

Non-interest expenses decreased to $5.7 million for the second quarter of 2011, compared with $6.3 million for the second quarter of 2010, as higher salaries and benefits were more than offset by lower technology costs, net of allocations to other business segments.

For the six months ended April 30, 2011, the negative contribution stood at $8.1 million, compared to negative $15.5 million for the six months ended April 30, 2010, mainly due to higher securitization revenues and lower expenses, as noted above.

ADDITIONAL FINANCIAL INFORMATION – QUARTERLY RESULTS

In thousands of dollars, except per share and percentage amounts (Unaudited)	**APRIL 30 2011**	JANUARY 31 2011	OCTOBER 31 2010	JULY 31 2010	APRIL 30 2010	JANUARY 31 2010	OCTOBER 31 2009	JULY 31 2009
Total revenue	**$ 185,717**	$ 189,479	$ 190,074	$ 188,810	$ 178,113	$ 180,449	$ 178,540	$ 176,657
Income from continuing operations	**$ 30,142**	$ 33,493	$ 32,514	$ 30,064	$ 28,349	$ 32,014	$ 26,779	$ 28,683
Net income	**$ 30,142**	$ 33,493	$ 32,514	$ 30,064	$ 28,349	$ 32,014	$ 38,248	$ 28,683
Earnings per share from continuing operations								
Basic	**$ 1.13**	$ 1.27	$ 1.24	$ 1.13	$ 1.06	$ 1.21	$ 0.99	$ 1.08
Diluted	**$ 1.13**	$ 1.27	$ 1.24	$ 1.13	$ 1.06	$ 1.21	$ 0.99	$ 1.08
Earnings per share								
Basic	**$ 1.13**	$ 1.27	$ 1.24	$ 1.13	$ 1.06	$ 1.21	$ 1.47	$ 1.08
Diluted	**$ 1.13**	$ 1.27	$ 1.24	$ 1.13	$ 1.06	$ 1.21	$ 1.47	$ 1.08
Return on common shareholders' equity (1)	**10.7 %**	11.9 %	11.8 %	11.0 %	10.9 %	12.3 %	15.3 %	11.6 %
Balance sheet assets (in millions of dollars)	**$ 24,059**	$ 23,330	$ 23,772	$ 23,549	$ 23,062	$ 23,159	$ 22,140	$ 21,293

(1) Refer to the non-GAAP financial measures on page 19.

ACCOUNTING POLICIES

A summary of the Bank's significant accounting policies is presented in Notes 2 and 3 of the 2010 audited annual consolidated financial statements. Pages 58 to 61 of the 2010 Annual Report also contain a discussion of critical accounting policies and estimates which refer to material amounts reported in the consolidated financial statements or require management's judgment. The interim consolidated financial statements for the first quarter of 2011 have been prepared in accordance with these accounting policies.

FUTURE CHANGES IN ACCOUNTING POLICY

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Accounting Standards Board confirmed the convergence of financial reporting standards for Canadian public companies with International Financial Reporting Standards (IFRS). As a result, the Bank will adopt IFRS commencing on November 1, 2011 and will publish its first consolidated financial statements, prepared in accordance with IFRS, for the quarter ending January 31, 2012. Comparative financial information for fiscal 2011 will be provided at that time, prepared in accordance with IFRS, including an opening balance sheet as at November 1, 2010.

In order to manage the transition to IFRS, the Bank has prepared an enterprise-wide conversion plan supported by a formal governance structure and assembled a dedicated project team, including both internal and external resources, to coordinate and execute the conversion to IFRS. The key elements of the IFRS transition plan include developing a project governance framework, updating accounting policies, preparing financial statements, building financial reporting expertise, identifying impact on business processes and information technology, implementing internal controls over financial reporting (ICFR), and implementing appropriate disclosure controls and procedures (DC&P), including investor relations and communication plans. To date, the conversion plan is proceeding according to the Bank's initial timeline, and operationalization of the IFRS transition is underway. The Bank's conversion plan consists of the following four phases: (i) preliminary assessment; (ii) financial standards analysis; (iii) selection of key accounting policies; and (iv) implementation.

PROJECT STATUS

The Bank completed its preliminary assessment of the IFRS impact during the planning stage of the project in early 2009. Work on the financial standards analysis has allowed the Bank to identify the key accounting differences between IFRS and the Bank's current accounting policies. This phase is substantially completed as at the end of the second quarter of 2011, subject to changes to IFRS by the International Accounting Standards Board (IASB). These key differences have been summarized below. At the end of the second quarter of 2011, the Bank has completed most of the evaluation of key accounting policies but certain choices, mainly with regards to employee benefits and first-time adoption of IFRS, remain outstanding. The Bank will finalize these implementation decisions in the upcoming months. The Bank is now progressing to the implementation phase of the necessary changes to processes and systems for all critical areas. An IT strategy was defined to appropriately manage the dual-accounting period in fiscal 2011. The implementation phase will be completed during fiscal 2011. The Bank has therefore not finalized the estimation and analysis of the expected financial impact of its IFRS conversion as at the end of the second quarter of 2011.

FIRST-TIME ADOPTION OF IFRS

The adoption of IFRS will require the application of IFRS 1, *First-Time Adoption of International Financial Reporting Standards ("IFRS 1")*, which provides guidance for an entity's initial adoption of IFRS. In general, accounting changes resulting from the transition to IFRS will be reflected in the IFRS opening consolidated balance sheet on a retrospective basis. However, IFRS 1 includes certain mandatory exemptions and limited optional exemptions from retrospective application where it would be operationally impracticable. The IFRS 1 elections that the Bank expects to make upon transition are summarized below. This is not an exhaustive list and does not cover all exemptions which the Bank is considering. However, the remaining first-time adoption elections under IFRS 1 are not significant to the Bank's IFRS conversion plan and financial statements. These elections may change pending further developments in IFRS during the 2011 transition year.

a) Securitization

Generally, the Bank's securitization transactions would not meet IAS 39 derecognition criteria. In November 2010, the IASB approved amendments to IFRS 1 with regard to the derecognition exemption, which provide the option to grandfather certain securitization transactions occurring on or after an entity's transition date, or another date of the entity's choosing, instead of the current mandatory date of January 1, 2004. In February 2011, the Office of the Superintendent of Financial Institutions Canada (OSFI) concluded that banks should not early adopt these IFRS amendments and should apply the derecognition requirements in IAS 39 prospectively for transactions occurring on or after January 1, 2004. In line with OSFI's position, the Bank will apply IAS 39 derecognition requirements to past securitization transactions.

b) Designation of financial instruments

Under IAS 39, *Financial Instruments: Recognition and Measurement*, entities are permitted to make certain designations only upon initial recognition. IFRS 1 permits an issuer to classify at the transition date any financial instrument using the fair value option or as available-for-sale. The Bank has documented its financial instruments' classification decisions with regard to redesignations of certain financial instruments on its balance sheet, as well as the classification of financial instruments that will likely be recognized for the first time under IFRS. The redesignations essentially relate to financial instruments that would not meet the criteria for fair value option under IFRS. For other financial instruments, the Bank maintained its existing designations as at November 1, 2010.

c) Hedge accounting

Hedge accounting can be applied to hedging relationships as of November 1, 2010 only if all IFRS criteria are met. Consequently, the Bank's hedging strategies have been reviewed to ensure they qualify for hedge accounting under IFRS. Hedging documentation has been amended effective November 1, 2010 to ensure compliance with IFRS.

d) Employee benefits

At transition, IFRS generally provide for a retrospective adoption of the Employee Benefits standard (IAS 19). To date, the Bank has not determined its potential impact given the significant challenge posed by the complexity of pension benefit plans. However, IFRS 1 provides the option to not retrospectively apply IAS 19 and recognize all cumulative actuarial gains and losses currently deferred under Canadian GAAP directly into retained earnings. If this election is made, net losses accumulated to the date of transition amounting to $130.7 million (approximately $95.0 million, net of income taxes) would be charged to opening retained earnings. This may have a significant effect on shareholders' equity. The Bank has not finalized its decision with respect to the use of this exemption, awaiting completion of further analysis on regulatory capital requirements.

e) Business combinations

At the transition date, the Bank can elect to not retrospectively restate any of the business combinations that occurred prior to the transition date, or to apply IFRS 3 retrospectively to all past business acquisitions that occurred prior to the transition date or select a date prior to the date of transition and apply IFRS 3 *Business Combinations* to all business combinations occurring after that date. The Bank is considering selecting a date prior to the transition date in order to review initial assessments related to a specific acquisition, mainly with regards to intangible assets.

