LAURENTIAN BANK

PRESS RELEASE
For immediate release

February 27, 2008

LAURENTIAN BANK REPORTS NET INCOME OF $19.1 MILLION FOR THE FIRST QUARTER OF 2008

Laurentian Bank of Canada reported net income of $19.1 million, or $0.68 diluted per common share, for the first quarter ended January 31, 2008, compared to net income of $20.6 million, or $0.74 diluted per common share, for the first quarter of 2007. Return on common shareholder's equity was 8.1% for this first quarter of 2008, compared to 9.4% for the same period in 2007.

Results for the first quarter of 2008 include an unfavourable tax adjustment of $5.6 million ($0.23 diluted per common share), reflecting the decrease in the Bank's future income tax assets as a result of further reductions in federal income tax rates considered to be substantively enacted in December 2007. Excluding this tax adjustment, net income would have stood at $24.7 million, or $0.91 diluted per common share, and return on common shareholders' equity would have been 10.9%. Results for the first quarter of 2007 included a $0.9-million favourable adjustment to income taxes ($0.04 diluted per common share); excluding this adjustment, net income would have stood at $19.7 million, or $0.70 diluted per common share. Excluding these tax adjustments, net income improved by $5.0 million or 25% compared to the first quarter of 2007 and diluted net income per common share rose by $0.21 or 30%.

Commenting on first-quarter results, Réjean Robitaille, President and Chief Executive Officer, mentioned: "Results for the first quarter are very satisfactory considering the prevailing financial market conditions and the uncertain economic environment. The continued growth in loan and deposit volumes, as well as effective cost control, enabled us to maintain strong core results."

Mr. Robitaille added: "Operational efficiency improvements and the development of our human resources will continue to be our main corporate drivers for improving our profitability through 2008 and ensuring the Bank's long-term development."

Management's discussion and analysis

This Management's Discussion and Analysis (MD&A) is a narrative explanation, through the eyes of management, of the Bank's financial condition as at January 31, 2008, and of how it performed during the three-month period then ended. This MD&A, dated February 26, 2008, should be read in conjunction with the unaudited interim consolidated financial statements for the first quarter of 2008. Additional information on subjects such as risk management, accounting policies and off-balance sheet arrangements is also provided in the Bank's 2007 Annual Report.

Performance and financial objectives

The following presents management's objectives for 2008. The objectives below are solely intended to provide the reader with information about how management measures its performance. It is not intended to disclose the Bank's expectations for future financial results.

Performance indicator	2008 objective	First quarter 2008 actual
Return on common shareholders' equity	9.5% to 10.5%	8.1%
Diluted net income per share	$3.30 to $3.60	$0.68
Total revenue	+ 5% ($615 million)	+ 7% ($151.1 million)
Efficiency ratio	74% to 72%	71.9%
Tier 1 capital ratio	Minimum of 9.5%	10.3%

Highlights

This section presents highlights regarding the activities of the first quarter ended January 31, 2008 and details significant items affecting results, compared to the first quarter of 2007.

- ***Net income*** stood at $19.1 million ($0.68 diluted per common share) for the first quarter of 2008, including an unfavourable a $5.6-million adjustment ($0.23 diluted per common share) to future income tax assets resulting from further reductions in the federal income tax rates. Net income for the first quarter of 2007 stood at $20.6 million ($0.74 diluted per common share), including the favourable effect of a $0.9-million adjustment ($0.04 diluted per common share) resulting from amendments to the federal minimum tax on financial institutions.
- ***Total revenue*** increased 7% to $151.1 million for the first quarter of 2008, compared with $141.6 million for the first quarter of 2007, mainly as a result of the improvement in net interest income, associated with loan and deposit volume growth, and securitization revenues.
- ***Net interest income*** increased 5% to $99.5 million for the first quarter of 2008, compared with $95.2 million for the first quarter of 2007. Net interest margins remained strong at 2.27% for both quarters.
- ***Non-interest expenses*** increased 4% to $108.6 million in 2008, compared to $104.3 million for the first quarter of 2007, essentially as a result of higher salaries and employee benefits, and information technology expenses.
- The ***provision for credit losses*** stood at $9.5 million for the first quarter of 2008 compared to $10 million for the first quarter of 2007.

Analysis of consolidated results

Summary results

Net income was $19.1 million, or $0.68 diluted per common share, for the first quarter ended January 31, 2008, compared to $20.6 million, or $0.74 diluted per common share, for the first quarter of 2007. Results for the first quarter of 2008 included an unfavourable tax adjustment of $5.6 million ($0.23 diluted per common share), resulting from the decrease to the Bank's future income tax assets as a result of new reductions in federal income tax rates adopted in December 2007. Net income for the first quarter of 2007 included a favourable adjustment of $0.9 million ($0.04 diluted per common share) resulting from amendments to the federal minimum tax on financial institutions. Excluding these tax adjustments, net income for the first quarter of 2008 increased by 25% to $24.7 million ($0.91 diluted per common share), from $19.7 million ($0.70 diluted per common share) in the first quarter of 2007.

Compared to the fourth quarter ended October 31, 2007, the Bank's overall performance improved significantly, mainly as a result of higher net interest income and securitization revenues, while salaries and employee benefits increased by $2.0 million and other expenses remained relatively unchanged. Income from continuing operations for the fourth quarter of 2007 stood at $25.7 million ($0.95 diluted per common share) and included the following items: a $4.0-million gain ($3.4 million net of income taxes or $0.14 diluted per common share) ensuing from the worldwide restructuring of Visa; a $2.9-million charge ($2.0 million net of income taxes or $0.09 diluted per common share) related to the Bank's asset-backed securities portfolio; and a $2.2-million favourable adjustment ($0.09 diluted per common share) following the resolution of certain tax exposures. Net income for the fourth quarter of 2007 stood at $30.2 million ($1.14 diluted per common share) and included a $5.2-million gain ($4.4 million net of income taxes or $0.19 diluted per common share) from discontinued operations related to the sale of the BLC-Edmond de Rothschild Asset Management Inc. joint venture.

Total revenue was $151.1 million in the first quarter of 2008, compared to $141.6 million in the first quarter of 2007.

The Bank's net interest income increased by 5% to $99.5 million for the first quarter of 2008, from $95.2 million in the first quarter of 2007, mainly as a result of the strong loan and deposit growth year over year. Net interest margin as a percentage of average assets remained unchanged at 2.27% for both quarters, as the decrease in the prime-BA spread was offset by improvements in asset mix, and by lower funding costs through personal deposits and securitization. The prime-BA spread averaged 156 basis points during the first quarter of 2008, compared to 167 basis points during the first quarter of 2007 and 142 basis points during the fourth quarter of 2007.

Other income was $51.5 million during the first quarter of 2008, compared to $46.4 million in the first quarter of 2007. The improvement mainly results from the $5.3-million increase in revenues from securitization activities. In order to fund its strong loan growth, the Bank securitized $399.4 million of residential mortgages during the quarter, which generated a $6.0-million gain. Servicing revenues amounting to $1.4 million for the quarter, as compared to $0.7 million for the first quarter of 2007, also contributed to the increase. These were partially offset by a $2.0-million charge on an economic hedge related to a warehoused commercial mortgage loan portfolio as securitization activities are disrupted by the prevailing financial market conditions. It should be noted that the hedging strategy was modified at the beginning of 2008 such that any changes in fair value of both the loan portfolio and hedge instruments will henceforth be reflected in the same periods. The improvement in other income also resulted from stronger revenues from treasury and financial market operations, as well as from increases in card service revenues and deposit service charges associated with the overall increase in business over the last twelve months. These increases were partially offset by lower brokerage revenues and lower lending fees.

The provision for credit losses remained relatively unchanged at $9.5 million in the first quarter of 2008, compared to $10.0 million in the first quarter of 2007. Net impaired loans stood at -$4.5 million at January 31, 2008 (representing -0.03% of total loans, bankers' acceptances and assets purchased under reverse repurchase agreements), compared to -$11.4 million (-0.08%) at October 31, 2007. Gross impaired loans stood at $106.7 million at January 31, 2008, compared to $103.9 million at October 31, 2007. The generally sound credit environment over recent months continued to contribute to the Bank's performance. See Note 11 to the interim consolidated financial statements for more details.

Non-interest expenses increased to $108.6 million for the first quarter of 2008, compared to $104.3 million for the first quarter of 2007. Salaries and employee benefits increased by $2.0 million, resulting mainly from higher salaries and the hiring of additional employees, essentially in the Retail & SME Quebec segment. Performance-based compensation decreased by $0.6 million year-over-year.

Expenses for premises and technology also increased by $2.5 million due to higher technology-related expenses, including depreciation. Other expenses remained stable, as additional investments in business development initiatives and training were offset by lower taxes and insurance expenses. As detailed above and in accordance with the Bank's priorities, significant efforts were made to allocate resources to improve efficiency and stimulate growth. The efficiency ratio (non-interest expenses divided by total revenue) was 71.9% in the first quarter of 2008 compared to 73.7% in the first quarter of 2007.

