LAURENTIAN BANK

FIRST QUARTER 2013

For the period ended January 31, 2013

Laurentian Bank reports solid first quarter results

Highlights of the first quarter 2013

- Net income of $34.1 million, return on common shareholders' equity of 10.3%, and diluted earnings per share of $1.12
- Loan losses remain low at $8.0 million, reflecting excellent credit quality
- Good improvement in operating efficiency
- Successful launch of the Bank's Dividend Reinvestment Plan
- Excluding adjusting items:
  - Adjusted net income of $40.4 million, up 23% year-over-year
  - Adjusted return on common shareholders' equity of 12.2%
  - Adjusted diluted earnings per share of $1.34, up $0.10 from $1.24 a year earlier

Laurentian Bank of Canada reported net income of $34.1 million or $1.12 diluted per share for the first quarter ended January 31, 2013, compared with $31.0 million or $1.16 diluted per share for the first quarter of 2012. Return on common shareholders' equity was 10.3% for the first quarter of 2013, compared with 11.5% for the same period in 2012. Excluding adjusting items[1], net income was up 23% to $40.4 million or $1.34 diluted per share for the first quarter of 2013, compared to $32.9 million or $1.24 diluted per share for the same period in 2012; and adjusted return on common shareholders' equity was 12.2%.

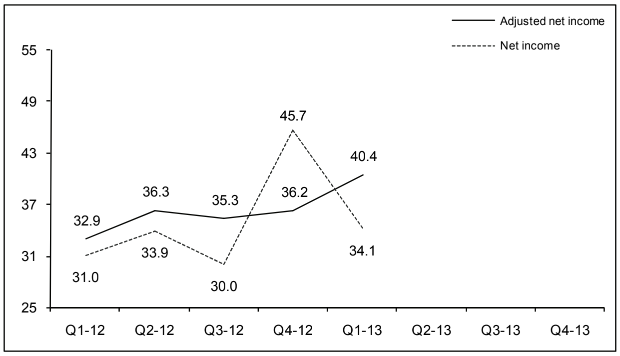
Commenting on the Bank's financial results for the first quarter of 2013, Réjean Robitaille, President and Chief Executive Officer, mentioned: "We continued to deliver strong earnings growth and generated positive operating leverage in the quarter. Last year's acquisitions of the MRS Companies and AGF Trust have helped maintain strong revenue growth over the last twelve months, while the excellent credit quality of the Bank's loan portfolio and recovering financial markets also contributed to our good performance. With persistently low interest rates and slowing loan demand, we continue to execute our strategies to enhance shareholder value by maximizing synergies, generating additional growth in other income, focusing on high-margin products and maintaining a disciplined control over expenses throughout the Bank."

Mr. Robitaille added: "With the integration of the MRS Companies nearly completed, our efforts now focus on the integration of the AGF Trust business in order to optimize the benefits for our clients as well as to fully realize the expected synergies of these two transactions."

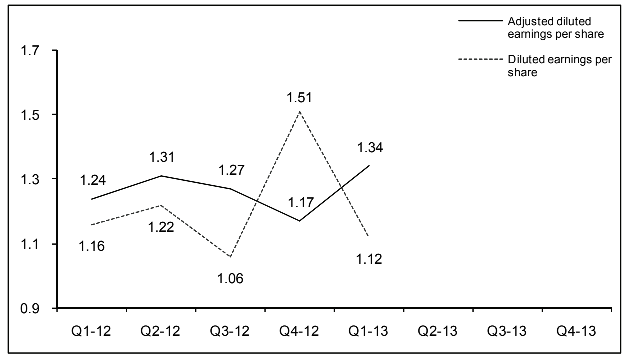
[1] Certain analyses presented throughout this document are based on the Bank's core activities and therefore exclude the effect of certain amounts designated as adjusting items. Refer to Adjusting items and Non-GAAP financial measures sections for further details.

Highlights

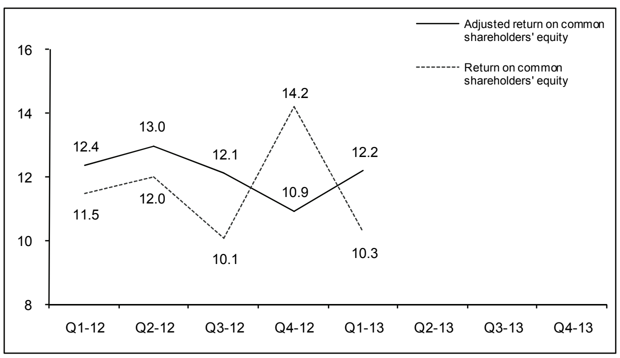
Net income [1]
(in millions of dollars)



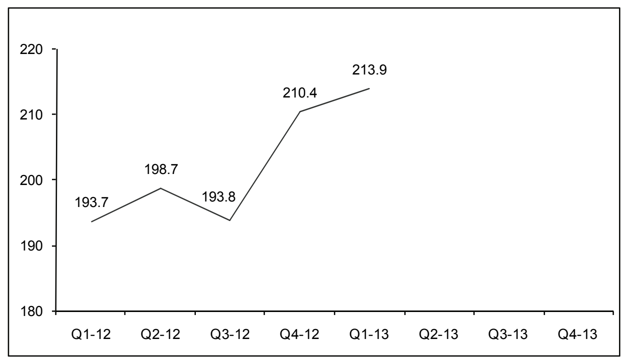
Diluted earnings per share [1]
(in dollars)



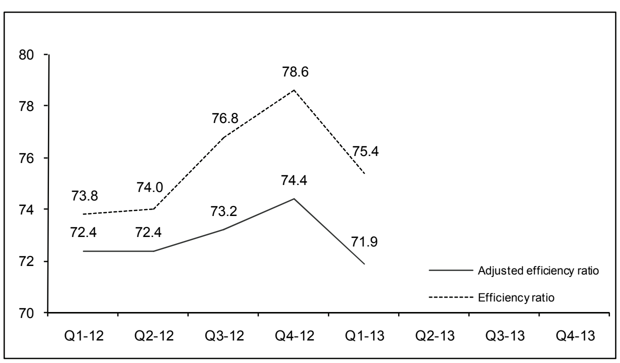
Return on common shareholders' equity [1]
(as a percentage)



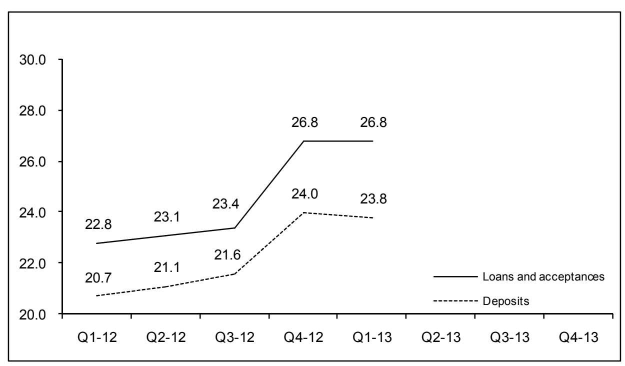
Total revenue
(in millions of dollars)



Efficiency ratio [1]
(as a percentage)



Loans and deposits
(in billions of dollars)



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

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2013	JANUARY 31 2012	VARIANCE
Profitability			
Total revenue	**$ 213,914**	$ 193,744	10 %
Net income	**$ 34,090**	$ 30,962	10 %
Diluted earnings per share	**$ 1.12**	$ 1.16	(3) %
Return on common shareholders' equity [1]	**10.3 %**	11.5 %	
Net interest margin [1]	**1.63 %**	1.75 %	
Efficiency ratio [1]	**75.4 %**	73.8 %	
Adjusted measures			
Adjusted net income [1]	**$ 40,418**	$ 32,919	23 %
Adjusted diluted earnings per share [1]	**$ 1.34**	$ 1.24	8 %
Adjusted return on common shareholders' equity [1]	**12.2 %**	12.4 %	
Adjusted efficiency ratio [1]	**71.9 %**	72.4 %	
Per common share			
Share price			
High	**$ 45.97**	$ 48.68	
Low	**$ 42.90**	$ 41.12	
Close	**$ 44.10**	$ 46.20	(5) %
Price / earnings ratio (trailing four quarters)	**9.0 x**	10.5 x	
Book value [1]	**$ 43.43**	$ 40.30	8 %
Market to book value	**102 %**	115 %	
Dividends declared	**$ 0.49**	$ 0.45	9 %
Dividend yield [1]	**4.44 %**	3.90 %	
Dividend payout ratio [1]	**43.7 %**	38.7 %	
Financial position			
Balance sheet assets	**$ 34,248,690**	$ 29,921,236	14 %
Loans and acceptances	**$ 26,846,658**	$ 22,823,985	18 %
Deposits	**$ 23,767,493**	$ 20,701,287	15 %
Basel III regulatory capital ratio [2]			
Common Equity Tier I - All-in basis	**7.5 %**	n.a.	
Other information			
Number of full-time equivalent employees	**4,259**	3,976	
Number of branches	**155**	158	
Number of automated banking machines	**424**	429	

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

[2] As defined in OSFI 2013 Capital Adequacy Requirements Guideline.

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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 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[1] and AGF Trust Company (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 transactions; 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.

[1] The MRS Companies include the renamed B2B Bank Financial Services Inc., B2B Bank Securities Services Inc. and B2B Bank Intermediary Services Inc. (B2B Bank Dealer Services), as well as MRS Trust, which was amalgamated with B2B Trust (now B2B Bank) as of April 16, 2012.