ANALYSIS OF KEY DIFFERENCES

IFRS were developed using a conceptual framework similar to Canadian GAAP, although significant differences exist in certain areas including recognition, measurement and disclosures. The following key differences between the Bank's current accounting practices and the corresponding accounting treatment under IFRS have been identified:

a) Loan provisioning

In line with current Canadian GAAP, the Bank's provisioning for impaired loans is designed to take into account incurred losses in the Bank's loan portfolio. This principle will not change as IFRS also currently require that provisioning be based on incurred losses. However, under IFRS, loan losses and allowances will be presented based on whether they are assessed individually or collectively for groups of similar loans. The methodologies to calculate these provisions are still being developed. As a result, there may be changes in the amount of the Bank's collective provisioning, mainly for loans which are not classified as impaired.

Specific provisions for loan losses must be based on the discounted values of estimated future cash flows. This amount is accreted over the period from the initial recognition of the provision to the eventual recovery of the present value of the loan, resulting in the recording of interest in the statement of income, within interest income. Under Canadian GAAP, the accretion amount is generally presented as a reduction of the provision for credit losses.

b) Securitization

The combined effect of financial asset derecognition rules and the consolidation of special purpose entity rules will impact securitization arrangements involving the Bank's off balance sheet loans. The rules provide more stringent criteria for the derecognition of financial assets. Based on the financial standards analysis, the derecognition criteria would not be met. As such, securitized mortgage loans will be recorded as mortgage assets on the balance sheet and the funds received will be recorded as secured borrowing bearing interest at a rate based on the yield of the investments issued to investors by the special purpose entities. In addition, as part of the Canada Mortgage Bond (CMB) Program, the Bank must manage the maturity mismatch between the amortizing mortgage pool and the CMB issued to investors. This requires the Bank to purchase additional assets, which under present Canadian GAAP are not recorded on the Bank's balance sheet. Under IFRS, these additional assets will also be recorded as pledged securities on balance sheet. These should lead to a gross-up of the Bank's balance sheet of approximately $3.5 billion at transition. Furthermore, prior net unrealized gains on sales related to these transactions would be eliminated. Securitization income will be replaced with the interest income on the underlying mortgage loans and additional assets less the interest expense on the associated secured liability. This change impacts the timing of the recognition on the mortgage loans as the income is recognized over the life of the securitization. The total amount of income earned over the term of the mortgages remains unchanged.

c) Employee benefits

Actuarial gains or losses post transition to IFRS could be recognized in income immediately, amortized to income using a "Corridor Method" similar to Canadian GAAP, or directly in equity (the "SORIE Method"). The Bank is currently assessing its options and will make its election in 2011, based on the potential increase in reported earnings volatility and regulatory capital requirements.

d) Share-based payments

IFRS introduce a new requirement for the Bank to recognize as an expense the fair value of stock appreciation rights. Under Canadian GAAP, these rights are presently accounted for using the intrinsic value method. This should lead to an adjustment of the Bank's financial liabilities and shareholders' equity. With respect to stock option awards granted prior to November 1, 2002, the Bank is not required to apply IFRS 2 – Share based payment retrospectively. Therefore, the Bank will continue to apply the previous Canadian GAAP under which no compensation cost is recognized for these options. In the second quarter of 2010, a new software application was implemented that allows the Bank to automate the calculations and ensure appropriate internal controls.

e) Earnings per share

IAS 33 is similar to section 3500 of the CICA Handbook in many regards. However, based on its financial standards analysis, the Bank concluded that, in their previous form, its perpetual preferred shares Series 9 and 10 would have been included in the calculation of the diluted earnings per share as they may have been converted into common shares, even though the conversion option was at the Bank's discretion. As a result, in order to maintain historical consistency in the Bank's diluted earnings per share calculation under current GAAP and IFRS and avoid dilution, the Bank unilaterally waived its conversion right on November 17, 2010 and thus removed the potential dilution impact.

The differences identified in the above discussion on IFRS transition should not be regarded as an exhaustive list and other changes may result from the transition to IFRS. Furthermore, the disclosed impacts of the transition to IFRS are considered forward-looking statements and reflect the most recent assumptions, estimates and expectations, including the assessment of IFRS expected to be applicable at the time of transition. As a result of changes in circumstances, such as economic conditions or operations, and the inherent uncertainty from the use of assumptions, the actual impacts of the transition to IFRS may be different from those presented above. Please see the Caution Regarding Forward-Looking Statements.

FUTURE IFRS CHANGES POST INITIAL ADOPTION IN 2012 (EFFECTIVE 2013 OR LATER)

Throughout the current year and the period leading up to the conversion to IFRS in 2012, the Bank will continue to monitor the above-mentioned accounting policies and finalize its assessment of policy decisions available under IFRS in order to prepare for an orderly transition to IFRS. In fiscal 2010, the IASB published a new standard on the classification and measurement of financial assets and financial liabilities, but these changes will not have to be adopted until after the transition date. Key standards affecting financial instruments will likely be amended, in particular the impairment of financial assets, hedge accounting and the offsetting of assets and liabilities. Other standards, including those related to employee benefits, income taxes and financial statement presentation, could also be revised. All these changes are however, not expected to be adopted until after the transition date. The evolving nature of IFRS is also likely to result in additional accounting changes, some of which may be significant. The Bank will continue to actively monitor all of the IASB's projects and OSFI regulations that are relevant to the Bank's financial reporting and accounting policies and adjust its IFRS conversion project accordingly.

Other key elements to the IFRS conversion are summarized below and include: IFRS conversion plan governance framework, communications and training, internal controls over financial reporting, lending practices and capital issues, as well as all other matters to ensure an orderly transition.

IFRS CONVERSION PLAN GOVERNANCE FRAMEWORK

The Bank has put in place a Steering Committee that is responsible for ensuring the conversion plan is adequately followed. The Bank's Board of Directors, mainly through its Audit Committee, is also involved in the IFRS conversion plan. They receive quarterly updates of the timeline for implementation, the implications of IFRS standards on the business and an overview of the impact on the financial statements. The Audit Committee will continue to receive quarterly project status updates to ensure proper oversight of the conversion plan.

COMMUNICATIONS AND TRAINING

In 2008, the Bank initiated training programs for key finance and operational staff, who need to understand and execute on the impact of IFRS. Throughout 2010, training programs and updates were offered to other internal constituents such as the credit, commercial lending and treasury departments. As the Bank progresses in its conversion plan in 2011, it will also, together with other members of the banking community, communicate IFRS implications to the various interested stakeholders and provide additional training to internal constituents as required.