For the quarter ended January 31, 2008, the income tax expense was $13.9 million and the effective tax rate was 42.1%. This rate reflects the $5.6-million decrease of the Bank's future income tax assets related to further reductions in the federal income tax rates passed at third reading by the House of Commons in December 2007. Excluding the effect of this adjustment, the income tax expense would have been $8.3 million for the quarter, for an effective tax rate of 25.2%. This rate mainly reflects the favourable effect of holding investments in Canadian securities which generate non-taxable income as well as the lower income taxes on foreign credit insurance operations.

For the quarter ended January 31, 2007, the income tax expense was $6.7 million and the effective tax rate was 24.6%. This rate reflected the favourable effect of a $0.9-million adjustment to future tax assets following the adoption of Federal fiscal measures that are raising the threshold of the federal minimum tax on financial institutions to $1 billion, as well as the favourable effect of holding investments in Canadian securities which generate non-taxable income and the lower income taxes on foreign credit insurance operations.

Analysis of financial condition

Balance sheet assets stood at $18.3 billion at January 31, 2008, compared to $17.8 billion at October 31, 2007.

Liquidities, including cash resources, securities and assets purchased under reverse repurchase agreements, increased by $459.4 million, mainly as a result of strong deposit growth, securitization activities and normal investment strategies.

The portfolio of loans and bankers' acceptances stood at $13.6 billion at January 31, 2008, compared to $13.5 billion at October 31, 2007. The Bank had another solid quarter, with significant new loan volumes. Residential mortgages increased by more than $150 million, which contributed to the securitization of $399.4 million in residential mortgages for funding purposes during the quarter. Commercial mortgages and commercial loans increased by more than $100 million and $50 million respectively, as the Bank was well positioned to benefit from opportunities in the Canadian market. Personal loans increased by $107 million, mainly as a result of continued efforts with regards to investment loans. During the quarter, in an effort to improve the credit quality of its loan portfolio, the Bank also sold a $30.1-million line of credit portfolio, which generated a $0.4-million loss during the quarter.

Total personal deposits grew significantly by $408.3 million during the quarter to $12.0 billion at January 31, 2008. These deposits are a very stable and efficient funding source. As such, the Bank continued to deploy numerous strategies in its Retail & SME Quebec and B2B Trust segments to build clientele and attract new deposits. The level of business and other deposits decreased by $81.7 million, mainly in treasury deposits, as other funding sources proved to be more attractive. At January 31, 2008, personal deposits accounted for 84% of total deposits of $14.2 billion.

Shareholders' equity stood at $1,033 million as at January 31, 2008, compared to $1,005 million at October 31, 2007. The increase in shareholders' equity results from the net income accumulated during the first quarter of 2008 and from the increase in the value of derivatives, designated as cash flow hedges, recorded in other comprehensive income.

The Bank's book value per common share, excluding Accumulated other comprehensive income, was $33.69 as at January 31, 2008, compared to $33.34 as at October 31, 2007. There were 23,829,845 common shares and 145,195 share purchase options outstanding as at February 21, 2008.

The total capital of the Bank, comprising shareholders' equity and debentures, was $1,182 million at January 31, 2008, compared to $1,154 million at October 31, 2007. The $28-million increase essentially results from the increase in shareholders' equity. The BIS Tier 1 and Total capital ratios stood at 10.3% and 12.5%, respectively, at January 31, 2008, compared to 9.8% and 11.6% at October 31, 2007. The improvement results mainly from the adoption of the new Basel II regulatory framework as of November 1, 2007 and to a lesser extent, to capital management measures. With regards to Basel II, the Bank has decided to use the Standard Approach for the credit risk and the Basic Indicator Approach for operational risk.

At its meeting on February 27, 2008, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on March 10, 2008, as well as a dividend of $0.32 per common share, payable on May 1, 2008, to shareholders of record on April 1, 2008.

Assets under administration stood at $15.3 billion at January 31, 2008, compared to $15.6 billion at October 31, 2007, and $14.9 billion at January 31, 2007. The decrease, compared to last year-end is essentially attributable to the decline in market value of the assets under administration, mainly with regard to self-directed RRSPs, client brokerage assets and mutual funds. Mortgage loans under management increased as a result of the securitization transaction that occurred during the quarter.

Segmented information

The positive trend achieved in 2006 and 2007 continued during the first quarter of 2008, as total revenue improved for all business segments. Results for the Other segment reflects the effect of various items, as detailed below.

Since November 1, 2007, activities related to commercial lending to small-medium enterprises in Quebec are now grouped with those of retail financial services in the new Retail & SME Quebec segment. These commercial loan activities were previously included in the Commercial Financial Services segment. This segment, now known as Real Estate and Commercial, includes real estate financing throughout Canada, commercial financing in Ontario and national accounts.

Net income contributions

(in millions of $)	Retail & SME Quebec	Real Estate & Commercial	B2B Trust	Laurentian Bank Securities	Other	Total
						[note 1]
Q1-2008	9.1	6.8	9.4	0.5	(6.6)	19.1
	35%	26%	37%	2%	n/a	100%
Q4-2007	20.1	4.4	7.9	0.2	(2.5)	30.2
	[15.7 from cont. operations]					[25.7 from cont. operations]
	62%	13%	24%	1%	n/a	100%
Q1-2007	10.0	5.6	7.4	1.0	(3.5)	20.6
	42%	23%	31%	4%	n/a	100%

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

Retail & SME Quebec

The Retail & SME Quebec business segment's contribution to net income was $9.1 million for the first quarter of 2008, compared to $10.0 million for the first quarter of 2007.

Revenues increased by $4.0 million, from $96.3 million in the first quarter of 2007 to $100.4 million in the first quarter of 2008, mainly as a result of higher loan and deposit volumes. Average loans and deposits stood at $9.6 billion and $7.2 billion during the first quarter of 2008, compared to $9.1 billion and $6.9 billion for the first quarter of 2007, reflecting increases of 5% and 4% respectively. Loan losses were slightly higher, at $7.8 million in the first quarter of 2008, compared to $7.2 million in the first quarter of 2008, mainly as a result of increases in the SME portfolio. Non-interest expenses increased by $4.5 million, from $75.9 million in the first quarter of 2007 to $80.4 million in the first quarter of 2008, mainly as a result of increases in salaries and employee benefits, designed to support growth initiatives.

During the first quarter of 2008, the modernization of the Bank's ATM network was completed in order to better meet the needs of its clients. Improving operational efficiency being one of the Bank's top priorities, the business segment is presently conducting a series of revisions of in-branch business processes. Employees should consequently be free to devote more time to better serve clients, offering them the Bank's products and services. The SME group, now an integral part of Retail & SME Quebec segment, hired new account managers in order to further its business development initiatives.

Real Estate & Commercial

The Real Estate & Commercial segment's contribution to net income was $6.8 million for the first quarter of 2008, compared to $5.6 million for the first quarter of 2007.

Revenues increased by $1.1 million from $16.0 million in the first quarter of 2007 to $17.1 million in the first quarter of 2008, mainly as a result of higher loan volumes, and despite lower lending fees. Average loans increased by $340 million or 22% to $1.9 billion during the first quarter of 2008, compared to $1.6 billion for the first quarter of 2007. Loan losses, at $1.5 million for the first quarter of 2008, compared to $1.8 million for the first quarter of 2007 improved slightly and remained well within expectations. Non-interest expenses remained relatively unchanged at $5.5 million in the first quarter of 2008, compared to $5.7 million in the first quarter of 2007.

The Real Estate & Commercial segment continued to distinguish itself with innovative products and services. During the quarter, a new affinity card was launched in collaboration with an important commercial client. This initiative is part of the Bank's strategy to develop personalized co-brand card products.

B2B Trust

The B2B Trust segment's contribution to net income was $9.4 million for the first quarter of 2008, compared to $7.4 million for the first quarter of 2007.

Revenues increased by $2.1 million, from $22.6 million in the first quarter of 2007 to $24.7 million in the first quarter of 2008, mainly as a result of the significant increase in loan volumes which stood at $3.7 billion at January 31, 2008, compared to $2.8 billion at the end of January 2007. Loan losses, were $0.2 million for the first quarter of 2008, compared to $1.0 million for the first quarter of 2007, both the mortgage and line of credit portfolios showing improvements. Non-interest expenses remained well under control at $10.3 million for the first quarter of 2008, compared to $10.4 million for the same period a year-ago.

During the quarter, B2B Trust also contributed strongly to the Bank's funding, as its personal deposits portfolio increased by more than $240 million since year-end 2007.

In January 2008, adding to its already important list of partnerships, B2B Trust signed new investment loan and RRSP loan distribution agreements with AIM Trimark Investments, one of Canada's foremost assets management company.

During the first quarter of 2008, B2B Trust carried through its initiatives designed to reduce its exposure to the credit risk relating to the personal lines of credit portfolio. This business segment is now exclusively dedicated to serving the Canadian financial intermediaries market.

Laurentian Bank Securities

The Laurentian Bank Securities business segment's contribution to net income was $0.5 million for the first quarter of 2008, compared to $1.0 million for the first quarter of 2007.

Revenues decreased by $0.7 million, mainly as a result of reduced level of activity in the Retail division, while revenues in its institutional equity and fixed income divisions remained unchanged compared to the first quarter of 2007. LBS remains well positioned to benefit from a recovery of the financial markets. Non-interest expenses remained well under control at $7.6 million for the first quarter of 2008, the same level as for the same period a year-ago.