Review of Business Highlights

Beyond the strategic implications of the recent acquisitions of the MRS Companies and AGF Trust, each of the Bank's business lines are executing business plans aimed at generating organic growth.

Within the Retail segment the agreement with Mackenzie Financial Corporation, a leading Canadian fund manager, becoming exclusive as of January 2013 offers a lot of potential. Clients are well-served by being offered a selection of good performing mutual fund products managed by Mackenzie and marketed under the Laurentian Bank name. The Bank is well-served by increasing its reach in the area of investments and wealth management.

With regard to the SME segment, the SME-Québec Health team was initially concentrated solely in the Pharmacy sector. Recognizing that this was a strong platform for growth, the team, now known as the Health Group, recently began to provide financing to other health professionals, including dentists, doctors, optometrists, radiologists and veterinarians. The expertise and solid reputation of this lending team provides opportunity for high quality growth within the SME sector.

The Real Estate & Commercial segment is also generating organic growth through the increasing specialization of certain groups. The Infrastructure and Energy sector team is a case in point. While this group has a niche focus, its reach is pan-Canadian. Focusing on the depth of experience and superior client service, this group is contributing to winning mandates and expanding its scope.

The recent acquisitions of the MRS Companies and AGF Trust are contributing to the growth and development of B2B Bank. While the first priority is integration, rolling out an expanded product line to 27,000 financial advisors and brokers will drive sustainable growth going forward. The B2B Bank platform is capable of leveraging all products and services, including the investment accounts and the expanded mortgage offering.

The development within Laurentian Bank Securities also positions its wealth management activities for accelerated growth in assets under administration. The addition of the Financial Planning team and strategist results in this operation being even better positioned to serve its retail clientele. This was particularly advantageous during the recent RRSP season.

Clearly, the Bank's business model fosters growth and development across all business lines as it endeavours to generate improving profitability.

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, 2013, and of how it performed during the three-month period then ended. This MD&A, dated March 6, 2013, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three-month period ended January 31, 2013, prepared in accordance with IAS 34 *Interim financial reporting,* as issued by the International Accounting Standards Board (IASB). Supplemental information on risk management, critical accounting policies and estimates, and off-balance sheet arrangements is also provided in the Bank's 2012 Annual Report.

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

Economic Outlook

The global economic environment, while still relatively weak, is less worrisome than three months ago because financial tail risks have diminished. Firstly, China has demonstrated its ability to navigate an economic "soft landing". Secondly, the European sovereign debt crisis appears to have been contained, although the economy remains in recession. Thirdly, and most importantly for Canada, the economic recovery in the United States is gaining strength, helped mainly by a rebounding housing market and diminishing political uncertainty.

Unfortunately, having come through the global financial crisis in better shape than most other advanced economies, Canada is now facing some headwinds. Recently released economic indicators – housing starts, employment and international trade – confirm that the Canadian economy is indeed slowing. This is mostly a result of household spending (still roughly two-thirds of our economy) being constrained by high levels of indebtedness.

Looking forward, as foreign demand (mainly US) improves, exports and business investment are also expected to rebound and compensate for some of the weakness in household demand. Nevertheless, this should be a relatively slow process given that some policy uncertainty still lingers. Furthermore, the Canadian dollar remains elevated and this has negative implications for Canada's international competitiveness. The Bank now expects real GDP to grow by only 1.7% in 2013 and 2.3% in 2014.

In the current environment, interest rates should stay low until at least the beginning of 2014. This was made clear by the Bank of Canada in January, when it not only revised down its economic forecasts and kept the overnight policy rate at 1.00%, but also stated that an eventual rate hike was now "less imminent than previously anticipated".

2013 Financial Objectives

The following table presents management's financial objectives for 2013 and the Bank's performance to date. These financial objectives are based on the assumptions noted on page 37 of the Bank's 2012 Annual Report under the title "Key assumptions supporting the Bank's objectives" and exclude adjusting items[1].

2013 FINANCIAL OBJECTIVES [1]

	2013 OBJECTIVES	FOR THE THREE MONTHS ENDED JANUARY 31, 2013
Revenue growth	> 5 %	10 %
Adjusted efficiency ratio [1]	72.5 % to 69.5 %	71.9 %
Adjusted net income (in millions of Canadian dollars) [1]	$ 145.0 to $ 165.0	$ 40.4
Adjusted return on common shareholders' equity [1]	10.5 % to 12.5 %	12.2 %
Common Equity Tier I capital ratio - All-in basis	> 7.0 %	7.5 %

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

Based on the results for the three months ended January 31, 2013 and current forecasts, management believes that the Bank is in line to meet its objectives as set out at the beginning of the year. Revenue growth and diversification, ongoing initiatives to control expenses as well as continued strong credit quality have contributed to the overall good performance.

Analysis of Consolidated Results

CONSOLIDATED RESULTS

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2013	OCTOBER 31 2012	JANUARY 31 2012
Net interest income	**$ 142,344**	$ 142,411	$ 130,629
Other income	**71,570**	67,985	63,115
Total revenue	**213,914**	210,396	193,744
Gain on acquisition and amortization of net premium on purchased financial instruments	**(1,056)**	23,795	-
Provision for loan losses	**8,000**	8,000	10,000
Non-interest expenses	**161,314**	165,377	143,020
Income before income taxes	**43,544**	60,814	40,724
Income taxes	**9,454**	15,129	9,762
Net income	**$ 34,090**	$ 45,685	$ 30,962
Preferred share dividends, including applicable taxes	**2,533**	3,273	3,166
Net income available to common shareholders	**$ 31,557**	$ 42,412	$ 27,796
Earnings per share			
Basic	**$ 1.12**	$ 1.51	$ 1.16
Diluted	**$ 1.12**	$ 1.51	$ 1.16

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. Adjusting items are included in the B2B Bank business segment's results. 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.

[1] Refer to Adjusting items and Non-GAAP financial measures sections for further details.

IMPACT OF ADJUSTING ITEMS, NET OF INCOME TAXES

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2013	OCTOBER 31 2012	JANUARY 31 2012
Impact on net income			
Reported net income	**$ 34,090**	$ 45,685	$ 30,962
Adjusting items, net of income taxes [1]			
Gain on acquisition and amortization of net premium on purchased financial instruments			
Gain on acquisition	**-**	(16,382)	-
Amortization of net premium on purchased financial instruments	**778**	400	-
Costs related to business combinations and other [2]			
MRS Companies transaction and integration related costs	**4,318**	4,739	1,957
AGF Trust transaction and integration related costs	**1,232**	1,744	-
	6,328	(9,499)	1,957
Adjusted net income [1]	**$ 40,418**	$ 36,186	$ 32,919
Impact on diluted earnings per share			
Reported diluted earnings per share	**$ 1.12**	$ 1.51	$ 1.16
Adjusting items [1]	**0.22**	(0.34)	0.08
Adjusted diluted earnings per share [1]	**$ 1.34**	$ 1.17	$ 1.24

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

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

Three months ended January 31, 2013 compared to three months ended January 31, 2012

Net income was $34.1 million, or $1.12 diluted per share, for the first quarter of 2013, compared with $31.0 million, or $1.16 diluted per share, for the first quarter of 2012. Adjusted net income was up 23% year-over-year to $40.4 million for the first quarter ended January 31, 2013, compared with $32.9 million in 2012, while adjusted diluted net income per share was up 8% to $1.34, compared to $1.24 diluted per share, in 2012. The calculation of diluted net income per share in the first quarter of 2013 includes a one-time $1.1 million favourable adjustment to preferred share dividends to reflect changes in taxation, partly offset by $0.6 million for the partial first quarter dividend on the newly issued Series 11 preferred shares.

Total revenue

Total revenue increased by $20.2 million or 10% to $213.9 million in the first quarter of 2013, compared with $193.7 million in the first quarter of 2012. The contribution from AGF Trust to total revenue amounted to $19.8 million for the first quarter of 2013, with the Bank's comparable revenue base essentially unchanged year-over-year, as growth in other income compensated for lower net interest income.

Net interest income was up 9% to $142.3 million for the first quarter of 2013, from $130.6 million in the first quarter of 2012, essentially reflecting loan and deposit growth year-over-year from the purchased portfolios of AGF Trust, which more than compensated for lower margins and lower loan prepayment penalties. When compared to the first quarter of 2012, margins decreased by 12 basis points to 1.63% in the first quarter of 2013. Although the net interest margin continued to be adversely impacted by the very low interest rate environment and high liquidity levels, the compression was partly offset by the higher-yielding loans in the AGF Trust portfolios.

Other income totalled $71.6 million in the first quarter of 2013, compared to $63.1 million in the first quarter of 2012, an $8.5 million or 13% increase reflecting improvements across most revenue streams. Notably, income from brokerage operations increased by $3.0 million as the Bank capitalized on growth opportunities in the fixed income market and benefited from stronger equity markets, compared to a year ago. Higher fees and commissions on loans and deposits, income from mutual funds and card service revenues also contributed to the increase year-over-year, reflecting increased business activity. Income from investment accounts also increased by $1.1 million over the same period, mainly as a result of a full quarter of contribution from B2B Bank Dealer Services in the first quarter of 2013. In addition, income from treasury and financial market operations also improved, as a result of overall good performance.

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

For the first quarter of 2013, the charge related to the amortization of net premium on purchased financial instruments, presented on the line-item "Gain on acquisition and amortization of net premium on purchased financial instruments", amounted to $1.1 million. Refer to Note 13 to the unaudited condensed interim financial statements for additional information on this item.

