LAURENTIAN BANK

Press Release

FOR IMMEDIATE RELEASE

LAURENTIAN BANK REPORTS RECORD 2012 EARNINGS AND INCREASES DIVIDEND

The Bank's Annual Report, which includes the Audited Annual Consolidated Financial Statements and accompanying Management's Discussion and Analysis for 2012, is also available on the Bank's Web site at www.laurentianbank.ca.

2012 Highlights

- Net income up 14% to $140.5 million, return on common shareholders' equity of 12.1%, and diluted earnings per share of $4.98
- Significant increase in loan portfolios, up 21% year-over-year
- Excellent credit quality as evidenced by loan losses of $33.0 million, down 35% year-over-year
- Acquisitions of the MRS Companies and AGF Trust Company and $182 million common share issuances
- Excluding adjusting items:
  - Adjusted net income of $140.7 million, up 8% year-over-year
  - Adjusted return on common shareholders' equity of 12.0%
  - Adjusted diluted earnings per share of $4.98, up $0.05 from $4.93 a year earlier

Highlights of the fourth quarter 2012

- Quarterly common share dividend raised by $0.02 or 4% to $0.49 per share
- Net income of $45.7 million, return on common shareholders' equity of 14.2%, and diluted earnings per share of $1.51
- Closing of the acquisition of AGF Trust Company and recognition of a $16.4 million net gain arising upon acquisition.
- Issuance of $200 million subordinated debt and of $100 million preferred shares
- Excluding adjusting items:
  - Adjusted net income of $36.2 million, up 8% year-over-year
  - Adjusted return on common shareholders' equity of 10.9%
  - Adjusted diluted earnings per share of $1.17, down $0.09 from $1.26 a year earlier

Montréal, December 5, 2012 – Laurentian Bank of Canada reported net income of $140.5 million or $4.98 diluted per share for the year ended October 31, 2012, compared with $123.7 million or $4.65 diluted per share in 2011. Return on common shareholders' equity was 12.1% for the year ended October 31, 2012, compared with 12.2% for the same period in 2011. Excluding adjusting items[1], net income was up 8% to $140.7 million or $4.98 diluted per share for the year ended October 31, 2012, compared to $130.4 million or $4.93 diluted per share for the same period in 2011; and adjusted return on common shareholders' equity was 12.0%.

Including $24.3 million pre-tax gain arising on acquisition ($16.4 million after income taxes), net income totalled $45.7 million, or $1.51 diluted per share for the quarter ended October 31, 2012, compared with $26.7 million, or $0.99 diluted per share, for the fourth quarter of 2011 and $1.06 for the third quarter of 2012. Return on common shareholders' equity was 14.2% compared with 9.9% for the fourth quarter of 2011 and 10.1% for the third quarter of 2012. Excluding adjusting items, net income was up 8% year-over-year to $36.2 million or $1.17 diluted per share for the fourth quarter of 2012 and up 3% quarter-over-quarter. Adjusted return on common shareholders' equity was 10.9% for the fourth quarter of 2012.

Commenting on the Bank's financial results for 2012, Réjean Robitaille, President and Chief Executive Officer, mentioned: "We successfully improved our earnings year-over-year and, in so doing, reached record profitability in a challenging retail banking and low interest rate environment, recording the eighth consecutive year of rising earnings per share. As net interest margins continued to be pressured throughout the year, sustained organic growth in loan and deposit volumes combined with the Bank's acquisitions of the MRS Companies[2] and AGF Trust Company (AGF Trust) generated strong revenue

[1] Certain analyses presented throughout this document are based on the Bank's core activities and therefore exclude the effect of certain amounts designated as adjusting items. Refer to Adjusting items and Non-GAAP financial measures sections for further details.

[2] The MRS Companies include the renamed B2B Bank Financial Services Inc, B2B Bank Securities Services Inc. and B2B Bank Intermediary Services Inc. as well as MRS Trust , which merged with B2B Bank as of April 16, 2012.

growth. The excellent credit quality of the Bank's loan portfolio also contributed to our good performance. In the midst of persistent economic uncertainty, we will continue to prudently invest in various initiatives in our business lines, while closely controlling costs, with a constant focus on profitable growth to optimize the deployment of our shareholders' equity."

On the integration of the MRS Companies and AGF Trust, Mr. Robitaille added: "As significant milestones of the system conversion and client integration process of the MRS Companies are now achieved, we remain focused on materializing the full potential from this strategic transaction. Our efforts now gradually turn to the integration of the AGF Trust business in order to optimize the benefits for the Bank and for our clients."

Mr. Robitaille concluded: "In this difficult and uncertain environment, we remain committed to enhancing value for our shareholders and we are confident in our ability to maintain our progress. I am therefore pleased to announce that the Board of Directors has approved an increase in our quarterly common share dividend of $0.02 to $0.49 per share."

IFRS Conversion

International Financial Reporting Standards (IFRS) are the generally accepted accounting principles (GAAP) for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. The Bank implemented IFRS as its financial reporting framework on November 1, 2011. Transition to IFRS occurred as at November 1, 2010 and required restatement of the Bank's 2011 comparative information from the previous Canadian GAAP (CGAAP) basis to the new IFRS basis. Additional information on the impact from the transition is available in the Bank's 2012 Annual Report, in the notes to the annual consolidated financial statements and in the Supplementary Information reported for the fourth quarter of 2012.

Caution Regarding Forward-looking Statements

In this document and in other documents filed with Canadian regulatory authorities or in other communications, Laurentian Bank of Canada may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements include, but are not limited to, statements regarding the Bank's business plan and financial objectives. The forward-looking statements contained in this document are used to assist the Bank's security holders and financial analysts in obtaining a better understanding of the Bank's financial position and the results of operations as at and for the periods ended on the dates presented and may not be appropriate for other purposes. Forward-looking statements typically use the conditional, as well as words such as prospects, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology.

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

The *pro forma* impact of Basel III on regulatory capital ratios is based on the Bank's interpretation of the proposed rules announced by the Basel Committee on Banking Supervision (BCBS) and related requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI). Changes to the interpretation of Basel III rules may impact the Bank's analysis.

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

With respect to the anticipated benefits from the acquisitions of the MRS Companies and AGF Trust and the Bank's statements with regards to these transactions being accretive to earnings, such factors also include, but are not limited to: the fact that synergies may not be realized in the time frame anticipated; the ability to promptly and effectively integrate the businesses; reputational risks and the reaction of B2B Bank's or MRS Companies' and AGF Trust's customers to the transaction; and diversion of management time on acquisition-related issues.

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

Highlights

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED OCTOBER 31 2012	OCTOBER 31 2011	VARIANCE	FOR THE YEAR ENDED OCTOBER 31 2012	OCTOBER 31 2011	VARIANCE
Profitability						
Total revenue	**$ 210,396**	$ 182,422	15 %	**$ 796,643**	$ 738,347	8 %
Net income	**$ 45,685**	$ 26,709	71 %	**$ 140,508**	$ 123,717	14 %
Diluted earnings per share	**$ 1.51**	$ 0.99	53 %	**$ 4.98**	$ 4.65	7 %
Return on common shareholders' equity [1]	**14.2 %**	9.9 %		**12.1 %**	12.2 %	
Net interest margin [1]	**1.62 %**	1.76 %		**1.69 %**	1.82 %	
Efficiency ratio [1]	**78.6 %**	75.2 %		**75.9 %**	71.8 %	
Adjusted measures						
Adjusted net income [1]	**$ 36,186**	$ 33,375	8 %	**$ 140,660**	$ 130,383	8 %
Adjusted diluted earnings per share [1]	**$ 1.17**	$ 1.26	(7) %	**$ 4.98**	$ 4.93	1 %
Adjusted return on common shareholders' equity [1]	**10.9 %**	12.7 %		**12.0 %**	12.9 %	
Adjusted efficiency ratio [1]	**74.4 %**	70.2 %		**73.1 %**	70.6 %	
Per common share						
Share price						
High	**$ 47.80**	$ 46.41		**$ 48.68**	$ 55.87	
Low	**$ 43.77**	$ 38.62		**$ 40.66**	$ 38.62	
Close	**$ 44.45**	$ 45.98	(3) %	**$ 44.45**	$ 45.98	(3) %
Price / earnings ratio				**8.9 x**	9.9 x	
Book value [1]				**$ 42.81**	$ 39.59	8 %
Market to book value				**104 %**	116 %	
Dividends declared	**$ 0.47**	$ 0.42	12 %	**$ 1.84**	$ 1.62	14 %
Dividend yield [1]	**4.23 %**	3.65 %		**4.14 %**	3.52 %	
Dividend payout ratio [1]	**31.2 %**	42.6 %		**37.0 %**	34.8 %	
Financial position						
Balance sheet assets				**$ 34,936,826**	$ 28,963,210	21 %
Loans and acceptances				**$ 26,780,879**	$ 22,087,544	21 %
Deposits				**$ 24,041,443**	$ 20,016,281	20 %
Basel II regulatory capital ratio [2]						
Tier I				**10.9 %**	11.0 %	
Other information						
Number of full-time equivalent employees				**4,201**	3,669	
Number of branches				**157**	158	
Number of automated banking machines				**426**	427	

[1] Refer to the non-GAAP financial measures section.

[2] The ratio for 2011 is presented in accordance with previous CGAAP as filed with OSFI.

Financial Review

The following sections present a summary analysis of the Bank's financial condition as at October 31, 2012, and of how it performed during the three-month period and year then ended. The analysis should be read in conjunction with the unaudited financial information for the fourth quarter of 2012 presented below.

