FOURTH
QUARTER
2004

QUARTERLY REPORT FOR THE PERIOD ENDED OCTOBER 31, 2004

LAURENTIAN BANK OF CANADA

Report to shareholders

Laurentian Bank announces net income of $47.8 million for 2004 and discloses its objectives for 2005

SUMMARY RESULTS

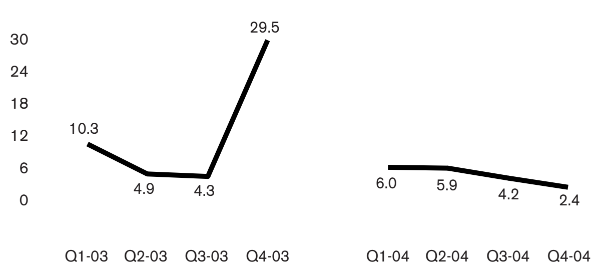
For the year ended October 31, 2004, Laurentian Bank reported net income of $47.8 million or $1.33 diluted per common share, compared to $91.9 million or $3.32 diluted per common share in 2003. Results for 2003 were greatly influenced by the sale of the Ontario and Western Canada branches, which increased net income by $54.9 million and diluted net income per common share by $2.34, and by the forgone contribution related to these branches, estimated at $0.73 diluted per common share. Return on common shareholders' equity was 4.6% in 2004, compared to 12.4% in 2003. The reported results of 2004 and 2003 also included a number of other items, as detailed in the tables on page 5.

For the fourth quarter ended October 31, 2004, the Bank reported net income of $7.1 million or $0.17 diluted per common share, compared to $13.7 million or $0.31 diluted per common share for the third quarter of 2004. Return on common shareholders' equity was 2.4% for the fourth quarter of 2004 versus 4.2% for the third quarter of 2004. Results from operations, quarter over quarter, excluding the sale of assets and the effect of the repurchase of Class A Preferred shares of the third quarter, were relatively stable at $0.17 diluted per common share. For the fourth quarter of 2003, net income stood at $50.7 million or $2.01 diluted per common share and return on common shareholders' equity was 29.5%, including the gain on the sale of the Ontario and Western Canada branches and a restructuring charge.

Commenting on the results for the year, Mr. McManus, President and Chief Executive Officer stated: "We have accomplished a lot over the past 15 months since we began refocusing our business. The sale of 57 branches outside Quebec, the B2B Trust privatization and the changes to the Bank's capital structure were some of the major transactions that contributed to enhance the Bank's position. Notwithstanding, the competitive environment in which we operate has intensified and profits of $48 million are below our objectives. In retrospect, I underestimated the time required to implement our Plan; however, I am more convinced than ever that we have the right Plan. Employees have demonstrated their full commitment to the Plan and its execution without deviation. The recently announced sale of BLC-Edmond de Rothschild Asset Management to Industrial Alliance, together with the long-term distribution agreement, is one further step in the implementation of our Plan which will provide us with an improved offering and stimulate growth."

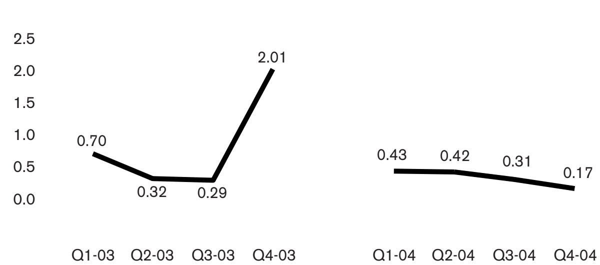
Return on common shareholders' equity

As a percentage



Diluted net income per common share

In dollars



Mr. McManus added: “In order to further accelerate our Plan, one of my main objectives for 2005 is to convince one of the big five Canadian Chartered Banks to combine its Québec retail operations into the Laurentian Bank. Success for this type of transaction requires the involvement of various groups of people, including our employees’ union. We have already discussed this possibility with union representatives and they have confirmed their full cooperation.”

Management’s discussion and analysis of results of operations and financial condition

This section presents management’s analysis of the Bank’s financial condition and operating results for the fourth quarter of 2004, as well as for the year ended October 31, 2004, as presented in the unaudited interim consolidated financial statements. A detailed analysis by management of the Bank’s financial condition and operating results (MD&A) for the year ended October 31, 2004 will be published upon the completion of the audited consolidated financial statements and the annual report to shareholders for 2004.

2004 PERFORMANCE VERSUS OBJECTIVES

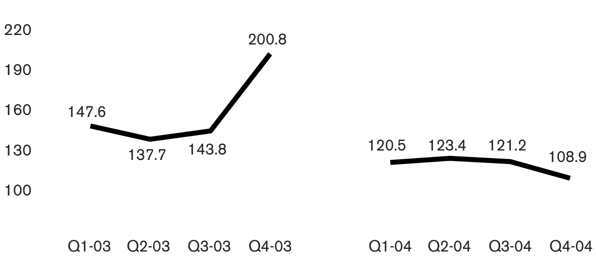
The following summarizes the Bank’s performance with regards to its 2004 objectives. The following sections should be read in conjunction with the information presented in the “Detailed financial review” section, specifically as it relates to the significant items table.

	2004 Objectives	2004 Performance
Return on common shareholders’ equity	5%	4.6%
Diluted earnings per share	$1.44	$1.33
Total revenue	+1%	–5%
Efficiency ratio	77%	78%
Capital ratios		
Tier 1	Minimum of 9.5%	10.5%
Total	Minimum of 13.0%	14.0%
Credit quality (loan losses as a % of average assets)	0.22%	0.24%

- Weaker revenues impacted the Bank’s ability to achieve the 2004 diluted earnings per share and return on common shareholders’ equity objectives. Moreover, the premium paid on the redemption of the outstanding Class A Preferred Shares Series 7 and 8 further contributed to the reduction of the return on common shareholders’ equity and diluted earnings per share. However, it allowed the Bank to reduce its cost of capital for the future.
- Lower net interest margins, lower loan growth in certain portfolios, as well as reduced contribution from treasury and financial markets activities, hindered the Bank’s ability to meet its total revenue growth objective in 2004.
- Compared to 2003, and excluding the impact of the estimated forgone expenses related to the branches sold in 2003 and the restructuring charge of 2003, non-interest expenses declined by approximately $20 million or more than 5% in 2004 as a result of cost efficiency initiatives implemented over the last 15 months. This clearly demonstrates the considerable efforts made to improve efficiency and realign the Bank’s operating structures following the sale of the branches in 2003. However, the decrease in revenues from retained activities resulted in a slightly weaker than anticipated efficiency ratio, at 78.0%.

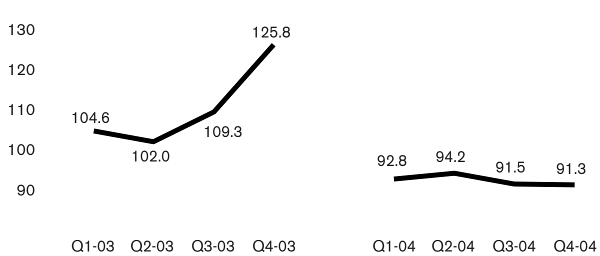
Total revenue

In millions of dollars



Non-interest expenses

In millions of dollars



– The Tier 1 and total capital ratios exceeded objectives and stood at 10.5% and 14.0% respectively. The Bank is determined to maintain strong capital ratios in order to minimize financial risks at a time when it is implementing its business plan.
– The loan loss ratio for 2004 was 0.24%, while the 2004 objective was set at 0.22%. Comparatively for 2003 the loan loss ratio reached 0.29%. Difficulties encountered with some commercial loans limited the Bank's ability to further reduce its loan loss ratio. Nevertheless, the credit quality of the Bank's loan portfolio has significantly improved during fiscal 2004. The level of gross impaired loans has decreased by over 30% from $185 million as at October 31, 2003 to $127 million as at October 31, 2004. Net impaired loans have also significantly improved by more than $35 million, from $22 million in 2003 to negative $13 million in 2004.

2005 and 2006 objectives

	2004 [actual]	2004 [pro forma (1)]	2005 (2)	2006
Return on common shareholders' equity	4.6%	3.4%	4.5% to 5.5%	7% to 8%
Diluted earnings per share	$1.33	$0.97	$1.30 to $1.60	$2.05 to $2.35
Total revenue	$474M	$462M	+ 4% to 6%	+ 7% to 9%
Efficiency ratio	78.0%	80.1%	79% to 77.5%	75% to 73.5%
Capital ratios				
Tier 1	10.5%	10.5%	Minimum of 9.5%	Minimum of 9.5%
Total	14.0%	14.0%	Minimum of 13.0%	Minimum of 13.0%
Credit quality				
(loan losses as a % of average assets)	0.24%	0.24%	0.25% to 0.22%	0.25% to 0.22%

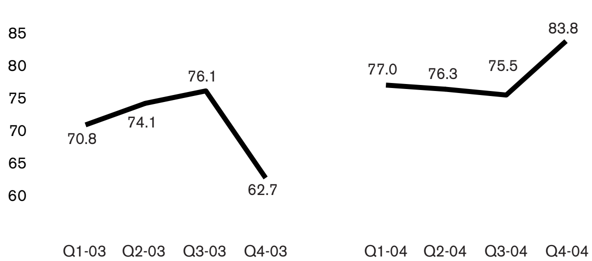
(1) Excluding the impact of the items presented on page 5, except for capital ratios.
(2) Management anticipates constant growth in revenues sequentially from quarter to quarter.

The table above reflects Management's objectives for 2005 and 2006. The repositioning of the Bank has proven to be more complex and slower to implement than originally anticipated. Also, the interest rate environment and increased competition contributed to the reduction in short-term earnings potential. Therefore, based on these factors, it became clear that the objectives which had been set last year for 2005 and 2006 needed to be revised. Notwithstanding, we have the right plan and we will not deviate from it.

In order to achieve these targets, the Bank anticipates improvements from all sectors. Specific initiatives regarding investment and hedging strategies in order to substantially increase interest margin, were introduced in the fourth quarter of 2004. Also, continued efforts from the retail financial services will allow the Bank to further increase the loan portfolio volumes, while product developments and strategic pricing should help to resume growth in commercial financial services. In addition, the full-year effect of costs savings resulting from the capital structure realignment will further contribute to earnings. Management is confident that earnings will increase on a quarter by quarter basis, in order to reach the 2005 return on equity objective by year-end.