Provision for loan losses

The provision for loan losses decreased by $2.0 million or 20% to $8.0 million in the first quarter of 2013 from $10.0 million in the first quarter of 2012, despite an 18% increase in the loan portfolio over the same period. Provisions in the first quarter of 2013 also included a $3.2 million provision related to the AGF Trust loan portfolios. This very low level of losses reflects continued excellent credit conditions in the Canadian market and the quality of the Bank's loan portfolios. In addition, favourable settlements and overall improvements led to a net credit of $2.6 million in loan losses in the commercial loan portfolio in the first quarter of 2013 while improving equity markets had a favourable impact on loan losses in B2B Bank's collateralized investment loan portfolio over the same period.

Non-interest expenses

Non-interest expenses increased to $161.3 million for the first quarter of 2013, compared to $143.0 million for the first quarter of 2012, mainly as a result of the addition of current operating expenses of $9.0 million related to AGF Trust and higher T&I Costs, as detailed below.

Salaries and employee benefits increased by $12.3 million or 16% to $89.4 million compared to the first quarter of 2012, mainly due to increased headcount from the acquisition of AGF Trust and regular salary increases, partly offset by savings from restructurings in 2012. Higher performance-based compensation and pension costs further contributed to the increase year-over-year.

Premises and technology costs increased by $1.7 million or 5% to $38.9 million compared to the first quarter of 2012, mostly stemming from rental and IT costs as a result of the acquisition of AGF Trust.

Other non-interest expenses decreased by $0.7 million to $25.5 million for the first quarter of 2013, from $26.2 million for the first quarter of 2012. The decrease is mainly attributable to expenses incurred in the early stage of the acquisition of the MRS Companies prior to their integration within B2B Bank in 2012, as well as to lower advertising expenses and lower taxes in the first quarter of 2013, compared to a year ago. These were partly offset by other non-interest expenses of AGF Trust in the first quarter of 2013. In light of a slower revenue growth environment, the Bank continues to exercise disciplined control over expenses.

T&I Costs for the first quarter of 2013 totalled $7.6 million and mainly related to IT systems conversions, severance costs and other expenses for the integration of the MRS Companies. T&I Costs also included salary, professional fees and other expenses for the integration of AGF Trust of $1.7 million. With regards to the MRS Companies, the integration process is progressing according to plan and overall budget. With only a few pieces of the MRS Companies integration yet to be completed, B2B Bank is now gradually turning to the execution of its integration plans for AGF Trust.

The adjusted efficiency ratio was 71.9% in the first quarter of 2013, compared to 72.4% in the first quarter of 2012. On the same adjusted basis, at 3.5% quarter-over-quarter, operating leverage was positive, mainly due to the addition of AGF Trust and the Bank's continued cost control initiatives. The Bank remains committed to leverage the two recent acquisitions to increase overall productivity as well as generating additional revenue growth from other income and higher margin products once the integration work is completed.

Income taxes

For the quarter ended January 31, 2013, the income tax expense was $9.5 million and the effective tax rate was 21.7%. 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 January 31, 2012, the income tax expense was $9.8 million and the effective tax rate was 24.0%. Year-over-year, the lower income tax rate for the first quarter ended January 31, 2013 results from the higher level of revenues from insurance operations and dividend income, as well as to miscellaneous tax recoveries.

Three months ended January 31, 2013 compared to three months ended October 31, 2012

Net income was $34.1 million or $1.12 diluted per share for the first quarter of 2013 compared with $45.7 million or $1.51 diluted per share for the fourth quarter of 2012. Adjusted net income was $40.4 million, or $1.34 diluted per share, compared to $36.2 million or $1.17 diluted per share for the fourth quarter ended October 31, 2012. As explained above, the calculation of diluted net income per share in the first quarter of 2013 includes a net favourable effect of $0.4 million related to preferred share dividends, once dividends on the newly-issued Series 11 preferred shares are factored-in.

Total revenue increased to $213.9 million in the first quarter of 2013, from $210.4 million in the previous quarter due to higher other income. Net interest income remained relatively unchanged sequentially at $142.3 million compared to $142.4 million in the fourth quarter of 2012. Net interest margins stabilized at 1.63% versus 1.62% in the fourth quarter of 2012, as the positive impact of maturing high-coupon securitization liabilities totalling $0.8 billion more than offset slightly lower sequential margins on loans and deposits.

Other income increased by $3.6 million sequentially, largely due to higher income from brokerage operations and lending fees, which were favourably impacted by improved financial market conditions. In addition, income from treasury and financial market operations also improved, as mentioned above.

The charge related to amortization of net premium on purchased financial instruments, presented on the “Gain on acquisition and amortization of net premium on purchased financial instruments” line-item, amounted to $1.1 million in the first quarter of 2013, compared to a $0.5 million charge for the last quarter. Results for the fourth quarter of 2012 also included a gain of $24.3 million in the fourth quarter of 2012. Refer to Note 13 to the unaudited condensed interim financial statements for additional information on this item.

The provision for loan losses was unchanged at a very low level of $8.0 million in the first quarter of 2013. During the first quarter of 2013, higher provisions totalling $3.2 million on the AGF Trust loan portfolios were partly offset by favourable settlements and net adjustments to allowances in the commercial and investment loan portfolios.

Non-interest expenses amounted to $161.3 million in the first quarter of 2013, compared to $165.4 million in the fourth quarter of 2012. Excluding T&I Costs of $7.6 million in the first quarter of 2013 and of $8.8 million in the fourth quarter of 2012, non-interest expenses decreased by $2.8 million sequentially, a decline largely due to non-recurring expense items in the fourth quarter of 2012.

Financial condition

CONDENSED BALANCE SHEET

In thousands of Canadian dollars (Unaudited)	**AS AT JANUARY 31 2013**	AS AT OCTOBER 31 2012	AS AT JANUARY 31 2012
ASSETS			
Cash and deposits with other banks	**$ 370,789**	$ 571,043	$ 622,707
Securities	**5,274,099**	6,142,961	5,192,491
Securities purchased under reverse repurchase agreements	**917,007**	631,202	639,604
Loans and acceptances, net	**26,727,737**	26,663,337	22,681,682
Other assets	**959,058**	928,283	784,752
	$ 34,248,690	$ 34,936,826	$ 29,921,236
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits	**$ 23,767,493**	$ 24,041,443	$ 20,701,287
Other liabilities	**3,238,870**	2,873,563	2,952,430
Debt related to securitization activities	**5,244,311**	6,037,097	4,798,554
Subordinated debt	**443,978**	443,594	242,987
Shareholders' equity	**1,554,038**	1,541,129	1,225,978
	$ 34,248,690	$ 34,936,826	$ 29,921,236

Balance sheet assets stood at $34.2 billion at January 31, 2013, down $0.7 billion from year-end 2012. Over the last twelve months, balance sheet assets increased by $4.3 billion or 14%.

Liquid assets

Liquid assets, including cash, deposits with other banks, securities and securities purchased under reverse repurchase agreements, totalled $6.6 billion at January 31, 2013, a $0.8 billion decrease compared to October 31, 2012. This decrease is mainly due to the replacement assets used to reimburse $0.8 billion of matured debt related to securitization activities during the quarter. Liquid assets as a percentage of total assets decreased marginally to 19% from 21% as at October 31, 2012.

Loans

Net loans and bankers' acceptances stood at $26.7 billion as at January 31, 2013, unchanged compared to October 31, 2012 and reflecting the recent cooling of consumer loan demand. Personal loans decreased by $0.2 billion or 2% since October 31, 2012, mainly due to attrition in the acquired portfolios. Residential mortgage loans increased by $0.2 billion or 1% over the same period, as demand for mortgage lending slowed seasonally as well as a result of the tightening of mortgage lending rules introduced in the second half of 2012. In addition, commercial loans, including bankers' acceptances, increased by $32.0 million or 1% from October 31, 2012 while commercial mortgage loans decreased by $19.9 million or 1% over the same period due to a higher level of loan reimbursements.

Deposits

Personal deposits stood at $19.5 billion as at January 31, 2013, relatively unchanged from October 31, 2012. Business and other deposits, which include institutional deposits, were down $0.4 billion since October 31, 2012 to $4.3 billion as at January 31, 2013, as the Bank reduced the level of high-priced wholesale deposits as part of its liquidity management.

The Bank continues to actively manage its liquidity levels and to maintain diversified funding sources. It focuses its efforts on retail deposit gathering through its Retail & SME-Québec and B2B Bank business segments, which represented 82% of total deposits as at January 31, 2013.

Other Liabilities

Debt related to securitization activities stood at $5.2 billion as at January 31, 2013, a net $0.8 billion decrease since the beginning of the year considering the maturity of two issuances. During the quarter, the Bank also securitized $151.1 million of residential mortgage loans, of which $51.4 million was sold as part of a new Canada Mortgage Bond issuance and $99.7 million was sold as Replacement Assets. Subordinated debt stood at $444.0 million as at January 31, 2013, relatively unchanged from October 31, 2012.

Shareholders' equity

Shareholders' equity stood at $1,554.0 million as at January 31, 2013, compared with $1,541.1 million as at October 31, 2012. This increase mainly resulted from internal capital generation as well as from the issuance of 117,178 new shares issued under the Shareholder Dividend Reinvestment and Share Purchase Plan, and was slightly offset by a decrease in accumulated other comprehensive income (AOCI). The Bank's book value per common share, excluding AOCI, appreciated to $43.43 as at January 31, 2013 from $42.81 as at October 31, 2012. There were 28,254,714 common shares and 30,000 share purchase options outstanding as at February 28, 2013.