Audited Annual Consolidated Financial Statements and accompanying Management's Discussion and Analysis for 2012 are also available on the Bank's website at www.laurentianbank.ca. Additional information about the Laurentian Bank of Canada, including the Annual Information Form, is available on the Bank's website at www.laurentianbank.ca and on SEDAR at www.sedar.com.

The comparative figures as at October 31, 2011 and November 1, 2010 and for the year ended October 31, 2011 have been restated to comply with IFRS. For details on the significant adjustments to the consolidated financial statements, refer to Note 30, "Adoption of IFRS", to the audited consolidated financial statements.

2012 Financial Performance

The following table presents management's financial objectives for 2012 and the Bank's performance for the year then ended. Revenue growth was determined with reference to the restated 2011 IFRS comparative figures. These financial objectives were based on the assumptions noted on page 29 of the Bank's 2011 Annual Report under the title "Key assumptions supporting the Bank's objectives" and excluded adjusting items related to the MRS Companies acquisition. The actual performance for 2012 includes results of operations of AGF Trust since the acquisition on August 1, 2012. However, it excludes the adjusting items related to the AGF Trust and MRS Companies acquisitions detailed in the Adjusting items section.

2012 FINANCIAL OBJECTIVES [1]

(Excluding adjusting items)

	2012 OBJECTIVES	2012 RESULTS
Revenue growth	> 5 %	8 %
Adjusted efficiency ratio [1]	73 % to 70 %	73.1 %
Adjusted return on common shareholders' equity [1]	11.0% to 13.5%	12.0 %
Adjusted diluted earnings per share [1]	$ 4.80 to $ 5.40	$ 4.98

[1] Refer to the non-GAAP financial measures section.

The Bank met its revenue growth, adjusted return on common shareholders' equity and adjusted diluted earnings per share objectives for the year 2012 and posted, for the sixth year in a row, a record profitability level.

This overall satisfactory performance resulted, in part, from increased net interest income due to strong organic and acquisition-related loan and deposit growth year-over-year. Higher other income from the MRS Companies' investment accounts, as well as the excellent credit quality of the Bank's loan portfolio throughout the year also contributed significantly to the attainment of the objectives.

Analysis of Consolidated Results

CONSOLIDATED RESULTS

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
	OCTOBER 31 2012	JULY 31 2012	OCTOBER 31 2011	**OCTOBER 31 2012**	OCTOBER 31 2011
Net interest income	**$ 142,411**	$ 129,664	$ 126,391	**$ 531,028**	$ 504,485
Other income	**67,985**	64,169	56,031	**265,615**	233,862
Total revenue	**210,396**	193,833	182,422	**796,643**	738,347
Gain on acquisition and amortization of net premium on purchased financial instruments	**23,795**	-	-	**23,795**	-
Provision for loan losses	**8,000**	7,500	12,999	**33,000**	51,080
Non-interest expenses	**165,377**	148,955	137,152	**604,463**	530,111
Income before income taxes	**60,814**	37,378	32,271	**182,975**	157,156
Income taxes	**15,129**	7,380	5,562	**42,467**	33,439
Net income	**$ 45,685**	$ 29,998	$ 26,709	**$ 140,508**	$ 123,717
Preferred share dividends, including applicable taxes	**3,273**	3,164	3,111	**12,768**	12,436
Net income available to common shareholders	**$ 42,412**	$ 26,834	$ 23,598	**$ 127,740**	$ 111,281
Earnings per share					
Basic	**$ 1.51**	$ 1.06	$ 0.99	**$ 4.98**	$ 4.65
Diluted	**$ 1.51**	$ 1.06	$ 0.99	**$ 4.98**	$ 4.65

The contribution from the MRS Companies and AGF Trust fuelled the Bank's earnings growth in 2012. When combined with organic growth, excluding adjusting items, the earnings generated by the acquired businesses more than offset the compressed margins stemming from the persistently low interest rate environment throughout the year. In addition, on the same basis, the Bank's earnings remained sequentially elevated in the fourth quarter of 2012 when the acquired business' contribution more than compensated for a seasonally low volume of loan prepayment revenues and higher expenses from one-time expenses such as B2B Bank conversion-related advertising, normal year-end adjustments to variable compensation, and GST/HST and capital tax adjustments.

Impact of the acquisition of AGF Trust

On August 1, 2012, B2B Bank acquired 100% of AGF Trust in a share purchase transaction for a cash consideration equal to the net book value of the company at closing of approximately $246.3 million. The agreement also includes a contingent consideration of a maximum of $20.0 million payable over five years if credit quality reaches certain criteria.

Under IFRS, the preliminary allocation of the purchase price (the difference between the purchase price and the fair value of assets and liabilities of AGF Trust) resulted in a pre-tax gain of $24.3 million ($16.4 million after income taxes) arising on acquisition as the estimated fair value of the net assets acquired, exceeded the purchase price. The gain mainly represents the favourable effect of the net premium to reflect current market rates on purchased financial instruments, which was partly offset by the estimated fair value of the contingent consideration, initially valued at $5.9 million. The purchase price allocation is based on management's best estimates of the fair value of the assets acquired, liabilities assumed and contingent consideration at the date of acquisition.

The portion of the gain resulting from the revaluation of the purchased financial instruments recorded as part of the gain on acquisition in the fourth quarter of 2012 will be amortized in net income over the estimated remaining term of the purchased financial instruments. The following table presents the expected ensuing impact on the Bank's future reported results that will however be excluded on an adjusted basis.

SUMMARY OF GAIN ON ACQUISITION AND EXPECTED IMPACT OF AMORTIZATION OF NET PREMIUM ON PURCHASED FINANCIAL INSTRUMENTS

For the years ended October 31 In thousands of Canadian dollars (Unaudited)	GAIN ON ACQUISITION	EXPECTED IMPACT OF AMORTIZATION OF NET PREMIUM ON PURCHASED FINANCIAL INSTRUMENTS					
	2012	**2012 [1]**	2013	2014	2015	2016 to 2022	TOTAL
Net premium on purchased financial instruments	**$ 30,236**	**$ (541)**	$ (4,533)	$ (5,848)	$ (6,025)	$ (13,289)	$ (30,236)
Contingent consideration	**(5,900)**	**-**	-	-	-	-	-
Increase (decrease) in income before income taxes	**24,336**	**(541)**	(4,533)	(5,848)	(6,025)	(13,289)	(30,236)
Income taxes (recovered)	**7,954**	**(141)**	(1,192)	(1,539)	(1,585)	(3,497)	(7,954)
Increase (decrease) in net income	**$ 16,382**	**$ (400)**	$ (3,341)	$ (4,309)	$ (4,440)	$ (9,792)	$ (22,282)

[1] Actual amortization recorded in 2012.

The above reversal schedule could be reviewed to reflect changes in the expected remaining term of the purchased financial instruments, considering actual prepayments or other changes in expected cash flows. In addition, future changes in the estimated fair value of the contingent consideration could impact results.

Adjusting items

The Bank has designated certain amounts as adjusting items and has adjusted GAAP results to facilitate understanding of its underlying business performance and related trends. The Bank assesses performance on a GAAP basis and on an adjusted basis and considers both to be useful to investors and analysts in obtaining a better understanding of the Bank's financial results and analyzing its growth and profit potential more effectively. Adjusted results and measures are non-GAAP measures. Comments on the uses and limitations of such measures are disclosed in the Non-GAAP Financial Measures section.

IMPACT OF ADJUSTING ITEMS, NET OF INCOME TAXES

In thousands of Canadian dollars, except per share amounts (Unaudited)	BUSINESS SEGMENT	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
		OCTOBER 31 2012	JULY 31 2012	OCTOBER 31 2011 [2]	**OCTOBER 31 2012**	OCTOBER 31 2011
Impact on net income						
Reported net income		**$ 45,685**	$ 29,998	$ 26,709	**$ 140,508**	$ 123,717
Adjusting items, net of income taxes [1]						
Gain on acquisition and amortization of net premium on purchased financial instruments						
Gain on acquisition	B2B Bank	**(16,382)**	-	-	**(16,382)**	-
Amortization of net premium on purchased financial instruments	B2B Bank	**400**	-	-	**400**	-
Costs related to business combinations and other [3]						
MRS Companies transaction and integration related costs	B2B Bank	**4,739**	4,801	1,201	**13,936**	1,201
AGF Trust transaction and integration related costs	B2B Bank	**1,744**	454	-	**2,198**	-
Compensation for the termination in 2012 of a mutual fund distribution agreement	Other	**-**	-	5,465	**-**	5,465
		(9,499)	5,255	6,666	**152**	6,666
Adjusted net income [1]		**$ 36,186**	$ 35,253	$ 33,375	**$ 140,660**	$ 130,383
Impact on diluted earnings per share						
Reported diluted earnings per share		**$ 1.51**	$ 1.06	$ 0.99	**$ 4.98**	$ 4.65
Adjusting items [1]		**(0.34)**	0.21	0.28	**-**	0.28
Adjusted diluted earnings per share [1]		**$ 1.17**	$ 1.27	$ 1.26	**$ 4.98**	$ 4.93

[1] Refer to the Non-GAAP Financial Measures section.

[2] The impact of the Transaction and Integration Costs on a per share basis does not add due to rounding.

[3] Also referred to as Transaction and Integration Costs (T&I Costs).

Year ended October 31, 2012 compared to year ended October 31, 2011

Net income was $140.5 million, or $4.98 diluted per share, for the year ended October 31, 2012, compared with $123.7 million, or $4.65 diluted per share, in 2011. Adjusted net income was up 8% year-over-year to $140.7 million, compared with $130.4 million in 2011, while adjusted diluted net income per share was up $0.05 to $4.98, compared to $4.93 diluted per share, in 2011.