INTERNAL CONTROLS OVER FINANCIAL REPORTING (ICFR)

As the review of accounting policies is completed, appropriate changes to ensure the integrity of internal control over financial reporting and disclosure controls and procedures will be made. Based on existing IFRS, the Bank has not identified the need for any significant modifications to its financial information technology architecture or to existing ICFR and disclosure controls. ICFR will be appropriately addressed as processes and system assessments are finalized in the upcoming periods, including disclosures and associated controls required in respect of the transition to IFRS in 2012.

LENDING PRACTICES

The transition to IFRS will not only impact the Bank's financial statements, but also some of its clients' financial statements. This will have repercussions on the various loan covenants monitored by underwriting groups and the credit department. The Bank has met with commercial account managers as well as credit analysts, to foster a better internal understanding of IFRS to properly analyze the clients' IFRS financial statements and the impacts on ratios and covenants.

CAPITAL IMPLICATIONS

The Bank is closely monitoring the potential impact of IFRS conversion on capital requirements. Securitization and employee benefits are the two main areas which could have a significant impact on capital.

The Office of the Superintendent of Financial Institutions (OSFI) has issued an IFRS advisory that permits a five-quarter phase-in of the adjustment to retained earnings arising from the first-time adoption of certain IFRS changes for purposes of calculating certain ratios. Transitional relief for the impact to the assets to capital multiple will also be provided in the form of exclusion of the effect of any on-balance sheet recognition of mortgage loans sold through CMHC programs up to March 31, 2010, which, under current practice, are not reported on the Bank's balance sheet.

The implications of the new capital and liquidity requirements issued by the Basel Committee on Banking Supervision in December 2010 are also being considered closely as part of the IFRS transition plan.

OTHER CONSIDERATIONS

The Bank assessed the impact of the IFRS conversion on its performance measurement processes, including planning and budgeting and has not identified any significant changes required to its business activities.

CORPORATE GOVERNANCE AND CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and the Audit Committee of Laurentian Bank reviewed this press release prior to its release today. 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 April 30, 2011, 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. 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. These non-GAAP financial measures are considered useful to investors and analysts in obtaining a better understanding of the Bank's financial results and analyzing its growth and profit potential more effectively. The Bank's non-GAAP financial measures are defined as follows.

RETURN ON COMMON SHAREHOLDERS' EQUITY

Return on common shareholders' equity is a profitability measure that presents the net income available to common shareholders as a percentage of average common shareholders' equity, excluding accumulated other comprehensive income.

BOOK VALUE PER COMMON SHARE

The Bank's book value is defined as common shareholders' equity, excluding accumulated other comprehensive income, divided by the number of common shares outstanding at the end of the period.

TANGIBLE COMMON EQUITY RATIO

Tangible common equity is defined as common shareholders' equity, excluding accumulated other comprehensive income, less goodwill and contractual and customer relationship intangible assets. The tangible common equity ratio is defined as the tangible common equity as a percentage of risk-weighted assets.

NET INTEREST MARGIN

The net interest margin represents net interest income as a percentage of total average assets.

EFFICIENCY RATIO AND OPERATING LEVERAGE

The Bank uses the efficiency ratio as a measure of its productivity and cost control. This ratio is defined as non-interest expenses as a percentage of total revenue. The Bank also uses operating leverage as a measure of efficiency. Operating leverage is defined as the percentage rate of growth in total revenue less the percentage rate of growth in non-interest expenses.

DIVIDEND PAYOUT RATIO

The dividend payout ratio is defined as dividends declared on common shares as a percentage of net income available to common shareholders.

ABOUT LAURENTIAN BANK

Laurentian Bank of Canada is a banking institution operating across Canada and offering its clients diversified financial services. Distinguishing 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 Québec, 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 $24 billion in balance sheet assets and more than $15 billion in assets under administration. Founded in 1846, the Bank employs more than 3,700 people.

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 Thursday, June 2, 2011. The live, listen-only, toll-free, call-in number is 1-866-696-5910 Code 2421638#.

You can listen to the call on a delayed basis at any time from 6:00 p.m. on Thursday, June 2, 2011 until 11:59 p.m. on June 24, 2011, by dialing the following playback number: 905-694-9451 or 1-800-408-3053 Code 5886153#. 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.

Chief Financial Officer: Michel C. Lauzon, 514-284-4500 #7997
Media and Investor Relations contact: Gladys Caron, 514-284-4500 #7511; cell 514-893-3963

CONSOLIDATED BALANCE SHEET

In thousands of dollars (Unaudited)	NOTES	**AS AT APRIL 30 2011**	AS AT OCTOBER 31 2010	AS AT APRIL 30 2010
ASSETS				
Cash and non-interest-bearing deposits with other banks		**$ 69,287**	$ 70,537	$ 63,245
Interest-bearing deposits with other banks		**641,777**	95,561	194,816
Securities accounts	10			
Available-for-sale		**1,041,380**	1,103,744	1,061,319
Held-for-trading		**2,248,007**	1,496,583	1,490,777
Designated as held-for-trading		**1,012,327**	1,658,478	1,591,334
		4,301,714	4,258,805	4,143,430
Securities purchased under reverse repurchase agreements		**443,456**	803,874	569,066
Loans	2 and 3			
Personal		**5,677,165**	5,630,788	5,728,762
Residential mortgage		**8,526,298**	8,582,548	8,101,340
Commercial mortgage		**1,664,361**	1,638,861	1,408,973
Commercial and other		**1,823,234**	1,691,190	1,722,876
		17,691,058	17,543,387	16,961,951
Allowance for loan losses		**(148,225)**	(138,143)	(124,178)
		17,542,833	17,405,244	16,837,773
Other				
Customers' liabilities under acceptances		**187,400**	165,450	148,399
Premises and equipment		**63,952**	58,536	57,081
Derivatives		**120,201**	162,610	254,369
Goodwill		**53,790**	53,790	53,790
Software and other intangible assets		**110,467**	112,369	103,030
Other assets		**524,547**	585,362	637,157
		1,060,357	1,138,117	1,253,826
		$ 24,059,424	$ 23,772,138	$ 23,062,156
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		**$ 15,563,425**	$ 15,396,911	$ 15,386,337
Business, banks and other		**4,063,085**	4,250,819	3,323,558
		19,626,510	19,647,730	18,709,895
Other				
Obligations related to securities sold short		**1,437,259**	1,362,336	1,220,759
Obligations related to securities sold under repurchase agreements		**205,923**	60,050	590,168
Acceptances		**187,400**	165,450	148,399
Derivatives		**180,805**	199,278	231,750
Other liabilities		**913,780**	947,879	827,449
		2,925,167	2,734,993	3,018,525
Subordinated debt	4	**241,640**	150,000	150,000
Shareholders' equity				
Preferred shares	5	**210,000**	210,000	210,000
Common shares	5	**259,484**	259,363	259,363
Contributed surplus		**227**	243	226
Retained earnings		**780,668**	741,911	702,530
Accumulated other comprehensive income	9	**15,728**	27,898	11,617
		1,266,107	1,239,415	1,183,736
		$ 24,059,424	$ 23,772,138	$ 23,062,156