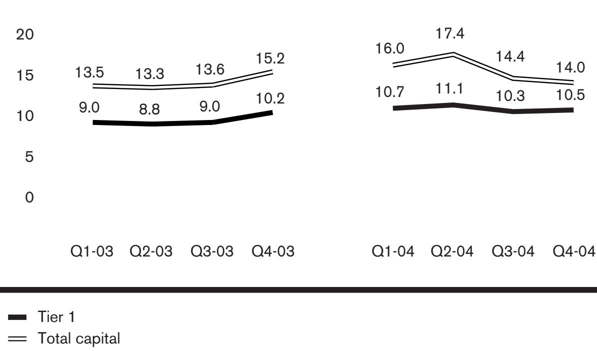
Efficiency ratio

Non-interest expenses as a percentage of total revenue



BIS Capital Ratio

As a percentage



DETAILED FINANCIAL REVIEW

For the year ended October 31, 2004, Laurentian Bank reported net income of $47.8 million or $1.33 diluted per common share, compared to $91.9 million or $3.32 diluted per common share in 2003. Return on common shareholders' equity was 4.6% in 2004, whereas it reached 12.4% in 2003. Results for 2003 and 2004 were influenced by a number of significant transactions and by the lost contribution from the Ontario and Western Canada branches sold last year, as detailed in the tables on page 5. Excluding these items, diluted net income per common share would have been $0.97 in 2004, compared to $1.07 in 2003.

The Bank has endeavored to improve its competitive position in 2004, while maintaining profitability. However, slower growth in certain operations, higher than anticipated loan losses, a fiercely competitive environment, and the lost contribution from the branches in Ontario and Western Canada all contributed to the overall reduction in earnings when compared to 2003.

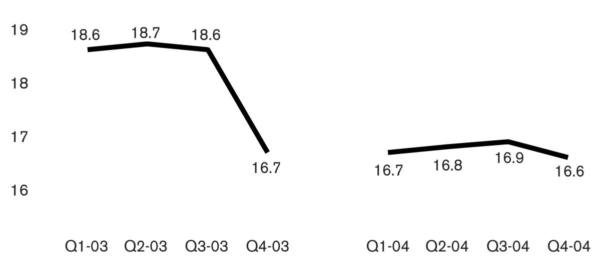
For the fourth quarter ended October 31, 2004, the Bank reported net income of $7.1 million or $0.17 diluted per common share compared to $50.7 million or $2.01 diluted per common share for the same period in 2003. Sequentially, for the third quarter of 2004 the Bank reported net income of $13.7 million or $0.31 diluted per common share. Return on common shareholders' equity was 2.4% for the fourth quarter of 2004 versus 29.5% for the same period in 2003 and 4.2% for the third quarter of 2004.

Compared to the third quarter of 2004, net income decreased by $6.6 million. However, results for the third quarter included the beneficial impact to earnings of $7.0 million reflecting the sale of the debit and credit card transaction processing terminal business and certain rights to service mutual fund accounts, as well as an adjustment of certain provisions related to the branches in Ontario and Western Canada sold in 2003. Results for the fourth quarter benefited from a reversal in general allowances for loan losses of $12 million, resulting mainly from the decrease in corporate and commercial loan portfolios over the recent years. During the quarter, the Bank also strengthened its specific allowances by $12 million. The remaining changes over the previous quarter were primarily due to lower revenues from treasury and financial market activities, including a write-down of $2.5 million related to permanent impairments of certain investment securities.

The decrease in profitability, compared to the fourth quarter of 2003, is largely attributable to the gain on the sale of branches in Ontario and Western Canada, partially offset by a restructuring charge, higher variable compensation costs and a write-down of certain securities all recorded in 2003. As well, the lost contribution in 2004 from the branches sold in Ontario and Western Canada affected results.

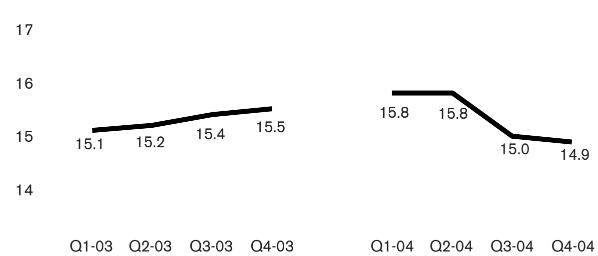
Balance sheet assets

In billions of dollars



Assets under administration

In billions of dollars



Significant items affecting results

In millions of dollars, except per share amounts		Items, before income taxes	Items, net of income taxes	Diluted, per common share
2004				
Increase in future tax assets arising from the increase in Ontario income tax rates, net of non-controlling interests	Q1	n/a	$ 1.5	$ 0.06
Sale of the Ontario and Western Canada Visa loan portfolio	Q2	$ 4.4	3.8	0.16
Sale of the debit and credit card transaction processing activities and certain rights to service mutual funds accounts	Q3	5.6	4.6	0.20
Review of the provisions related to the Ontario and Western Canada branches sold during the fourth quarter of 2003	Q3	3.5	2.4	0.10
Costs associated with the redemption of the Debentures Series 7	Q3	(1.1)	(0.7)	(0.03)
Reduction in the general allowance for loan losses and equivalent increase in specific allowance	Q4	–	–	–
Effect on net income		$ 12.4	$ 11.6	$ 0.49
Redemption premium paid on the repurchase of Class A Preferred shares and overlap in dividend payments	Q3		(3.1)	(0.13)
Effect on net income available to common shareholders			$ 8.5	$ 0.36
2003				
Gain on sale of the Ontario and Western Canada branches	Q4	$ 69.9	$ 54.9	$ 2.34
Restructuring charge	Q3/4	(19.7)	(12.8)	(0.54)
Loan losses related to the Air Canada exposure	Q2/3	(10.0)	(6.5)	(0.28)
Effect on net income and net income available to common shareholders			$ 35.6	$ 1.52

Estimated contribution from the Ontario and Western Canada branches in 2003

In millions of dollars, except per share amounts	2003 [as reported]	Gain on the sale of the branches	Contribution of branches sold	2003 [adjusted]
Net interest income	$343.2	–	$ 48.9	$294.3
Other income	286.7	$ 69.9	13.1	203.7
Total revenue	629.9	69.9	62.0	498.0
Provision for credit losses	54.0	–	3.5	50.5
Non-interest expenses	441.8	–	32.2	409.6
Effect on net income	n/a	$ 54.9	$ 17.1	n/a
Effect on diluted net income per common share	n/a	$ 2.34	$ 0.73	n/a

Total revenue was $474.0 million in 2004, compared with $629.9 million in 2003. Excluding the $69.9 million gain on the sale of the Ontario and Western Canada branches and the estimated contribution related to these branches of $62.0 million, revenues for 2003 would have stood at approximately $498.0 million. Results for 2004 also include the favourable impact from asset disposals and review of provisions of $13.5 million in total, as well as costs associated with the redemption of debentures of $1.1 million, as detailed above. Excluding these items, the year-over-year decrease in revenues amounted to approximately $36.4 million or 7%.

The Bank's net interest income decreased from $343.2 million or $294.3 million excluding the estimated contribution from the Ontario and Western Canada branches in 2003 to $275.0 million in 2004. The decrease mainly resulted from the decline in net interest margins from 1.85% in 2003 to 1.68% in 2004. Competitive pressure, combined with a lower average prime lending rate contributed to the reduction in margins.

Other income was $199.0 million in 2004, compared with $286.7 million in 2003 or $203.7 million excluding the gain on the sale of the Ontario and Western Canada branches of $69.9 million and the estimated forgone contribution from these branches of $13.1 million. The net $4.7 million decrease in 2004 is mainly attributable to a decline in treasury and financial markets revenues of $20.3 million from $50.9 million to $30.6 million, offset by the gains resulting from the disposal of assets and review of provisions related to the branches sold in 2003 of $13.5 million, as well as the increase in revenues from brokerage operations of $3.5 million. Revenues from Treasury and Financial Markets were affected by unfavourable market conditions in the later part of the year. Also, changes to the financial market and regulatory environments have led to a reduced emphasis on capital gains recorded as other income to the benefit of net interest income generation. Conversely, results from brokerage operations exceeded expectations as both retail and institutional activities benefited from increased transaction volumes.

Total revenue for the fourth quarter amounted to $108.9 million, compared to $200.8 million for the same quarter in 2003. Results for 2003 included the $69.9 million gain on the sale of branches in Ontario and Western Canada and the estimated forgone revenues from these branches, amounting to approximately $13.6 million. In addition, revenues were affected by the reduced contributions from treasury and financial market activities, as explained above.

The provision for credit losses, including the impact of a $12.0 million reversal of general allowance, was $40.0 million in 2004 or 0.24% of average assets versus $54.0 million or 0.29% of average assets in 2003. Higher than anticipated loan losses in 2004 mainly result from a $1.6 million charge related to a B2B Trust's specific personal lines of credit portfolio, as well as additional provisions amounting to approximately $12.0 million to address certain specific loans in the personal and commercial loan portfolios.

Credit quality has improved significantly over last year. As a matter of fact, impaired loans decreased from $185 million in 2003 to $127 million in 2004, an improvement of more than 30%. The overall level of provisions is now greater than gross impaired loans, resulting in negative net impaired loans of $13.0 million (–0.1% of total loans, bankers' acceptances and assets purchased under reverse repurchase agreements). As at October 31, 2003, net impaired loans stood at $22.0 million (0.2% of total loans, bankers' acceptances and assets purchased under reverse repurchase agreements). The improvement came mostly from the commercial loan portfolios, while the other loan portfolios remained at similar levels.

General allowances decreased to $65.3 million at October 31, 2004 from $77.3 million at year-end 2003, a net decrease of $12.0 million. The reduction of the general provision was mainly attributable to the overall decrease of credit risk exposure in the corporate and commercial loan portfolios. See Note 3 to the Interim Consolidated Financial Statements for more details.

Non-interest expenses were $369.7 million in 2004, while they stood at $441.8 million in 2003 or $389.9 million excluding the $19.7 million pre-tax restructuring charge and the estimated $32.2 million of expenses related to the Ontario and Western Canada branches. The efficiency ratio was stable at 78% in 2004, when compared with the pro forma efficiency ratio of 2003. Although the ratio did not improve, it nonetheless reflects significant cost control initiatives, which offset the impact of the reduction in total revenue.

For the fourth quarter of 2004, non-interest expense amounted to $91.3 million, compared to $125.8 million for the fourth quarter of 2003. The year-over-year decrease mainly results from a reduction in variable compensation costs and a lower amortization expense in 2004, as well as the restructuring costs and the expenses related to the branches sold in 2003.

Income tax expense for fiscal 2004 was $14.6 million (22.7% effective tax rate). Excluding the favourable impact of lower income taxes on gains resulting from the various disposals of assets during the year and the adjustment to the future tax assets resulting from the increase in Ontario income tax rates, the effective tax rate would have been 27.6%. For 2003, income tax expense was $38.6 million (28.8% effective tax rate), reflecting the favourable impact of the lower income taxes on the gain resulting from the sale of the Ontario and Western Canada branches. The higher tax rate in 2003, when compared to 2004, results among other things from the higher tax rates applied to revenues earned in Ontario and Western Canada.

For the fourth quarter of 2004, the income tax expense amounted to $1.6 million (18.5% effective tax rate) and includes the favourable impact of year-end adjustments amounting to $1.0 million.