Other

The contribution to net income for the Other segment was $-6.6 million for the first quarter of 2008, compared to $-3.5 million for the first quarter of 2007.

Revenues improved by $2.9 million, to $0.6 million for the first quarter of 2008, from $-2.3 million for the first quarter of 2007, mainly as a result of securitization activities. Net interest income decreased by $3.8 million, as a result of the higher level of securitized mortgages, which increased from $966 million as at the end of the first quarter of 2007 to $1,883 million as at the end of the first quarter of 2008. Other income increased by $6.7 million during the quarter, mainly as a result of the $6.0 million gain on securitization and higher servicing revenues, amounting to $1.4 million for the first quarter of 2008, as compared to $0.7 million for the first quarter of 2007. These were partially offset by a $2.0 million charge related to an economic hedge on a warehoused commercial mortgage loan portfolio. Income from treasury and financial market operations also improved by $2.1 million for the first quarter of 2008, compared to the first quarter of 2007.

Non-interest expenses remained relatively unchanged at $4.7 million for the first quarter of 2008 and 2007.

The income tax expense for the first quarter of 2008 include the unfavorable effect of a $5.6 million adjustment to future tax assets related to further reductions to the federal income tax rates which passed the third reading at the House of Common in December 2007. For the quarter ended January 31, 2007, the income tax expense included the favorable effect of a $0.9 million adjustment to future tax assets following the adoption of Federal fiscal measures which provided for raising the threshold of the federal minimum tax on financial institutions to $1 billion.

Additional financial information – Quarterly results

in millions of dollars, except per-share amounts (unaudited)	**2008**	2007				2006		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total revenue	**$151.1**	$145.6	$151.0	$145.7	$141.6	$137.1	$138.0	$131.0
Income from continuing operations	**19.1**	25.7	23.2	20.7	20.6	18.1	6.2	24.6
Net income	**19.1**	30.2	23.2	20.7	20.6	22.6	6.2	24.6
Income per common share from continuing operations								
Basic	**0.68**	0.96	0.85	0.75	0.74	0.65	0.13	0.92
Diluted	**0.68**	0.95	0.85	0.75	0.74	0.65	0.13	0.91
Net income per common share								
Basic	**0.68**	1.14	0.85	0.75	0.74	0.84	0.13	0.92
Diluted	**0.68**	1.14	0.85	0.75	0.74	0.84	0.13	0.91
Return on common shareholders' equity	**8.1%**	13.8%	10.5%	9.7%	9.4%	10.8%	1.7%	12.5%
Balance sheet assets	**18,270**	17,787	18,011	17,809	17,177	17,296	17,062	17,307

New accounting standards

On December 1, 2006, the Canadian Institute of Chartered Accountants (CICA) issued three new accounting standards: Section 1535, Capital Disclosures, Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. The Bank adopted these reporting standards on November 1, 2007. These new accounting standards had no impact on accounting or measurement of financial instruments or capital. The new disclosure requirements were included in the Bank's unaudited interim consolidated financial statements for the first quarter of 2008. Certain relevant items of information related to these new requirements are also included in the annual consolidated financial statements as at October 31, 2007, which are available on the Bank's website, at www.banquelaurentienne.ca or on SEDAR, at www.sedar.com.

Corporate governance and changes in internal control over financial reporting

The Board of Directors and the Audit Committee of Laurentian Bank reviewed this press release prior to its release today. The disclosure controls and procedures support the

ability of the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer in assuring that Laurentian Bank's interim consolidated financial statements are fairly presented.
During the last quarter ended January 31, 2008, there have been no changes in the Bank's policies or procedures and other processes that comprise its internal control over financial reporting which have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting.

Non-GAAP financial measures

The Bank uses both generally accepted accounting principles ("GAAP") and certain non-GAAP measures to assess performance, such as return on common shareholders' equity and efficiency ratios. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are unlikely to be comparable to any similar measures presented by other companies. The Bank believes that these non-GAAP financial measures provide investors and analysts with useful information so that they can better understand financial results and perform a better analysis of the Bank's growth and profitability potential.

Caution regarding forward-looking statements

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

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

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

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

About Laurentian Bank

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

Laurentian Bank is well established in the Province of Quebec, operating the third-largest retail branch network. Elsewhere throughout Canada, it operates in specific market segments where it holds an enviable position. Laurentian Bank of Canada has more than $18 billion in balance sheet assets and more than $15 billion in assets under administration. Founded in 1846, the Bank employs close to 3,400 people.

Conference call

Laurentian Bank invites media representatives and the public to listen to the conference call with financial analysts to be held at 2 p.m. Eastern Standard Time on Wednesday, February 27, 2008. The live, listen-only, toll-free, call-in number is 1-866-225-0198.
You can listen to the call on a delayed basis at any time from 6:00 p.m. on Wednesday, February 27 until midnight on March 19, 2008, by dialling the following playback number: 1-800-408-3053 Code 3247597 #. The conference call can also be heard through the Investors' Relations section of the Bank's Web site at www.laurentianbank.ca. The Bank's Website also offers additional financial information.

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FINANCIAL HIGHLIGHTS

IN MILLIONS OF DOLLARS, UNLESS OTHERWISE INDICATED (UNAUDITED)	FOR THE THREE-MONTH PERIODS ENDED JANUARY 31 2008	JANUARY 31 2007	VARIATION
Earnings			
Net income	**$ 19.1**	$ 20.6	(7) %
Income from continuing operations	**$ 19.1**	$ 20.6	(7) %
Net income available to common shareholders	**$ 16.2**	$ 17.6	(8) %
Return on common shareholders' equity	**8.1 %**	9.4 %	
Per common share			
Diluted net income	**$ 0.68**	$ 0.74	(8) %
Diluted income from continuing operations	**$ 0.68**	$ 0.74	(8) %
Dividends	**$ 0.32**	$ 0.29	10 %
Book value	**$ 33.69**	$ 31.49	7 %
Share price - close	**$ 35.87**	$ 30.60	17 %
Financial position			
Balance sheet assets	**$ 18,270**	$ 17,177	6 %
Assets under administration	**$ 15,320**	$ 14,911	3 %
Loans, bankers' acceptances and assets purchased under reverse repurchase agreements, net	**$ 13,884**	$ 13,102	6 %
Personal deposits	**$ 11,973**	$ 11,099	8 %
Shareholders' equity and debentures	**$ 1,183**	$ 1,085	9 %
Number of common shares (in thousands)	**23,830**	23,633	1 %
Net impaired loans as a % of loans, bankers' acceptances and assets purchased under reverse repurchase agreements	**- %**	- %	
Risk-weighted assets	**$ 8,928**	$ 8,816	1 %
Capital ratios			
Tier I BIS capital ratio	**10.3 %**	10.2 %	
Total BIS capital ratio	**12.5 %**	12.3 %	
Assets to capital multiple	**16.4 x**	15.9 x	
Tangible common equity as a percentage of risk-weighted assets	**8.2 %**	7.7 %	
FINANCIAL RATIOS			
Per common share			
Price / earnings ratio (trailing four quarters)	**10.5 x**	11.6 x	
Market to book value	**106 %**	97 %	
Dividend yield	**3.57 %**	3.79 %	
Dividend payout ratio	**47.1 %**	39.0 %	
As a percentage of average assets			
Net interest income	**2.27 %**	2.27 %	
Provision for credit losses	**0.22 %**	0.24 %	
Net income	**0.43 %**	0.49 %	
Net income available to common shareholders	**0.37 %**	0.42 %	
Profitability			
Other income (as a % of total revenue)	**34.1 %**	32.8 %	
Efficiency ratio (non-interest expenses as a % of total revenue)	**71.9 %**	73.7 %	
OTHER INFORMATION			
Number of full-time equivalent employees	**3,389**	3,326	
Number of branches	**156**	158	
Number of automated banking machines	**336**	334	