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 APRIL 30 2011	JANUARY 31 2011	APRIL 30 2010	FOR THE SIX MONTHS ENDED APRIL 30 2011	APRIL 30 2010
Interest income						
Loans		**$ 196,505**	$ 206,271	$ 180,142	**$ 402,776**	$ 362,889
Securities		**15,210**	15,566	17,241	**30,776**	34,880
Deposits with other banks		**1,581**	1,002	60	**2,583**	113
Other, including derivatives		**15,507**	16,921	29,434	**32,428**	63,510
		228,803	239,760	226,877	**468,563**	461,392
Interest expense						
Deposits		**108,851**	113,511	106,778	**222,362**	218,276
Other, including derivatives		**1,166**	452	579	**1,618**	930
Subordinated debt		**2,352**	4,379	1,887	**6,731**	3,837
		112,369	118,342	109,244	**230,711**	223,043
Net interest income		**116,434**	121,418	117,633	**237,852**	238,349
Other income						
Fees and commissions on loans and deposits		**28,211**	28,184	28,488	**56,395**	55,467
Income from brokerage operations		**16,592**	13,284	13,742	**29,876**	26,407
Income from treasury and financial market operations		**4,003**	5,087	4,576	**9,090**	8,735
Credit insurance income		**4,498**	5,323	4,556	**9,821**	8,739
Income from sales of mutual funds		**4,460**	4,107	3,786	**8,567**	7,312
Income from registered self-directed plans		**1,990**	2,084	2,313	**4,074**	4,401
Securitization income	3	**7,564**	8,890	328	**16,454**	4,508
Other		**1,965**	1,102	2,691	**3,067**	4,644
		69,283	68,061	60,480	**137,344**	120,213
Total revenue		**185,717**	189,479	178,113	**375,196**	358,562
Provision for loan losses	2	**12,000**	15,000	16,000	**27,000**	32,000
Non-interest expenses						
Salaries and employee benefits		**75,416**	72,332	67,617	**147,748**	132,842
Premises and technology		**34,845**	34,464	32,017	**69,309**	64,159
Other		**24,563**	24,162	23,915	**48,725**	46,931
		134,824	130,958	123,549	**265,782**	243,932
Income before income taxes		**38,893**	43,521	38,564	**82,414**	82,630
Income taxes		**8,751**	10,028	10,215	**18,779**	22,267
Net income		**$ 30,142**	$ 33,493	$ 28,349	**$ 63,635**	$ 60,363
Preferred share dividends, including applicable taxes		**3,109**	3,109	3,074	**6,218**	6,148
Net income available to common shareholders		**$ 27,033**	$ 30,384	$ 25,275	**$ 57,417**	$ 54,215
Average number of common shares outstanding (in thousands)						
Basic		**23,923**	23,922	23,921	**23,922**	23,920
Diluted		**23,946**	23,942	23,937	**23,944**	23,936
Earnings per share						
Basic		**$ 1.13**	$ 1.27	$ 1.06	**$ 2.40**	$ 2.27
Diluted		**$ 1.13**	$ 1.27	$ 1.06	**$ 2.40**	$ 2.26

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 APRIL 30 2011	APRIL 30 2010	FOR THE SIX MONTHS ENDED APRIL 30 2011	APRIL 30 2010
Net income		**$ 30,142**	$ 28,349	**$ 63,635**	$ 60,363
Other comprehensive income, net of income taxes	9				
Unrealized gains on available-for-sale securities		**2,296**	895	**2,396**	3,693
Reclassification of net gains on available-for-sale securities to net income		**(466)**	(1,480)	**(2,153)**	(1,877)
Net change in value of derivatives designated as cash flow hedges		**(4,259)**	(24,232)	**(12,413)**	(26,470)
		(2,429)	(24,817)	**(12,170)**	(24,654)
Comprehensive income		**$ 27,713**	$ 3,532	**$ 51,465**	$ 35,709

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 SIX MONTHS ENDED APRIL 30 2011	APRIL 30 2010
Preferred shares			
Balance at beginning and end of period		**$ 210,000**	$ 210,000
Common shares	5		
Balance at beginning of period		**259,363**	259,208
Issued during the period under share purchase option plan		**121**	155
Balance at end of period		**259,484**	259,363
Contributed surplus			
Balance at beginning of period		**243**	209
Stock-based compensation	6	**(16)**	17
Balance at end of period		**227**	226
Retained earnings			
Balance at beginning of period		**741,911**	665,538
Net income		**63,635**	60,363
Dividends			
Preferred shares, including applicable taxes		**(6,218)**	(6,148)
Common shares		**(18,660)**	(17,223)
Balance at end of period		**780,668**	702,530
Accumulated other comprehensive income	9		
Balance at beginning of period		**27,898**	36,271
Other comprehensive income, net of income taxes		**(12,170)**	(24,654)
Balance at end of period		**15,728**	11,617
Shareholders' equity		**$ 1,266,107**	$ 1,183,736

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

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of dollars (Unaudited)	FOR THE THREE MONTHS ENDED APRIL 30 2011	FOR THE THREE MONTHS ENDED JANUARY 31 2011	FOR THE THREE MONTHS ENDED APRIL 30 2010	FOR THE SIX MONTHS ENDED APRIL 30 2011	FOR THE SIX MONTHS ENDED APRIL 30 2010
Cash flows relating to operating activities					
Net income	**$ 30,142**	$ 33,493	$ 28,349	**$ 63,635**	$ 60,363
Adjustments to determine net cash flows relating to operating activities:					
Provision for loan losses	**12,000**	15,000	16,000	**27,000**	32,000
Gains on securitization operations	**(9,785)**	(11,675)	(5,017)	**(21,460)**	(8,202)
Net gain on disposal of available-for-sale securities	**(654)**	(1,873)	(627)	**(2,527)**	(2,416)
Future income taxes	**4,190**	4,071	4,155	**8,261**	9,625
Depreciation	**2,669**	2,601	2,667	**5,270**	5,288
Amortization of software and other intangible assets	**7,462**	7,244	6,446	**14,706**	12,827
Net change in held-for-trading securities	**(358,921)**	(392,503)	571,817	**(751,424)**	(99,464)
Change in accrued interest receivable	**(13,775)**	17,196	(14,262)	**3,421**	(1,799)
Change in derivative assets	**12,575**	29,834	(21,836)	**42,409**	(708)
Change in accrued interest payable	**3,813**	(3,858)	7,744	**(45)**	(5,142)
Change in derivative liabilities	**(5,256)**	(13,217)	59,511	**(18,473)**	56,891
Other, net	**112,999**	(79,018)	(44,285)	**33,981**	(42,268)
	(202,541)	(392,705)	610,662	**(595,246)**	16,995
Cash flows relating to financing activities					
Net change in deposits	**662,510**	(683,730)	308,100	**(21,220)**	434,588
Change in obligations related to securities sold short	**266,442**	(191,519)	(294,918)	**74,923**	166,289
Change in obligations related to securities sold under repurchase agreements	**(263,098)**	408,971	(127,699)	**145,873**	305,180
Issuance of subordinated debt, net of issue costs	**-**	248,403	-	**248,403**	-
Redemption of subordinated debentures	**-**	(150,000)	-	**(150,000)**	-
Issuance of common shares	**96**	25	9	**121**	155
Dividends, including applicable income taxes	**(12,440)**	(12,438)	(11,686)	**(24,878)**	(23,371)
	653,510	(380,288)	(126,194)	**273,222**	882,841
Cash flows relating to investing activities					
Change in securities available-for-sale and designated as held-for-trading					
Acquisitions	**(191,125)**	(1,513,494)	(951,316)	**(1,704,619)**	(1,974,909)
Proceeds on sale and at maturities	**174,866**	2,222,919	894,412	**2,397,785**	2,342,734
Change in loans	**(581,291)**	(420,622)	(826,470)	**(1,001,913)**	(1,552,613)
Change in securities purchased under reverse repurchase agreements	**(111,521)**	471,939	246,383	**360,418**	(33,002)
Proceeds from mortgage loan securitizations	**450,896**	387,913	182,256	**838,809**	283,768
Additions to premises and equipment and software	**(10,652)**	(12,838)	(11,018)	**(23,490)**	(16,677)
Change in interest-bearing deposits with other banks	**(187,177)**	(359,039)	(20,454)	**(546,216)**	44,790
Net cash flows from discontinued operations	**-**	-	-	**-**	8,308
	(456,004)	776,778	(486,207)	**320,774**	(897,601)
Net change in cash and non-interest-bearing deposits with other banks	**(5,035)**	3,785	(1,739)	**(1,250)**	2,235
Cash and non-interest-bearing deposits with other banks at beginning of period	**74,322**	70,537	64,984	**70,537**	61,010
Cash and non-interest-bearing deposits with other banks at end of period	**$ 69,287**	$ 74,322	$ 63,245	**$ 69,287**	$ 63,245
Supplemental disclosure relating to cash flows:					
Interest paid during the period	**$ 108,285**	$ 128,145	$ 103,324	**$ 236,430**	$ 229,827
Income taxes paid during the period	**$ 6,686**	$ 17,989	$ 7,654	**$ 24,675**	$ 18,933