Total revenue

Total revenue increased $58.3 million or 8% to $796.6 million for the year ended October 31, 2012, compared with $738.3 million for the year ended October 31, 2011. The contribution from the MRS Companies to total revenue amounted to $40.1 million for the year ended October 31, 2012, and the contribution from AGF Trust amounted to $20.0 million, as these strategic acquisitions accelerated the Bank's revenue growth in 2012.

Net interest income increased to $531.0 million for the year ended October 31, 2012, compared with $504.5 million in 2011. This increase is mainly due to the Bank's sustained loan and deposit volume growth year-over-year, of respectively $1.2 billion and $0.5 billion from organic growth and of $3.5 billion for loans and $3.5 billion for deposits from the acquisitions of the MRS Companies and AGF Trust. This was partly offset by a decrease in net interest margin of 13 basis points year-over-year, from 1.82% in 2011 to 1.69% in 2012. The compression in net interest margin resulted from the persistently low interest rate environment throughout the year and flatter yield curve affecting earnings on low cost deposits and capital funding as well as continued high liquidity levels.

Other income was $265.6 million for the year ended October 31, 2012, compared to $233.9 million in 2011, a $31.8 million or 14% year-over-year increase. This includes a $26.2 million contribution to other income from the acquisition of the MRS Companies, largely from fees related to investment accounts. The increase in other income is also explained by higher income from brokerage operations, higher fees and commissions on loans and deposits and higher card service revenues year-over-year. These increases were partly offset by a lower contribution from credit insurance activities resulting from a higher level of claims in the first half of the year and lower income from financial market operations.

Gain on acquisition and amortization of net premium on purchased financial instruments

A gain on acquisition and the ensuing amortization of net premium on purchased financial instruments amounted to $23.8 million for the year ended October 31, 2012. This includes a $24.3 million pre-tax gain ($16.4 million after income taxes) resulting from the purchase price of AGF Trust, slightly offset by a $0.5 million amortization of acquisition-related net premium on these financial instruments. Refer to the Impact of the acquisition of AGF Trust section above for further details on these items.

Provision for loan losses

The provision for loan losses amounted to $33.0 million for the year ended October 31, 2012 compared to $51.1 million for the year ended October 31, 2011, a significant decrease of $18.1 million or 35% year-over-year despite the strong increase in the Bank's loan portfolio and $3.1 million of loan losses associated with AGF Trust's loan portfolios. This very low level of losses reflects the continued excellent quality of the Bank's loan portfolios and considerable improvements in the commercial portfolios year-over-year. Losses in 2012 represented 0.14% of average loans and acceptances, down from 0.24% in 2011. Although the Bank benefited from favourable credit conditions in 2012, it remains prudent in the current uncertain economic environment and closely monitors its loan portfolio, with a particular focus on the recently acquired portfolio of AGF Trust.

Non-interest expenses

Non-interest expenses totalled $604.5 million for the year ended October 31, 2012, compared to $530.1 million for the year ended October 31, 2011. Excluding T&I Costs of $22.0 million in 2012, and $9.0 million in 2011, and current operating costs related to MRS Companies of $30.1 million and AGF Trust of $8.3 million, non-interest expenses increased by $23.0 million or 4% year-over-year.

Salaries and employee benefits increased by $38.0 million to $320.6 million compared to the year ended October 31, 2011. Increased headcount from the acquisitions of the MRS Companies and, to a lesser extent, of AGF Trust in the fourth quarter of 2012, accounted for $20.4 million or 54% of this increase. Regular salary increases and variable compensation, as well as severance costs, higher pension costs and expenses related to group insurance programs also contributed to the increase year-over-year.

Premises and technology costs increased by $11.7 million to $152.9 million compared to $141.2 million for the year ended October 31, 2011. This increase is mainly due to higher rental and IT costs related to the acquisition of the MRS Companies and AGF Trust and increased square footage of leased premises. Higher IT costs related to ongoing business growth and amortization expense related to completed IT development projects, also accounted for the increase.

Other non-interest expenses increased by $11.7 million to $108.9 million for the year ended October 31, 2012, from $97.3 million for the same period of 2011. Excluding the effect of the acquisitions during 2012, other non-interest expenses were down $1.5 million compared to last year.

T&I Costs for the year ended October 31, 2012 totalled $22.0 million, of which $19.0 million was related to the MRS Companies and $3.0 million to AGF Trust, compared to $9.0 million a year ago. In 2012, T&I Costs were mainly related to IT systems conversion, legal and communication expenses for the integration of the MRS Companies, as well as to severance costs and other transaction costs related to the acquisition of AGF Trust. B2B Bank has also invested a further $6.1 million to develop the IT infrastructure and upgrade the acquired dealer account management system. A year ago, T&I Costs were mainly composed of a $7.7 million compensation expense for termination in 2012 of a distribution agreement of mutual funds.

For the year ended October 31, 2012, the adjusted efficiency ratio was 73.1%, compared with 70.6% for the year ended October 31, 2011. The Bank's 8% revenue growth year-over-year was hampered by the overall low-interest rate environment and margin compression and could not fully compensate for higher expenses from acquired operations incurred throughout the year. The Bank remains nonetheless focused on materializing operating synergies to reap the full benefits from the integration of both the MRS Companies and AGF Trust to increase overall productivity and increase revenues over the next five quarters.

Income taxes

For the year ended October 31, 2012, the income tax expense was $42.5 million and the effective tax rate was 23.2%. The lower tax rate, compared to the statutory rate, mainly resulted from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income and the lower taxation level on revenues from foreign insurance operations. For the year ended October 31, 2011, the income tax expense was $33.4 million and the effective tax rate was 21.3%.

Three months ended October 31, 2012 compared to three months ended October 31, 2011

Net income was $45.7 million, or $1.51 diluted per share, for the fourth quarter ended October 31, 2012, compared with $26.7 million, or $0.99 diluted per share, for the fourth quarter of 2011. Adjusted net income was up 8% year-over-year to $36.2 million for the fourth quarter ended October 31, 2012, compared with $33.4 million in 2011, while adjusted diluted net income per share was down 7% to $1.17, compared to $1.26 diluted per share, in 2011.

Total revenue

Total revenue increased $28.0 million or 15% to $210.4 million in the fourth quarter of 2012, compared with $182.4 million in the fourth quarter of 2011. The contribution from AGF Trust to total revenue amounted to $20.0 million for the fourth quarter of 2012, and the contribution from the MRS Companies amounted to $10.3 million, with the Bank's comparable revenue base essentially unchanged year-over-year.

Net interest income was up 13% to $142.4 million for the fourth quarter of 2012, from $126.4 million in the fourth quarter of 2011, as significant loan and deposit growth year-over-year, both organic and from acquisitions, more than compensated for lower margins. When compared to the fourth quarter of 2011, margins decreased by 14 basis points to 1.62% in the fourth quarter of 2012. During the quarter, the net interest margin continued to be adversely impacted by the very low interest rate environment and relatively high liquidity levels due to the acquisition of AGF Trust and the Bank's recent issuance of subordinated debt and preferred shares. In this context, the addition of $3.3 billion of higher-yielding loans in the AGF Trust portfolios provided support.

Other income totalled $68.0 million in the fourth quarter of 2012, compared to $56.0 million in the fourth quarter of 2011, a $12.0 million or 21% year-over-year increase. This includes a $6.7 million contribution to other income from the MRS Companies, largely from investment account fees. Higher income from brokerage operations, higher fees and commissions on loan and deposits, and higher card service revenues have also contributed to the increase year-over-year. These increases were partly offset by lower income from financial market operations as well as softer net credit insurance income due to a higher claims.

Gain on acquisition and amortization of net premium on purchased financial instruments

The gain on acquisition and ensuing amortization of net premium on purchased financial instruments amounted to $23.8 million in the fourth quarter of 2012, as noted above.

Provision for loan losses

The provision for loan losses decreased by $5.0 million or 38% to $8.0 million in the fourth quarter of 2012, including a $3.1 million provision related to the acquired AGF Trust portfolio, from $13.0 million in the fourth quarter of 2011. This significant improvement reflects continued excellent credit conditions in the Canadian market and the quality of the Bank's loan portfolios, as well as a continued prudent approach to loan provisioning. In addition, during the fourth quarter of 2012, favourable settlements and overall improvements led to a net credit of $2.0 million in loan losses in the real estate and commercial loan portfolios.

Non-interest expenses

Non-interest expenses totalled $165.4 million for the fourth quarter of 2012, compared to $137.2 million for the fourth quarter of 2011. Non-interest expenses during the fourth quarter of 2012 include T&I Costs of $8.8 million and operating expenses related to the MRS Companies of $8.8 million and to AGF Trust of $8.3 million while non-interest expenses in the fourth quarter of 2011 included T&I Costs of $9.0 million.

Salaries and employee benefits increased by $16.7 million or 24% to $87.1 million compared to the fourth quarter of 2011, mainly due to increased headcount from the acquisition of the MRS Companies and AGF Trust. Salaries for the fourth quarter of 2012 also include a $2.5 million restructuring charge in the Bank's head office departments. Regular salary increases, higher performance-based compensation accruals and pension costs further contributed to the increase year-over-year.

Premises and technology costs increased by $3.7 million to $39.1 million compared to the fourth quarter of 2011. This increase is mainly due to rental and IT costs for the MRS Companies and AGF Trust, as well as additional square footage of leased premises and higher amortization expense related to completed IT development projects.