Balance sheet assets stood at $16.6 billion at October 31, 2004 compared with $16.7 billion at year-end 2003. The reduction, essentially in cash resources, mainly results from the repayment of subordinated debentures and the repurchase of the non-controlling interest in B2B Trust.

The portfolio of loans and bankers' acceptances remained at $11.4 billion at October 31, 2004, when compared to 2003. The substantial growth in retail operations, namely in residential mortgages and lines of credit portfolios, has surpassed objectives. However, the decreases in commercial mortgages and corporate loans, as a result of the refocusing of Commercial Financial Services initiated in 2002, lowered loan volumes, while other personal loan portfolios remained stable. Recent media advertising, the roll-up of the Entrepreneurship model, direct advertising based on new client relationship management capabilities, re-opening and renovations of certain branches and other marketing initiatives all contributed to increase the visibility of the Bank in its core market and improve growth.

As detailed in the table below, total residential mortgage loan portfolios, including both reported and securitized loans grew by $145 million from October 31, 2003 to October 31, 2004. Continuous favourable housing market conditions and specific focus on direct retail services in Quebec allowed the Bank to participate in the market growth, despite intense competition. At $3.6 billion, the personal loan portfolio is at the same level it was a year ago. The new pricing and commissioning strategies initiated in 2003 in the point-of-sale financing business (consumer loan) have improved profitability, however volumes have slightly declined by 6%. Investment loans, including RRSP and mutual fund loans, grew by 3% to $1,145 million, benefiting from the improvement in the mutual fund market environment. The lines of credit portfolio increased by 18% as a result of the strong performance of the branch network and growth in B2B Trust activities.

Residential mortgage loans portfolio

In millions of dollars	As at October 31 2004	2003
Residential mortgage loans, as reported on the balance sheet	**$5,509**	$5,274
Securitized loans (excluding loans related to the Ontario and Western Canada branches)	**482**	572
Total residential mortgage loans, including securitized loans	**$5,991**	$5,846

Personal loans portfolio

In millions of dollars	As at October 31 2004	2003
Investment	**$1,145**	$1,113
Consumer	**1,626**	1,731
Lines of credit	**580**	493
Visa, student and other	**288**	309
	$3,639	$3,646

Total personal deposits remained relatively stable at $10.5 billion as at October 31, 2004, when compared to October 31, 2003. The decrease of $105 million, mainly in broker sourced term deposits, was partially offset by a $51 million increase in demand and notice deposits generated through the branch network. Business and other deposits decreased by $327 million since October 31, 2003, as other funding sources were sufficient to finance activities. Personal deposits represent 81% of total deposits of $12.9 billion as at October 31, 2004 compared with 79% as at October 31, 2003.

Total capital of the Bank, comprised of common shareholders' equity, preferred shares and debentures, reached $1,137 million at October 31, 2004, compared to $1,315 million at October 31, 2003, a decrease of $178 million over the year. The variation essentially results from various transactions completed since the beginning of the year to realign capital with anticipated needs and lower the overall cost of capital.

During the year, the redemption of the 7.75% Non-Cumulative Class A Preferred Shares Series 7 and 8 in the amount of $102 million, the public offering of the 5.25% Non-Cumulative Class A Preferred Shares Series 10 in the amount of $108 million (including issuance costs) and the redemption of the 5.75% Debentures, Series 7, in the amount of $100 million, resulted in a net decrease in total capital of $94 million. Also, total capital decreased by $43 million following the privatization of B2B Trust and by $49.5 million following the purchase on the market of 7.0% Debentures, Series 8.

On November 9, 2004, considering its excess capital, the Bank announced plans to redeem all of the Debentures, Series 8, on December 15, 2004 of which $49.5 million was already acquired as at October 31, 2004.

Common shareholders' equity increased to $677 million at October 31, 2004 from $673 million at October 31, 2003. There were 23,511,343 common shares outstanding as at October 31, 2004 and the Bank's book value per common share increased slightly to $28.78 from $28.73 at year-end 2003.

The BIS Tier 1 capital ratio improved to 10.5% from 10.2%, since October 31, 2003, as a result of the decrease in risk-weighted assets and the BIS Total capital ratio decreased to 14.0% from 15.2% at October 31, 2003, as a result of the transactions detailed above. These ratios compare favourably with other Canadian banks. Tangible common equity (common equity less goodwill and other intangibles) to risk-weighted assets ratio declined to 7.6% from 7.8% at October 31, 2003, essentially as a result of the privatization of B2B Trust.

At its meeting on November 4, 2004, considering the sound financial condition of the Bank as evidenced by its stronger than anticipated capital ratios, as well as the pending gain from the sale of BLC-Edmond de Rothschild Asset Management Inc., the Board of Directors declared regular dividends on the various series of preferred shares payable on December 15, 2004 to shareholders of record on December 9, 2004. Also, at its meeting on December 8, 2004, the Board of Directors declared a dividend of $0.29 per common share, payable on February 1, 2005 to shareholders of record on January 4, 2005.

Assets under administration stood at $14.9 billion at October 31, 2004 compared to $15.5 billion at October 31, 2003 and $15.0 billion at July 31, 2004. The decrease in assets under administration mainly results from the reduction in mortgage loans under management related to securitization activities.

SEGMENTED INFORMATION

For the year, results from the Retail financial services line of business improved substantially compared to 2003, mainly as a result of lower loan losses and an increased level of activities. Commercial financial services also improved their contribution as a result of lower loan losses, while B2B Trust performance remained relatively stable. The Wealth Management and Brokerage line of business benefited from increases in activities, which enabled it to surpass its objectives for the year. All lines of business contributed to the significant efforts to improve efficiency and streamline operations following the sale of the Ontario and Western Canada branches in 2003.

Net income contributions (as reported)

In millions of dollars	Retail Financial Services	Commercial Financial Services	B2B Trust	Wealth Management and Brokerage	Other	Total [1]
2004	23.7	24.4	10.2	4.3	(14.8)	47.8
Net income	38%	39%	16%	7%	n/a	100%
2003	16.8	20.8	11.0	8.7	34.6	91.9
Net income	30%	36%	19%	15%	n/a	100%
Q4-2004	3.8	7.0	3.1	1.3	(8.1)	7.1
Net income	25%	46%	20%	9%	n/a	100%
Q3-2004	4.7	6.1	1.4	0.8	0.7	13.7
Net income	36%	47%	11%	6%	n/a	100%
Q4-2003	0.6	4.5	2.5	0.8	42.3	50.7
Net income	7%	54%	30%	9%	n/a	100%

(1) Percentage of net income contribution from the four lines of business, excluding the Other sector.

Retail Financial Services

For the year, Retail Financial Services contribution to consolidated results improved by 41% to $23.7 million, compared to $16.8 million in 2003, including the estimated $9.3 million forgone contribution from the branches sold in 2003. Results for the second quarter included a portion of the gain on the sale of the Visa portfolio amounting to $2.1 million, while third quarter results included $1.0 million from the gain on the sale of the debit and credit card transaction processing activities and certain rights to service mutual funds accounts. Excluding these items, results nonetheless improved significantly by more than 20%, notwithstanding the fact that 2003 results included the Ontario and Western Canada branches.

Excluding the effect of the sale of the Ontario and Western Canada branches at the end of 2003 and the disposal of assets referred to above, revenues increased by approximately $15 million, mainly as a result of the increase in loan volumes and other factors. Loan losses also improved significantly in 2004, by $9 million, of which approximately $3.5 million relates to the branches sold in 2003. Expenses decreased by $43.7 million, mainly as a result of the savings related to the branches sold and the expense reduction program of 2003.

Results for the fourth quarter were $3.8 million, compared to $0.6 million for the fourth quarter of 2003, including the estimated forgone contribution from the branches sold of $2.5 million. Improvements mainly resulted from the savings associated with the expense reduction program, decrease in variable compensation costs and lower loan losses.

Throughout fiscal 2004, several initiatives have been implemented or carried out that contributed, directly and indirectly, to the attainment of performance objectives. Foremost, the *Entrepreneurship* project, initiated in 2002 and expanded to the Bank's entire retail network, has been instrumental in mobilizing employees and managers to improve the performance of all retail operations and, consequently, clients' satisfaction. As employees gain a greater degree of autonomy as well as a greater sense of accountability, they more fully participate in the Bank's growth.

The widespread deployment of the entrepreneurial spirit has enabled the Bank to build on one of its foremost strengths – quality of service – and enhance it with distinctive features, such as simplicity, flexibility and personalized attention. The Bank has accomplished a lot in 2004 with the launch of a new quality program. Also, the Bank started to measure standards of quality and excellence through customers and web surveys and mystery shoppers activities. The results of an independent survey, prepared by Jasmin Bergeron, professor at the University of Québec in Montréal, ranked our financial advisors #1 in Québec in terms of quality of service.

Also the increased marketing efforts, including direct and mass media advertising, have contributed to the renewed interest in the Bank in 2004. These initiatives will continue in 2005 to further improve the Bank's visibility.

The business plan for this business line has so far been executed with as much dynamism as positive results. The Bank recently announced plans to open five branches featuring a brand new financial services boutique concept. This concept is a complete rethinking of the in-branch banking experience.

Besides the new branches' original architectural design every detail has been rethought to ensure that clients feel comfortable taking their time and developing an even stronger relationship with the Bank. Spaces for children to play, service islands instead of traditional counters, a library zone, are just some of the features of the new Laurentian Bank branches.

Three new branches were opened in November and early December 2004, while another one is planned to open in a few days and a further one in January 2005.

Besides shaping the architecture of the Bank's new branches, the financial services boutique concept will gradually be implemented in the branch network. These new openings should further drive growth in 2005 and beyond.

Commercial Financial Services

For the year, Commercial Financial Services contribution to consolidated results improved by 17% to $24.4 million, compared to $20.8 million in 2003. The sector continued to deliver steady results throughout the year. Revenue growth was hampered by the persistent low level of demand for commercial credit. However, lower loan losses enabled the business line to increase its contribution. Moreover, the improvement in the credit quality of the commercial loan portfolio was substantial over the last 12 months, as reflected by the level of impaired loans which decreased by 35%.

Results for the fourth quarter were $7.0 million, compared to $4.5 million for the fourth quarter of 2003, including the impact of the reversal of general allowances of $4.0 million in 2003 ($2.4 million, net of income taxes). The improvement mainly results from the decrease in loan losses.

In retrospect, 2004 brought mixed results to our various niches. The Real Estate group benefited from a strong market, which permitted it to generate all-time records for the construction loans activity. This was achieved through the opening of an office in Ottawa and the increased activity level in the Montreal region, combined with a steady flow of deals in the Greater Toronto Area. While construction is expected to slow down in certain of these areas, the recently increased sales force in Western Canada will allow the Bank to capitalize on new opportunities.

The farm lending portfolio remained stable in 2004 as the mad-cow crisis continued to impact this sector. Furthermore, increased competition through fierce pricing for government guaranteed loans limited growth opportunities. In 2005, the implementation of a satellite center concept will enhance the geographic presence of the Bank.