Capital Management

New regulatory capital requirements

In December 2012, the Office of the Superintendent of Financial Institutions Canada (OSFI) issued the final revised version of the Capital Adequacy Requirements Guideline (the Guideline) drawn on the Basel Committee on Banking Supervision (BCBS) capital guidelines, commonly referred to as Basel III. These new requirements took effect in January 2013 and generally provide more stringent capital adequacy standards. Institutions are expected to meet minimum risk-based capital requirements for exposure to credit risk, operational risk and, where they have significant trading activity, market risk.

Under the Guideline, minimum Common Equity Tier 1, Total Tier 1 and Total capital ratios were set at 3.5%, 4.5% and 8.0% respectively for 2013. These ratios include phase-in of certain regulatory adjustments between 2013 and 2019 and phase-out of non-qualifying capital instruments between 2013 and 2022 (the "transitional" basis). Starting in 2014, the Guideline also provides for annual increases in minimum capital ratio requirements, which will reach 7.0%, 8.5% and 10.5% in 2019, including the effect of capital conservation buffers.

In its Guideline, OSFI indicated that it expects deposit-taking institutions to attain target capital ratios without transition arrangements equal to or greater than the 2019 minimum capital ratios plus conservation buffer levels (the "all-in" basis) early in the transition period, including a minimum 7.0% Common Equity Tier 1 ratio target by the first quarter of 2013. The "all-in" basis includes all of the regulatory adjustments that will be required by 2019 but retains the phase-out rules for non-qualifying capital instruments. OSFI also requires that Canadian deposit-taking financial institutions maintain an Asset to Capital Multiple.

The Guideline provides additional guidance regarding the treatment of non-qualifying capital instruments and specifies that certain capital instruments no longer qualify fully as capital as of January 1, 2013. The Bank's non-common capital instruments are considered non-qualifying capital instruments under Basel III and are therefore subject to a 10% phase-out per year beginning in 2013. These non-common capital instruments include Series 9, 10 and 11 preferred shares, as well as Series 2010-1 and 2012-1 subordinated Medium Term Notes. The Bank obtained regulatory approval to redeem at par on March 15, 2013 the Series 9 preferred shares which are non-qualifying instruments under Basel III.

As detailed in the table below, on a “transitional” basis, the Common Equity Tier 1, Total Tier 1 and Total capital ratios stood at 9.2%, 10.8% and 14.3%, respectively, as at January 31, 2013. On an "all-in" basis, the Common Equity Tier 1, Total Tier 1 and Total capital ratios stood at 7.5%, 9.6% and 13.2% respectively as at January 31, 2013. These ratios meet all present minimum requirements.

REGULATORY CAPITAL

	Basel III		Basel II	
	ALL-IN BASIS	TRANSITIONAL BASIS		
	AS AT JANUARY 31	AS AT JANUARY 31	AS AT OCTOBER 31	AS AT JANUARY 31
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**2013**	**2013**	2012 [1]	2012 [1]
Common shares	**$ 434,312**	**$ 434,312**	$ 428,526	$ 259,492
Share-based payment reserve	**136**	**136**	227	227
Retained earnings	**792,669**	**792,669**	774,899	700,037
Accumulated other comprehensive income, excluding cash flow hedge reserve	**11,859**	**11,859**	n.a.	n.a.
Deductions from Common Equity Tier 1 capital	**(236,198)**	**-**	n.a.	n.a.
Common Equity Tier 1 capital (A)	**1,002,778**	**1,238,976**	n.a.	n.a.
Non-cumulative preferred shares	**272,896**	**272,896**	303,249	210,000
Deductions from Tier 1 capital	**n.a.**	**(64,077)**	(73,841)	(82,067)
Adjustment for transition to IFRS	**n.a.**	**n.a.**	27,193	108,773
Additional Tier 1 capital (B)	**272,896**	**208,819**	n.a.	n.a.
Total Tier 1 capital (C)=(A)+(B)	**1,275,674**	**1,447,795**	1,460,253	1,196,462
Subordinated debt	**399,429**	**399,429**	443,594	242,987
Collective allowances	**79,403**	**79,403**	75,752	79,918
Deductions from Tier 2 capital	**(857)**	**-**	(5,539)	(15,029)
Tier 2 capital	**477,975**	**478,832**	513,807	307,876
Total capital (D)	**$ 1,753,649**	**$ 1,926,627**	$ 1,974,060	$ 1,504,338
Total risk-weighted assets (E)	**$ 13,286,829**	**$ 13,459,653**	$ 13,436,433	$ 11,645,279
Common Equity Tier 1 capital ratio (A/E)	**7.5 %**	**9.2 %**	n.a.	n.a.
Total Tier 1 capital ratio (C/E)	**9.6 %**	**10.8 %**	10.9 %	10.3 %
Total capital ratio (D/E)	**13.2 %**	**14.3 %**	14.7 %	12.9 %
Asset to capital multiple	**n.a.**	**16.8 x**	16.3 x	18.0 x

[1] The amounts are presented in accordance with Basel II as filed with OSFI.

Proposal for new liquidity regulatory measures

In December 2009, the BCBS published proposals on new liquidity requirements, which introduced new global liquidity standards. Updates were also published in December 2010 and January 2013, providing additional information. At this stage, it is still too early to determine their definitive impact on liquidity requirements, considering the proposals are yet to be finalized at both the international (BCBS) and national (OSFI) levels and may further change between now and when the final rules take effect. Nevertheless, the Bank initiated in 2012 a gap analysis to highlight anticipated differences between the current liquidity requirements and its liquidity data and reporting systems.

Dividends

On February 20, 2013, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on March 8, 2013. At its meeting on March 6, 2013, the Board of Directors declared a dividend of $0.49 per common share, payable on May 1, 2013, to shareholders of record on April 1, 2013.

COMMON SHARE DIVIDENDS AND PAYOUT RATIO

	FOR THE THREE MONTHS ENDED	FOR THE YEARS ENDED		
	JANUARY 31	OCTOBER 31	OCTOBER 31	OCTOBER 31
In Canadian dollars, except payout ratios (Unaudited)	**2013**	2012	2011	2010
Dividends declared per common share	**$ 0.49**	$ 1.84	$ 1.62	$ 1.44
Dividend payout ratio [1][2]	**43.7 %**	37.0 %	34.8 %	31.1 %

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

[2] The ratio for 2010 is presented in accordance with previous Canadian GAAP.

Risk Management

The Bank is exposed to various types of risks owing to the nature of its activities. These risks are mainly related to the use of financial instruments. In order to manage these risks, controls such as risk management policies and various risk limits have been implemented. These measures aim to optimize the risk/return ratio in all operating segments. For additional information regarding the Bank's Integrated Risk Management Framework, please refer to the 2012 Annual Report.

Credit risk

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

PROVISION FOR LOAN LOSSES

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2013	OCTOBER 31 2012	JANUARY 31 2012
Provision for loan losses			
Personal loans	**$ 8,058**	$ 7,568	$ 6,189
Residential mortgage loans	**1,407**	1,416	284
Commercial mortgage loans	**1,101**	(1,929)	888
Commercial and other loans (including acceptances)	**(2,566)**	945	2,639
	$ 8,000	$ 8,000	$ 10,000
As a % of average loans and acceptances	**0.12 %**	0.12 %	0.18 %

The provision for loan losses amounted to $8.0 million in the first quarter of 2013, unchanged from the fourth quarter of 2012 but down $2.0 million or 20% compared to a year ago, despite a strong increase in loan volumes. This low level of loan losses reflects the excellent credit quality of the Bank's loan portfolios and prolonged favourable credit conditions in the Canadian market.

The year-over-year increase of $1.9 million in loan losses on personal loans includes losses on the AGF Trust loan portfolios, partly offset by improvements related to other B2B Bank personal loan portfolios. The provision on residential mortgage loans also increased by $1.1 million compared to the first quarter of 2012, consistent with the higher loan volume.

Loan losses on commercial mortgages and commercial loans remained at a low level during the first quarter and further decreased by a combined $0.5 million sequentially, benefitting from a $2.0 million favourable settlement on a single commercial loan exposure in the first quarter of 2013. The prolonged very low level of loan losses continues to reflect the very strong credit quality of this portfolio.

IMPAIRED LOANS

In thousands of Canadian dollars, except percentage amounts (Unaudited)	AS AT JANUARY 31 2013	AS AT OCTOBER 31 2012	AS AT JANUARY 31 2012
Gross impaired loans			
Personal	**$ 21,185**	$ 16,863	$ 15,642
Residential mortgages	**23,142**	21,971	16,127
Commercial mortgages	**36,826**	36,672	61,580
Commercial and other (including acceptances)	**49,505**	52,517	59,414
	130,658	128,023	152,763
Individual allowances	**(45,717)**	(47,849)	(62,385)
Collective allowances	**(73,204)**	(69,693)	(79,918)
Net impaired loans	**$ 11,737**	$ 10,481	$ 10,460
Impaired loans as a % of loans and acceptances			
Gross	**0.49 %**	0.48 %	0.67 %
Net	**0.04 %**	0.04 %	0.05 %

Gross impaired loans amounted to $130.7 million as at January 31, 2013, relatively unchanged from $128.0 million as at October 31, 2012 as credit quality remained strong during the quarter. The slight increase since October 31, 2012 essentially resulted from the purchased AGF Trust personal and residential mortgage loan portfolios, offset by improvements in the commercial loan portfolios.