Other non-interest expenses increased by $8.0 million to $30.3 million for the fourth quarter of 2012, from $22.3 million for the fourth quarter of 2011. Other non-interest expenses of the MRS Companies and AGF Trust amounted to $5.5 million in the fourth quarter of 2012. The remaining increase is mainly attributable to higher professional service fees related to various initiatives, including costs incurred to initiate the process to adopt the internal ratings based approach under Basel II, as well as other regulatory compliance projects. Higher advertising expenses compared to last year, related to reward points and the changeover from B2B Trust to B2B Bank and higher GST/HST and capital taxes also contributed to the overall increase. In light of a slower revenue growth environment, the Bank continues to exercise disciplined control over expenses.

T&I Costs for the fourth quarter of 2012 totalled $8.8 million and mainly related to IT systems conversion and communication expenses for the integration of the MRS Companies and also included severance and other transaction costs related to AGF Trust of $2.4 million. With regards to the MRS Companies, the integration process is progressing according to plan, with significant systems conversion milestones reached during the quarter. A year ago, T&I Costs were mainly composed of a $7.7 million compensation expense for termination in 2012 of a mutual fund distribution agreement .

The adjusted efficiency ratio was 74.4% in the fourth quarter of 2012, compared to 70.2% in the fourth quarter of 2011. Some of the expense items in the quarter were non-recurring. The Bank remains nonetheless committed to control costs and to leverage the two recent acquisitions to increase overall productivity and to generate additional revenue growth from other income and higher margin products.

Income taxes

For the quarter ended October 31, 2012, the income tax expense was $15.1 million and the effective tax rate was 24.9% (and 21.1% on an adjusted basis). The lower tax rate, compared to the statutory rate, mainly resulted from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income and the lower taxation level on revenues from insurance operations. For the quarter ended October 31, 2011, the income tax expense was $5.6 million and the effective tax rate was 17.2% (19.1% on an adjusted basis). Year-over-year, the higher income tax rate for the fourth quarter ended October 31, 2012 results from the lower proportion of revenues from insurance operations and non-taxable dividends, considering the gain on acquisition of AGF Trust, partly offset by the 1.5% reduction in Federal income tax rates, effective this year.

Three months ended October 31, 2012 compared to three months ended July 31, 2012

Net income was $45.7 million or $1.51 diluted per share for the fourth quarter of 2012 compared with $30.0 million or $1.06 diluted per share for the third quarter of 2012. Adjusted net income was $36.2 million, or $1.17 diluted per share, compared to $35.3 million or $1.27 diluted per share for the third quarter ended July 31, 2012.

Total revenue increased to $210.4 million in the fourth quarter of 2012, from $193.8 million in the previous quarter. Net interest income increased by $12.7 million or 10% sequentially to $142.4 million, as loan and deposit growth resulting from the acquisition of AGF Trust more than offset the sequential margin decrease of 4 basis points. Tighter margins, a lower seasonal volume of loan prepayment penalties and a relatively higher level of lower-yielding liquid securities explain the sequential drop in the net interest margin, which more than offset the increase related to AGF Trust’s higher margin loans.

Other income increased by $3.8 million sequentially, largely due to higher income from treasury and financial markets and income from brokerage operations, which were favourably impacted by increased market activity throughout the fourth quarter.

Gain on acquisition and amortization of net premium on purchased financial instruments amounted to $23.8 million in the fourth quarter of 2012, which mainly resulted from the preliminary allocation of the purchase price of AGF Trust.

The provision for loan losses slightly increased to $8.0 million in the fourth quarter of 2012, compared to $7.5 million in the third quarter of 2012, albeit remaining at a very low level. During the fourth quarter, provisions of $3.1 million on the AGF Trust loan portfolio were partly offset by recoveries and favourable adjustments to allowances in the commercial loan portfolios.

Non-interest expenses amounted to $165.4 million in the fourth quarter of 2012, compared to $149.0 million in the third quarter of 2012. Excluding T&I Costs of $8.8 million in the fourth quarter and of $7.2 million in the third quarter of 2012, non-interest expenses increased by $14.7 million sequentially, largely due to operating costs of AGF Trust and higher variable compensation, higher reward points, B2B Bank-related advertising coupled with higher GST/HST and capital taxes.

Financial condition

CONDENSED BALANCE SHEET

In thousands of Canadian dollars (Unaudited)	**AS AT OCTOBER 31 2012**	AS AT OCTOBER 31 2011
ASSETS		
Cash and deposits with other banks	**$ 571,043**	$ 367,059
Securities	**6,142,961**	5,175,866
Securities purchased under reverse repurchase agreements	**631,202**	720,317
Loans and acceptances, net	**26,663,337**	21,944,394
Other assets	**928,283**	755,574
	$ 34,936,826	$ 28,963,210
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits	**$ 24,041,443**	$ 20,016,281
Other liabilities	**2,873,563**	2,725,215
Debt related to securitization activities	**6,037,097**	4,760,847
Subordinated debt	**443,594**	242,551
Shareholders' equity	**1,541,129**	1,218,316
	$ 34,936,826	$ 28,963,210

Total assets stood at $34.9 billion at October 31, 2012, up $6.0 billion from October 31, 2011, reflecting the continued growth in operations and the effect of acquisitions closed during the year. Liquid assets increased by $1.1 billion compared to October 31, 2011 and totalled $7.3 billion at October 31, 2012, as the Bank continued to prudently manage its liquidity levels. In addition, the Bank strengthened its capital at the end of the year in light of the upcoming Basel III implementation.

Net loans and bankers’ acceptances stood at $26.7 billion as at October 31, 2012, up $4.7 billion or 21% from October 31, 2011. Despite intense competition and recent tightening of mortgage lending rules in Canada, the Bank generated $1.2 billion in organic growth in 2012 while the acquisition of the MRS Companies and AGF Trust respectively added $0.3 billion and $3.2 billion to the loan portfolio. Personal loans increased by $2.0 billion or 35% since October 31, 2011, as investment loans and home-equity lines of credit of $2.2 billion acquired through the MRS Companies and AGF Trust transactions were slightly offset by run-offs in point-of-sale financing. Residential mortgage loans also increased by $2.3 billion over the same period, including $1.2 billion related to the acquisition of AGF Trust and $1.0 billion resulting from organic growth, reflecting the Bank’s strength in the retail market. In addition, commercial loans, including bankers’ acceptances, increased by $282.0 million or 14% from October 31, 2011 while commercial mortgage loans grew by $79.8 million or 3% over the same period, despite loan sales of $85.2 million in 2012.

Personal deposits increased by $3.8 billion or 24% from October 31, 2011 and stood at $19.4 billion as at October 31, 2012 including $0.7 billion resulting from the acquisition of the MRS Companies, $2.8 billion resulting from the acquisition of AGF Trust, and $0.3 billion generated from organic growth. Business and other deposits, which include institutional deposits, were up $265.7 million since October 31, 2011 to $4.7 billion as at October 31, 2012. During the fourth quarter of 2012, the Bank also issued $200.0 million Medium Term Notes (Subordinated Indebtedness) Series 2012-1 due October 19, 2022.

To prudently manage capital in 2012 in light of balance sheet growth and in preparation for increased regulatory capital requirements, the Bank issued 1,325,100 common shares for net proceeds of $60.9 million in early February. On August 1, 2012, a private placement of 2,867,383 common shares closed for net proceeds of $115.0 million to support the Bank’s balance sheet considering the acquisition of AGF Trust. During the fourth quarter of 2012, the Bank also completed the issuance of 4,000,000 Series 11 preferred shares for net proceeds of $97.7 million. When combined, these transactions provided the Bank with added flexibility to pursue its growth initiatives and maintain capital ratios well above new regulatory requirements.

Measuring performance in 2013

The following table presents the Bank's objectives for 2013.

2013 FINANCIAL OBJECTIVES [1]

(Excluding adjusting items)

	2012 RESULTS	2013 OBJECTIVES [2]
Revenue growth	**8 %**	**> 5 %**
Adjusted efficiency ratio [1]	**73.1 %**	**72.5 % to 69.5 %**
Adjusted net income (in millions of Canadian dollars) [1]	**$ 140.7**	**$ 145.0 to $ 165.0**
Adjusted return on common shareholders' equity [1]	**12.0 %**	**10.5% to 12.5%**
Common Equity Tier 1 ratio	**n.a.**	**> 7.0%**

[1] Refer to the non-GAAP financial measures section.

[2] These objectives for 2013 should be read concurrently with the following paragraphs on key assumptions.

Key assumptions supporting the Bank's objectives

The following assumptions are the most significant items considered in setting the Bank's strategic priorities and financial objectives. The Bank's objectives do not constitute guidance and are based on certain key planning assumptions. Other factors such as those detailed in the Caution Regarding Forward-Looking Statements and Integrated Risk Management Framework sections of the annual MD&A could also cause future results to differ materially from these objectives.

The Bank continues to be affected by the on-going economic and financial instability which, in Canada, is keeping interest rates at historically low levels. Therefore, management believes the following factors will underlie its financial outlook for 2013:

- Good organic growth to continue, particularly in our commercial businesses
- Some attrition in the acquired portfolios
- Compressed margin to stabilize during 2013
- Strategies to grow and diversify other income to be maintained
- Loan loss provisions to increase from 2012 low levels and as a result of the addition of the AGF Trust portfolios
- Continued cooling of the housing market, without any severe correction
- Expenses to be tightly controlled
- Regulatory costs to continue to rise to conform to a heightened regulatory environment
- Integration of MRS/AGF Trust to be completed in late 2013 with further synergies to materialize in 2014
- Full year dilution impact of the common share issuances completed in 2012

These targets exclude expected integration costs pertaining to the acquisitions of the MRS Companies and AGF Trust, and amortization of acquisition-related net premium on purchased financial instruments, as detailed above.