The Small and mid-market loan portfolio remained stable in 2004 due to low demand and increased competition, especially in Québec. In the micro-business sector, clients' accounts were regrouped in "virtual centers" where service is provided through Internet and call centers. In the mid-market, the opening of three centers in Québec has improved the positioning of the Bank as an alternative, mainly in regions. Finally, Ontario's operations are now dedicated to the $1 million to $20 million niche, where the Bank believes it can succeed.

The corporate portfolio decreased substantially in 2004, further to the decision to reduce the Bank's exposure. As of next year, the remaining portfolio will be taken over by the Treasury group, in an integrated risk approach, which will include direct loans, as well as investments in synthetic products.

B2B Trust

Following the privatization of B2B Trust on June 8, 2004, results for this line of business now reflect B2B Trust as a wholly-owned subsidiary. The net income contribution of B2B Trust declined by $0.8 million to $10.2 million in 2004 versus $11.0 million in 2003. The year-over-year decline in net income was due to decreased revenue of $4.4 million, an increase in the provision for loan losses of $2.9 million offset by lower operating expenses of $0.8 million, lower income taxes of $4.0 million, and a lower minority interest adjustment of $1.7 million due to the privatization of B2B Trust.

Net income for the fourth quarter was $3.1 million, a year-over-year increase of $0.6 million. Revenue for the fourth quarter remained relatively unchanged at $14.5 million versus $15.1 million for the fourth quarter of 2003. Non-interest expenses were $8.8 million and were also comparatively unchanged from the year ago period of $9.3 million. As a result, the efficiency ratio was 61.0% in the fourth quarter of 2004 compared to 61.8% in the fourth quarter of 2003.

The provision for loan losses in the quarter was $1.1 million versus $0.4 million in the prior year. The variation in loan losses is mainly related to a personal line of credit portfolio being developed, which increased by $44 million or 45% over the previous year.

Investment and RRSP loans stood at $1.1 billion as at October 31, 2004 a year-over-year increase of $32 million or 3%, thereby confirming the stability of these core products with consumers and B2B Trust's relationship with financial intermediaries. These core products represent more than 50% of B2B Trust's revenue.

B2B Trust loan portfolios

In millions of dollars	October 31 2004	July 31 2004	October 31 2003
Investment	**$1,145**	$1,141	$1,113
Residential mortgages	**616**	672	784
Lines of credit	**141**	117	97
	$1,902	$1,930	$1,994

Wealth Management and Brokerage

The Wealth Management and Brokerage line of business reported net income of $4.3 million in 2004, compared to $8.7 million in 2003, including a $6.7 million after-tax gain on the sale of the TSX shares.

Laurentian Bank Securities (LBS) substantially improved its contribution to results. In 2004, net income was $4.1 million, a significant improvement over the contribution for last year of $2.2 million, excluding a $6.7 million after-tax gain on the sale of the TSX shares. Total revenues amounted to $21.7 million in 2004, compared to $18.2 million in 2003, excluding the gain on the sale of the TSX shares. LBS operates in two lines of business: it has a leading fixed income division and retail brokerage activities.

The BLC-Edmond de Rothschild Asset Management Inc. (BLC-EdR) joint venture improved its results at $0.4 million ($0.2 million – 50% participation) for 2004, compared to a loss of $0.4 million ($0.2 million – 50% participation) in 2003. Management fees improved to $11.2 million ($5.6 million – 50% participation) for 2004, compared to $8.5 million ($4.3 million – 50% participation) in 2003. Mutual funds under management increased by 24% at $910 million at year-end 2004, as a result of positive sales performance and increases in market values. Total assets under management increased to $1.7 billion at October 31, 2004, compared to $1.6 billion a year ago. BLC-EdR manages portfolios for its retail mutual funds and its private and institutional money management divisions.

For the fourth quarter of 2004, the Wealth Management and Brokerage line of business reported net income of $1.3 million, compared to $0.8 million for the equivalent quarter in 2003.

Sale of BLC-Edmond de Rothschild Asset Management Inc.
On November 4, 2004, the Bank and its co-venturer, La Compagnie financière Edmond de Rothschild Banque, entered into an agreement in principle to sell all of the outstanding shares of BLC-Edmond de Rothschild Asset Management Inc. to Industrial Alliance Insurance and Financial Services Inc. (Industrial Alliance). This agreement also provides for the Bank to continue to distribute the R Funds over the next 10 years. The transaction is expected to close in the first quarter of 2005 subject to regulatory approvals. The agreement foresees the payment of an initial amount of approximately $65 million, based on the assets under management at the time of conclusion of the transaction, and a final amount of $8 million at the end of the fifth year. The initial amount is subject to a recovery clause that can reach up to $28 million within the first five years if certain minimal net sales conditions are not met. The final amount is also subject to certain conditions, based on sales.

The agreement would result in a gain that may exceed $30 million, subject to the recovery clause and certain other conditions, including sales results. A portion of this gain will be recognized at the closing date of the transaction, and the remaining amount subsequently (see Note 11 to the Interim Consolidated Financial Statements for more details).

Other sector
The contribution of the Other sector for 2004 amounted to −$14.8 million, compared to $34.6 million in 2003. Results for 2004 include the $1.7 million portion of the gain resulting from the disposal of a credit card loan portfolio, the $3.6 million portion of the gain on the sale of the debit and credit card transaction processing activities and certain rights to service mutual funds accounts, as well as the favourable impact of changes in estimates for certain provisions related to the sale of the Ontario and Western Canada branches of $2.4 million. These items were however offset by treasury and securitization activities, as well as other activities. The net contribution of 2003 included the gain on the sale of the Ontario and Western Canada branches of $54.9 million after-tax and the $12.8 million after-tax charge related to the cost reduction program.

CORPORATE GOVERNANCE

The Board of Directors and the Audit Committee of Laurentian Bank reviewed this report prior to its issuance. The disclosure controls and procedures of Laurentian Bank support the ability of the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer of Laurentian Bank to assure that Laurentian Bank's Interim Consolidated Financial Statements are fairly presented.

L. Denis Desautels, O.C.
Chairman of the Board

Raymond McManus
President and
Chief Executive Officer

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report and related communications may contain forward-looking statements, including statements regarding the business and anticipated financial performance of Laurentian Bank. These statements are subject to a number of risks and uncertainties. Actual results may differ from results contemplated by the forward-looking statements. Such differences may be caused by factors which include, among others, global capital market activity, changes in government monetary and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition and technological change. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and should not place undue reliance on such forward-looking statements. The Laurentian Bank does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf.

NET INCOME, EXCLUDING SPECIAL ITEMS

To facilitate analysis, net income excluding certain items has been presented in the document. In management's opinion, these items, which have been excluded, should not be considered when analysing the Bank's performance. Net income, excluding special items is not based on Canadian generally accepted accounting principles and may not be comparable to another company's net income.

Financial highlights

In millions of dollars, except per share amounts (unaudited)	Q4-04	Q4-03	Percentage variation Q4-04/Q4-03	For the years ended October 31 2004	October 31 2003	Percentage variation 2004/2003
Earnings						
Net income	**$ 7.1**	$50.7	(86.0)%	**$ 47.8**	$ 91.9	(48.0)%
Net income available to common shareholders	**$ 4.1**	$47.3	(91.3)%	**$ 31.3**	$ 77.9	(59.8)%
Return on common shareholders' equity	**2.4 %**	29.5 %		**4.6 %**	12.4 %	
Per common share						
Net income						
Basic	**$0.17**	$2.02	(91.6)%	**$ 1.33**	$ 3.33	(60.1)%
Diluted	**$0.17**	$2.01	(91.5)%	**$ 1.33**	$ 3.32	(59.9)%
Dividends	**$0.29**	$0.29	– %	**$ 1.16**	$ 1.16	– %
Book value				**$ 28.78**	$ 28.73	0.2 %
Share price – close				**$ 25.45**	$ 27.75	(8.3)%
Financial position						
Balance sheet assets				**$16,607**	$16,738	(0.8)%
Assets under administration				**$14,878**	$15,488	(3.9)%
Loans, bankers' acceptances and assets purchased under reverse repurchase agreements, net				**$12,434**	$12,151	2.3 %
Personal deposits				**$10,454**	$10,509	(0.5)%
Shareholders' equity, non-controlling interest in a subsidiary and debentures				**$ 1,137**	$ 1,315	(13.5)%
Number of common shares (in thousands)				**23,511**	23,436	0.3 %
Net impaired loans (as a % of loans, bankers' acceptances and assets purchased under reverse repurchase agreements)				**(0.1)%**	0.2 %	
Risk-weighted assets				**$ 7,986**	$ 8,411	(5.1)%
Capital ratios						
Tier I BIS				**10.5 %**	10.2 %	
Total BIS capital				**14.0 %**	15.2 %	
Assets to capital multiple				**15.0 x**	13.1 x	
Tangible common equity as a percentage of risk-weighted assets				**7.6 %**	7.8 %	
FINANCIAL RATIOS						
Per common share						
Price/earnings ratio				**19.1 x**	8.3 x	
Market to book value				**88 %**	97 %	
Dividend yield	**4.56 %**	4.18 %		**4.56 %**	4.18 %	
Dividend payout ratio	**167.6 %**	14.4 %		**87.1 %**	34.9 %	
As a percentage of average assets						
Net interest income	**1.71 %**	1.79 %		**1.68 %**	1.85 %	
Provision for credit losses	**0.22 %**	0.24 %		**0.24 %**	0.29 %	
Net income	**0.17 %**	1.09 %		**0.29 %**	0.50 %	
Net income available to common shareholders	**0.10 %**	1.02 %		**0.19 %**	0.42 %	
Profitability						
Other income (as a % of total revenue)	**35.7 %**	58.6 %		**42.0 %**	45.5 %	
Efficiency ratio (non-interest expenses as a % of total revenue)	**83.8 %**	62.7 %		**78.0 %**	70.1 %	
OTHER INFORMATION						
Number of full-time equivalent employees				**3,125**	3,159	
Number of branches				**153**	155	
Number of automated banking machines				**293**	284	