Since the beginning of the year, individual allowances decreased by $2.1 million to $45.7 million. Over the same period, collective allowances increased by $3.5 million to $73.2 million, mainly as a result of new provisions related to the AGF Trust portfolio. Net impaired loans amounted to $11.7 million as at January 31, 2013, compared to $10.5 million as at October 31, 2012, and totalled 0.04% of loans and acceptances, unchanged from October 31, 2012 and reflecting the prudent level of provisioning of impaired loans.

Market risk

Market risk represents the financial losses that the Bank could incur following unfavourable fluctuations in the value of financial instruments subsequent to changes in the underlying factors used to measure them, such as interest rates, exchange rates or equity prices. This risk is inherent to the Bank's financing, investment, trading and asset and liability management (ALM) activities.

The purpose of ALM activities is to control structural interest rate risk, which corresponds to the potential negative impact of interest rate movements on the Bank's revenues and economic value. Dynamic management of structural risk is intended to maximize the Bank's profitability while protecting the economic value of common shareholders' equity from sharp interest rate movements. As at January 31, 2013, the effect on the economic value of common shareholders' equity and on net interest income before taxes of a sudden and sustained 1% increase in interest rates across the yield curve was as follows.

STRUCTURAL INTEREST RATE SENSITIVITY ANALYSIS

In thousands of Canadian dollars (Unaudited)	**AS AT JANUARY 31 2013**	AS AT OCTOBER 31 2012
Increase in net interest income before taxes over the next 12 months	**$ 16,754**	$ 16,701
Decrease in the economic value of common shareholders' equity (Net of income taxes)	**$ (15,530)**	$ (19,710)

As shown in the table above, the Bank maintained its short-term ALM sensitivity compared to October 31, 2012. These results reflect management's efforts to take advantage in the movement of short-term and long-term interest rates, while maintaining the sensitivity to these fluctuations within approved risk limits.

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 JANUARY 31 2013	OCTOBER 31 2012	JANUARY 31 2012
Net interest income	**$ 76,855**	$ 75,792	$ 78,725
Other income	**35,436**	35,234	31,803
Total revenue	**112,291**	111,026	110,528
Provision for loan losses	**6,066**	6,433	6,216
Non-interest expenses	**92,981**	93,359	91,260
Income before income taxes	**13,244**	11,234	13,052
Income taxes	**2,034**	1,941	2,631
Net income	**$ 11,210**	$ 9,293	$ 10,421
Efficiency ratio [1]	**82.8 %**	84.1 %	82.6 %

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

The Retail & SME-Québec business segment's contribution to net income was $11.2 million in the first quarter of 2013, an 8% increase compared with $10.4 million in the first quarter of 2012.

Total revenue increased from $110.5 million in the first quarter of 2012 to $112.3 million in the first quarter of 2013, as growth in other income compensated for lower net interest income. Net interest income decreased by $1.9 million, as significant growth in loan and deposit volumes year-over-year, notably in the residential mortgage, home-equity lines of credit and SME loan portfolios, did not fully compensate for the decline in net interest margin stemming from the persistently low interest rate environment. Other income increased by 11% from $31.8 million in the first quarter of 2012 to $35.4 million for the same period in 2013 mainly due to higher fees on deposits as well as to higher income from sales of mutual funds stemming from increased net sales and stronger equity markets compared to a year ago. Higher revenues from card services resulting from increased business activity also contributed to the increase year-over-year.

Loan losses slightly decreased from $6.2 million in the first quarter of 2012 to $6.1 million in the first quarter of 2013. This decrease reflects lower provisions on the SME portfolio stemming from overall improvements, partly offset by higher provisions required for the personal and residential mortgage loan portfolios. Non-interest expenses increased by $1.7 million or 2%, from $91.3 million in the first quarter of 2012 to $93.0 million in the first quarter of 2013. Higher salaries due to regular salary increases and additional headcount to enhance the SME-Québec sales force, as well as higher pension costs mainly accounted for the increase, partly attenuated by restructurings in 2012, which helped reduce headcount in retail banking. The efficiency ratio, at 82.8% in the first quarter of 2013, was relatively unchanged year-over-year, but improved sequentially.

Real Estate & Commercial

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2013	OCTOBER 31 2012	JANUARY 31 2012
Net interest income	**$ 21,555**	$ 21,833	$ 22,212
Other income	**8,086**	7,646	8,006
Total revenue	**29,641**	29,479	30,218
Provision for loan losses	**(1,464)**	(2,040)	2,851
Non-interest expenses	**8,414**	8,586	7,756
Income before income taxes	**22,691**	22,933	19,611
Income taxes	**6,059**	6,204	5,305
Net income	**$ 16,632**	$ 16,729	$ 14,306
Efficiency ratio [1]	**28.4 %**	29.1 %	25.7 %

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

The Real Estate & Commercial business segment's contribution to net income increased by $2.3 million or 16% to $16.6 million in the first quarter of 2013, compared with $14.3 million in the first quarter of 2012.

Total revenue decreased by $0.6 million, from $30.2 million in the first quarter of 2012 to $29.6 million in the first quarter of 2013. This decrease is mainly explained by a reduction in net interest income, which was impacted by compressed margins and a higher level of commercial loan reimbursements in the first quarter of 2013. Other income was relatively unchanged compared to last year, as higher commissions were partly offset by lower revenue from foreign exchange operations resulting from a continued stable currency environment. Loan losses improved and generated a net credit of $1.5 million in the first quarter of 2013, compared with losses of $2.9 million in the first quarter of 2012, a $4.3 million year-over-year decrease. During the quarter, the business segment benefitted from a $2.0 million favourable settlement on a single commercial loan exposure as well as from prolonged good credit conditions in Canada. Non-interest expenses increased by $0.7 million to $8.4 million in the first quarter of 2013 compared with $7.8 million in the first quarter of 2012 essentially due to regular salary increases and higher allocated costs year-over-year.

B2B Bank

	FOR THE THREE MONTHS ENDED		
	JANUARY 31	OCTOBER 31	JANUARY 31
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**2013**	2012	2012
Net interest income	**$ 48,397**	$ 49,821	$ 30,964
Other income	**9,056**	8,923	8,143
Total revenue	**57,453**	58,744	39,107
Gain on acquisition and amortization of net premium on purchased financial instruments	**(1,056)**	23,795	-
Provision for loan losses	**3,398**	3,607	933
Non-interest expenses	**32,960**	35,259	23,422
Costs related to business combinations and other [1]	**7,557**	8,830	2,660
Income before income taxes	**12,482**	34,843	12,092
Income taxes	**3,315**	9,650	3,221
Net income	**$ 9,167**	$ 25,193	$ 8,871
Adjusted net income [2]	**$ 15,495**	$ 15,694	$ 10,828
Efficiency ratio [2]	**70.5 %**	75.1 %	66.7 %
Adjusted efficiency ratio [2]	**57.4 %**	60.0 %	59.9 %

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

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

B2B Bank business segment's contribution to adjusted net income was $15.5 million in the first quarter of 2013, up $4.7 million or 43% from $10.8 million in the first quarter of 2012. Reported net income for the first quarter of 2013 was $9.2 million compared to $8.9 million a year ago. The improvement stems from the addition of AGF Trust's net income which totalled $5.6 million in the first quarter of 2013, down from an elevated $7.3 million in the fourth quarter of 2012. Revenues at $19.8 million and loan losses at $3.2 million were relatively unchanged quarter-over-quarter while expenses and taxes, at $9.0 million and $2.0 million respectively in the first quarter of 2013, were up a combined $1.3 million because of one-time favourable items in the fourth quarter of 2012.

Total revenue increased to $57.5 million in the first quarter of 2013 compared with $39.1 million in the first quarter of 2012. Net interest income increased by $17.4 million compared to last year, to $48.4 million in the first quarter of 2013, mainly due to higher loan and deposit volumes related to the acquisition of AGF Trust. Over the same period, other income also increased by $0.9 million to $9.1 million in the first quarter of 2013, mainly as a combined result of the contribution of AGF Trust and, to a lesser extent, 15 additional days of B2B Bank Dealer Services-sourced fees on investment accounts in 2013.

As mentioned above, the charge related to amortization of net premium on purchased financial instruments, presented on the line-item "Gain on acquisition and amortization of net premium on purchased financial instruments", amounted to $1.1 million in the first quarter of 2013, compared to a $0.5 million charge for the fourth quarter of 2012. Results for the fourth quarter of 2012 also included a gain of $24.3 million in the fourth quarter of 2012. Refer to Note 13 to the unaudited condensed interim financial statements for additional information on this item.

Loan losses increased from $0.9 million in the first quarter of 2012 to $3.4 million in the first quarter of 2013, mainly as a result of a $3.2 million provision related to the AGF Trust portfolios, partly offset by a $1.2 million favourable impact on loan losses in B2B Bank's collateralized investment loan portfolio due to improving equity markets.

Non-interest expenses, as shown in the table above, increased by $9.5 million to $33.0 million in the first quarter of 2013, compared with $23.4 million in the first quarter of 2012. This increase includes current operating costs of $9.0 million related to AGF Trust. Otherwise, expenses increased by $0.6 million or 2% year-over-year, mainly due to higher allocated costs, as well as increased salary and pension costs, which were partly offset by realized cost synergies related to the MRS Companies. T&I Costs amounted to $7.6 million for the first quarter of 2013, $5.9 million from salaries, IT and professional fees to pursue the integration of the MRS Companies and $1.7 million of expenses incurred to initiate the integration of AGF Trust.