CONSOLIDATED BALANCE SHEET

IN THOUSANDS OF DOLLARS (UNAUDITED)	NOTES	JANUARY 31 2008	OCTOBER 31 2007	JANUARY 31 2007
ASSETS				
Cash and non-interest-bearing deposits with other banks		**$ 59,361**	$ 65,245	$ 79,340
Interest-bearing deposits with other banks		**407,571**	283,255	252,252
Securities accounts				
Available-for-sale		**1,085,517**	917,676	877,806
Held-for-trading		**1,286,399**	1,086,958	1,582,524
Designated as held-for-trading		**741,317**	669,745	507,706
		3,113,233	2,674,379	2,968,036
Assets purchased under reverse repurchase agreements		**442,378**	540,304	586,967
Loans	3 and 4			
Personal		**5,034,829**	4,958,176	4,182,644
Residential mortgage		**6,004,342**	6,232,778	6,157,936
Commercial mortgage		**794,199**	684,625	707,710
Commercial and other		**1,614,224**	1,556,831	1,434,427
		13,447,594	13,432,410	12,482,717
Allowance for loan losses		**(111,198)**	(115,322)	(125,286)
		13,336,396	13,317,088	12,357,431
Other				
Customers' liabilities under acceptances		**105,033**	111,891	157,876
Property, plant and equipment		**136,200**	137,691	117,003
Derivative financial instruments		**96,441**	62,745	78,030
Future tax assets	8	**64,665**	86,534	106,355
Goodwill		**53,790**	53,790	53,790
Other intangible assets		**13,810**	14,114	15,028
Other assets		**440,885**	439,810	404,688
		910,824	906,575	932,770
		$ 18,269,763	$ 17,786,846	$ 17,176,796
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		**$ 11,972,781**	$ 11,564,530	$ 11,098,987
Business, banks and other		**2,232,459**	2,314,178	2,069,123
		14,205,240	13,878,708	13,168,110
Other				
Obligations related to assets sold short		**1,246,688**	868,675	1,358,414
Obligations related to assets sold under repurchase agreements		**708,767**	928,987	589,567
Acceptances		**105,033**	111,891	157,876
Derivative financial instruments		**67,495**	70,851	86,349
Other liabilities		**753,959**	773,053	731,257
		2,881,942	2,753,457	2,923,463
Subordinated debentures		**150,000**	150,000	150,000
Shareholders' equity				
Preferred shares	5	**210,000**	210,000	210,000
Common shares	5	**256,966**	256,445	251,430
Contributed surplus		**127**	105	16
Retained earnings		**545,810**	537,254	492,867
Accumulated other comprehensive income	10	**19,678**	877	(19,090)
		1,032,581	1,004,681	935,223
		$ 18,269,763	$ 17,786,846	$ 17,176,796

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

CONSOLIDATED STATEMENT OF INCOME

IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS (UNAUDITED)	NOTES	FOR THE THREE-MONTH PERIODS ENDED JANUARY 31 2008	OCTOBER 31 2007	JANUARY 31 2007
Interest income				
Loans		**$ 220,718**	$ 222,042	$ 201,690
Securities		**13,406**	13,004	16,142
Deposits with other banks		**7,420**	5,117	1,885
		241,544	240,163	219,717
Interest expense				
Deposits		**126,720**	125,297	112,388
Other liabilities		**13,340**	15,186	10,181
Subordinated debentures		**1,948**	1,950	1,951
		142,008	142,433	124,520
Net interest income		**99,536**	97,730	95,197
Other income				
Fees and commissions on loans and deposits		**21,580**	22,320	21,570
Income from brokerage operations		**7,392**	6,454	8,548
Income from treasury and financial market operations		**6,653**	3,912	4,584
Income from sales of mutual funds		**3,442**	3,493	3,074
Credit insurance income		**3,056**	3,492	3,582
Income from registered self-directed plans		**2,180**	2,231	2,359
Securitization income		**5,841**	1,407	560
Gain on change in ownership interest	2	**-**	4,000	-
Other		**1,390**	583	2,117
		51,534	47,892	46,394
Total revenue		**151,070**	145,622	141,591
Provision for credit losses	3	**9,500**	10,000	10,000
Non-interest expenses				
Salaries and employee benefits		**58,267**	56,302	56,266
Premises and technology		**29,230**	28,477	26,756
Other		**21,057**	20,978	21,307
		108,554	105,757	104,329
Income from continuing operations before income taxes		**33,016**	29,865	27,262
Income taxes	8	**13,904**	4,130	6,706
Income from continuing operations		**19,112**	25,735	20,556
Income from discontinued operations, net of income taxes	2	**-**	4,423	-
Net income		**$ 19,112**	$ 30,158	$ 20,556
Preferred share dividends, including applicable taxes		**2,930**	2,996	2,990
Net income available to common shareholders		**$ 16,182**	$ 27,162	$ 17,566
Average number of common shares outstanding (in thousands)				
Basic		**23,824**	23,783	23,627
Diluted		**23,862**	23,843	23,656
Income per common share from continuing operations				
Basic		**$ 0.68**	$ 0.96	$ 0.74
Diluted		**$ 0.68**	$ 0.95	$ 0.74
Net income per common share				
Basic		**$ 0.68**	$ 1.14	$ 0.74
Diluted		**$ 0.68**	$ 1.14	$ 0.74

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF DOLLARS (UNAUDITED)	NOTES	FOR THE THREE-MONTH PERIODS ENDED JANUARY 31 2008	OCTOBER 31 2007	JANUARY 31 2007
Net income		**$ 19,112**	$ 30,158	$ 20,556
Other comprehensive income (loss), net of income taxes	10			
Net change in unrealized gains (losses) on available-for-sale securities		**(2,197)**	(1,143)	(427)
Reclassification of realized gains and losses on available-for-sale securities to net income		**(1,734)**	209	247
Net change in gains (losses) on derivative instruments designated as cashflow hedges		**22,732**	11,760	(358)
		18,801	10,826	(538)
Comprehensive income		**$ 37,913**	$ 40,984	$ 20,018

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

IN THOUSANDS OF DOLLARS (UNAUDITED)	NOTES	FOR THE THREE-MONTH PERIODS ENDED JANUARY 31 2008	JANUARY 31 2007
Preferred shares			
Balance at beginning and end of period		**$ 210,000**	$ 210,000
Common shares	5		
Balance at beginning of period		**256,445**	251,158
Issued during the period		**521**	272
Balance at end of period		**256,966**	251,430
Contributed surplus			
Balance at beginning of period		**105**	518
Shares awarded under the performance-based share plan	6	**-**	(590)
Stock-based compensation	6	**22**	88
Balance at end of period		**127**	16
Retained earnings			
Balance at beginning of period		**537,254**	482,149
Net income		**19,112**	20,556
Dividends			
Preferred shares, including applicable taxes		**(2,930)**	(2,990)
Common shares		**(7,626)**	(6,848)
Balance at end of period		**545,810**	492,867
Treasury shares			
Balance at beginning of period		**-**	(590)
Shares granted	6	**-**	590
Balance at end of period		**-**	-
Accumulated other comprehensive income	10		
Balance at beginning of period		**877**	-
Effect of adopting the new accounting policy on financial instruments, net of income taxes		**-**	(18,552)
Other comprehensive income, net of income taxes		**18,801**	(538)
Balance at end of period		**19,678**	(19,090)
Shareholders' equity		**$ 1,032,581**	$ 935,223

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

CONSOLIDATED STATEMENT OF CASH FLOWS

IN THOUSANDS OF DOLLARS (UNAUDITED)	NOTES	FOR THE THREE-MONTH PERIODS ENDED JANUARY 31 2008	OCTOBER 31 2007	JANUARY 31 2007
Cash flows relating to operating activities				
Net income		**$ 19,112**	$ 30,158	$ 20,556
Adjustments to determine net cash flows relating to operating activities:				
Provision for credit losses		**9,500**	10,000	10,000
Gains on securitization operations	4	**(6,022)**	(3,003)	-
Net gain from discontinued operations	2	**-**	(5,185)	-
Gain on change in ownership interest	2	**-**	(4,000)	-
Net loss (gain) on disposal of non-trading securities		**(2,687)**	(559)	(1,304)
Future income taxes		**11,981**	4,976	5,687
Depreciation and amortization		**7,673**	7,432	6,874
Net change in held-for-trading securities		**(199,441)**	138,614	(257,353)
Change in accrued interest receivable		**2,331**	(4,319)	11,067
Change in assets relating to derivative financial instruments		**(33,696)**	9,960	18,950
Change in accrued interest payable		**1,380**	32,919	14,151
Change in liabilities relating to derivative financial instruments		**(3,356)**	(35,879)	4,542
Other, net		**4,046**	51,944	(30,196)
		(189,179)	233,058	(197,026)
Cash flows relating to financing activities				
Net change in deposits		**326,532**	11,342	73,609
Change in obligations related to assets sold short		**378,013**	(65,414)	281,405
Change in obligations related to assets sold under repurchase agreements		**(220,220)**	(212,433)	(510,818)
Issuance of common shares		**521**	3,205	272
Dividends, including applicable taxes		**(10,556)**	(9,900)	(9,838)
		474,290	(273,200)	(165,370)
Cash flows relating to investing activities				
Change in securities available-for-sale and designated as held-for-trading				
Acquisitions		**(788,820)**	(434,686)	(1,735,019)
Proceeds on sale and at maturity		**557,822**	426,213	2,258,763
Change in loans		**(458,303)**	(504,632)	(202,911)
Change in assets purchased under reverse repurchase agreements		**97,926**	215,542	215,579
Proceeds from mortgage loan securitizations		**401,049**	403,274	-
Additions to property, plant and equipment		**(6,069)**	(18,289)	(12,876)
Proceeds from disposal of property, plant and equipment		**84**	45	823
Net change in interest-bearing deposits with other banks		**(124,316)**	(51,474)	(153,530)
Net cash flows from the sale of a loan portfolio	2	**29,632**	-	-
		(290,995)	35,993	370,829
Net change in cash and non-interest-bearing deposits with other banks during the period		**(5,884)**	(4,149)	8,433
Cash and non-interest-bearing deposits with other banks at beginning of period		**65,245**	69,394	70,907
Cash and non-interest-bearing deposits with other banks at end of period		**$ 59,361**	$ 65,245	$ 79,340
Supplemental disclosure relating to cash flows:				
Interest paid during the period		**$ 146,209**	$ 109,069	$ 107,120
Income taxes paid during the period		**$ (3,991)**	$ (8,214)	$ 8,096

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. ACCOUNTING POLICIES

The unaudited interim consolidated financial statements of Laurentian Bank have been prepared by management, who is responsible for the integrity and fairness of the financial information presented. These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for interim financial statements. The significant accounting policies used in the preparation of these interim consolidated financial statements, except for changes to accounting policies stated below, are the same as those in the Bank's annual consolidated audited financial statements as at October 31, 2007. These accounting policies conform to GAAP. However, these interim consolidated financial statements do not reflect all of the information and disclosures required by GAAP for complete financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the annual consolidated audited financial statements as at October 31, 2007. 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.