Consolidated statement of income

In thousands of dollars, except per share amounts (unaudited)	For the three-month periods ended October 31 2004	July 31 2004	October 31 2003	For the years ended October 31 2004	October 31 2003
Interest income					
Loans	**$169,487**	$169,749	$214,299	**$690,789**	$870,519
Securities	**14,521**	12,384	17,743	**57,546**	76,502
Deposits with other financial institutions	**2,145**	2,410	3,446	**9,807**	11,658
	186,153	184,543	235,488	**758,142**	958,679
Interest expense					
Deposits and other liabilities	**109,785**	109,258	145,416	**455,950**	587,711
Subordinated debentures (note 5)	**6,336**	7,047	6,993	**27,184**	27,742
	116,121	116,305	152,409	**483,134**	615,453
Net interest income	**70,032**	68,238	83,079	**275,008**	343,226
Provision for credit losses (note 3)	**8,888**	10,862	11,000	**40,000**	54,000
	61,144	57,376	72,079	**235,008**	289,226
Other income					
Fees and commissions on loans and deposits	**22,063**	22,076	24,556	**89,183**	101,452
Revenues from treasury and financial market operations	**789**	5,734	9,672	**30,620**	50,858
Brokerage operations	**5,060**	4,579	4,054	**20,223**	16,729
Gain on disposal of assets (notes 2 and 9)	**–**	9,082	69,946	**13,517**	69,946
Revenues from sale and management of mutual funds	**3,182**	3,140	2,804	**12,886**	10,654
Revenues from registered self-directed plans	**2,979**	2,885	3,085	**12,241**	12,635
Insurance revenues	**1,504**	1,141	1,181	**6,061**	6,694
Securitization revenues (losses)	**266**	2,191	(120)	**4,437**	1,048
Other	**3,048**	2,085	2,587	**9,781**	16,704
	38,891	52,913	117,765	**198,949**	286,720
	100,035	110,289	189,844	**433,957**	575,946
Non-interest expenses					
Salaries and employee benefits	**44,617**	46,330	55,883	**182,929**	204,944
Premises and technology	**26,301**	25,049	32,805	**104,682**	128,982
Restructuring costs	**–**	–	16,634	**–**	19,725
Other	**20,369**	20,121	20,517	82,108	88,129
	91,287	91,500	125,839	**369,719**	441,780
Income before income taxes and non-controlling interest in net income of a subsidiary	**8,748**	18,789	64,005	**64,238**	134,166
Income taxes	**1,618**	4,860	12,533	**14,551**	38,659
Income before non-controlling interest in net income of a subsidiary	**7,130**	13,929	51,472	**49,687**	95,507
Non-controlling interest in net income of a subsidiary (note 4)	**–**	260	751	**1,916**	3,640
Net income	**$ 7,130**	$ 13,669	$ 50,721	**$ 47,771**	$ 91,867
Preferred share dividends, including applicable income taxes	**3,062**	4,486	3,466	**14,506**	13,943
Premium on redemption of preferred shares (note 6)	–	2,000	–	**2,000**	–
Net income available to common shareholders	**$ 4,068**	$ 7,183	$ 47,255	**$ 31,265**	$ 77,924
Average number of common shares (in thousands)					
Basic	**23,511**	23,490	23,426	**23,485**	23,416
Diluted	**23,539**	23,524	23,465	**23,521**	23,457
Net income per common share					
Basic	**$ 0.17**	$ 0.31	$ 2.02	**$ 1.33**	$ 3.33
Diluted	**$ 0.17**	$ 0.31	$ 2.01	**$ 1.33**	$ 3.32

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

Consolidated balance sheet

In thousands of dollars (unaudited)	**October 31 2004**	October 31 2003
ASSETS		
Cash resources		
Cash and due from other financial institutions without interest	**$ 75,653**	$ 100,001
Interest-bearing deposits with other financial institutions	**252,779**	622,923
Cheques and other items in transit, net (note 1)	**–**	111,809
	328,432	834,733
Securities		
Investment account	**2,007,471**	2,054,553
Trading account	**995,004**	1,016,323
	3,002,475	3,070,876
Assets purchased under reverse repurchase agreements	**1,133,920**	882,036
Loans (note 3)		
Personal	**3,638,991**	3,646,070
Residential mortgages	**5,509,022**	5,274,128
Commercial mortgages	**604,085**	705,101
Commercial and other	**1,542,760**	1,571,491
	11,294,858	11,196,790
Allowance for loan losses	**(140,042)**	(163,177)
	11,154,816	11,033,613
Other		
Customers' liability under acceptances	**144,830**	235,286
Capital assets	**94,490**	114,479
Amounts related to derivative financial instruments	**201,717**	92,272
Goodwill	**54,029**	54,029
Other intangible assets (note 4)	**18,897**	1,878
Other assets	**473,870**	418,566
	987,833	916,510
	$16,607,476	$16,737,768
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Personal	**10,454,368**	10,508,592
Business and other	**2,456,672**	2,784,357
	12,911,040	13,292,949
Other		
Obligations related to assets sold short	**1,495,574**	969,663
Obligations related to assets sold under repurchase agreements	**15,907**	173,246
Acceptances	**144,830**	235,286
Amounts related to derivative financial instruments	**189,489**	94,692
Other liabilities	**713,359**	656,792
	2,559,159	2,129,679
Subordinated debentures (note 5)	**250,525**	400,000
Non-controlling interest in a subsidiary (note 4)	**–**	41,827
Shareholders' equity		
Preferred shares (note 6)	**210,000**	200,000
Common shares (note 6)	**248,593**	246,813
Retained earnings	**428,159**	426,500
	886,752	873,313
	$16,607,476	$16,737,768

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)	For the years ended **October 31 2004**	 October 31 2003
Preferred shares (note 6)		
Balance at beginning of year	**$200,000**	$200,400
Issued during the year	**110,000**	–
Redeemed during the year	**(100,000)**	(400)
Balance at end of year	**210,000**	200,000
Common shares (note 6)		
Balance at beginning of year	**246,813**	246,230
Issued during the year	**1,780**	583
Balance at end of year	**248,593**	246,813
RETAINED EARNINGS		
Balance at beginning of year	**426,500**	375,740
Net income	**47,771**	91,867
Dividends		
Preferred shares, including applicable income taxes	**(14,506)**	(13,943)
Common shares	**(27,248)**	(27,164)
Preferred share issue costs, net of income taxes	**(2,358)**	–
Premium on redemption of preferred shares	**(2,000)**	–
Balance at end of year	**428,159**	426,500
TOTAL SHAREHOLDERS' EQUITY	**$886,752**	$873,313

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-month periods ended October 31 2004	July 31 2004	October 31 2003	For the years ended October 31 2004	October 31 2003
Cash flows relating to operating activities					
Net income	**$ 7,130**	$ 13,669	$ 50,721	**$ 47,771**	$ 91,867
Adjustments to determine net cash flows:					
Provision for credit losses	**8,888**	10,862	11,000	**40,000**	54,000
Gains on securitization operations	**–**	(167)	–	**(1,437)**	(1,859)
Net loss (gain) on disposal of capital assets	**175**	(7)	–	**408**	2,491
Restructuring costs	**–**	–	17,360	**–**	19,725
Gain on disposal of assets (notes 2 and 9)	**–**	(9,082)	(69,946)	**(13,517)**	(69,946)
Net gains on sale of securities held for investment	**(190)**	(771)	(973)	**(13,832)**	(22,649)
Future income taxes	**(521)**	(1,461)	8,993	**(3,304)**	15,425
Depreciation and amortization	**8,331**	8,291	11,128	**35,755**	43,142
Change in trading securities	**(51,219)**	(20,870)	(111,017)	**21,319**	(50,851)
Change in accrued interest receivable	**(2,611)**	7,344	(6,669)	**11,345**	5,423
Change in assets related to derivative financial instruments	**(26,071)**	32,806	(10,751)	**(109,445)**	(30,539)
Change in accrued interest payable	**(7,079)**	(5,811)	28,722	**(11,085)**	53,590
Change in liabilities related to derivative financial instruments	**45,614**	(50,460)	11,499	**94,797**	26,498
Other, net	**113,371**	9,800	(29,906)	**123,890**	(20,710)
	95,818	(5,857)	(89,839)	**222,665**	115,607
Cash flows relating to financing activities					
Change in deposits	**63,332**	438,741	356,978	**(381,909)**	209,531
Change in obligations related to assets sold short	**211,937**	101,172	(256,026)	**525,911**	108,643
Change in obligations related to assets sold under repurchase agreements	**(448,825)**	(219,544)	(111,922)	**(157,339)**	(274,616)
Redemption of subordinated debentures (note 5)	**(49,723)**	(100,000)	–	**(149,723)**	–
Issuance of preferred shares, net of issue costs (note 6)	**(94)**	–	–	**106,588**	–
Redemption of preferred shares (note 6)	**–**	(102,000)	–	**(102,000)**	(400)
Issuance of common shares, net of issue costs (note 6)	**138**	610	483	**1,780**	583
Redemption of common shares of a subsidiary	**–**	–	(3,247)	**–**	(6,637)
Dividends, including applicable income taxes	**(9,880)**	(11,298)	(10,642)	**(42,514)**	(42,816)
	(233,115)	107,681	(24,376)	**(199,206)**	(5,712)
Cash flows relating to investing activities					
Net proceeds from the sale of assets (note 2)	**–**	5,853	165,112	**38,069**	165,112
Consideration paid for the privatization of a subsidiary (note 4)	**245**	(60,470)	–	**(60,225)**	–
Net cash flows related to an acquisition of net assets	**–**	–	–	**–**	(28,427)
Change in interest-bearing deposits with other financial institutions	**292,448**	(10,638)	(125,526)	**370,144**	(357,951)
Change in securities held for investment					
Acquisitions	**(8,418,096)**	(5,683,530)	(7,252,575)	**(28,052,727)**	(30,226,364)
Maturities	**1,500**	–	164,394	**28,572**	186,997
Proceeds from sales	**8,550,358**	5,751,569	6,703,887	**28,085,069**	30,092,048
Change in loans	**(124,927)**	(198,538)	122,582	**(338,789)**	57,742
Change in assets purchased under reverse repurchase agreements	**46,065**	(169,923)	425,296	**(251,884)**	(12,206)
Proceeds from mortgage loan securitizations	**–**	96,438	–	**149,072**	39,836
Acquisitions of capital assets	**(5,533)**	(4,273)	–	**(18,017)**	(11,229)
Proceeds from disposal of capital assets	**17**	42	–	**2,909**	7,658
	342,077	(273,470)	203,170	**(47,807)**	(86,784)
Change in cash and cash equivalents during the period	**204,780**	(171,646)	88,955	**(24,348)**	23,111
Cash and cash equivalents at beginning of period	**(17,318)**	154,328	122,855	**211,810**	188,699
Effect of adopting the standard on generally accepted accounting principles relating to cheques and other items in transit (note 1)	**(111,809)**	–	–	**(111,809)**	–
Cash and cash equivalents at end of period	**$ 75,653**	$ (17,318)	$211,810	**$ 75,653**	$211,810
Cash and cash equivalents at end of period represented by:					
Cash and due from other financial institutions without interest	**$ 75,653**	$ 59,485	$100,001	**$ 75,653**	$100,001
Cheques and other items in transit, net	**–**	(76,803)	111,809	**–**	111,809
	$ 75,653	$ (17,318)	$211,810	**$ 75,653**	$211,810
Supplemental disclosure relating to cash flows:					
Interest paid during the period	**$104,578**	$126,154	$174,404	**$476,965**	$620,218
Income taxes paid during the period	**$ 3,751**	$ 3,146	$ 5,133	**$ 23,373**	$ 24,994

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

Notes to consolidated financial statements
(unaudited)

1. ACCOUNTING POLICIES

The unaudited interim consolidated financial statements of Laurentian Bank of Canada have been prepared by management, which is responsible for the integrity and fairness of the financial information presented. These interim consolidated financial statements have been prepared in accordance with the *Bank Act*, which states that except as otherwise specified by the Superintendent of Financial Institutions of Canada, the interim consolidated financial statements are to be prepared in accordance with Canadian generally accepted accounting principles (GAAP) for interim financial statements. Accordingly, they do not reflect all of the information and disclosures required by GAAP for complete financial statements. The significant accounting policies used in the preparation of these interim consolidated financial statements, including the accounting requirements of the Superintendent, are the same as those in the Bank's annual consolidated audited financial statements as at October 31, 2003, except as described below. These accounting policies conform to GAAP. These interim consolidated financial statements should be read in conjunction with those annual consolidated audited financial statements. These interim consolidated financial statements reflect amounts, which are based on the best estimates and judgement of management. Actual results may differ from these estimates. Certain comparative figures have been reclassified to conform to the current period presentation.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

In July 2003, the Canadian Institute of Chartered Accountants (CICA) issued Handbook Section 1100, "Generally Accepted Accounting Principles." This section establishes standards for financial reporting in accordance with GAAP and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not dealt with explicitly in the primary sources of GAAP. The initial adoption of this new section, on a prospective basis on November 1, 2003, did not have any significant impact on the Bank's consolidated financial statements, except as indicated hereafter.