In addition, in light of heightened regulatory capital requirements coming into effect on January 1, 2013, management will continue to focus on its prudent approach to capital management and leverage on its capital optimization initiatives to maintain a Basel III Common Equity Tier 1 ratio above 7%.

Capital Management

The regulatory Tier I capital of the Bank, calculated using the Standardized Approach, reached $1,460.3 million as at October 31, 2012, compared with $1,217.2 million as at October 31, 2011, measured under previous Canadian GAAP. Taking into account that the Bank has elected to phase-in the IFRS adjustments, the Tier 1 BIS capital and total BIS capital ratios stood at 10.9% and 14.7%, respectively, as at October 31, 2012, compared to 11.0% and 13.7%, respectively, as at October 31, 2011 under previous Canadian GAAP. These ratios remain well above present minimum requirements.

Capital ratios, as at October 31, 2012, reflect the effect of various actions undertaken during the year such as the transition to IFRS, the acquisitions of the MRS Companies and AGF Trust, common share issuances as well as the issuance of preferred shares and subordinated debt in October.

REGULATORY CAPITAL

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT OCTOBER 31 2012**	AS AT OCTOBER 31 [1] 2011
Tier 1 capital (A)	**$ 1,460,253**	$ 1,217,225
Tier I BIS capital ratio (A/C)	**10.9 %**	11.0 %
Total regulatory capital - BIS (B)	**$ 1,974,060**	$ 1,516,840
Total BIS capital ratio (B/C)	**14.7 %**	13.7 %
Total risk-weighted assets (C)	**$ 13,436,433**	$ 11,071,971
Assets to capital multiple	**16.3 x**	16.2 x

[1] The amounts are presented in accordance with previous Canadian GAAP as filed with OSFI.

Impact of the adoption of IFRS on regulatory capital

Effective November 1, 2011, the Bank adopted IFRS, which impacted its shareholders' equity. The Bank has irrevocably elected to phase-in, over five quarters, the impact of the adjustment to retained earnings arising from the first-time adoption of certain IFRS changes, as allowed by OSFI's transition guidance. As such, for the purposes of calculating capital ratios, the Bank has amortized, since November 1, 2011, the eligible portion of the impact of IFRS on capital initially totalling $136.0 million on a straight-line basis over five quarters until January 31, 2013. Therefore, the total impact of the IFRS conversion on the Bank's capital ratios will only be fully reflected as of January 31, 2013. Excluding this transitional provision, the Tier 1 capital ratio and total capital ratio would have been 10.7% and 14.5%, respectively, as at October 31, 2012.

Upon adoption of IFRS, the Bank's assets increased by the amount of securitized residential mortgage loans and replacements assets. For purposes of the Asset to Capital Multiple (ACM) calculation, securitized mortgages sold through the Canada Mortgage Bonds program on or before March 31, 2010 were excluded as permitted by OSFI. However, securitized mortgages sold after that date are now included in the ACM calculation and mainly contributed to the increase in total assets.

Proposal for new capital and liquidity regulatory measures

In August 2012, OSFI issued its draft capital adequacy requirements guideline drawn on the BCBS new capital guidelines published in December 2010, commonly referred to as Basel III. In its draft guideline, OSFI indicated that it expects deposit-taking institutions to meet the Basel III capital requirements early in the Basel III transition period beginning January 1, 2013, including a new minimum 7% Common Equity Tier 1 ratio target (4.5% minimum plus 2.5% capital conservation buffer).

Considering the Bank's capital position, and based on current understanding of the Basel III rules, the Bank is well positioned to meet upcoming capital requirements as of the initial date of implementation in January 2013. The *pro forma* Common Equity Tier 1 ratio, as at October 31, 2012, stood at 7.4% when applying the full Basel III rules applicable in 2019 (i.e., without transition arrangements). Further details on these capital measures, as well as the related new global liquidity standards, are provided in the Capital Management section of the annual MD&A.

Dividends

On November 8, 2012, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on December 7, 2012. At its meeting on December 5, 2012, given the ongoing progress in the Bank's profitability, its confidence in the Bank's future and the solid balance sheet and capital ratios, the Board of Directors approved a $0.02 per share, or 4%, increase to the quarterly dividend on common shares and thus declared a dividend of $0.49 per common share, payable on February 1, 2013, to shareholders of record on January 3, 2012.

On December 5, 2012, the Bank announced the introduction of its Shareholder Dividend and Share Purchase Plan. The plan offers eligible Canadian shareholders of both the Bank's common shares and Class A Preferred Shares the opportunity to have their regular quarterly cash dividends automatically reinvested in additional common shares of the Bank. With regard to the above dividend of 0.49$ per common share declared at its meeting held on December 5, 2012, the Board of Directors elected to issue common shares under the plan from treasury at a 2% discount from the average market price.

COMMON SHARE DIVIDENDS AND PAYOUT RATIO

In Canadian dollars, except payout ratios (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE YEARS ENDED			
	OCTOBER 31 2012	JULY 31 2012	OCTOBER 31 2011	**OCTOBER 31 2012**	OCTOBER 31 2011	OCTOBER 31 2010	OCTOBER 31 2009
Dividends declared per common share	**$ 0.47**	$ 0.47	$ 0.42	**$ 1.84**	$ 1.62	$ 1.44	$ 1.36
Dividend payout ratio [1][2]	**31.2 %**	44.2 %	42.6 %	**37.0 %**	34.8 %	31.1 %	32.1 %

[1] Refer to the Non-GAAP Financial Measures section.

[2] The ratios for 2010 and 2009 are presented in accordance with previous Canadian GAAP.

Segmented Information

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

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

Retail & SME-Québec

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
	OCTOBER 31 2012	JULY 31 2012	OCTOBER 31 2011	**OCTOBER 31 2012**	OCTOBER 31 2011
Net interest income	**$ 75,792**	$ 80,163	$ 80,112	**$ 310,776**	$ 321,578
Other income	**35,234**	34,662	33,090	**135,121**	132,346
Total revenue	**111,026**	114,825	113,202	**445,897**	453,924
Provision for loan losses	**6,433**	6,474	6,082	**23,978**	24,060
Non-interest expenses	**93,359**	91,107	91,352	**366,994**	363,825
Income before income taxes	**11,234**	17,244	15,768	**54,925**	66,039
Income taxes	**1,941**	3,709	3,174	**11,018**	14,148
Net income	**$ 9,293**	$ 13,535	$ 12,594	**$ 43,907**	$ 51,891
Efficiency ratio [1]	**84.1 %**	79.3 %	80.7 %	**82.3 %**	80.2 %

[1] Refer to the non-GAAP financial measures section.

Year ended October 31, 2012

The Retail & SME-Québec business segment's contribution to net income was $43.9 million in 2012, compared to $51.9 million for 2011.

Total revenue decreased from $453.9 million in 2011 to $445.9 million in 2012, as lower net interest income more than offset growth in other income. Year-over-year, net interest income decreased by $10.8 million or 3% as the business segment's strong organic growth in loan and deposit volumes throughout the year did not compensate for the compressed margins resulting from the very low interest rate environment and the run-off of higher-margin point-of-sale financing loans. Other income increased by $2.8 million or 2% to $135.1 million in 2012 from $132.3 million a year ago. Higher revenues from card services due to increased fees and transactional volumes, and higher fees on deposits were partly offset by lower credit insurance income resulting from higher claims.

Loan losses were down marginally to $24.0 million in 2012 compared to $24.1 million in 2011, despite a $0.8 billion or 6% increase in the loan portfolio year-over-year. This continued low level reflects the good credit quality of all loan portfolios and marked improvements in the SME and point-of-sale financing portfolios, which more than offset the higher losses on the credit card portfolio. Non-interest expenses were up marginally by $3.2 million or less than 1%, from $363.8 million in 2011 to $367.0 million in 2012 as cost control measures, including restructuring initiatives, were taken to mitigate the reduced level of earnings.

Three months ended October 31, 2012

The Retail & SME-Québec business segment's contribution to net income was $9.3 million in the fourth quarter of 2012, compared with $12.6 million in the fourth quarter of 2011.

Total revenue decreased from $113.2 million in the fourth quarter of 2011 to $111.0 million in the fourth quarter of 2012. Year-over-year, net interest income decreased by $4.3 million, as significant growth in loan and deposit volumes, notably in the residential mortgage loan, home-equity lines of credit and SME portfolios, did not fully compensate for the decline in net interest margin stemming from the persistently low interest rate environment and run-off of the high margin point-of-sale financing loan portfolio. Other income increased from $33.1 million in the fourth quarter of 2011 to $35.2 million for the same period in 2012 mainly due to higher fees on deposits and higher revenues from card services resulting from increased business activity, partly offset by higher claims on credit insurance. Income from sales of mutual funds also contributed to the increase during the quarter, as the business segment leveraged its new distribution agreement of LBC-Mackenzie funds in its branch network.

Loan losses were up by $0.4 million, from $6.1 million in the fourth quarter of 2011 to $6.4 million in the fourth quarter of 2012. This increase reflects higher provisions required for the credit card portfolio, partly offset by lower provisions on the point-of-sale portfolio stemming from the reduced exposure. Non-interest expenses increased by $2.0 million or 2%, from $91.4 million in the fourth quarter of 2011 to $93.4 million in the fourth quarter of 2012. Higher advertising costs and higher reward points expenses resulting from growth in card activity mainly accounted for the increase, as other expenses were relatively unchanged year-over-year. Non-interest expenses in the fourth quarter of 2012 also include a $1.0 million restructuring charge affecting head office departments.