Changes to accounting policies

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Section 1535, Capital Disclosures, Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. The Bank adopted these reporting standards on November 1, 2007. The adoption of these new accounting standards had no impact on accounting or measurement of financial instruments or capital.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) and whether the entity has complied with any capital requirements and the consequences of non-compliance with such requirements. Note 5 to the consolidated interim financial statements includes the information related to this new standard.

Sections 3862 and 3863 replace Section 3861, Financial Instruments – Disclosure and Presentation, detailing all the disclosure requirements and presentation rules applicable to financial instruments. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments to which the Bank is exposed and how it manages those risks. These consolidated interim financial statements, notably note 11, include information related to these new standards. Moreover, certain relevant information related to these new requirements are included in the annual consolidated financial statement as at October 31, 2007.

2. DISPOSALS

Sale of a personal lines of credit portfolio

During the first quarter of 2008, the Bank sold a personal lines of credit portfolio of $30,058,000, generating a $426,000 loss. The Bank has not retained any rights and obligations in respect of these loans.

Sale of the joint-venture BLC–Edmond de Rothschild Asset Management Inc.

On December 31, 2004, the Bank completed the sale of the BLC-Edmond de Rothschild Asset Management Inc. joint-venture (BLCER) to Industrial Alliance Insurance and Financial Services Inc. (Industrial Alliance).

During the fourth quarter ended October 31, 2007, the Bank recognized the sale proceeds of $5,185,000 ($4,423,000 net of income taxes) related to net annual sales threshold of mutual funds. This gain was attributed to the Retail & SME Quebec segment.

Income per common share from discontinued operations

	FOR THE THREE-MONTH PERIODS ENDED		
IN DOLLARS	JANUARY 31 **2008**	OCTOBER 31 2007	JANUARY 31 2007
Basic	$ -	$ 0.18	$ -
Diluted	$ -	$ 0.19	$ -

3. LOANS

LOANS AND IMPAIRED LOANS

AS AT JANUARY 31, 2008

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

AS AT OCTOBER 31, 2007

IN THOUSANDS OF DOLLARS	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal loans	$ 4,958,176	$ 16,237	$ 6,039	$ 28,446	$ 34,485
Residential mortgages	6,232,778	20,395	1,419	5,144	6,563
Commercial mortgages	684,625	4,342	1,532	4,144	5,676
Commercial and other loans	1,556,831	62,964	41,082	27,516	68,598
	$ 13,432,410	$ 103,938	$ 50,072	$ 65,250	$ 115,322

AS AT JANUARY 31, 2007

IN THOUSANDS OF DOLLARS	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	SPECIFIC ALLOWANCES	GENERAL ALLOWANCES	TOTAL ALLOWANCES
Personal loans	$ 4,182,644	$ 18,795	$ 6,406	$ 27,153	$ 33,559
Residential mortgages	6,157,936	19,271	2,499	4,583	7,082
Commercial mortgages	707,710	7,967	3,394	4,202	7,596
Commercial and other loans	1,434,427	76,460	47,737	29,312	77,049
	$ 12,482,717	$ 122,493	$ 60,036	$ 65,250	$ 125,286

SPECIFIC ALLOWANCES FOR LOAN LOSSES

FOR THE THREE-MONTH PERIODS ENDED JANUARY 31

					2008	2007
IN THOUSANDS OF DOLLARS	PERSONAL LOANS	RESIDENTIAL MORTGAGES	COMMERCIAL MORTGAGES	COMMERCIAL AND OTHER LOANS	TOTAL SPECIFIC ALLOWANCES	TOTAL SPECIFIC ALLOWANCES
Balance at beginning of period	**$ 6,039**	**$ 1,419**	**$ 1,532**	**$ 41,082**	**$ 50,072**	$ 59,903
Provision for credit losses recorded in the consolidated statement of income	**6,319**	**(381)**	**245**	**3,317**	**9,500**	10,000
Write-offs	**(7,423)**	**(103)**	**-**	**(7,300)**	**(14,826)**	(10,853)
Recoveries	**1,079**	**10**	**-**	**113**	**1,202**	986
Balance at end of period	**$ 6,014**	**$ 945**	**$ 1,777**	**$ 37,212**	**$ 45,948**	$ 60,036

GENERAL ALLOWANCES FOR LOAN LOSSES

FOR THE THREE-MONTH PERIODS ENDED JANUARY 31

					2008	2007
IN THOUSANDS OF DOLLARS	PERSONAL LOANS	RESIDENTIAL MORTGAGES	COMMERCIAL MORTGAGES	COMMERCIAL AND OTHER LOANS	TOTAL GENERAL ALLOWANCES	TOTAL GENERAL ALLOWANCES
Balance at beginning of period	**$ 28,446**	**$ 5,144**	**$ 4,144**	**$ 27,516**	**$ 65,250**	$ 65,250
Change during the period	**896**	**(2,161)**	**(218)**	**1,483**	**-**	-
Balance at end of period	**$ 29,342**	**$ 2,983**	**$ 3,926**	**$ 28,999**	**$ 65,250**	$ 65,250

4. LOAN SECURITIZATION

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

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

	FOR THE THREE-MONTH PERIODS ENDED		
	JANUARY 31	OCTOBER 31	JANUARY 31
IN THOUSANDS OF DOLLARS	**2008**	2007	2007
Cash proceeds, net of transaction related costs	**$ 401,049**	$ 403,274	$ -
Rights to future excess interest	**13,109**	13,313	-
Servicing liability	**(3,366)**	(3,326)	-
Other	**(5,333)**	(4,890)	-
	405,459	408,371	-
Residential mortgages securitized and sold	**399,437**	405,368	-
Gains before income taxes, net of transaction related costs	**$ 6,022**	$ 3,003	$ -

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

	JANUARY 31 **2008**
Rate of prepayment	**25.5 %**
Discount rate	**4.58 %**

No loss is expected on insured residential mortgages.

The total principal amount of securitized residential mortgages outstanding amounted to $1,883,424,000 as at January 31, 2008 ($1,561,901,000 as at October 31, 2007).

In order to mitigate interest rate risk related to a commercial mortgage loans portfolio to be disposed by way of a securitization transaction, the Bank entered into certain hedging transactions. As securitization activities were disrupted by unfavourable market conditions and the hedging relationship did not meet GAAP requirements for hedge accounting, changes in the fair value of the hedging instruments resulted in a loss of $1,971,000 which was recognized in other income, under securitization income.

5. CAPITAL STOCK

Issuance of common shares

During the quarter, 19,032 common shares were issued under the employee share purchase option plan for the management of the Bank for a cash consideration of $521,000.

ISSUED AND OUTSTANDING	AS AT JANUARY 31, 2008		AS AT OCTOBER 31, 2007	
IN THOUSANDS OF DOLLARS, EXCEPT NUMBER OF SHARES	NUMBER OF SHARES	AMOUNT	NUMBER OF SHARES	AMOUNT
Class A Preferred Shares [1]				
Series 9	**4,000,000**	**$ 100,000**	4,000,000	$ 100,000
Series 10	**4,400,000**	**110,000**	4,400,000	110,000
Total preferred shares	**8,400,000**	**$ 210,000**	8,400,000	$ 210,000
Common shares	**23,829,845**	**$ 256,966**	23,810,813	$ 256,445

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

Capital management

Common shareholders' equity

Common shareholders' equity consists of common shares, retained earnings, contributed surplus and accumulated other comprehensive income. Capital management contributes to the Bank's profitability, as capital is allocated to key sectors based on profitability objectives and criteria. The Bank maintains capital to support its activities while generating a return for its shareholders, in relation to industry standards and the Bank's risk profile.

5. CAPITAL STOCK (CONTINUED)

Capital management (Continued)

Regulatory capital

The Bank's regulatory capital consists primarily of common shareholders' equity, preferred shares and subordinated debentures. Regulatory capital is a factor which allows to assess the Bank's stability and security in relation to the overall risks inherent in its activities. The Bank's policy is to maintain its regulatory capital ratios consistent with regulatory requirements as defined by the Office of the Superintendent of Financial Institutions Canada (OSFI). As of November 1, 2007, the Bank is now monitoring its regulatory capital based on the Bank for International Settlements (BIS) regulatory risk-based capital framework (Basel II). The Bank has decided to use the Standard Approach for the credit risk and the Basic Indicator Approach for operational risk. During the first quarter of 2008, the Bank has complied with these requirements.