On August 1, 2004, the Bank amended, also on a prospective basis, the presentation in the financial statements of certain amounts receivable which, historically, were accounted for based on their net value in cheques and other items in transit, in accordance with industry practices. Certain amounts receivable are now presented on a gross basis according to their nature in due from other financial institutions without interest and Business and other deposits, while other amounts receivable continue to be presented on the basis of their net value in other assets and liabilities.

In addition, under the new rules, purchases and sales of debt or equity instruments of the Bank by the entities of the group are now accounted for as a reduction of the corresponding equity or debt instruments. Previously, such securities were recorded at market value in the trading accounts.

DERIVATIVE FINANCIAL INSTRUMENTS

On November 1, 2003, the Bank adopted CICA Accounting Guideline no. 13 "Hedging Relationships" (AcG-13) and Emerging Issues Committee Abstract no. 128 "Accounting for trading, speculative or non-hedging derivative financial instruments" (EIC-128). This guideline establishes certain qualifying conditions for the use of hedge accounting, which are more stringent than previous standards.

Derivatives are primarily used to manage the Bank's exposure to interest rate and currency risks, and occasionally, in trading activities or to serve the needs of customers.

Derivatives used to manage the Bank's interest rate risks are accounted for using the accrual method. Under this method, interest income or expense on these derivative instruments is accrued and included in interest income or expense in the consolidated statements of income.

When derivatives are used to manage its own exposure, the Bank determines for each derivative whether hedge accounting can be applied. If hedge accounting can be applied, a hedge relationship is designated as a fair value hedge or a cash flow hedge. The hedge is documented detailing, among other things, the item being hedged, the risk management objective, the hedging strategy and the method of measuring its effectiveness. The derivative must be highly effective in accomplishing the objective of offsetting either changes in the fair value or cash flows attributable to the risk being hedged both at inception and over the life of the hedge. Effectiveness is generally reviewed on a monthly basis using statistical regression models.

Fair value hedge transactions predominantly use interest rate swaps to hedge the changes in the fair value of an asset, liability or firm commitment. Cash flow hedge transactions predominantly use interest rate swaps to hedge the variability in cash flows related to a variable rate asset or liability. When a derivative functions effectively as a fair value or cash flow hedge, the fair value of the derivative is recognized in other assets or liabilities, on a gross basis, and the profit or loss of the derivative is deferred.

Hedge accounting is discontinued prospectively when the derivative no longer qualifies as an effective hedge or the derivative is terminated or sold. The deferred gain or loss is recognized in net interest income during the periods in which the hedged item affects income. Hedge accounting is also discontinued upon the sale or early termination of the hedged item. At that time, the deferred gain or loss is recognized in other income.

Non-trading derivatives that do not qualify for hedge accounting are carried at fair value in other assets or liabilities, on a gross basis, with changes in fair value recorded in other income. These non-trading derivatives are still eligible for designation in future hedging relationships. Upon a designation, any previously recorded fair value on the consolidated balance sheet is amortized to other income over the remaining life of the derivative.

When used in trading activities or to serve the needs of customers, the realized and unrealized gains and losses on derivatives are recognized in other income. Unrealized gains and losses are reported on a gross basis in other assets or liabilities.

Market values are determined using pricing models that incorporate current market and contractual prices of the underlying instruments, time value of money, yield curves and volatility factors.

Margin requirements are also included in other assets.

In the past, under the previous standards, derivative portfolios were valued at prevailing market rates when used in trading activities or to meet the needs of customers. Realized and unrealized gains and losses were included in other income. When derivatives were used to manage the Bank's own exposure, income and expenses were recognized over the term of the transaction in net interest income, while the realized gains and losses were generally deferred and amortized to net interest income over the life of the hedged items.

Due to the initial application of this guidance, as at November 1, 2003, other assets and deferred gains were increased by $108,810,000, of which $19,087,000 related to derivative financial instruments still qualifying for hedge accounting. In addition, other liabilities and deferred losses were increased by $102,553,000, of which $4,434,000 related to derivative financial instruments still qualifying for hedge accounting. These adjustments were intended to recognize in the balance sheet the fair value of derivatives which, up until then, had been deferred. Under the new guidance transition rules, the net deferred losses related to the derivative financial instruments no longer qualifying for hedge accounting as at November 1, 2003 amounted to $8,396,000. These deferred losses are recognized in earnings over the remaining term of the hedging items.

FUTURE CHANGES TO ACCOUNTING POLICIES

Consolidation of variable interest entities

In September 2004, the CICA issued a revised version of Accounting Guideline 15, "Consolidation of Variable Interest Entities" (AcG-15). AcG-15 provides guidance for applying consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interests. Under this new standard, the Bank must consolidate these entities if it is the principal beneficiary thereof, that is, if as a result of its investments or the relationships it has with these entities, the Bank risks being exposed to a majority of their expected losses or is in a position to benefit from a majority of their expected residual returns. Where the Bank holds a significant variable interest in a variable interest entity (VIE) that it has not consolidated, certain disclosures regarding the nature, purpose, size and activities of the VIE must also be made. AcG-15 will be effective for all periods starting on or after November 1, 2004 on a retroactive basis without restatement of prior period figures of the entities subject to the standard. The Bank is currently completing its analysis of the entities subject to this guideline. Subject to the confirmation of certain interpretations, based on the preliminary analyses, the possible consolidation of these entities as at November 1, 2004 should not have a significant impact on shareholders' equity or net income.

Securitization conduits

The Bank securitizes its own assets through single-seller and multi-seller securitization conduits. Based on its assessment, the Bank could consolidate the operations of certain of these single-seller conduits.

Mutual funds

Through its ownership interest in the joint venture BLC-Edmond de Rothschild Asset Management Inc., the Bank is the sponsor of several mutual funds that are VIEs. The Bank charges fees, mainly based on the value of assets under management, in respect of the management and administration of these funds. The Bank provides no guarantee with respect to these funds. In certain circumstances, particularly for certain funds in which the Bank also holds units relating to investments in seed capital, certain funds may need to be consolidated.

Other entities

The Bank acts as trustee of a certain number of personal trusts for which it levies fees. Based on its assessment, the application of AcG-15 is not expected to affect the Bank, since it is not the principal beneficiary of these entities.

Presentation of liabilities and equity

In January 2004, the CICA issued revised Section 3860, "Financial Instruments – Disclosure and Presentation", to require that obligations that can be settled, at the issuer's option, by a variable number of the issuer's own equity instruments be presented as liabilities. The revised recommendations are applicable on a retroactive basis with restatement of corresponding amounts.

1. ACCOUNTING POLICIES (CONTINUED)

The application of this revised standard as at November 1, 2004 will not have any impact on the liabilities and equities of the Bank since the securities issued by the Bank as at November 1, 2004 qualify to be presented as equity items.

However, the revised standard will result in certain reclassifications of comparative figures for the year ended October 31, 2004 relative to the redemption of Preferred Shares, Series 7 and 8 in June 2004.

2. DISPOSAL OF ASSETS

(A) DISPOSAL OF THE DEBIT AND CREDIT CARD TRANSACTION PROCESSING ACTIVITIES

On July 9, 2004, the Bank entered into an agreement to sell its debit and credit card transaction processing activities. The sale price, paid in cash, amounted to $3,900,000, for a gain of approximately $3,631,000 ($3,042,000 net of taxes), net of related transaction costs. Capital assets, in the amount of $244,000, net of accumulated depreciation were sold as part of the transaction. These operations were previously presented in the Other segment. The gain resulting from the sale was attributed to the Retail Financial Services and Other segments for $300,000 and $3,331,000 respectively.

(B) DISPOSAL OF CERTAIN RIGHTS TO SERVICE MUTUAL FUND ACCOUNTS

On July 8, 2004, the Bank completed the sale of certain rights to service mutual funds in Ontario and Western Canada. The sale price, paid in cash, amounted to $1,953,000, for a gain of $1,928,000 ($1,605,000 net of taxes), net of related transaction costs. These operations were previously presented in the Retail Financial Services segment. The gain was attributed to the Retail Financial Services and Other segments for $900,000 and $1,028,000 respectively.

(C) DISPOSAL OF A CREDIT CARD LOAN PORTFOLIO

On February 2, 2004, the Bank sold its Ontario and Western Canada credit card loan portfolio and related contract rights, valued at $27,891,000. The sale price, paid in cash on February 2, 2004, amounted to approximately $32,216,000, for a gain of $4,435,000 ($3,794,000 net of taxes), net of related transaction and conversion fees. These assets were included in the Retail Financial Services segment. The gain resulting from the sale was attributed to the Retail Financial Services and Other segments for $2,400,000 and $2,035,000 respectively.