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

All tabular amounts are in thousands of dollars, unless otherwise indicated (Unaudited)

1 ACCOUNTING POLICIES

These unaudited interim consolidated financial statements of Laurentian Bank of Canada (the “Bank”) have been prepared by management which is responsible for the integrity and fairness of the financial information presented. These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim financial statements and follow the same significant accounting policies as those in the Bank's audited annual consolidated financial statements as at October 31, 2010. 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 audited annual consolidated financial statements as at October 31, 2010. 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.

FUTURE CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards

In February 2008, the Accounting Standards Board confirmed the convergence of financial reporting standards for Canadian public companies with International Financial Reporting Standards (IFRS). As a result, the Bank will adopt IFRS commencing on November 1, 2011 and will issue its first consolidated financial statements, prepared in accordance with IFRS, for the quarter ending January 31, 2012. Comparative financial information for fiscal 2011 will be provided at that time, prepared in accordance with IFRS, including an opening balance sheet as at November 1, 2010.

2 LOANS

LOANS AND IMPAIRED LOANS

AS AT APRIL 30, 2011

	GROSS AMOUNT OF LOANS	**GROSS AMOUNT OF IMPAIRED LOANS**	**SPECIFIC ALLOWANCES**	**GENERAL ALLOWANCES**	**TOTAL ALLOWANCES**
Personal	**$ 5,677,165**	**$ 16,256**	**$ 5,713**	**$ 27,997**	**$ 33,710**
Residential mortgage (1)	**8,526,298**	**33,874**	**7,920**	**3,099**	**11,019**
Commercial mortgage	**1,664,361**	**32,740**	**15,136**	**5,697**	**20,833**
Commercial and other	**1,823,234**	**72,392**	**46,206**	**36,457**	**82,663**
	$ 17,691,058	**$ 155,262**	**$ 74,975**	**$ 73,250**	**$ 148,225**

AS AT OCTOBER 31, 2010

	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal	$ 5,630,788	$ 16,397	$ 5,312	$ 29,294	$ 34,606
Residential mortgage (1)	8,582,548	39,304	4,256	2,861	7,117
Commercial mortgage	1,638,861	34,316	10,934	6,212	17,146
Commercial and other	1,691,190	98,106	44,391	34,883	79,274
	$ 17,543,387	$ 188,123	$ 64,893	$ 73,250	$ 138,143

AS AT APRIL 30, 2010

	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal	$ 5,728,762	$ 20,771	$ 6,153	$ 31,670	$ 37,823
Residential mortgage (1)	8,101,340	28,377	1,639	2,861	4,500
Commercial mortgage	1,408,973	29,130	6,104	4,599	10,703
Commercial and other	1,722,876	83,652	37,032	34,120	71,152
	$ 16,961,951	$ 161,930	$ 50,928	$ 73,250	$ 124,178

(1) Include mortgage loans on residential real estate development properties and projects.

2 LOANS (CONTINUED)

SPECIFIC ALLOWANCES FOR LOAN LOSSES

					FOR THE SIX MONTHS ENDED	
					APRIL 30 2011	APRIL 30 2010
	PERSONAL LOANS	**RESIDENTIAL MORTGAGE LOANS**	**COMMERCIAL MORTGAGE LOANS**	**COMMERCIAL AND OTHER LOANS**	**TOTAL SPECIFIC ALLOWANCES**	TOTAL SPECIFIC ALLOWANCES
Balance at beginning of period	**$ 5,312**	**$ 4,256**	**$ 10,934**	**$ 44,391**	**$ 64,893**	$ 41,296
Provision for loan losses recorded in the consolidated statement of income	**11,737**	**3,867**	**4,232**	**7,164**	**27,000**	32,000
Write-offs	**(12,772)**	**(658)**	**(30)**	**(5,495)**	**(18,955)**	(25,956)
Recoveries	**1,436**	**455**	**-**	**146**	**2,037**	3,588
Balance at end of period	**$ 5,713**	**$ 7,920**	**$ 15,136**	**$ 46,206**	**$ 74,975**	$ 50,928

LOANS PAST DUE BUT NOT IMPAIRED

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

				AS AT APRIL 30, 2011
	1 DAY-31 DAYS	**32 DAYS-90 DAYS**	**OVER 90 DAYS**	**TOTAL**
Personal loans	**$ 120,289**	**$ 30,704**	**$ 6,876**	**$ 157,869**
Residential mortgage loans [1]	**231,566**	**32,013**	**27,800**	**291,379**
	$ 351,855	**$ 62,717**	**$ 34,676**	**$ 449,248**

				AS AT OCTOBER 31, 2010
	1 DAY-31 DAYS	32 DAYS-90 DAYS	OVER 90 DAYS	TOTAL
Personal loans	$ 103,203	$ 26,478	$ 7,160	$ 136,841
Residential mortgage loans [1]	251,282	26,850	21,085	299,217
	$ 354,485	$ 53,328	$ 28,245	$ 436,058

(1) Include mortgage loans on residential real estate development properties and projects.

3 LOAN SECURITIZATION

Under the securitization program governed by the National Housing Act, the Bank securitizes residential mortgage loans secured by the Canadian Mortgage and Housing Corporation (CMHC) through the creation of mortgage-backed securities. The Bank also securitized conventional residential mortgages prior to 2008. Gains before income taxes, net of transaction costs, are recognized in other income under securitization income.

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

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
	APRIL 30 2011	JANUARY 31 2011	APRIL 30 2010	**APRIL 30 2011**	APRIL 30 2010
Cash proceeds, net of transaction costs	**$ 450,896**	$ 387,913	$ 182,256	**$ 838,809**	$ 283,768
Rights to future excess spreads	**18,860**	17,165	10,524	**36,025**	15,348
Servicing liability	**(3,384)**	(3,335)	(1,636)	**(6,719)**	(2,325)
Other	**(2,213)**	2,127	(883)	**(86)**	(1,283)
	464,159	403,870	190,261	**868,029**	295,508
Residential mortgages securitized and sold (1)	**(449,278)**	(388,046)	(182,609)	**(837,324)**	(284,147)
Write-off of loan origination costs	**(5,096)**	(4,149)	(2,635)	**(9,245)**	(3,159)
Gains before income taxes, net of transaction costs	**$ 9,785**	$ 11,675	$ 5,017	**$ 21,460**	$ 8,202

(1) Fully insured by the CMHC.