A capital plan prepared annually specifies the target capital ratios by taking into account the projected risk weighted asset levels and expected capital management initiatives. Regulatory capital ratios are reported monthly to management. Regulatory capital ratio monitoring reports are provided on a quarterly basis to the Board of Directors' Risk Management Committee.

Regulatory capital is detailed as follows:

IN THOUSANDS OF DOLLARS	AS AT JANUARY 31 **2008**	AS AT OCTOBER 31 2007 *
Tier 1 capital		
Common shares	$ **256,966**	$ 256,445
Contributed surplus	**127**	105
Retained earnings	**545,810**	537,254
Non-cumulative preferred shares	**210,000**	210,000
Less: goodwill, securitization and other	**(89,495)**	(53,790)
Total - Tier 1 capital	**923,408**	950,014
Tier 2 capital		
Subordinated debentures	**150,000**	150,000
General allowances	**65,250**	65,250
Less : securitization and other	**(23,670)**	(33,827)
Total - Tier 2 capital	**191,580**	181,423
Total - capital	$ **1,114,988**	$ 1,131,437

* Information based on capital adequacy requirements in force at that date.

6. STOCK-BASED COMPENSATION

Restricted Share Unit Program

Under the Restricted Share Unit Program, annual bonuses for certain employees amounting to $1,486,000 were converted into 45,786 entirely vested restricted share units during the first quarter of 2008. The Bank also granted 27,472 additional restricted share units which will vest in December 2010.

Stock option purchase plan

There were no new grants in 2008. Information on outstanding number of options is as follows:

	AS AT JANUARY 31, 2008 NUMBER	AS AT OCTOBER 31, 2007 NUMBER
Share purchase options		
Outstanding at end of period	**145,195**	170,027
Exercisable at end of period	**107,695**	120,027

During the first quarter of 2008, the Bank recognized a charge of $22,000 ($16,000 for the first quarter of 2007) related to stock options granted in 2007.

Performance-based share agreement

In accordance with the 2005 performance-based share agreement, all rights to the 20,000 common shares granted vested in January 2007, as objectives were met. Consequently, the shares were issued to the employee. A $72,000 charge to salaries and employee benefits was recorded for the first quarter of 2007 with regards to this grant.

Performance-based share units program

During the first quarter of 2008, as per the performance-based share units program, the Bank granted 35,816 performance-based share units valued at $40.07 each. Rights to 37.5% of these units will vest after 3 years. The rights to the remaining units will vest after 3 years, upon meeting certain financial objectives.

Charge related to stock-based compensation plans

During the first quarter, a net charge of $1,526,000 ($1,005,000 in the first quarter of 2007) was recorded with regards to the Bank's stock-based compensation plans. The net charge resulted from a $4,113,000 gain (a charge of $1,005,000 during the first quarter of 2007) on the various plans rights, which was more than offset by the effect of hedges amounting to $5,639,000 (nil during the first quarter of 2007).

7. EMPLOYEE FUTURE BENEFITS

IN THOUSANDS OF DOLLARS	FOR THE THREE-MONTH PERIODS ENDED JANUARY 31 2008	OCTOBER 31 2007	JANUARY 31 2007
Defined benefit pension plans expense	$ **2,640**	$ 3,714	$ 4,337
Defined contribution pension plan expense	**816**	767	695
Other plans expense	**830**	784	807
Total	$ **4,286**	$ 5,265	$ 5,839

8. INCOME TAXES

For the quarter ended January 31, 2008, the income tax expense was $13,904,000 and the effective tax rate was 42.1%. This rate reflects the decrease to the Bank's future income tax asset of $5,657,000 related to the new reductions to the federal income tax rates adopted in the third reading at the House of Common in December 2007. Excluding the effect of this adjustment, the income tax expense would have been $8,247,000 for the quarter, for an effective tax rate of 25.0%. This rate mainly reflects the favorable effect of holding investments in Canadian securities which generate non-taxable income, as well as the effect of not recording income taxes on foreign credit insurance operations.

For the quarter ended October 31, 2007, the income tax expense was $4,130,000 and the effective tax rate was 13.8%. This rate mainly reflects the effect of a $2,200,000 recovery related to the resolution of various income tax exposures, as well as lower taxation of the gain resulting from the worldwide reorganisation of Visa.

For the quarter ended January 31, 2007, the income tax expense was $6,706,000 and the effective tax rate was 24.6%. A $900,000 adjustment was recorded to reflect the increase in value of the future tax assets following the adoption, in December 2006, of Federal fiscal measures which provided for raising the threshold of the federal minimum tax on financial institutions to $1 billion.

9. WEIGHTED AVERAGE NUMBER OF OUTSTANDING COMMON SHARES

	FOR THE THREE-MONTH PERIODS ENDED JANUARY 31 2008	OCTOBER 31 2007	JANUARY 31 2007
Average number of outstanding common shares	**23,824,005**	23,782,786	23,627,126
Dilutive share purchase options	**37,992**	59,747	28,788
Weighted average number of outstanding common shares	**23,861,997**	23,842,533	23,655,914
Average number of share purchase options not taken into account in the calculation of diluted net income per common share [1]	**-**	-	89,467

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

10. SUPPLEMENTAL INFORMATION ON OTHER COMPREHENSIVE INCOME

Other comprehensive income

IN THOUSANDS OF DOLLARS	FOR THE THREE-MONTH PERIOD ENDED JANUARY 31, 2008 AMOUNTS BEFORE INCOME TAXES	INCOME TAXES	AMOUNT NET OF INCOME TAXES
Unrealized gains and (losses) on available-for-sale securities			
Unrealized gains and (losses) during the period	$ (3,205)	$ 1,008	$ (2,197)
Less : reclassification to income of realized (gains) and losses during the period	(2,013)	279	(1,734)
Unrealized gains and (losses) on available-for-sale securities	(5,218)	1,287	(3,931)
Gains and (losses) on derivatives designated as cash flow hedges	33,590	(10,858)	22,732
Other comprehensive income	$ 28,372	$ (9,571)	$ 18,801

IN THOUSANDS OF DOLLARS	FOR THE THREE-MONTH PERIOD ENDED OCTOBER 31, 2007 AMOUNTS BEFORE INCOME TAXES	INCOME TAXES	AMOUNT NET OF INCOME TAXES
Unrealized gains and losses on available-for-sale securities			
Unrealized gains and losses during the period	$ (1,692)	$ 549	$ (1,143)
Less : reclassification to income of realized gains and losses during the period	312	(103)	209
Unrealized gains and losses on available-for-sale securities	(1,380)	446	(934)
Gains and losses on derivatives designated as cash flow hedges	17,818	(6,058)	11,760
Other comprehensive income	$ 16,438	$ (5,612)	$ 10,826

IN THOUSANDS OF DOLLARS	FOR THE THREE-MONTH PERIOD ENDED JANUARY 31, 2007 AMOUNTS BEFORE INCOME TAXES	INCOME TAXES	AMOUNT NET OF INCOME TAXES
Unrealized gains and losses on available-for-sale securities			
Unrealized gains and losses during the period	$ (642)	$ 215	$ (427)
Less : reclassification to income of realized gains and losses during the period	367	(120)	247
Unrealized gains and losses on available-for-sale securities	(275)	95	(180)
Gains and losses on derivatives designated as cash flow hedges	(573)	215	(358)
Other comprehensive income	$ (848)	$ 310	$ (538)

Accumulated other comprehensive income

IN THOUSANDS OF DOLLARS	AS AT JANUARY 31, 2008 CASH FLOW HEDGING	AVAILABLE-FOR-SALE SECURITIES	ACCUMULATED OTHER COMPREHENSIVE INCOME
Balance at beginning of period	$ (10,255)	$ 11,132	$ 877
Change during the three-month period ended January 31, 2008	22,732	(3,931)	18,801
Balance at end of period	$ 12,477	$ 7,201	$ 19,678

IN THOUSANDS OF DOLLARS	AS AT OCTOBER 31, 2007 CASH FLOW HEDGING	AVAILABLE-FOR-SALE SECURITIES	ACCUMULATED OTHER COMPREHENSIVE INCOME
Balance at beginning of year	$ -	$ -	$ -
Impact of adopting the new accounting policy, net of income taxes	(15,932)	(2,620)	(18,552)
Change during the three-month period ended January 31, 2007	(358)	(180)	(538)
Balance as at January 31, 2007	(16,290)	(2,800)	(19,090)
Change during the three-month period ended April 30, 2007	(1,039)	18,018	16,979
Change during the three-month period ended July 31, 2007	(4,686)	(3,152)	(7,838)
Change during the three-month period ended October 31, 2007	11,760	(934)	10,826
Balance at end of year	$ (10,255)	$ 11,132	$ 877

11. ■ SUPPLEMENTAL INFORMATION ON HEDGING RELATIONSHIPS AND FINANCIAL INSTRUMENTS

Risk management related to financial instruments

The Bank is exposed to various types of risks owing to the nature of the business activities it carries on, including those related to the use of financial instruments. In order to manage the risks associated with using financial instruments, including loan and deposit, securities and derivative financial instrument portfolios, controls have been implemented, such as risk management policies and various risk limits. These measures aim to optimize the return/risk ratio in all operating segments. The main risks to which the Bank is exposed are set out below.