3. LOANS

(A) LOANS AND IMPAIRED LOANS

As at October 31, 2004

In thousands of dollars	**Gross amount of loans**	**Gross amount of impaired loans**	**Specific allowances**	**General allowances**	**Total allowances**
Personal loans	**$ 3,638,991**	**$ 18,103**	**$10,059**	**$23,795**	**$ 33,854**
Residential mortgages	**5,509,022**	**13,199**	**3,935**	**5,832**	**9,767**
Commercial mortgages	**604,085**	**15,482**	**6,064**	**3,625**	**9,689**
Commercial loans and other	**1,542,760**	**80,213**	**54,734**	**23,063**	**77,797**
Unallocated general allowance	**–**	**–**	**–**	**8,935**	**8,935**
	$11,294,858	**$126,997**	**$74,792**	**$65,250**	**$140,042**

As at October 31, 2003

In thousands of dollars	Gross amount of loans	Gross amount of impaired loans	Specific allowances	General allowances	Total allowances
Personal loans	$ 3,646,070	$ 19,594	$ 9,311	$19,715	$ 29,026
Residential mortgages	5,274,128	13,991	3,741	5,611	9,352
Commercial mortgages	705,101	13,030	6,048	7,561	13,609
Commercial loans and other	1,571,491	138,571	66,827	20,167	86,994
Unallocated general allowance	–	–	–	24,196	24,196
	$11,196,790	$185,186	$85,927	$77,250	$163,177

(B) SPECIFIC ALLOWANCES FOR LOAN LOSSES

In thousands of dollars	Personal loans	Residential mortgages	Commercial mortgages	Commercial loans and other	2004 Total specific allowances	2003 Total specific allowances
					For the years ended October 31	
Balance at beginning of year	**$ 9,311**	**$3,741**	**$6,048**	**$66,827**	**$85,927**	$132,381
Provision for credit losses recorded in the consolidated statement of income	**25,625**	**1,675**	**3,127**	**21,573**	**52,000**	58,000
Allowance for loan losses resulting from sale of branches (note 9)	**(356)**	**–**	**46**	**(427)**	**(737)**	4,500
Write-offs	**(29,202)**	**(1,733)**	**(3,171)**	**(33,781)**	**(67,887)**	(113,380)
Recoveries	**4,681**	**252**	**14**	**542**	**5,489**	4,426
Balance at end of year	**$10,059**	**$3,935**	**$6,064**	**$54,734**	**$74,792**	$ 85,927

(C) GENERAL ALLOWANCES FOR LOAN LOSSES

In thousands of dollars	Personal loans	Residential mortgages	Commercial mortgages	Commercial loans and other	Unallocated general allowance	2004 Total general allowances	2003 Total general allowances
						For the years ended October 31	
Balance at beginning of year	**$19,715**	**$5,611**	**$7,561**	**$20,167**	**$24,196**	**$77,250**	$85,500
Change during the year	**4,080**	**221**	**(3,936)**	**2,896**	**(3,261)**	**–**	–
Reduction in provision for credit losses recorded in the consolidated statement of income	**–**	**–**	**–**	**–**	**(12,000)**	**(12,000)**	(4,000)
Allowances for loan losses resulting from sale of branches	**–**	**–**	**–**	**–**	**–**	**–**	(4,500)
Allowances for loan losses resulting from an acquisition	**–**	**–**	**–**	**–**	**–**	**–**	250
Balance at end of year	**$23,795**	**$5,832**	**$3,625**	**$23,063**	**$ 8,935**	**$65,250**	$77,250

4. PRIVATIZATION OF B2B TRUST

Following the approval of B2B Trust's shareholders at a special meeting of shareholders, B2B Trust and a wholly-owned subsidiary of the Bank amalgamated on June 8, 2004. As part of this amalgamation, the Bank acquired all of the outstanding common shares of B2B Trust that it previously did not own. The purchase price for the additional participation of 22.7% (25.2% taking into account the exercised options issued in accordance with B2B Trust's share purchase option plan) was $60,225,000, which was paid in cash. The purchase method of accounting was used to account for the acquisition of the B2B Trust non-controlling interest.

This transaction resulted in an increase in other intangible assets of $18,278,000, a net credit adjustment of $2,813,000 to reflect the fair value of financial instruments acquired, the recognition of a future income tax liability of $5,413,000, as well as a reduction in non-controlling interest in a subsidiary of $50,173,000. Other intangible assets consist of contractual relations with financial intermediaries and the associated client relationships. These assets are amortized over 15 years.

5. REDEMPTION OF SUBORDINATED DEBENTURES

As at October 31, 2004, the Bank had repurchased $49,475,000 Debentures, Series 8 on the market for an amount totalling $49,723,000. These securities, which are currently being held in a trading account, are treated as a reduction of the corresponding obligation in accordance with the new CICA Section 1100, "Generally Accepted Accounting Principles." Subsequent to this transaction, a loss of $248,000 was recognized under other income in the consolidated statement of income.

On June 1, 2004, the Bank redeemed all of its 5.75% Debentures, Series 7, due 2009, of a notional amount of $100,000,000, plus accrued and unpaid interest to the date of repayment. As part of this transaction, costs of $1,063,000 were charged to income (see note 11).

6. CAPITAL STOCK

Issuance of preferred shares

On April 15, 2004, the Bank issued 4,400,000 Preferred Shares, Series 10 at a price of $25 per share, for an aggregate amount of $110,000,000, entitling the holders to a non-cumulative preferential quarterly dividend of $0.328 per share. On or after June 15, 2009, the Bank will be able to redeem these shares at a price of $25 each plus, if the redemption takes place before June 15, 2013, a premium of $1 which will decrease to zero depending on the date of redemption. Moreover, the Bank will be able, on or after June 15, 2009, to convert all or a portion of the Preferred Shares, into a round number of common shares determined by dividing the redemption price then applicable by the greater of $2.50 or 95% of the weighted average prevailing market price of the common shares at that date. Net proceeds totalled $106,588,000, net of issue costs.

Redemption of preferred shares

On June 16, 2004, the Bank redeemed all of its Non-Cumulative Class A Preferred Shares, Series 7 and 8 at a price of $25.50 per share, for a total consideration of $102,000,000, including a redemption premium of $2,000,000, together with declared and unpaid dividends to the redemption date. These preferred shares called for redemption ceased to be entitled to dividends from the redemption date.

Issuance of common shares

During the fourth quarter of 2004, 6,275 common shares (75,758 common shares for the year ended October 31, 2004) were issued under the employee share purchase option plan for the management of the Bank for a cash consideration of $138,000 ($1,780,000 for the year ended October 31, 2004).

Issued and outstanding	**As at October 31, 2004**		As at October 31, 2003	
In thousands of dollars, except number of shares	**Number of shares**	**Amount**	Number of shares	Amount
Class A Preferred Shares (1)				
Series 7	**–**	**$ –**	2,000,000	$ 50,000
Series 8	**–**	**–**	2,000,000	50,000
Series 9	**4,000,000**	**100,000**	4,000,000	100,000
Series 10	**4,400,000**	**110,000**	–	–
Total preferred shares	**8,400,000**	**210,000**	8,000,000	200,000
Common Shares	**23,511,343**	**248,593**	23,435,585	246,813
Total capital stock		**$458,593**		$446,813

(1) The preferred shares are convertible into common shares. However, the number of shares issuable on conversion is not determinable until the date of conversion.

	As at October 31, 2004	As at October 31, 2003
	Number	Number
Share purchase options		
Outstanding, at end of year	**476,089**	595,522
Exercisable, at end of year	**416,239**	476,848

7. EMPLOYEE FUTURE BENEFITS

In thousands of dollars	For the three-month periods ended October 31		For the years ended October 31	
	2004	2003	**2004**	2003
Defined benefit pension plans expense	**$2,159**	$3,726	**$11,615**	$10,127
Defined contribution pension plan expense	**469**	606	**1,970**	2,361
Other plans expense	**676**	505	**2,623**	2,003
Total	**$3,304**	$4,837	**$16,208**	$14,491

8. RESTRUCTURING COSTS

The following table presents the change in restructuring costs. The balance of these costs is included in other liabilities in the consolidated balance sheet.

2003 program

In thousands of dollars	Premises and technology	Human resources	Total restructuring costs
Balance at beginning of year	**$5,944**	**$3,163**	**$9,107**
Amount used during the nine-month period ended July 31, 2004			
Retail Financial Services	**2,039**	**1,302**	**3,341**
Commercial Financial Services	**410**	**718**	**1,128**
Wealth Management and Brokerage	**–**	**10**	**10**
Other	**932**	**933**	**1,865**
Balance as at July 31, 2004	**2,563**	**200**	**2,763**
Amount used during the three-month period ended October 31, 2004			
Retail Financial Services	**71**	**–**	**71**
Commercial Financial Services	**109**	**–**	**109**
Other	**12**	**200**	**212**
Balance at end of year	**$2,371**	**$ –**	**$2,371**

The expense reduction program is substantially completed as at the end of fiscal 2004. The provision as at October 31, 2004 consists primarily of a liability in respect of future lease payments for certain vacant premises.

9. COSTS RELATED TO THE TRANSFER OF ACTIVITIES AND OTHER COSTS TO DISPOSE OF THE ONTARIO AND WESTERN CANADA BRANCHES

As at October 31, 2003, a provision of $11,783,000 was set up to cover expenses related to the transfer of activities and other costs to dispose of the Ontario and Western Canada branches, of which $1,839,000 was used at that time. During the year ended October 31, 2004, the amount used totalled $4,644,000 ($236,000 during the three-month period ended October 31, 2004). Subsequent to the finalization of the system conversion, the provisions were reduced by $2,786,000 to reflect a lower cost level than initially estimated. In addition, a provision for credit losses related to the branches in Ontario and Western Canada, initially constituted on October 31, 2003, was written down by $737,000 due to better-than-anticipated recoveries.

10. CONTINGENCIES

Renewal of collective agreement

On February 2, 2003, the Bank and the union representing its unionized employees agreed to have an arbitration board determine the content of the next collective agreement via a binding decision. The arbitration board must, among other things, determine the scope of certain retroactive adjustments affecting employee compensation as of the expiry of the collective agreement. Provisions have been recorded in this regard using management's best estimates. The final settlement may result in a material change in the amount recognized.

11. SUBSEQUENT EVENTS

(A) SALE OF BLC-EDMOND DE ROTHSCHILD ASSET MANAGEMENT INC.

On November 4, 2004, the Bank entered into an agreement in principle to sell the joint venture BLC-Edmond de Rothschild Asset Management Inc., which consisted of mutual fund operations and certain private and institutional financial management operations. This transaction also provides for the implementation of a 10-year distribution agreement. The Bank expects to conclude the sale of the operation during the first quarter of 2005 subject to regulatory approvals.

The agreement provides for the payment of an initial amount of $65,000,000 on the closing date of the transaction and a final amount of $8,000,000 at the end of the fifth year. The initial amount is subject to a recovery clause that may reach up to $28,000,000 within the first five years, if certain minimal net sales conditions are not met. The final amount is also subject to certain conditions, based on sales. This agreement could enable the Bank to realize a gain that may exceed $30,000,000, subject to certain conditions, including sales results. The Bank plans to account for a portion of this gain as at the closing date of the transaction, and the remaining amount subsequently.

The operating results and financial position related to such operations, included in these interim consolidated financial statements, are presented below. These operations are presented in the Wealth Management and Brokerage segment.