Real Estate & Commercial

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED OCTOBER 31 2012	JULY 31 2012	OCTOBER 31 2011	FOR THE YEAR ENDED OCTOBER 31 2012	OCTOBER 31 2011
Net interest income	**$ 21,833**	$ 21,731	$ 22,105	**$ 87,825**	$ 90,656
Other income	**7,646**	8,327	8,956	**34,430**	33,738
Total revenue	**29,479**	30,058	31,061	**122,255**	124,394
Provision for loan losses	**(2,040)**	436	3,982	**3,002**	22,677
Non-interest expenses	**8,586**	7,756	8,293	**31,582**	30,211
Income before income taxes	**22,933**	21,866	18,786	**87,671**	71,506
Income taxes	**6,204**	5,915	5,378	**23,716**	20,469
Net income	**$ 16,729**	$ 15,951	$ 13,408	**$ 63,955**	$ 51,037
Efficiency ratio [1]	**29.1 %**	25.8 %	26.7 %	**25.8 %**	24.3 %

[1] Refer to the Non-GAAP Financial Measures section.

Year ended October 31, 2012

The Real Estate & Commercial business segment's contribution to net income improved by $12.9 million, or 25%, to $64.0 million in 2012, compared with $51.0 million in 2011.

Total revenue decreased by $2.1 million, from $124.4 million in 2011 to $122.3 million in 2012. In 2012, strong growth in loan and deposit volumes, notably in the real estate portfolio, did not offset the effect of margin compression stemming from persistently low interest rates. Other income increased by $0.7 million or 2% in 2012 reflecting the combined effect of a $3.2 million gain on the sale of $85.2 million of commercial mortgage loans during the year, partly offset by lower revenue from foreign exchange operations resulting from a relatively stable currency environment. Loan losses were significantly lower at $3.0 million in 2012, compared with $22.7 million in 2011, a $19.7 million or 87% decrease. This improvement includes the effect of favourable settlements and adjustments to individual allowances and reflects the overall strong health of the loan portfolios as further evidenced by a significantly lower level of impaired loans. Non-interest expenses increased by $1.4 million, from $30.2 million in 2011 to $31.6 million in 2012. Higher salaries and benefits, hiring fees and rental costs related to investments in the sales force and management development mainly contributed to the overall increase in 2012.

Three months ended October 31, 2012

The Real Estate & Commercial business segment's contribution to net income increased by $3.3 million or 25% to $16.7 million in the fourth quarter of 2012, compared with $13.4 million in the fourth quarter of 2011.

Total revenue decreased by $1.6 million, from $31.1 million in the fourth quarter of 2011 to $29.5 million in the fourth quarter of 2012. This decrease mainly results from reduced other income due to lower underwriting fees and foreign exchange activity related to more stable rates. Net interest income was relatively unchanged compared to last year as solid loan and deposit growth compensated for reduced margins. Loan losses continued to improve and generated a net loan loss credit of $2.0 million in the fourth quarter of 2012, compared with losses of $4.0 million in the fourth quarter of 2011, a $6.0 million year-over-year decrease. During the quarter, the business segment benefitted from favourable settlements and overall improvements as well as from continued good credit conditions in Canada. Non-interest expenses increased marginally to $8.6 million in the fourth quarter of 2012 compared with $8.3 million in the fourth quarter of 2011 essentially due to salary costs related to additional headcount hired to support increased business activity.

B2B Bank

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
	OCTOBER 31 2012	JULY 31 2012	OCTOBER 31 2011	**OCTOBER 31 2012**	OCTOBER 31 2011
Net interest income	**$ 49,821**	$ 32,119	$ 30,475	**$ 143,593**	$ 117,769
Other income	**8,923**	8,408	1,913	**34,590**	8,967
Total revenue	**58,744**	40,527	32,388	**178,183**	126,736
Gain on acquisition and amortization of net premium on purchased financial instruments	**23,795**	-	-	**23,795**	-
Provision for loan losses	**3,607**	590	2,935	**6,020**	4,343
Non-interest expenses	**35,259**	22,913	15,927	**106,077**	64,040
Costs related to business combinations and other [1]	**8,830**	7,157	1,349	**21,997**	1,349
Income before income taxes	**34,843**	9,867	12,177	**67,884**	57,004
Income taxes	**9,650**	2,612	3,446	**18,436**	16,149
Net income	**$ 25,193**	$ 7,255	$ 8,731	**$ 49,448**	$ 40,855
Adjusted net income [2]	**$ 15,694**	$ 12,510	$ 9,932	**$ 49,600**	$ 42,056
Efficiency ratio [2]	**75.1 %**	74.2 %	53.3 %	**71.9 %**	51.6 %
Adjusted efficiency ratio [2]	**60.0 %**	56.5 %	49.2 %	**59.5 %**	50.5 %

[1] Integration costs related to the acquisition of the MRS Companies and AGF Trust.

[2] Refer to the non-GAAP financial measures section.

Year ended October 31, 2012

B2B Bank business segment’s contribution to adjusted net income was $49.6 million for 2012, up $7.5 million or 18% from $42.1 million in 2011. Reported net income for 2012 was $49.5 million compared to $40.9 million in 2011.

Total revenue increased by $51.4 million or 41% to $178.2 million in 2012, compared with $126.7 million in 2011, essentially as a result of B2B Bank’s strategic acquisitions of the MRS Companies and AGF Trust. Net interest income increased by $25.8 million compared to last year, mainly due to B2B Bank’s significant increase in loan portfolios and deposit portfolios year-over-year. This was partially offset by narrower margins on B2B Bank’s deposit portfolios. Other income increased to $34.6 million, essentially as a result of a $26.2 million contribution from MRS-sourced fees related to investment accounts. The gain on acquisition and amortization of net premium on purchased financial instruments amounted to $23.8 million in 2012, essentially reflecting the preliminary allocation of the purchase price of AGF Trust.

Provision for loan losses increased from $4.3 million in 2011 to $6.0 million in 2012. Excluding $3.1 million of loan losses associated with AGF Trust's loan portfolios, loan losses decreased by 32% or $1.4 million, reflecting the underlying quality of B2B Bank's loan portfolios.

Non-interest expenses, as shown in the table above, totalled $106.1 million in 2012, compared to $64.0 million in 2011. Excluding ongoing operating costs related to MRS Companies of $30.1 million and AGF Trust of $8.3 million, non-interest expenses otherwise increased by $3.7 million or 6% year-over-year, mainly from the effect of additional employees required to support non acquisition-related business activity and enhanced service levels. T&I Costs, included in the costs related to business combinations and other line item in the table above, totalled $22.0 million for 2012, of which $19.0 million was related to the MRS Companies and $3.0 million to AGF Trust, compared to $1.3 million a year ago. In 2012, T&I Costs were mainly related to IT systems conversion, legal and communication expenses for the integration of the MRS Companies, as well as to severance costs and other transaction costs related to the acquisition of AGF Trust.

With regards to the MRS Companies, the integration process is progressing according to plan, with significant milestones reached in 2012. Management remains focused on materializing all revenue and cost synergies to reap the full benefits from the integration of both the MRS Companies and AGF Trust to increase overall productivity and revenues over the next five quarters.

Three months ended October 31, 2012

B2B Bank business segment's contribution to adjusted net income was $15.7 million in the fourth quarter of 2012, up $5.8 million from $9.9 million in the fourth quarter of 2011. Reported net income for the fourth quarter of 2012 was $25.2 million.

Total revenue increased to $58.7 million in the fourth quarter of 2012 compared with $32.4 million in the fourth quarter of 2011. Net interest income increased by $19.3 million compared to last year, to $49.8 million in the fourth quarter of 2012, essentially as a result of business acquisitions which added significant loan and deposit volumes and compensated for compressed margins on deposits. Over the same period, other income also increased by $7.0 million to $8.9 million in the fourth quarter of 2012 mainly as a result of MRS-sourced fees on investment accounts. As mentioned above, a gain on acquisition and amortization of net premium on purchased financial instruments of $23.8 million was recorded in the fourth quarter of 2012.

Loan losses increased from $2.9 million in the fourth quarter of 2011 to $3.6 million in the fourth quarter of 2012, as a $3.1 million provision related to the acquired AGF Trust portfolio was offset by a notable improvement in B2B Bank's loan portfolios.

Non-interest expenses, as shown in the table above, increased by $19.3 million to $35.3 million in the fourth quarter of 2012, compared with $15.9 million in the fourth quarter of 2011. This increase includes current operating costs of $8.8 million related to the MRS Companies and of $8.3 million related to AGF Trust. Otherwise, expenses increased by $2.3 million or 14% year-over-year, due to higher salary and variable compensation as well as advertising and legal expenses related to B2B Trust becoming a Schedule I federally chartered bank under the name of B2B Bank. T&I Costs amounted to $8.8 million for the fourth quarter of 2012, mainly related to IT systems conversion and communication expenses for the integration of the MRS Companies as well as restructuring and other transaction costs related to AGF Trust of $2.4 million.

Laurentian Bank Securities & Capital Markets

	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**OCTOBER 31 2012**	JULY 31 2012	OCTOBER 31 2011	**OCTOBER 31 2012**	OCTOBER 31 2011
Total revenue	**$ 15,726**	$ 13,256	$ 10,389	**$ 59,902**	$ 56,353
Non-interest expenses	**12,081**	11,668	10,246	**48,439**	47,902
Income before income taxes	**3,645**	1,588	143	**11,463**	8,451
Income taxes	**953**	412	12	**2,941**	2,180
Net income	**$ 2,692**	$ 1,176	$ 131	**$ 8,522**	$ 6,271
Efficiency ratio [1]	**76.8 %**	88.0 %	98.6 %	**80.9 %**	85.0 %

[1] Refer to the Non-GAAP Financial Measures section.