Laurentian Bank Securities & Capital Markets

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2013	OCTOBER 31 2012	JANUARY 31 2012
Total revenue	**$ 17,083**	$ 15,726	$ 14,655
Non-interest expenses	**13,474**	12,081	12,160
Income before income taxes	**3,609**	3,645	2,495
Income taxes	**928**	953	620
Net income	**$ 2,681**	$ 2,692	$ 1,875
Efficiency ratio [1]	**78.9 %**	76.8 %	83.0 %

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

Laurentian Bank Securities & Capital Markets business segment's contribution to net income increased to $2.7 million in the first quarter of 2013, compared to $1.9 million in the first quarter of 2012.

Total revenue was up 17% to $17.1 million in the first quarter of 2013 compared with $14.7 million for the same quarter of 2012. During the first quarter of 2013, the business segment capitalized on growth opportunities in the fixed income and equity underwriting markets and benefited from improved market conditions for trading and retail brokerage activities compared to a year ago. Non-interest expenses increased by $1.3 million to $13.5 million in the first quarter of 2013, mainly due to higher performance-based compensation, commissions and transaction fees, in-line with increased market-driven income.

Other Sector

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED JANUARY 31 2013	OCTOBER 31 2012	JANUARY 31 2012
Net interest income	**$ (5,144)**	$ (6,255)	$ (1,781)
Other income	**2,590**	1,676	1,017
Total revenue	**(2,554)**	(4,579)	(764)
Non-interest expenses	**5,928**	7,262	5,762
Loss before income taxes	**(8,482)**	(11,841)	(6,526)
Income taxes recovery	**(2,882)**	(3,619)	(2,015)
Net loss	**$ (5,600)**	$ (8,222)	$ (4,511)

The Other sector posted a negative contribution to net income of $5.6 million in the first quarter of 2013 compared to a negative contribution of $4.5 million in the first quarter of 2012.

Net interest income decreased to negative $5.1 million in the first quarter of 2013, compared to negative $1.8 million in the first quarter of 2012, mainly as a result of a continued high level of lower-yielding liquid assets and less favourable market positioning compared to a year ago. Other income for the first quarter of 2013 increased to $2.6 million, compared to $1.0 million for the first quarter of 2012, essentially as a result of higher realized security gains on treasury activities.

Non-interest expenses were up marginally to $5.9 million in the first quarter of 2013 compared to $5.8 million in 2012. The increase was largely due to higher stock-based compensation expense, partly offset by favourable adjustments related to the resolution of contractual IT exposures in the first quarter of 2013.

Additional Financial Information – Quarterly Results

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	JANUARY 31 2013	OCTOBER 31 2012	JULY 31 2012	APRIL 30 2012	JANUARY 31 2012	OCTOBER 31 2011	JULY 31 2011	APRIL 30 2011
Total revenue	**$ 213,914**	$ 210,396	$ 193,833	$ 198,670	$ 193,744	$ 182,422	$ 185,833	$ 183,237
Net income	**$ 34,090**	$ 45,685	$ 29,998	$ 33,863	$ 30,962	$ 26,709	$ 29,072	$ 31,016
Earnings per share								
Basic	**$ 1.12**	$ 1.51	$ 1.06	$ 1.22	$ 1.16	$ 0.99	$ 1.09	$ 1.17
Diluted	**$ 1.12**	$ 1.51	$ 1.06	$ 1.22	$ 1.16	$ 0.99	$ 1.08	$ 1.17
Return on common shareholders' equity [1]	**10.3 %**	14.2 %	10.1 %	12.0 %	11.5 %	9.9 %	11.2 %	12.7 %
Balance sheet assets (in millions of dollars)	**$ 34,249**	$ 34,937	$ 31,416	$ 30,708	$ 29,921	$ 28,963	$ 28,239	$ 27,896
Adjusted measures								
Adjusted net income [1]	**$ 40,418**	$ 36,186	$ 35,253	$ 36,302	$ 32,919	$ 33,375	$ 29,072	$ 31,016
Adjusted diluted earnings per share [1]	**$ 1.34**	$ 1.17	$ 1.27	$ 1.31	$ 1.24	$ 1.26	$ 1.08	$ 1.17
Adjusted return on common shareholders equity [1]	**12.2 %**	10.9 %	12.1 %	13.0 %	12.4 %	12.7 %	11.2 %	12.7 %

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

Accounting Policies

A summary of the Bank's significant accounting policies is presented in Notes 2 and 3 of the 2012 audited annual consolidated financial statements. Pages 71 to 73 of the 2012 Annual Report also contain a discussion of critical accounting policies and estimates which refer to material amounts reported in the consolidated financial statements or require management's judgement. The unaudited condensed interim consolidated financial statements for the first quarter of 2013 have been prepared in accordance with these accounting policies.

Future accounting changes

The IASB has issued new standards and amendments to existing standards on financial instruments, consolidation, fair value measurement, employee benefits, offsetting and presentation of other comprehensive income. These future accounting changes will be applicable for the Bank in various annual periods beginning on November 1, 2013 at the earliest. The Bank is currently assessing the impact of the adoption of these standards on its financial statements. Additional information on the new standards and amendments to existing standards can be found in Note 3 to the unaudited condensed interim consolidated financial statements.

Corporate Governance and Changes in Internal Control over Financial Reporting

In accordance with Canadian securities law, management has limited the scope of internal control over financial reporting and disclosure controls and procedures evaluation and excluded the controls, policies and procedures of AGF Trust, acquired by the Bank on August 1, 2012. AGF Trust's results are included in the unaudited condensed interim consolidated financial statements of the Bank for the period ended January 31, 2013. AGF Trust constituted approximately 10% of total assets, 9% of total liabilities, 9% of total revenue and 16% of total net income as at and for the three-month period ended January 31, 2013.

During the last quarter ended January 31, 2013, 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.

The Board of Directors and the Audit Committee of Laurentian Bank reviewed this document prior to its release.

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.

Laurentian Bank of Canada

Unaudited Condensed Interim Consolidated Financial Statements

As at and for the period ended January 31, 2013

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Consolidated Balance Sheet

In thousands of Canadian dollars (Unaudited)	NOTES	AS AT JANUARY 31 2013	AS AT OCTOBER 31 2012	AS AT JANUARY 31 2012
ASSETS				
Cash and non-interest-bearing deposits with other banks		**$ 87,821**	$ 90,860	$ 85,426
Interest-bearing deposits with other banks		**282,968**	480,183	537,281
Securities	4			
Available-for-sale		**2,280,867**	2,822,588	1,998,154
Held-to-maturity		**862,588**	1,446,751	1,058,491
Held-for-trading		**2,130,644**	1,873,622	2,135,846
		5,274,099	6,142,961	5,192,491
Securities purchased under reverse repurchase agreements		**917,007**	631,202	639,604
Loans	5 and 6			
Personal		**7,654,648**	7,806,067	6,064,020
Residential mortgage		**14,374,220**	14,169,095	12,124,453
Commercial mortgage		**2,423,742**	2,443,634	2,435,219
Commercial and other		**2,183,805**	2,150,953	1,994,040
Customers' liabilities under acceptances		**210,243**	211,130	206,253
		26,846,658	26,780,879	22,823,985
Allowances for loan losses		**(118,921)**	(117,542)	(142,303)
		26,727,737	26,663,337	22,681,682
Other				
Derivatives		**131,470**	167,643	229,247
Premises and equipment		**72,556**	71,871	63,957
Software and other intangible assets		**159,307**	159,973	136,534
Goodwill		**64,077**	64,077	64,077
Deferred tax assets		**15,353**	4,751	2,724
Other assets		**516,295**	459,968	288,213
		959,058	928,283	784,752
		$ 34,248,690	$ 34,936,826	$ 29,921,236
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		**$ 19,474,971**	$ 19,369,310	$ 16,254,742
Business, banks and other		**4,292,522**	4,672,133	4,446,545
		23,767,493	24,041,443	20,701,287
Other				
Obligations related to securities sold short		**1,714,803**	1,349,932	1,349,022
Obligations related to securities sold under repurchase agreements		**291,775**	244,039	360,622
Acceptances		**210,243**	211,130	206,253
Derivatives		**92,926**	100,867	141,754
Deferred tax liabilities		**24,922**	16,128	1,984
Other liabilities		**904,201**	951,467	892,795
		3,238,870	2,873,563	2,952,430
Debt related to securitization activities	6	**5,244,311**	6,037,097	4,798,554
Subordinated debt		**443,978**	443,594	242,987
Shareholders' equity				
Preferred shares	7	**303,078**	303,249	205,527
Common shares	7	**434,312**	428,526	252,601
Share-based payment reserve	8	**136**	227	227
Retained earnings		**792,669**	774,899	711,401
Accumulated other comprehensive income		**23,843**	34,228	56,222
		1,554,038	1,541,129	1,225,978
		$ 34,248,690	$ 34,936,826	$ 29,921,236