Key assumptions used to determine the initial fair value of retained interests regarding the transfer of residential mortgages are summarized as follows.

	DURING THE QUARTER ENDED		
	APRIL 30 2011	JANUARY 31 2011	APRIL 30 2010
Weighted average term (months)	**30**	34	36
Rate of prepayment	**19 %**	18 %	18 %
Discount rate	**1.9 %**	2.0 %	1.9 %

No loss is expected on insured residential mortgages.

Securitization income, as reported in the consolidated statement of income, is detailed in the following table.

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
	APRIL 30 2011	JANUARY 31 2011	APRIL 30 2010	**APRIL 30 2011**	APRIL 30 2010
Gains on securitization operations	**$ 9,785**	$ 11,675	$ 5,017	**$ 21,460**	$ 8,202
Changes in fair value of retained interests related to excess spreads, securitization swaps and financial instruments held for economic hedging purposes	**(3,057)**	(3,708)	(4,506)	**(6,765)**	(3,839)
Management income	**2,082**	1,953	1,977	**4,035**	3,952
Other	**(1,246)**	(1,030)	(2,160)	**(2,276)**	(3,807)
	$ 7,564	$ 8,890	$ 328	**$ 16,454**	$ 4,508

As at April 30, 2011, the Bank held rights to future excess spreads of $99.8 million (of which $99.3 million related to insured mortgages) and cash reserve accounts of $6.6 million.

The total principal amount of outstanding securitized residential mortgage loans under management amounted to $3.2 billion as at April 30, 2011 ($2.7 billion as at October 31, 2010).

4 SUBORDINATED DEBT

ISSUANCE

On November 2, 2010, the Bank issued $250.0 million Series 2010-1 Medium Term Notes (Subordinated Indebtedness), for net proceeds of $248.4 million. The contractual maturity of the Series 2010-1 Medium Term Notes is November 2, 2020. Holders of the Series 2010-1 Medium Term Notes are entitled to receive semi-annually fixed interest payments for the initial five-year period ending November 2, 2015 at a rate of 3.70% per annum. The interest rate on the Series 2010-1 Medium Term Notes will reset on November 2, 2015 at the three-month bankers' acceptance rate plus 1.76% per annum.

The Series 2010-1 Medium Term Notes will not be redeemable prior to November 2, 2015. Subject to the provisions of the *Bank Act*, to the prior consent of OSFI and to the provisions described in the pricing supplement dated October 25, 2010, at any time on or after November 2, 2015, the Bank may redeem all or any part of the then outstanding Series 2010-1 Medium Term Notes, at the Bank's option, by the payment of an amount in cash equal to the par value together with unpaid accrued interest.

The $250.0 million Series 2010-1 Medium Term Notes are presented net of unamortized issue costs of $1.7 million on the consolidated balance sheet and include a net fair value adjustment of $6.6 million to reflect the change in the carrying value previously covered by a fair value hedge.

REDEMPTION

On January 25, 2011, the Bank redeemed all of its 4.90% Subordinated Debentures, Series 10, maturing in 2016, with an aggregate notional amount of $150.0 million. The Debentures were redeemed at par plus accrued and unpaid interest to the date of redemption.

5 CAPITAL STOCK

ISSUANCE OF COMMON SHARES

During the quarter, 3,000 common shares were issued to management under the Bank's employee share purchase option plan for a cash consideration of $96,000 (3,800 common shares for a cash consideration of $121,000 during the six-month period ended April 30, 2011).

ISSUED AND OUTSTANDING	**AS AT APRIL 30, 2011**		AS AT OCTOBER 31, 2010	
In thousands of dollars, except number of shares	**NUMBER OF SHARES**	**AMOUNT**	NUMBER OF SHARES	AMOUNT
Class A Preferred Shares				
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	**23,924,762**	**$ 259,484**	23,920,962	$ 259,363

PREFERRED SHARES

On November 17, 2010, the Bank irrevocably renounced to its right of conversion of its Class A preferred shares into common shares.

CAPITAL MANAGEMENT

Capital must meet minimum regulatory requirements, as defined by the Office of the Superintendent of Financial Institutions Canada (OSFI) and internal capital adequacy objectives.

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 opted for the standard approach for credit risk and, as at January 31, 2011, the Bank has chosen to use the Standardised Approach to account for operational risk instead of the Basic Indicator Approach. In addition, Canadian banks are required to ensure that their assets to capital multiple, which is calculated by dividing gross adjusted assets by Total capital, does not exceed a maximum level prescribed by OSFI. The Bank has complied with these requirements throughout the six-month period ended April 30, 2011.

6 STOCK-BASED COMPENSATION

SHARE PURCHASE OPTION PLAN

No new share options were granted during the first six months of 2011. Information relating to outstanding number of options is as follows.

	AS AT APRIL 30, 2011	AS AT OCTOBER 31, 2010
	NUMBER	NUMBER
Share purchase options		
Outstanding at end of period	**50,275**	54,075
Exercisable at end of period	**50,275**	41,575

RESTRICTED SHARE UNIT PLANS

During the first quarter of 2011, under the restricted share unit plan, annual bonuses for certain employees amounting to $1.8 million were converted into 39,559 entirely vested restricted share units. Simultaneously, the Bank also granted 23,736 additional restricted share units that will vest in December 2013. There were no new grants during the second quarter.

During the first quarter of 2011, under the restricted share unit plan for employees of the Capital Markets sector, annual bonuses for certain employees amounting to $1.1 million were converted into 25,029 entirely vested restricted share units. This plan does not provide for any employer contribution and a third of the restricted share units are redeemed at each of the three first anniversary dates of the grant. There were no new grants during the second quarter.

PERFORMANCE-BASED SHARE UNIT PLAN

During the first quarter of 2011, under the performance-based share unit plan, the Bank granted 50,100 performance-based share units valued at $45.77 each. Rights to 37.5% of these units will vest after three years. The rights to the remaining 62.5% units will vest after three years and upon meeting certain financial objectives. There were no new grants during the second quarter.

STOCK APPRECIATION RIGHTS PLAN

There were no new grants during the first six months of 2011 under the stock appreciation rights plan.