Year ended October 31, 2012

For the year ended October 31, 2012, the Laurentian Bank Securities & Capital Markets (LBS & CM) business segment's contribution to net income increased to $8.5 million compared to $6.3 million in 2011.

Total revenue increased by 6% from $56.4 million in 2011 to $59.9 million in 2012, as a result of higher underwriting fees and trading income. This was partly offset by reduced retail brokerage income, resulting from a lower level of activity throughout the year. Although market conditions improved compared to 2011, they remained challenging in 2012 as bond market uncertainty persisted and small-cap equity markets were sidelined. Non-interest expenses increased marginally by $0.5 million to $48.4 million in 2012, as a result of performance-based compensation accruals partly compensated by cost control initiatives.

Three months ended October 31, 2012

LBS & CM business segment's contribution to net income increased to $2.7 million in the fourth quarter of 2012, compared to $0.1 million in the fourth quarter of 2011.

Total revenue increased by $5.3 million to $15.7 million in the fourth quarter of 2012 compared with $10.4 million for the same quarter of 2011, as underwriting, trading and retail brokerage activities benefited from improving market conditions compared to the difficult environment a year ago. Non-interest expenses increased by $1.8 million to $12.1 million in the fourth quarter of 2012, as performance-based compensation accruals were partly offset by other expense control and lower allocated costs.

Other Sector

	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
	OCTOBER 31	JULY 31	OCTOBER 31	**OCTOBER 31**	OCTOBER 31
In thousands of Canadian dollars (Unaudited)	**2012**	2012	2011	**2012**	2011
Net interest income	**$ (6,255)**	$ (5,134)	$ (7,394)	**$ (14,376)**	$ (28,664)
Other income	**1,676**	301	2,776	**4,782**	5,604
Total revenue	**(4,579)**	(4,833)	(4,618)	**(9,594)**	(23,060)
Non-interest expenses	**7,262**	8,354	2,328	**29,374**	15,127
Costs related to business combinations and other [1]	**-**	-	7,657	**-**	7,657
Loss before income taxes	**(11,841)**	(13,187)	(14,603)	**(38,968)**	(45,844)
Income taxes recovery	**(3,619)**	(5,268)	(6,448)	**(13,644)**	(19,507)
Net loss	**$ (8,222)**	$ (7,919)	$ (8,155)	**$ (25,324)**	$ (26,337)
Adjusted net loss [2]	**$ (8,222)**	$ (7,919)	$ (2,690)	**$ (25,324)**	$ (20,872)

[1] Compensation for the termination in 2012 of a mutual fund distribution agreement.

[2] Refer to the non-GAAP financial measures section.

Year ended October 31, 2012

The Other segment posted a negative contribution to net income of $25.3 million in 2012 compared to a negative contribution of $26.3 million in 2011. Excluding a compensation expense of $5.5 million (net of income taxes) for termination in 2012 of a mutual fund distribution agreement, adjusted negative contribution to net income in 2011 was $20.9 million.

Net interest income improved to negative $14.4 million in 2012, compared to negative $28.7 million in 2011, reflecting good market positioning as well as some adjustments to inter-segment transfer pricing initiated in early 2012. Other income in 2012 was $4.8 million, compared to $5.6 million for 2011 and essentially relates to gains on treasury activities.

Non-interest expenses, as shown in the table above, increased by $14.2 million to $29.4 million in 2012. The increase was largely due to higher pension costs and employee benefits expenses related to group insurance programs, as well as to higher professional service fees related to the ongoing project to adopt the internal ratings based approach under Basel II and other regulatory compliance projects. In 2011, T&I Costs, included in the costs related to business combinations and other line item in the table above, related to a $7.7 million compensation expense for termination in 2012 of a mutual fund distribution agreement.

Three months ended October 31, 2012

The Other sector posted a reported negative contribution to net income of $8.2 million in the fourth quarter of 2012, relatively unchanged compared to a year ago. Adjusted negative contribution to net income in the fourth quarter of 2011 was $2.7 million.

Net interest income improved to negative $6.3 million in the fourth quarter of 2012, compared to negative $7.4 million in the fourth quarter of 2011, reflecting good market positioning. Other income for the fourth quarter of 2012 decreased to $1.7 million, compared to $2.8 million for the fourth quarter of 2011, due to a lower level of gains on treasury activities.

Non-interest expenses increased by $4.9 million to $7.3 million in the fourth quarter of 2012, compared to $2.3 million a year ago, essentially for the same reasons as noted above. In the fourth quarter of 2011, T&I Costs related to a $7.7 million compensation expense for termination in 2012 of a mutual fund distribution agreement.

Non-GAAP Financial Measures

The Bank uses both generally accepted accounting principles (GAAP) and certain non-GAAP measures to assess performance. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are unlikely to be comparable to any similar measures presented by other companies. These non-GAAP financial measures are considered useful to investors and analysts in obtaining a better understanding of the Bank's financial results and analyzing its growth and profit potential more effectively. The Bank's non-GAAP financial measures are defined as follows:

Return on common shareholders' equity

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

Book value per common share

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

Net interest margin

Net interest margin is the ratio of net interest income to total average assets, expressed as a percentage or basis points.

Efficiency ratio and operating leverage

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

Dividend payout ratio

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

Dividend yield

The dividend yield is defined as dividends declared per common share divided by the closing common share price.

Adjusted GAAP and non-GAAP measures

Certain analyses presented throughout this document are based on the Bank's core activities and therefore exclude the effect of certain amounts designated as adjusting items, as presented in the table in the Adjusting Items section.

Most of the adjusting items relate to gains and expenses that arise as a result of acquisitions. The gain on acquisition and ensuing amortization of net premium on purchased financial instruments are considered adjusting items since they represent, according to management, significant non-cash adjustments and due to their non-recurrence. Transaction and integration-related costs in respect of the MRS Companies and AGF Trust have been designated as adjusting items due to the significance of the amounts and the fact that some of these costs have been incurred with the intent to generate benefits in future periods. The one-time compensation for the termination in 2012 of a mutual fund distribution agreement has been designated as an adjusting item due to its significance and non-recurrence.

About Laurentian Bank

Laurentian Bank of Canada is a pan-Canadian banking institution that has nearly $35 billion in balance sheet assets and $33 billion in assets under administration. Founded in 1846, Laurentian Bank was selected in 2012 as one of the 10 winners of the Canada's Passion Capitalists program in recognition of its sustained success through the promotion of passion within its ranks. The Bank employs more than 4,200 people.

Recognized for its excellent service, proximity and simplicity, Laurentian Bank serves more than one million clients in market segments in which it holds an enviable position. In addition to occupying a choice position among consumers in Québec, where it operates the third largest branch network, the Bank has built a solid reputation across Canada in the area of real estate and commercial financing thanks to its teams working out of more than 35 offices in Ontario, Québec, Alberta and British Columbia. Its subsidiary, B2B Bank, is a Canadian leader in providing banking products as well as investment accounts and services to financial advisors and brokers, while Laurentian Bank Securities is an integrated broker, widely recognized for its expertise and effectiveness nationwide.

Conference Call

Laurentian Bank invites media representatives and the public to listen to the conference call with financial analysts to be held at 2:00 p.m. Eastern Time on Wednesday, December 5, 2012. The live, listen-only, toll-free, call-in number is 416 340-2217 or 1 866 696-5910 Code 1404266#.

You can listen to the call on a delayed basis at any time from 6:00 p.m. on Wednesday, December 5, 2012 until 11:59 p.m. on January 5, 2013, by dialing the following playback number: 905 694-9451 or 1 800 408-3053 Code 7380033#. The conference call can also be heard through the Investor Relations section of the Bank’s Web site at www.laurentianbank.ca. The Bank’s Web site also offers additional financial information.

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

Unaudited Condensed Interim Consolidated Financial Statements

The annual audited consolidated financial statements for the year ended October 31, 2012, including the notes to consolidated financial statements, are also available on the Bank's Web site at www.laurentianbank.ca.

Consolidated Balance Sheet [1]

In thousands of Canadian dollars (Unaudited)	AS AT OCTOBER 31 2012	AS AT OCTOBER 31 2011	AS AT NOVEMBER 1 2010
ASSETS			
Cash and non-interest-bearing deposits with other banks	**$ 90,860**	$ 81,600	$ 72,444
Interest-bearing deposits with other banks	**480,183**	285,459	99,394
Securities			
Available-for-sale	**2,822,588**	2,108,075	2,138,861
Held-to-maturity	**1,446,751**	885,822	559,457
Held-for-trading	**1,873,622**	2,181,969	1,496,583
Designated as at fair value through profit or loss	**-**	-	624,642
	6,142,961	5,175,866	4,819,543
Securities purchased under reverse repurchase agreements	**631,202**	720,317	994,674
Loans			
Personal	**7,806,067**	5,774,207	5,636,203
Residential mortgage	**14,169,095**	11,869,412	10,859,647
Commercial mortgage	**2,443,634**	2,363,808	2,166,375
Commercial and other	**2,150,953**	1,900,977	1,691,190
Customers' liabilities under acceptances	**211,130**	179,140	165,450
	26,780,879	22,087,544	20,518,865
Allowances for loan losses	**(117,542)**	(143,150)	(131,567)
	26,663,337	21,944,394	20,387,298
Other			
Premises and equipment	**71,871**	61,708	55,727
Derivatives	**167,643**	228,261	158,066
Goodwill	**64,077**	29,224	29,224
Software and other intangible assets	**159,973**	113,949	101,671
Deferred tax assets	**4,751**	4,160	47,995
Other assets	**459,968**	318,272	289,289
	928,283	755,574	681,972
	$ 34,936,826	$ 28,963,210	$ 27,055,325
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Personal	**$ 19,369,310**	$ 15,609,853	$ 15,354,851
Business, banks and other	**4,672,133**	4,406,428	4,250,819
	24,041,443	20,016,281	19,605,670
Other			
Obligations related to securities sold short	**1,349,932**	1,471,254	1,362,336
Obligations related to securities sold under repurchase agreements	**244,039**	36,770	60,050
Acceptances	**211,130**	179,140	165,450
Derivatives	**100,867**	129,969	115,235
Deferred tax liabilities	**16,128**	6,362	27,543
Other liabilities	**951,467**	901,720	945,939
	2,873,563	2,725,215	2,676,553
Debt related to securitization activities	**6,037,097**	4,760,847	3,486,634
Subordinated debt	**443,594**	242,551	150,000
Shareholders' equity			
Preferred shares	**303,249**	205,527	205,527
Common shares	**428,526**	252,601	252,472
Share-based payment reserve	**227**	227	243
Retained earnings	**774,899**	694,371	621,847
Accumulated other comprehensive income	**34,228**	65,590	56,379
	1,541,129	1,218,316	1,136,468
	$ 34,936,826	$ 28,963,210	$ 27,055,325

[1] Comparative figures have been prepared in accordance with IFRS. See Note 30 to the audited consolidated financial statements as at October 31, 2012 for further details.