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

Consolidated Statement of Income

In thousands of Canadian dollars, except per share amounts (Unaudited)	NOTES	FOR THE THREE MONTHS ENDED **JANUARY 31 2013**	OCTOBER 31 2012	JANUARY 31 2012
Interest income				
Loans		**$ 276,870**	$ 280,762	$ 245,083
Securities		**17,128**	17,250	18,891
Deposits with other banks		**914**	1,544	1,024
Other, including derivatives		**13,453**	14,529	15,697
		308,365	314,085	280,695
Interest expense				
Deposits		**121,423**	124,926	107,673
Debt related to securitization activities		**40,225**	43,809	39,672
Subordinated debt		**4,024**	2,654	2,403
Other, including derivatives		**349**	285	318
		166,021	171,674	150,066
Net interest income		**142,344**	142,411	130,629
Other income				
Fees and commissions on loans and deposits		**31,330**	30,263	28,511
Income from brokerage operations		**16,522**	14,386	13,549
Income from investment accounts		**7,858**	7,440	6,801
Income from sales of mutual funds		**5,140**	4,731	4,329
Income from treasury and financial market operations		**5,341**	4,563	4,714
Credit insurance income		**3,395**	4,415	3,770
Other income		**1,984**	2,187	1,441
		71,570	67,985	63,115
Total revenue		**213,914**	210,396	193,744
Gain on acquisition and amortization of net premium on purchased financial instruments	13	**(1,056)**	23,795	-
Provision for loan losses	5	**8,000**	8,000	10,000
Non-interest expenses				
Salaries and employee benefits		**89,380**	87,112	77,032
Premises and technology		**38,881**	39,111	37,166
Other		**25,496**	30,324	26,162
Costs related to business combinations and other	13	**7,557**	8,830	2,660
		161,314	165,377	143,020
Income before income taxes		**43,544**	60,814	40,724
Income taxes		**9,454**	15,129	9,762
Net income		**$ 34,090**	$ 45,685	$ 30,962
Preferred share dividends, including applicable taxes		**2,533**	3,273	3,166
Net income available to common shareholders		**$ 31,557**	$ 42,412	$ 27,796
Average number of common shares outstanding (in thousands)				
Basic		**28,169**	28,118	23,925
Diluted		**28,182**	28,135	23,943
Earnings per share				
Basic		**$ 1.12**	$ 1.51	$ 1.16
Diluted		**$ 1.12**	$ 1.51	$ 1.16
Dividends declared per share				
Common share		**$ 0.49**	$ 0.47	$ 0.45
Preferred share - Series 9		**$ 0.38**	$ 0.38	$ 0.38
Preferred share - Series 10		**$ 0.33**	$ 0.33	$ 0.33
Preferred share - Series 11		**$ 0.16**	$ -	n.a.

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

Consolidated Statement of Comprehensive Income

In thousands of Canadian dollars (Unaudited)	NOTES	FOR THE THREE MONTHS ENDED **JANUARY 31 2013**	OCTOBER 31 2012	JANUARY 31 2012
Net income		**$ 34,090**	$ 45,685	$ 30,962
Other comprehensive income, net of income taxes	10			
Items that may subsequently be reclassified to the statement of income				
Unrealized net gains (losses) on available-for-sale securities		**1,116**	307	(1,483)
Reclassification of net (gains) losses on available-for-sale securities to net income		**(1,458)**	(831)	(321)
Net change in value of derivatives designated as cash flow hedges		**(10,043)**	(3,577)	(7,564)
		(10,385)	(4,101)	(9,368)
Comprehensive income		**$ 23,705**	$ 41,584	$ 21,594

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

Consolidated Statement of Changes in Shareholders' Equity

FOR THE THREE MONTHS ENDED JANUARY 31, 2013

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES (Note 7)	COMMON SHARES (Note 7)	RETAINED EARNINGS	AOCI RESERVES (Note 10) AVAILABLE-FOR-SALE SECURITIES	AOCI RESERVES (Note 10) CASH FLOW HEDGES	AOCI RESERVES (Note 10) TOTAL	SHARE-BASED PAYMENT RESERVE (Note 8)	TOTAL SHARE-HOLDERS' EQUITY
Balance as at October 31, 2012	$ 303,249	$ 428,526	$ 774,899	$ 12,201	$ 22,027	$ 34,228	$ 227	$ 1,541,129
Net income			34,090					34,090
Other comprehensive income (net of income taxes)								
Unrealized net gains (losses) on available-for-sale securities				1,116		1,116		1,116
Reclassification of net (gains) losses on available-for-sale securities to net income				(1,458)		(1,458)		(1,458)
Net change in value of derivatives designated as cash flow hedges					(10,043)	(10,043)		(10,043)
Comprehensive income			34,090	(342)	(10,043)	(10,385)		23,705
Issuance of share capital	(171)	5,786					(91)	5,524
Dividends								
Preferred shares, including applicable taxes			(2,533)					(2,533)
Common shares			(13,787)					(13,787)
Balance as at January 31, 2013	$ 303,078	$ 434,312	$ 792,669	$ 11,859	$ 11,984	$ 23,843	$ 136	$ 1,554,038

FOR THE THREE MONTHS ENDED JANUARY 31, 2012

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES (Note 7)	COMMON SHARES (Note 7)	RETAINED EARNINGS	AOCI RESERVES (Note 10) AVAILABLE-FOR-SALE SECURITIES	AOCI RESERVES (Note 10) CASH FLOW HEDGES	AOCI RESERVES (Note 10) TOTAL	SHARE-BASED PAYMENT RESERVE (Note 8)	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			30,962					30,962
Other comprehensive income (net of income taxes)								
Unrealized net gains (losses) on available-for-sale securities				(1,483)		(1,483)		(1,483)
Reclassification of net (gains) losses on available-for-sale securities to net income				(321)		(321)		(321)
Net change in value of derivatives designated as cash flow hedges					(7,564)	(7,564)		(7,564)
Comprehensive income			30,962	(1,804)	(7,564)	(9,368)		21,594
Dividends								
Preferred shares, including applicable taxes			(3,166)					(3,166)
Common shares			(10,766)					(10,766)
Balance as at January 31, 2012	$ 205,527	$ 252,601	$ 711,401	$ 20,412	$ 35,810	$ 56,222	$ 227	$ 1,225,978

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

Consolidated Statement of Cash Flows

	FOR THE THREE MONTHS ENDED		
In thousands of Canadian dollars (Unaudited)	JANUARY 31 2013	OCTOBER 31 2012	JANUARY 31 2012
Cash flows relating to operating activities			
Net income	**$ 34,090**	$ 45,685	$ 30,962
Adjustments to determine net cash flows relating to operating activities:			
Provision for loan losses	**8,000**	8,000	10,000
Net gain on disposal of available-for-sale securities	**(1,994)**	(1,289)	(542)
Gain on sale of commercial mortgage loans	**-**	(92)	-
Deferred income taxes	**1,867**	30,424	(10,629)
Depreciation of premises and equipment	**3,665**	3,600	3,010
Amortization of software and other intangible assets	**8,904**	8,725	7,676
Gain arising on acquisition	**-**	(24,337)	-
Change in operating assets and liabilities :			
Change in loans	**(71,792)**	(196,868)	(413,447)
Change in securities at fair value through profit and loss	**(257,022)**	369,739	46,123
Change in accrued interest receivable	**8,613**	(19,088)	11,686
Change in derivative assets	**36,173**	24,823	(986)
Change in deposits	**(273,950)**	(344,751)	(40,534)
Change in accrued interest payable	**(57,010)**	122,753	(59,045)
Change in obligations related to securities sold short	**364,871**	(169,173)	(122,232)
Change in derivative liabilities	**(7,941)**	(15,299)	11,785
Other, net	**(62,211)**	(182,835)	50,254
	(265,737)	(339,983)	(475,919)
Cash flows relating to financing activities			
Change in acceptances	**(887)**	(20,914)	27,113
Change in obligations related to securities sold under repurchase agreements	**47,736**	(173,923)	323,852
Change in debt related to securitization activities	**(792,786)**	227,365	37,707
Net proceeds from issuance of subordinated debt	**-**	199,300	-
Redemption of subordinated debt of a subsidiary	**-**	(109,500)	(20,000)
Net proceeds from issuance of preferred shares	**(171)**	97,722	-
Repurchase of preferred shares of a subsidiary	**-**	(64,000)	-
Net proceeds from issuance of common shares	**680**	114,982	-
Dividends paid	**(16,795)**	(16,489)	(13,932)
	(762,223)	254,543	354,740
Cash flows relating to investing activities			
Change in available-for-sale securities			
Acquisitions	**(359,554)**	(1,650,456)	(106,961)
Proceeds on sale and at maturity	**901,764**	1,165,905	360,006
Change in held-to-maturity securities			
Acquisitions	**(6,138)**	(602,108)	(555,214)
Proceeds at maturity	**590,301**	134,525	382,545
Proceeds on sale of commercial mortgage loans	**-**	8,582	-
Change in securities purchased under reverse repurchase agreements	**(285,805)**	542,502	80,713
Additions to premises and equipment and software	**(12,862)**	(24,735)	(12,223)
Change in interest-bearing deposits with other banks	**197,215**	759,139	174,832
Cash paid for business combinations	**-**	(246,341)	(198,693)
	1,024,921	87,013	125,005
Net change in cash and non-interest-bearing deposits with other banks	**(3,039)**	1,573	3,826
Cash and non-interest-bearing deposits with other banks at beginning of period	**90,860**	89,287	81,600
Cash and non-interest-bearing deposits with other banks at end of period:	**$ 87,821**	$ 90,860	$ 85,426
Supplemental disclosure about cash flows relating to operating activities:			
Interest paid during the period	**$ 223,778**	$ 142,981	$ 211,083
Interest received during the period	**320,619**	296,679	300,892
Dividends received during the period	**1,419**	1,627	1,839
Income taxes paid during the period	**$ 17,673**	$ 9,243	$ 14,200

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

Notes to the Condensed Interim Consolidated Financial Statements

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

1. General Information

Laurentian Bank of Canada and its subsidiaries (Laurentian Bank or the Bank) provide banking services to individuals and small and medium-sized enterprises, as well as to independent advisors across Canada, and operate as a full-service brokerage firm. Laurentian Bank is the ultimate parent of the group. The Bank is a chartered bank under Schedule 1 of the Bank Act (Canada) and has its head office in Montréal, Canada. The common shares of Laurentian Bank (stock symbol: LB) are listed on the Toronto Stock Exchange.