STOCK-BASED COMPENSATION PLAN EXPENSE

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

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
	APRIL 30 2011	JANUARY 31 2011	APRIL 30 2010	**APRIL 30 2011**	APRIL 30 2010
Stock-based compensation plan expense (revenue)	**$ (873)**	$ 7,208	$ 4,658	**$ 6,335**	$ 4,587
Effect of hedges	**2,029**	(6,998)	(4,384)	**(4,969)**	(3,571)
Total	**$ 1,156**	$ 210	$ 274	**$ 1,366**	$ 1,016

7 EMPLOYEE FUTURE BENEFITS

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
	APRIL 30 2011	JANUARY 31 2011	APRIL 30 2010	**APRIL 30 2011**	APRIL 30 2010
Defined benefit pension plan expense	**$ 3,525**	$ 3,520	$ 1,992	**$ 7,045**	$ 3,899
Defined contribution pension plan expense	**1,263**	1,208	1,132	**2,471**	2,225
Other plan expense	**780**	805	825	**1,585**	1,678
Total	**$ 5,568**	$ 5,533	$ 3,949	**$ 11,101**	$ 7,802

8 DILUTED WEIGHTED AVERAGE NUMBER OF OUTSTANDING COMMON SHARES

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
	APRIL 30 2011	JANUARY 31 2011	APRIL 30 2010	**APRIL 30 2011**	APRIL 30 2010
Weighted average number of outstanding common shares	**23,923,315**	23,921,693	23,920,906	**23,922,490**	23,920,088
Dilutive share purchase options	**22,194**	19,970	16,035	**21,064**	16,073
Diluted weighted average number of outstanding common shares	**23,945,509**	23,941,663	23,936,941	**23,943,554**	23,936,161

9 ADDITIONAL INFORMATION REGARDING OTHER COMPREHENSIVE INCOME

OTHER COMPREHENSIVE INCOME

	FOR THE THREE MONTHS ENDED APRIL 30 2011			FOR THE THREE MONTHS ENDED APRIL 30 2010		
	AMOUNTS BEFORE INCOME TAXES	**INCOME TAXES**	**AMOUNTS NET OF INCOME TAXES**	AMOUNTS BEFORE INCOME TAXES	INCOME TAXES	AMOUNTS NET OF INCOME TAXES
Unrealized net gains on available-for-sale securities	**$ 3,212**	**$ (916)**	**$ 2,296**	$ 1,160	$ (265)	$ 895
Reclassification of net gains on available-for-sale securities to net income	**(653)**	**187**	**(466)**	(2,037)	557	(1,480)
	2,559	**(729)**	**1,830**	(877)	292	(585)
Net change in value of derivatives designated as cash flow hedges	**(6,789)**	**2,530**	**(4,259)**	(34,987)	10,755	(24,232)
Other comprehensive income	**$ (4,230)**	**$ 1,801**	**$ (2,429)**	$ (35,864)	$ 11,047	$ (24,817)

	FOR THE SIX MONTHS ENDED APRIL 30 2011			FOR THE SIX MONTHS ENDED APRIL 30 2010		
	AMOUNTS BEFORE INCOME TAXES	**INCOME TAXES**	**AMOUNTS NET OF INCOME TAXES**	AMOUNTS BEFORE INCOME TAXES	INCOME TAXES	AMOUNTS NET OF INCOME TAXES
Unrealized net gains on available-for-sale securities	**$ 3,366**	**$ (970)**	**$ 2,396**	$ 5,212	$ (1,519)	$ 3,693
Reclassification of net gains on available-for-sale securities to net income	**(2,526)**	**373**	**(2,153)**	(2,612)	735	(1,877)
	840	**(597)**	**243**	2,600	(784)	1,816
Net change in value of derivatives designated as cash flow hedges	**(18,176)**	**5,763**	**(12,413)**	(38,535)	12,065	(26,470)
Other comprehensive income	**$ (17,336)**	**$ 5,166**	**$ (12,170)**	$ (35,935)	$ 11,281	$ (24,654)

9 ADDITIONAL INFORMATION REGARDING OTHER COMPREHENSIVE INCOME (CONTINUED)

ACCUMULATED OTHER COMPREHENSIVE INCOME (NET OF INCOME TAXES)

	CASH FLOW HEDGES	AVAILABLE-FOR-SALE SECURITIES	ACCUMULATED OTHER COMPREHENSIVE INCOME
Balance at October 31, 2010	**$ 19,230**	**$ 8,668**	**$ 27,898**
Change during the three months ended January 31, 2011	**(8,154)**	**(1,587)**	**(9,741)**
Change during the three months ended April 30, 2011	**(4,259)**	**1,830**	**(2,429)**
Balance at April 30, 2011	**$ 6,817**	**$ 8,911**	**$ 15,728**

	CASH FLOW HEDGES	AVAILABLE-FOR-SALE SECURITIES	ACCUMULATED OTHER COMPREHENSIVE INCOME
Balance at October 31, 2009	$ 32,596	$ 3,675	$ 36,271
Change during the three months ended January 31, 2010	(2,238)	2,401	163
Change during the three months ended April 30, 2010	(24,232)	(585)	(24,817)
Balance at April 30, 2010	6,126	5,491	11,617
Change during the three months ended July 31, 2010	14,882	(371)	14,511
Change during the three months ended October 31, 2010	(1,778)	3,548	1,770
Balance at October 31, 2010	$ 19,230	$ 8,668	$ 27,898

10 ADDITIONAL INFORMATION REGARDING FINANCIAL INSTRUMENTS

SECURITIES

Gains and losses on the portfolio of available-for-sale securities

The following items were recognized in net income with regard to the portfolio of available-for-sale securities.

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
	APRIL 30 2011	JANUARY 31 2011	APRIL 30 2010	**APRIL 30 2011**	APRIL 30 2010
Realized net gains	**$ 653**	$ 1,873	$ 2,037	**$ 2,526**	$ 2,612
Writedowns for impairment recognized in income	**(69)**	-	(148)	**(69)**	(148)
Total	**$ 584**	$ 1,873	$ 1,889	**$ 2,457**	$ 2,464

Unrealized gains and losses on the portfolio of available-for-sale securities

The following table presents the gross unrealized gains and unrealized losses on available-for-sale securities, recognized in other comprehensive income.

				AS AT APRIL 30, 2011
	AMORTIZED COST	**UNREALIZED GAINS**	**UNREALIZED LOSSES**	**FAIR VALUE**
Securities issued or guaranteed				
by Canada[1]	**$ 259,280**	**$ 42**	**$ -**	**$ 259,322**
by provinces	**397,716**	**3,242**	**3**	**400,955**
Other debt securities	**236,499**	**5,320**	**235**	**241,584**
Asset-backed securities	**26,435**	**1,750**	**-**	**28,185**
Preferred shares	**61,632**	**1,172**	**118**	**62,686**
Common shares and other securities	**43,852**	**5,391**	**595**	**48,648**
	$ 1,025,414	**$ 16,917**	**$ 951**	**$ 1,041,380**

10 ADDITIONAL INFORMATION REGARDING FINANCIAL INSTRUMENTS (CONTINUED)

				AS AT OCTOBER 31, 2010
	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Securities issued or guaranteed				
by Canada(1)	$ 432,649	$ 45	$ 24	$ 432,670
by provinces	407,449	4,498	-	411,947
Other debt securities	132,595	6,996	163	139,428
Asset-backed securities	24,694	1,278	53	25,919
Preferred shares	56,776	1,524	52	58,248
Common shares and other securities	32,796	3,392	656	35,532
	$ 1,086,959	$ 17,733	$ 948	$ 1,103,744

(1) Including mortgage-backed securities that are fully guaranteed by the CMHC pursuant to the *National Housing Act* .

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 retained interests related to securitization activities were designated as held-for-trading in order to significantly reduce recognition inconsistency that would otherwise have arisen from recognizing gains and losses on different bases. These financial instruments are used as part of the Bank's overall asset-liability management and provide an economic hedge for other financial instruments that are measured at fair value. Gains and losses on these instruments are therefore generally offset by changes in value of other financial instruments. The following table shows the impact of changes in value of these instruments.

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
	APRIL 30 2011	JANUARY 31 2011	APRIL 30 2010	**APRIL 30 2011**	APRIL 30 2010
Included in securitization income	**$ (3,062)**	$ (9,643)	$ (27,758)	**$ (12,705)**	$ (20,733)

DERIVATIVES

Ineffective portions of hedging relationships

The following table shows the ineffective portions of the cumulative changes in fair value of hedging instruments recognized in the consolidated statement of income.