Consolidated Statement of Income [1]

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED OCTOBER 31 2012	JULY 31 2012	OCTOBER 31 2011	FOR THE YEAR ENDED OCTOBER 31 2012	OCTOBER 31 2011
Interest income					
Loans	**$ 280,762**	$ 248,073	$ 241,963	**$ 1,014,861**	$ 962,820
Securities	**17,250**	16,802	18,797	**71,320**	74,059
Deposits with other banks	**1,544**	2,304	1,084	**6,148**	5,277
Other, including derivatives	**14,529**	14,457	15,752	**59,240**	61,345
	314,085	281,636	277,596	**1,151,569**	1,103,501
Interest expense					
Deposits	**124,926**	108,394	110,069	**445,646**	444,463
Debt related to securitization activities	**43,809**	40,891	38,552	**163,880**	140,743
Subordinated debt	**2,654**	2,408	2,432	**9,839**	11,574
Other, including derivatives	**285**	279	152	**1,176**	2,236
	171,674	151,972	151,205	**620,541**	599,016
Net interest income	**142,411**	129,664	126,391	**531,028**	504,485
Other income					
Fees and commissions on loans and deposits	**30,263**	31,522	29,333	**119,953**	115,006
Income from brokerage operations	**14,386**	12,517	8,332	**54,806**	48,429
Income from registered self-directed plans	**7,440**	7,190	1,505	**29,079**	7,253
Income from sales of mutual funds	**4,731**	4,478	4,258	**18,026**	17,308
Income from treasury and financial market operations	**4,563**	2,398	5,897	**17,531**	20,938
Credit insurance income	**4,415**	3,682	4,994	**15,529**	18,591
Other income	**2,187**	2,382	1,712	**10,691**	6,337
	67,985	64,169	56,031	**265,615**	233,862
Total revenue	**210,396**	193,833	182,422	**796,643**	738,347
Gain on acquisition and amortization of net premium on purchased financial instruments	**23,795**	-	-	**23,795**	-
Provision for loan losses	**8,000**	7,500	12,999	**33,000**	51,080
Non-interest expenses					
Salaries and employee benefits	**87,112**	77,177	70,431	**320,603**	282,630
Premises and technology	**39,111**	38,644	35,375	**152,919**	141,212
Other	**30,324**	25,977	22,340	**108,944**	97,263
Costs related to business combinations and other	**8,830**	7,157	9,006	**21,997**	9,006
	165,377	148,955	137,152	**604,463**	530,111
Income before income taxes	**60,814**	37,378	32,271	**182,975**	157,156
Income taxes	**15,129**	7,380	5,562	**42,467**	33,439
Net income	**$ 45,685**	$ 29,998	$ 26,709	**$ 140,508**	$ 123,717
Preferred share dividends, including applicable taxes	**3,273**	3,164	3,111	**12,768**	12,436
Net income available to common shareholders	**$ 42,412**	$ 26,834	$ 23,598	**$ 127,740**	$ 111,281
Average number of common shares outstanding (in thousands)					
Basic	**28,118**	25,250	23,925	**25,634**	23,924
Diluted	**28,135**	25,267	23,941	**25,652**	23,943
Earnings per share					
Basic	**$ 1.51**	$ 1.06	$ 0.99	**$ 4.98**	$ 4.65
Diluted	**$ 1.51**	$ 1.06	$ 0.99	**$ 4.98**	$ 4.65
Dividends declared per share					
Common share	**$ 0.47**	$ 0.47	$ 0.42	**$ 1.84**	$ 1.62
Preferred share - Series 9	**$ 0.38**	$ 0.38	$ 0.38	**$ 1.50**	$ 1.50
Preferred share - Series 10	**$ 0.33**	$ 0.33	$ 0.33	**$ 1.31**	$ 1.31
Preferred share - Series 11	**$ -**	n.a.	n.a.	**$ -**	n.a.

[1] Comparative figures have been prepared in accordance with IFRS. See Note 30 to the audited consolidated financial statements as at October 31, 2012 for further details.

Consolidated Statement of Comprehensive Income [1]

	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
	OCTOBER 31	JULY 31	OCTOBER 31	**OCTOBER 31**	OCTOBER 31
In thousands of Canadian dollars (Unaudited)	**2012**	2012	2011	**2012**	2011
Net income	**$ 45,685**	$ 29,998	$ 26,709	**$ 140,508**	$ 123,717
Other comprehensive income, net of income taxes					
Unrealized net gains (losses) on available-for-sale securities	**307**	(2,714)	(3,974)	**(7,641)**	(11,810)
Reclassification of net (gains) losses on available-for-sale securities to net income	**(831)**	(334)	(617)	**(2,374)**	(3,045)
Net change in value of derivatives designated as cash flow hedges	**(3,577)**	13,774	21,514	**(21,347)**	24,066
	(4,101)	10,726	16,923	**(31,362)**	9,211
Comprehensive income	**$ 41,584**	$ 40,724	$ 43,632	**$ 109,146**	$ 132,928

[1] Comparative figures have been prepared in accordance with IFRS. See Note 30 to the audited consolidated financial statements as at October 31, 2012 for further details.

Consolidated Statement of Changes in Shareholders' Equity [1]

FOR THE YEAR ENDED OCTOBER 31, 2012

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES	COMMON SHARES	RETAINED EARNINGS	AOCI RESERVES AVAILABLE-FOR-SALE SECURITIES	AOCI RESERVES CASH FLOW HEDGES	AOCI RESERVES TOTAL	SHARE-BASED PAYMENT RESERVE	TOTAL SHARE-HOLDERS' EQUITY
Balance as at October 31, 2011	**$ 205,527**	**$ 252,601**	**$ 694,371**	**$ 22,216**	**$ 43,374**	**$ 65,590**	**$ 227**	**$ 1,218,316**
Net income			**140,508**					**140,508**
Other comprehensive income (net of income taxes)								
Unrealized net gains (losses) on available-for-sale securities				**(7,641)**		**(7,641)**		**(7,641)**
Reclassification of net (gains) losses on available-for-sale securities to net income				**(2,374)**		**(2,374)**		**(2,374)**
Net change in value of derivatives designated as cash flow hedges					**(21,347)**	**(21,347)**		**(21,347)**
Comprehensive income			**140,508**	**(10,015)**	**(21,347)**	**(31,362)**		**109,146**
Net proceeds from issuance of new common shares	**97,722**	**175,925**						**273,647**
Equity dividends								
Preferred shares, including applicable taxes			**(12,768)**					**(12,768)**
Common shares			**(47,212)**					**(47,212)**
Balance as at October 31, 2012	**$ 303,249**	**$ 428,526**	**$ 774,899**	**$ 12,201**	**$ 22,027**	**$ 34,228**	**$ 227**	**$ 1,541,129**

FOR THE YEAR ENDED OCTOBER 31, 2011

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES	COMMON SHARES	RETAINED EARNINGS	AOCI RESERVES AVAILABLE-FOR-SALE SECURITIES	AOCI RESERVES CASH FLOW HEDGES	AOCI RESERVES TOTAL	SHARE-BASED PAYMENT RESERVE	TOTAL SHARE-HOLDERS' EQUITY
Balance as at November 1, 2010	$ 205,527	$ 252,472	$ 621,847	$ 37,071	$ 19,308	$ 56,379	$ 243	$ 1,136,468
Net income			123,717					123,717
Other comprehensive income (net of income taxes)								
Unrealized net gains (losses) on available-for-sale securities				(11,810)		(11,810)		(11,810)
Reclassification of net (gains) losses on available-for-sale securities to net income				(3,045)		(3,045)		(3,045)
Net change in value of derivatives designated as cash flow hedges					24,066	24,066		24,066
Comprehensive income			123,717	(14,855)	24,066	9,211		132,928
Issuance of common shares under share purchase option plan		129						129
Share-based payments							(16)	(16)
Equity dividends								
Preferred shares, including applicable taxes			(12,436)					(12,436)
Common shares			(38,757)					(38,757)
Balance as at October 31, 2011	$ 205,527	$ 252,601	$ 694,371	$ 22,216	$ 43,374	$ 65,590	$ 227	$ 1,218,316

[1] Comparative figures have been prepared in accordance with IFRS. See Note 30 to the audited consolidated financial statements as at October 31, 2012 for further details.