Market risk

Market risk corresponds to the financial losses that the Bank could incur because of unfavourable fluctuations in the value of financial instruments, following variations in the parameters underlying their evaluation, such as interest rates, exchange rates or quoted stock market prices. The policies and limits implemented are designed to mitigate exposure to market risk arising from trading, investment, financing and asset and liability management activities.

Credit risk

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

The credit risk management policies adopted by the Bank provide for appropriate risk assessment. These policies cover the approval of credit applications by the line of authority concerned, attribution of risk ratings, management of impaired loans, establishment of provisions, and pricing based on risk. With respect to diversification, the credit policy sets the guidelines intended to limit credit concentration by counterparty and sector of activity, and identifies sectors that are considered risky and should thus be avoided. The policies are periodically reviewed and approved by the Board of Directors' Risk Management Committee. The Bank ensures a rigorous and systematic follow-up of its financial instrument accounts in terms of both quality and quantity through mechanisms and policies related to the systematic review of various types of files and risk rating updating systems, and pricing analysis.

Derivative-related credit risk is generally managed using the same credit approval, limit and monitoring standards as those used for managing other credit transactions. Moreover, the Bank negotiates derivative master netting agreements with counterparties with which it contracts. These agreements reduce credit risk exposure in the event of a default by providing for the simultaneous netting of all transactions with a given counterparty.

The majority of the Bank's credit concentration with respect to derivative financial instruments is with financial institutions, primarily Canadian banks. Credit risk in derivative transactions arises from a potential default by a counterparty on its contractual obligations when of one or more transactions have a positive market replacement cost for the Bank. Replacement cost represents what it would cost to replace transactions at prevailing market rates in the event of a default. The credit equivalent amount arising from a derivative financial instrument transaction is defined as the sum of the replacement cost plus an estimated amount reflecting the potential change in market value of the transaction through to maturity.

The amount that best represents the maximum exposure to credit risk of the Bank as at January 31, 2008, without taking account of any collateral held or other credit enhancements, corresponds to the sum of financial assets on the consolidated financial statement to which are added credit-related commitments amounting to $3,760,000,000 as of that date, including $1,880,000,000 related to personal credit facilities and credit card lines.

11. SUPPLEMENTAL INFORMATION ON HEDGING RELATIONSHIPS AND FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Liquidity risk represents the possibility that the Bank may not be able to gather sufficient cash resources, when required and under reasonable conditions, to meet its financial obligations.

The Bank's overall liquidity risk is managed by the Corporate Treasury and supervised by the Asset and Liability Management Committee, in accordance with the policies for management of collateral, liquidities and financing. The main purpose of these policies is to ensure that the Bank has sufficient cash resources to meet its current and future financial obligations, both under normal and unusual conditions.

The Bank monitors cash resources daily and makes sure the liquidity indicators are in compliance with limits established in the policies set by the Bank. Liquidity management pays particular attention to deposit and loan maturities, as well as to funding availability and demand when planning financing. The Bank maintains a prudent reserve of unencumbered liquid assets that are readily available to face any contingency. It defines its cash requirements based on scenarios evaluating survival horizons that measure the period during which liquid assets could cover the withdrawal of wholesale financing and deposits. The Bank strives to maintain a stable volume of base deposits originating from its retail and deposit brokerage clientele, along with the diversification of its financing sources. Financing strategies also include the securitization of loans and the use of capital markets, either through the issuance of capital stock or debt instruments. A financing and liquidity emergency plan provides for measures to ensure the Bank can fulfill its obligations in the event of high demand for liquid assets.

Derivative financial instruments

Ineffectiveness related to hedging relationships

During the quarter ended January 31, 2008, the ineffective portion of accumulated changes in the fair value of hedging instruments recognized in the income statement amounted to $256,000 ($32,000 for the quarter ended January 31, 2007) as it relates to cash flow hedging relationships and $100,000 (–$7,000 for the quarter ended January 31, 2007) as it relates to fair value hedging relationships.

Breakdown of swap contracts designated as hedging instruments, by category

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

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

	AS AT JANUARY 31, 2008		AS AT OCTOBER 31, 2007	
IN THOUSANDS OF DOLLARS	NOMINAL AMOUNT	FAIR VALUE NET AMOUNT	NOMINAL AMOUNT	FAIR VALUE NET AMOUNT
Contracts designated as hedging instruments				
Interest rate swap contracts				
Swaps used for cash flow hedging	**$ 3,205,000**	**$ 27,966**	$ 3,891,000	$ (4,748)
Swaps used for fair value hedging	**2,761,000**	**22,979**	2,436,000	(784)
	$ 5,966,000	**$ 50,945**	$ 6,327,000	$ (5,532)

Other information on hedging relationships

Of the amount of net deferred gain included in accumulated other comprehensive income as at January 31, 2008, the Bank expects to transfer $5,790,000 into net income over the next twelve months.

The maximum term of cash flow hedging relationships was 5 years as at January 31, 2008.

11. SUPPLEMENTAL INFORMATION ON HEDGING RELATIONSHIPS AND FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments

Fair value of financial instruments

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

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

As at January 31, 2008, the fair value of financial assets and liabilities approximate their carrying amount, except for the assets and liabilities presented below.

IN MILLIONS OF DOLLARS	AS AT JANUARY 31, 2008 BOOK VALUE	FAIR VALUE	FAVOURABLE (UNFAVOURABLE) VARIANCE	AS AT OCTOBER 31, 2007 BOOK VALUE	FAIR VALUE	FAVOURABLE (UNFAVOURABLE) VARIANCE
Assets						
Loans	**$ 13,336**	**$ 13,377**	**$ 41**	$ 13,317	$ 13,316	$ (1)
Liabilities						
Deposits	**14,205**	**14,285**	**(80)**	13,879	13,901	(22)
Subordinated debentures	**$ 150**	**$ 152**	**$ (2)**	$ 150	$ 150	$ -

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

Loans

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

Deposits

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

Subordinated debentures

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

Financial instruments designated as held-for-trading

For the three-month period ended January 31, 2008, a gain of $15,011,000 (a loss of $1,550,000 for the three-month period ended January 31, 2007) was recognized in trading income for financial instruments designated as held-for-trading under the fair value option.

The Bank designated certain deposits for a nominal amount of $84,315,000 ($65,060,000 as at January 31, 2007) as held-for-trading. The difference between the amount the Bank would be contractually required to pay at maturity to the holder of the deposits and the carrying amount of $84,449,000 ($64,630,000, as at January 31, 2007), is –$134,000 ($429,620, as at January 31, 2007).

12. SEGMENTED INFORMATION

Since November 1, 2007, activities related to small-medium enterprises in Quebec are now grouped with those of Retail Financial Services in the new Retail & SME Quebec segment. These commercial activities were previously included in the Commercial Financial Services segment. The latter now includes real estate financing throughout Canada and commercial financing in Ontario, as well as National accounts.

The other business segments, B2B Trust and Laurentian Bank Securities were not affected by this reorganization. Comparative figures were reclassified to conform to the current period presentation.

FOR THE THREE-MONTH PERIOD ENDED JANUARY 31, 2008

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

FOR THE THREE-MONTH PERIOD ENDED OCTOBER 31, 2007

IN THOUSANDS OF DOLLARS	R & SME Quebec	RE&C	B2B	LBS	OTHER	TOTAL
Net interest income	$ 73,418	$ 11,555	$ 20,807	$ 722	$ (8,772)	$ 97,730
Other income	32,553	3,221	2,704	6,686	2,728	47,892
Total revenue	105,971	14,776	23,511	7,408	(6,044)	145,622
Provision for credit losses	6,735	2,427	838	-	-	10,000
Non-interest expenses	77,468	5,773	10,709	7,234	4,573	105,757
Income (loss) from continuing operations before income taxes	21,768	6,576	11,964	174	(10,617)	29,865
Income taxes (recovered)	6,042	2,203	4,048	(54)	(8,109)	4,130
Income (loss) from continuing operations	15,726	4,373	7,916	228	(2,508)	25,735
Income from discontinued operations, net of income taxes	4,423	-	-	-	-	4,423
Net income	$ 20,149	$ 4,373	$ 7,916	$ 228	$ (2,508)	$ 30,158
Average assets [1]	$ 9,644,837	$ 1,980,586	$ 3,505,124	$ 1,397,161	$ 642,616	$ 17,170,324

12. SEGMENTED INFORMATION (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED JANUARY 31, 2007

IN THOUSANDS OF DOLLARS	R & SME Quebec	RE&C	B2B	LBS	OTHER	TOTAL
Net interest income	$ 69,748	$ 11,404	$ 19,756	$ 293	$ (6,004)	$ 95,197
Other income	26,590	4,611	2,794	8,712	3,687	46,394
Total revenue	96,338	16,015	22,550	9,005	(2,317)	141,591
Provision for credit losses	7,200	1,785	1,015	-	-	10,000
Non-interest expenses	75,884	5,755	10,413	7,639	4,638	104,329
Income (loss) from continuing operations before income taxes	13,254	8,475	11,122	1,366	(6,955)	27,262
Income taxes	3,218	2,838	3,770	379	(3,499)	6,706
Income (loss) from continuing operations	10,036	5,637	7,352	987	(3,456)	20,556
Income from discontinued operations, net of income taxes	-	-	-	-	-	-
Net income	$ 10,036	$ 5,637	$ 7,352	$ 987	$ (3,456)	$ 20,556
Average assets [1]	$ 9,106,193	$ 1,746,109	$ 2,834,793	$ 1,639,013	$ 1,283,531	$ 16,609,639

R & SME Quebec - The Retail & SME Quebec segment covers the full range of savings, investment, financing and transactional products and services offered through its direct distribution network, which includes branches, the electronic network and the call centre, as well as Point-of-Sale financing across Canada. This business segment also offers Visa credit card services, insurance products and trust services. As well, it offers all commercial financial services to the small and medium enterprises in Quebec.