	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED	
	APRIL 30 2011	JANUARY 31 2011	APRIL 30 2010	**APRIL 30 2011**	APRIL 30 2010
Cash flow hedges	**$ 42**	$ 60	$ (141)	**$ 102**	$ (206)
Fair value hedges	**(10)**	342	(105)	**332**	(17)
	$ 32	$ 402	$ (246)	**$ 434**	$ (223)

Other information on hedging relationships

Net deferred losses of $10.3 million included in accumulated other comprehensive income as at April 30, 2011, are expected to be transferred into net income over the next twelve months.

The maximum term of cash flow hedging relationships was eight years as at April 30, 2011.

11. SEGMENTED INFORMATION

The Bank determines its reportable segments based on the different services it provides to individuals, businesses, financial intermediaries and institutional clients. The four business segments of the Bank are: Retail & SME Québec, Real Estate & Commercial, B2B Trust, and Laurentian Bank Securities & Capital Markets.

The Retail & SME Québec 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-sized enterprises in Québec.

The Real Estate & Commercial segment handles real estate financing throughout Canada, commercial financing in Ontario and national accounts, as well as foreign exchange and international services.

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

Laurentian Bank Securities & Capital Markets segment consists of the Laurentian Bank Securities Inc. subsidiary and capital market activities.

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

FOR THE THREE MONTHS ENDED APRIL 30, 2011

	RETAIL & SME QUÉBEC	**REAL ESTATE & COMMERCIAL**	**B2B TRUST**	**LAURENTIAN BANK SECURITIES & CAPITAL MARKETS**	**OTHER**	**TOTAL**
Net interest income	**$ 77,303**	**$ 21,840**	**$ 28,325**	**$ 670**	**$ (11,704)**	**$ 116,434**
Other income	**33,548**	**7,851**	**2,419**	**17,202**	**8,263**	**69,283**
Total revenue	**110,851**	**29,691**	**30,744**	**17,872**	**(3,441)**	**185,717**
Provision for loan losses	**6,788**	**4,840**	**372**	**-**	**-**	**12,000**
Non-interest expenses	**91,735**	**7,289**	**16,009**	**14,126**	**5,665**	**134,824**
Income (loss) before income taxes	**12,328**	**17,562**	**14,363**	**3,746**	**(9,106)**	**38,893**
Income taxes (recovered)	**2,262**	**5,028**	**4,072**	**1,014**	**(3,625)**	**8,751**
Net income (loss)	**$ 10,066**	**$ 12,534**	**$ 10,291**	**$ 2,732**	**$ (5,481)**	**$ 30,142**
Average assets[(1)]	**$ 12,601,389**	**$ 3,077,899**	**$ 5,352,666**	**$ 2,588,177**	**$ 165,908**	**$ 23,786,039**

FOR THE THREE MONTHS ENDED JANUARY 31, 2011

	RETAIL & SME QUÉBEC	REAL ESTATE & COMMERCIAL	B2B TRUST	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	$ 79,782	$ 22,556	$ 28,718	$ 772	$ (10,410)	$ 121,418
Other income	33,182	8,094	2,525	15,469	8,791	68,061
Total revenue	112,964	30,650	31,243	16,241	(1,619)	189,479
Provision for loan losses	7,351	7,272	377	-	-	15,000
Non-interest expenses	91,489	7,567	16,222	12,495	3,185	130,958
Income (loss) before income taxes	14,124	15,811	14,644	3,746	(4,804)	43,521
Income taxes (recovered)	2,533	4,527	4,151	1,024	(2,207)	10,028
Net income (loss)	$ 11,591	$ 11,284	$ 10,493	$ 2,722	$ (2,597)	$ 33,493
Average assets[(1)]	$ 12,420,373	$ 3,033,650	$ 5,316,481	$ 2,326,780	$ 613,879	$ 23,711,163

11. SEGMENTED INFORMATION (CONTINUED)

FOR THE THREE MONTHS ENDED APRIL 30, 2010

	RETAIL & SME QUÉBEC	REAL ESTATE & COMMERCIAL	B2B TRUST	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	$ 78,531	$ 20,527	$ 26,863	$ 436	$ (8,724)	$ 117,633
Other income	32,851	8,598	2,772	14,844	1,415	60,480
Total revenue	111,382	29,125	29,635	15,280	(7,309)	178,113
Provision for loan losses	11,542	3,984	474	-	-	16,000
Non-interest expenses	87,305	5,558	12,757	11,657	6,272	123,549
Income (loss) before income taxes	12,535	19,583	16,404	3,623	(13,581)	38,564
Income taxes (recovered)	2,453	5,928	5,045	1,037	(4,248)	10,215
Net income (loss)	$ 10,082	$ 13,655	$ 11,359	$ 2,586	$ (9,333)	$ 28,349
Average assets(1)	$ 11,869,619	$ 2,864,115	$ 4,965,651	$ 2,570,640	$ 680,037	$ 22,950,062

FOR THE SIX MONTHS ENDED APRIL 30, 2011

	RETAIL & SME QUÉBEC	**REAL ESTATE & COMMERCIAL**	**B2B TRUST**	**LAURENTIAN BANK SECURITIES & CAPITAL MARKETS**	**OTHER**	**TOTAL**
Net interest income	**$ 157,085**	**$ 44,396**	**$ 57,043**	**$ 1,442**	**$ (22,114)**	**$ 237,852**
Other income	**66,730**	**15,945**	**4,944**	**32,671**	**17,054**	**137,344**
Total revenue	**223,815**	**60,341**	**61,987**	**34,113**	**(5,060)**	**375,196**
Provision for loan losses	**14,139**	**12,112**	**749**	**-**	**-**	**27,000**
Non-interest expenses	**183,224**	**14,856**	**32,231**	**26,621**	**8,850**	**265,782**
Income (loss) before income taxes	**26,452**	**33,373**	**29,007**	**7,492**	**(13,910)**	**82,414**
Income taxes (recovered)	**4,795**	**9,555**	**8,223**	**2,038**	**(5,832)**	**18,779**
Net income (loss)	**21,657**	**23,818**	**20,784**	**5,454**	**(8,078)**	**63,635**
Average assets(1)	**$ 12,509,381**	**$ 3,055,407**	**$ 5,334,274**	**$ 2,455,312**	**$ 393,606**	**$ 23,747,980**

FOR THE SIX MONTHS ENDED APRIL 30, 2010

	RETAIL & SME QUÉBEC	REAL ESTATE & COMMERCIAL	B2B TRUST	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	$ 160,342	$ 40,438	$ 54,203	$ 921	$ (17,555)	$ 238,349
Other income	63,543	16,277	5,269	28,846	6,278	120,213
Total revenue	223,885	56,715	59,472	29,767	(11,277)	358,562
Provision for loan losses	21,332	9,134	1,534	-	-	32,000
Non-interest expenses	173,807	9,800	25,364	23,337	11,624	243,932
Income (loss) before income taxes	28,746	37,781	32,574	6,430	(22,901)	82,630
Income taxes (recovered)	6,112	11,438	10,154	2,010	(7,447)	22,267
Net income (loss)	22,634	26,343	22,420	4,420	(15,454)	60,363
Average assets(1)	$ 11,810,169	$ 2,831,663	$ 4,850,362	$ 2,515,241	$ 711,386	$ 22,718,821

(1) Assets are disclosed on an average basis as this measure is most relevant to a financial institution.