The results of operations, presented in the attached consolidated statement of income, are detailed as follows :

	For the three-month periods ended			For the years ended	
In thousands of dollars	**October 31, 2004**	July 31, 2004	October 31, 2003	**October 31, 2004**	October 31, 2003
Other income	**$1,446**	$1,471	$1,203	**$5,629**	$4,279
Net income (loss)	**$ (8)**	$ 168	$ 2	**$ 204**	$ (189)

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

In thousands of dollars	**As at October 31, 2004**	As at October 31, 2003
Total assets	**$16,101**	$15,548
Total liabilities	**$ 1,528**	$ 1,178

(B) REDEMPTION OF SUBORDINATED DEBENTURES

On November 9, 2004, the Bank announced plans to redeem all Debentures, Series 8 on December 15, 2004 for a total value of $100,000,000.

12. SEGMENTED INFORMATION

For the three-month period ended **October 31, 2004**

In thousands of dollars	RFS	CFS	B2B	WMB	Other	Total
Net interest income [1]	**$ 59,667**	**$ 13,691**	**$ 11,096**	**$ 334**	**$ (14,756)**	**$ 70,032**
Other income	**20,635**	**8,268**	**3,379**	**6,533**	**76**	**38,891**
Total revenue	**80,302**	**21,959**	**14,475**	**6,867**	**(14,680)**	**108,923**
Provision for credit losses [2]	**5,498**	**2,272**	**1,118**	**–**	**–**	**8,888**
Non-interest expenses	**68,892**	**8,894**	**8,831**	**5,503**	**(833)**	**91,287**
Income before income taxes	**5,912**	**10,793**	**4,526**	**1,364**	**(13,847)**	**8,748**
Income taxes (recovery)	**2,090**	**3,832**	**1,381**	**79**	**(5,764)**	**1,618**
Net income	**$ 3,822**	**$ 6,961**	**$ 3,145**	**$ 1,285**	**$ (8,083)**	**$ 7,130**
Average assets [3]	**$ 8,489,535**	**$ 2,304,221**	**$ 2,567,924**	**$ 1,487,091**	**$ 1,469,348**	**$ 16,318,119**
Average loans [3]	**$ 8,229,309**	**$ 1,915,135**	**$ 1,809,517**	**$ 7**	**$ (1,132,855)**	**$ 10,821,113**
Average deposits [3]	**$ 9,357,813**	**$ 85,734**	**$ 2,238,997**	**$ 24**	**$ 1,309,887**	**$ 12,992,455**

For the three-month period ended July 31, 2004

In thousands of dollars	RFS	CFS	B2B	WMB	Other	Total
Net interest income [1]	$ 59,975	$ 14,140	$ 10,781	$ 336	$ (16,994)	$ 68,238
Other income	21,923	7,331	3,247	6,088	14,324	52,913
Total revenue	81,898	21,471	14,028	6,424	(2,670)	121,151
Provision for credit losses	5,751	2,897	2,214	–	–	10,862
Non-interest expenses	68,892	9,140	9,062	5,233	(827)	91,500
Income (loss) before income taxes and non-controlling interest in net income of a subsidiary	7,255	9,434	2,752	1,191	(1,843)	18,789
Income taxes (recovery)	2,527	3,308	1,065	419	(2,459)	4,860
Non-controlling interest in net income of a subsidiary	–	–	260	–	–	260
Net income	$ 4,728	$ 6,126	$ 1,427	$ 772	$ 616	$ 13,669
Average assets [3]	$ 8,338,125	$2,365,007	$2,520,234	$1,430,699	$ 1,463,905	$16,117,970
Average loans [3]	$ 8,139,877	$1,949,714	$1,855,260	$ 8	$(1,246,321)	$10,698,538
Average deposits [3]	$ 9,247,462	$ 86,578	$2,209,407	$ 59	$ 1,259,022	$12,802,528

For the three-month period ended October 31, 2003

In thousands of dollars	RFS	CFS	B2B	WMB	Other [6]	Total
Net interest income	$ 65,755	$ 15,256	$ 11,254	$ 324	$ (9,510)	$ 83,079
Other income	23,376	6,344	3,832	5,329	78,884	117,765
Total revenue	89,131	21,600	15,086	5,653	69,374	200,844
Provision for credit losses [2]	6,229	4,326	445	–	–	11,000
Non-interest expenses	81,933	9,774	9,316	4,440	20,376	125,839
Income before income taxes and non-controlling interest in net income of a subsidiary	969	7,500	5,325	1,213	48,998	64,005
Income taxes	372	3,010	2,034	405	6,712	12,533
Non-controlling interest in net income of a subsidiary	–	–	751	–	–	751
Net income	$ 597	$ 4,490	$ 2,540	$ 808	$42,286	$ 50,721
Average assets [3]	$10,842,965	$2,542,935	$2,611,548	$1,159,962	$ 1,288,828	$18,446,238
Average loans [3]	$10,635,308	$2,040,352	$2,003,502	$ 8	$(1,809,224)	$12,869,946
Average deposits [3]	$11,021,492	$ 55,476	$2,341,504	$ 262	$ 1,796,629	$15,215,363

12. SEGMENTED INFORMATION (CONTINUED)

In thousands of dollars	RFS	CFS	B2B	WMB	Other	Total
					For the year ended October 31, 2004	
Net interest income [1]	$ 238,201	$ 56,860	$ 43,052	$ 1,344	$ (64,449)	$ 275,008
Other income	87,267	32,384	15,109	26,030	38,159	198,949
Total revenue	325,468	89,244	58,161	27,374	(26,290)	473,957
Provision for credit losses [2]	19,762	15,646	4,592	–	–	40,000
Non-interest expenses	269,246	35,993	36,820	21,456	6,204	369,719
Income before income taxes and non-controlling interest in net income of a subsidiary	36,460	37,605	16,749	5,918	(32,494)	64,238
Income taxes	12,719	13,176	4,636	1,644	(17,624)	14,551
Non-controlling interest in net income of a subsidiary	–	–	1,916	–	–	1,916
Net income	$ 23,741	$ 24,429	$ 10,197	$ 4,274	$ (14,870)	$ 47,771
Average assets [3]	$ 8,366,372	$ 2,370,500	$ 2,579,158	$ 1,451,752	$ 1,558,969	$ 16,326,751
Average loans [3]	$ 8,154,258	$ 1,938,158	$ 1,883,055	$ 8	$ (1,280,220)	$ 10,695,259
Average deposits [3]	$ 9,234,770	$ 85,065	$ 2,270,715	$ 133	$ 1,293,339	$ 12,884,022

In thousands of dollars	RFS	CFS [4]	B2B	WMB [5]	Other [6]	Total
					For the year ended October 31, 2003	
Net interest income	$ 274,167	$ 62,797	$46,815	$ 1,256	$(41,809)	$ 343,226
Other income	95,227	29,766	15,715	29,715	116,297	286,720
Total revenue	369,394	92,563	62,530	30,971	74,488	629,946
Provision for credit losses [2]	28,834	23,516	1,650	–	–	54,000
Non-interest expenses	312,903	34,750	37,627	19,373	37,127	441,780
Income before income taxes and non-controlling interest in net income of a subsidiary	27,657	34,297	23,253	11,598	37,361	134,166
Income taxes	10,853	13,538	8,631	2,865	2,772	38,659
Non-controlling interest in net income of a subsidiary	–	–	3,640	–	–	3,640
Net income	$ 16,804	$ 20,759	$ 10,982	$ 8,733	$34,589	$ 91,867
Average assets [3]	$10,986,717	$2,693,434	$2,637,578	$1,367,399	$ 862,893	$18,548,021
Average loans [3]	$10,762,710	$2,154,194	$2,094,479	$ 9	$(2,196,895)	$12,814,497
Average deposits [3]	$10,975,978	$ 36,999	$2,359,322	$ 257	$ 1,845,962	$15,218,518

RFS – The Retail Financial Services segment covers the full range of savings, investment, financing and transactional products and services offered through its direct distribution network, which includes branches, the electronic network and the call centres, as well as Point-of-Sale financing, agent deposits and broker mortgages across Canada. This business segment also offers Visa credit card services and insurance products as well as trust services.

CFS – The Commercial Financial Services segment handles commercial loans and larger financings as part of banking syndicates, as well as commercial mortgage financing, leasing, factoring and other services.

B2B – The B2B Trust business segment supplies generic and complementary banking and financial products to independent financial advisors and non-bank financial institutions across Canada.

WMB – Wealth Management and Brokerage consists of the activities of the subsidiary Laurentian Bank Securities Inc. and the Bank's share of the joint venture BLC – Edmond de Rothschild Asset Management Inc. (see note 11).

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

(1) In 2004, the Bank reviewed its internal transfer pricing assumptions and modified net interest margin allocation between segments.

(2) Includes the reversal of general allowances for loan losses of $5.4 million attributed to the Retail Financial Services segment and $6.6 million ($4.0 million in 2003) attributed to the Commercial Financial Services segment.

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

(4) Includes the provision for loan losses of $10.0 million ($6.5 million net of taxes) related to the exposure to Air Canada.

(5) Includes the gain of $8.5 million ($6.7 million net of taxes) on the sale of shares of TSX Group Inc.

(6) Includes the gain on sale of branches of $69.9 million ($54.9 million net of taxes) and restructuring cost of $16.6 million ($10.8 million net of taxes) during the fourth quarter of 2003 totalling $19.7 million ($12.8 million net of taxes) during the year 2003.

Shareholder information

Head office
Tour Banque Laurentienne
1981, avenue McGill College
Montréal (Québec) H3A 3K3
Telephone: (514) 284-4500
ext. 5996
Fax: (514) 284-3396
Telebanking Centre, Automated
Banking and customer service:
Montréal region: (514) LBC-1846
Toll-free: 1-800-LBC-1846
Internet address:
www.laurentianbank.com
Telex: 145069

Transfer Agent and Registrar
Computershare Trust
Company of Canada
1500, rue University
Bureau 700
Montréal (Québec) H3A 3S8

Investors and analysts
Investors and analysts may contact the Investor Relations Department at Head Office by calling (514) 284-4500 ext. 5916.

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

Change of address and inquiries
Shareholders should notify the Transfer Agent of a change of address. Inquiries or requests may be directed to the Secretary's Office at Head Office or by calling (514) 284-4500 ext. 7545.

Ombudsman's office
Laurentian Bank of Canada
Tour Banque Laurentienne
1981, avenue McGill College
14^{e} étage
Montréal (Québec) H3A 3K3
(514) 284-7192
1-800-473-4782

Stock symbol and dividend payment

The common and preferred shares indicated below are listed on the Toronto Stock Exchange.	Stock Symbol Code CUSIP	Dividend Record Date*	Dividend Payment Date*
Common shares	51925D 10 6 LB	First business day of:	First business day of:
		January	February
		April	May
		July	August
		October	November
Preferred shares			
Series 9	51925D 87 4 LB.PR.D	**	March 15
Series 10	51925D 86 6 LB.PR.E	**	June 15
			September 15
			December 15

* Subject to the approval of the Board of Directors.
** On such day (which shall not be more than 30 days preceding the date fixed for payment of such dividend) as may be determined from time to time by the Board of Directors of the Bank.

LAURENTIAN BANK
OF CANADA