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

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

LBS - LBS segment consists of the activities of the subsidiary Laurentian Bank Securities Inc.

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

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

OTHER INCOME

IN THOUSANDS OF DOLLARS (UNAUDITED)	Q4	Q3	Q2	2008 Q1
Fees and commissions on loans and deposits				
Deposit service charges	$ -	$ -	$ -	$ 12,562
Lending fees	-	-	-	5,078
Card service revenues	-	-	-	3,940
Sub-total - fees and commissions on loans and deposits	-	-	-	21,580
Other				
Income from brokerage operations	-	-	-	7,392
Income from treasury and financial market operations	-	-	-	6,653
Income from sales of mutual funds	-	-	-	3,442
Credit insurance income	-	-	-	3,056
Income from registered self-directed plans	-	-	-	2,180
Securitization income	-	-	-	5,841
Other	-	-	-	1,390
Sub-total - other	-	-	-	29,954
Total - other income	$ -	$ -	$ -	$ 51,534
As a % of average assets	- %	- %	- %	1.17 %

IN THOUSANDS OF DOLLARS (UNAUDITED)	Q4	Q3	Q2	2007 Q1
Fees and commissions on loans and deposits				
Deposit service charges	$ 12,675	$ 13,083	$ 12,599	$ 12,291
Lending fees	5,904	5,963	5,663	5,882
Card service revenues	3,741	4,160	3,345	3,397
Sub-total - fees and commissions on loans and deposits	22,320	23,206	21,607	21,570
Other				
Income from brokerage operations	6,454	7,664	9,693	8,548
Income from treasury and financial market operations	3,912	6,516	4,274	4,584
Income from sales of mutual funds	3,493	3,521	3,318	3,074
Credit insurance income	3,492	2,453	3,030	3,582
Income from registered self-directed plans	2,231	2,490	2,572	2,359
Securitization income	1,407	1,236	3,215	560
Gain on disposal	4,000	-	-	-
Other	583	2,189	2,456	2,117
Sub-total - other	25,572	26,069	28,558	24,824
Total - other income	$ 47,892	$ 49,275	$ 50,165	$ 46,394
As a % of average assets	1.11 %	1.16 %	1.23 %	1.11 %

NON - INTEREST EXPENSES

IN THOUSANDS OF DOLLARS (UNAUDITED)	Q4	Q3	Q2	2008 Q1
Salaries and employee benefits				
Salaries	$ -	$ -	$ -	$ 39,165
Employee benefits	-	-	-	12,521
Performance-based compensation	-	-	-	6,581
Sub-total - salaries and employee benefits	-	-	-	58,267
Premises and technology				
Equipment and computer services	-	-	-	11,175
Rent and property taxes	-	-	-	8,768
Depreciation	-	-	-	7,368
Maintenance and repairs	-	-	-	1,290
Public utilities	-	-	-	310
Other	-	-	-	319
Sub-total - premises and technology	-	-	-	29,230
Other				
Fees and commissions	-	-	-	3,607
Taxes and insurance	-	-	-	4,466
Communications and travelling expenses	-	-	-	4,572
Advertising and business development	-	-	-	3,912
Stationery and publications	-	-	-	1,655
Recruitment and training	-	-	-	1,564
Other	-	-	-	1,281
Sub-total - other	-	-	-	21,057
Total - non-interest expenses	$ -	$ -	$ -	$ 108,554
As a % of average assets	- %	- %	- %	2.47 %

IN THOUSANDS OF DOLLARS (UNAUDITED)	Q4	Q3	Q2	2007 Q1
Salaries and employee benefits				
Salaries	$ 36,882	$ 37,606	$ 36,266	$ 36,160
Employee benefits	12,617	13,655	13,809	12,965
Performance-based compensation	6,803	7,341	8,045	7,141
Sub-total - salaries and employee benefits	56,302	58,602	58,120	56,266
Premises and technology				
Equipment and computer services	10,655	10,402	11,291	10,103
Rent and property taxes	8,715	8,617	8,750	8,461
Depreciation	7,127	6,883	6,814	6,569
Maintenance and repairs	1,595	1,424	1,208	1,200
Public utilities	262	296	417	309
Other	123	136	88	114
Sub-total - premises and technology	28,477	27,758	28,568	26,756
Other				
Fees and commissions	5,251	5,208	4,845	3,649
Taxes and insurance	4,094	4,431	4,590	5,641
Communications and travelling expenses	4,634	4,631	4,677	4,373
Advertising and business development	4,143	4,534	4,433	3,660
Stationery and publications	1,420	1,418	1,691	1,705
Recruitment and training	419	684	708	982
Other	1,017	1,107	1,319	1,297
Sub-total - other	20,978	22,013	22,263	21,307
Total - non-interest expenses	$ 105,757	$ 108,373	$ 108,951	$ 104,329
As a % of average assets	2.44 %	2.54 %	2.67 %	2.49 %

REGULATORY CAPITAL - BIS

IN THOUSANDS OF DOLLARS (UNAUDITED)	AS AT JANUARY 31 2008	AS AT OCTOBER 31 2007 *	AS AT JANUARY 31 2007 *
Tier 1 capital			
Common shares	**$ 256,966**	$ 256,445	$ 251,430
Contributed surplus	**127**	105	16
Retained earnings	**545,810**	537,254	492,867
Unrealized losses on available for sale equity securities	**-**	-	(1,077)
Non-cumulative preferred shares	**210,000**	210,000	210,000
Less: goodwill, securitization and other	**(89,495)**	(53,790)	(53,790)
Total - Tier 1 capital (A)	**923,408**	950,014	899,446
Tier 2 capital			
Subordinated debentures	**150,000**	150,000	150,000
General allowances	**65,250**	65,250	65,250
Less : securitization and other	**(23,670)**	(33,827)	(27,989)
Total - Tier 2 capital	**191,580**	181,423	187,261
Total - capital (B)	**$ 1,114,988**	$ 1,131,437	$ 1,086,707
Total risk-weighted assets (C)	**$ 8,928,372**	$ 9,723,950	$ 8,815,925
Tier I BIS capital ratio (A/C)	**10.3 %**	9.8 %	10.2 %
Total BIS capital ratio (B/C)	**12.5 %**	11.6 %	12.3 %
Assets to capital multiple	**16.4 x**	15.8 x	15.9 x
Tangible common equity as a percentage of risk-weighted assets	**8.2 %**	7.5 %	7.7 %

* Information based on capital adaquacy requirements inforce at these dates.

RISK-WEIGHTED ASSETS

IN THOUSANDS OF DOLLARS (UNAUDITED)	AS AT JANUARY 31 2008	AS AT OCTOBER 31 2007	AS AT JANUARY 31 2007
Balance sheet items			
Cash resources	**$ 70,716**	$ 85,613	$ 71,242
Securities	**312,112**	328,325	468,041
Mortgage loans	**2,169,601**	2,636,531	2,510,018
Other loans and customers' liability under acceptances	**4,730,702**	5,906,449	5,118,642
Other assets	**414,575**	476,308	478,512
General allowances	**n.a.**	65,250	65,250
Total - balance sheet items	**7,697,706**	9,498,476	8,711,705
Off-balance sheet items			
Derivative financial instruments	**35,439**	28,647	29,806
Credit-related commitments	**174,052**	196,827	74,414
	209,491	225,474	104,220
Operational risk	**1,021,175**	n.a.	n.a.
Total - risk-weighted assets	**$ 8,928,372**	$ 9,723,950	$ 8,815,925

ASSETS UNDER ADMINISTRATION

IN THOUSANDS OF DOLLARS (UNAUDITED)	AS AT JANUARY 31 2008	AS AT OCTOBER 31 2007	AS AT JANUARY 31 2007
Self-directed RRSPs and RRIFs	**$ 8,000,336**	$ 8,429,223	$ 8,541,885
Mortgage loans under management	**2,059,347**	1,742,466	1,146,996
Clients' brokerage assets	**1,907,281**	1,994,766	1,929,122
Institutional	**1,819,563**	1,823,965	1,765,677
Mutual funds	**1,505,984**	1,615,886	1,496,250
Other - Personal	**27,913**	29,988	31,271
Total - assets under administration	**$ 15,320,424**	$ 15,636,294	$ 14,911,201