The unaudited condensed interim consolidated financial statements (financial statements) for the period ended January 31, 2013 were approved for issuance by the Board of Directors on March 6, 2013.

2. Basis of Presentation

These financial statements have been prepared in accordance with the *Bank Act*, which states that, except as otherwise specified by the Office of the Superintendent of Financial Institutions Canada (OSFI), the financial statements are to be prepared in accordance with current Canadian generally accepted accounting principles. These financial statements are prepared under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) in accordance with IAS 34, *Interim Financial Reporting*.

These financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended October 31, 2012 prepared in accordance with IFRS. The accounting policies described in Note 3 to the audited annual consolidated financial statements have been applied consistently to all periods presented within these financial statements, except for accounting changes detailed below.

Accounting changes

IAS 1: Presentation of Financial Statements

In June 2011, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* that require entities to group items presented in other comprehensive income on the basis of whether they might be reclassified to the consolidated statement of income in subsequent periods and items that will not be reclassified to the consolidated statement of income. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The amendments have been adopted by the Bank retroactively as of November 1, 2012. Since the amendments pertain to disclosure requirements only, they had no impact on the Bank's results or financial position.

Use of estimates and judgment

The preparation of financial statements in accordance with IFRS requires the Bank to make estimates and assumptions that affect the carrying amounts of assets and liabilities on the balance sheet date, income and other related disclosures. Management has implemented and maintains controls and procedures to ensure these estimates are well controlled, reviewed and consistently applied over time. Management believes that the estimates of the value of the Bank's assets and liabilities are appropriate.

3. Future Accounting Changes

The following section summarizes accounting standards which have been issued but are not yet effective. The Bank is currently assessing the impact of the adoption of these standards on its financial statements.

IFRS 9: Financial Instruments

In November 2009, the IASB issued, and subsequently amended in October 2010, IFRS 9, *Financial Instruments* as a first phase in its ongoing project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2015, which will be November 1, 2015 for the Bank. IFRS 9 provides new requirements for how an entity should classify and measure financial assets and liabilities that are currently in the scope of IAS 39.

The standard requires all financial assets to be classified in three categories (amortized cost, fair value through profit or loss and fair value through equity) based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial liabilities will be classified in the same categories as those defined in IAS 39, however measurement of financial liabilities under the fair value option has been modified with respect to the entity's own credit risk.

IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements and IFRS 12: Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements* and IFRS 12, *Disclosure of Interests in Other Entities*, which are effective for annual periods beginning on or after January 1, 2013, which will be November 1, 2013 for the Bank, and are to be applied retrospectively.

IFRS 10 replaces the consolidation requirements in SIC-12, *Consolidation – Special Purpose Entities,* and IAS 27, *Consolidated and Separate Financial Statements*, and establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly-controlled Entities – Non-monetary Contributions by Venturers*, and provides guidance for the accounting of joint arrangements that focuses on the rights and obligations of the arrangement, rather than its legal form.

IFRS 12 provides disclosure requirements about subsidiaries, joint arrangements and associates, as well as structured entities, and replaces existing disclosure requirements.

IFRS 13: Fair Value Measurement

In May 2011, the IASB issued IFRS 13, *Fair Value Measurement*, which is effective for annual periods beginning on or after January 1, 2013, which will be November 1, 2013 for the Bank, and is to be applied prospectively. IFRS 13 establishes a single source of guidance for fair value measurements when fair value is required or permitted by IFRS and provides for enhanced disclosures when fair value is applied.

IAS 19: Employee Benefits

In June 2011, the IASB issued an amended version of IAS 19, *Employee Benefits*, which is effective for annual periods beginning on or after January 1, 2013, which will be November 1, 2013 for the Bank, and is to be applied retrospectively.

The amendments to IAS 19 eliminate the option to defer the recognition of gains and losses resulting from defined benefit plans, known as the "corridor method", which is presently used by the Bank, and requires that remeasurements be presented in other comprehensive income. The amendments also require recognition of expected return on plan assets in net income to be calculated based on the rate used to discount the defined benefit obligation.

IAS 32: Financial Instruments: Presentation and IFRS 7: Financial instruments: Disclosures

In December 2011, the IASB issued amendments to IAS 32, *Financial Instruments: Presentation* to clarify its requirements for offsetting financial instruments. The amendments, which address inconsistencies in current practice when applying the offsetting criteria in IAS 32, are effective for annual periods beginning on or after January 1, 2014, which will be November 1, 2014 for the Bank, and are to be applied retrospectively. In addition, in December 2011, the IASB issued related amendments to IFRS 7, *Financial Instruments: Disclosures* to include new disclosure requirements that are intended to help users to better assess the effect or potential effect of offsetting arrangements on an entity's financial position. These amendments are effective for annual periods beginning on or after January 1, 2013, which will be November 1, 2013 for the Bank, and are to be applied retrospectively.

4. Securities

Gains and losses recognized in income

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

The following items were recognized in income from treasury and financial market operations with regard to the portfolio of available-for-sale securities.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2013	OCTOBER 31 2012	JANUARY 31 2012
Realized net gains	**$ 1,994**	$ 4,366	$ 471
Write-downs for impairment recognized in income	**-**	(1,464)	(31)
	$ 1,994	$ 2,902	$ 440

Gains and losses recognized in comprehensive income

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

Unrealized gains and losses on available-for-sale securities results mainly from fluctuations in market prices as well as changes in interest and exchange rates. The Bank considers that no objective evidence of impairment related to the securities in an unrealized loss position exists, based on the market conditions at the reporting date, and continues to monitor these investments and market conditions.

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

				AS AT JANUARY 31, 2013
	AMORTIZED COST	**UNREALIZED GAINS**	**UNREALIZED LOSSES**	**FAIR VALUE**
Securities issued or guaranteed				
by Canada [1]	**$ 1,021,668**	**$ 4,136**	**$ 6**	**$ 1,025,798**
by provinces	**437,164**	**1,499**	**20**	**438,643**
Other debt securities	**643,170**	**6,772**	**197**	**649,745**
Preferred shares	**75,471**	**1,967**	**474**	**76,964**
Common shares and other securities	**63,740**	**7,893**	**825**	**70,808**
Asset-backed securities	**17,685**	**1,252**	**28**	**18,909**
	$ 2,258,898	**$ 23,519**	**$ 1,550**	**$ 2,280,867**

[1] Including mortgage-backed securities that are fully guaranteed by the Canada Mortgage and Housing Corporation pursuant to the *National Housing Act* .

4. Securities [Cont'd]

				AS AT OCTOBER 31, 2012
	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Securities issued or guaranteed				
by Canada [1]	$ 1,347,823	$ 7,375	$ 21	$ 1,355,177
by provinces	700,681	1,958	28	702,611
Other debt securities	607,533	7,120	89	614,564
Preferred shares	71,956	1,436	592	72,800
Common shares and other securities	51,189	5,490	514	56,165
Asset-backed securities	19,919	1,372	20	21,271
	$ 2,799,101	$ 24,751	$ 1,264	$ 2,822,588

				AS AT JANUARY 31, 2012
	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Securities issued or guaranteed				
by Canada [1]	$ 1,224,219	$ 20,527	$ 5	$ 1,244,741
by provinces	212,080	3,744	1	215,823
Other debt securities	383,887	7,918	277	391,528
Preferred shares	63,666	2,015	404	65,277
Common shares and other securities	51,005	4,515	1,714	53,806
Asset-backed securities	25,238	1,742	1	26,979
	$ 1,960,095	$ 40,461	$ 2,402	$ 1,998,154

[1] Including mortgage-backed securities that are fully guaranteed by the Canada Mortgage and Housing Corporation pursuant to the *National Housing Act* .

Held-to-maturity

The following table presents the amortized cost of securities classified as held-to-maturity.

	AS AT JANUARY 31, 2013	AS AT OCTOBER 31, 2012	AS AT JANUARY 31, 2012
Securities issued or guaranteed by Canada [1]	**$ 833,449**	$ 1,412,962	$ 932,599
Asset-backed commercial paper	**29,139**	33,789	125,892
	$ 862,588	$ 1,446,751	$ 1,058,491

[1] Including mortgage-backed securities that are fully guaranteed by the Canada Mortgage and Housing Corporation pursuant to the *National Housing Act* and treasury bills.

5. Loans

Loans and impaired loans

						AS AT JANUARY 31, 2013
				COLLECTIVE ALLOWANCES		
	GROSS AMOUNT OF LOANS	**GROSS AMOUNT OF IMPAIRED LOANS**	**INDIVIDUAL ALLOWANCES**	**AGAINST IMPAIRED LOANS**	**AGAINST OTHER LOANS**	**TOTAL ALLOWANCES**
Personal	**$ 7,654,648**	**$ 21,185**	**$ -**	**$ 11,082**	**$ 26,548**	**$ 37,630**
Residential mortgage	**14,374,220**	**23,142**	**-**	**1,329**	**2,163**	**3,492**
Commercial mortgage	**2,423,742**	**36,826**	**14,171**	**464**	**16,640**	**31,275**
Commercial and other [1]	**2,394,048**	**49,505**	**31,546**	**2,018**	**12,960**	**46,524**
	$ 26,846,658	**$ 130,658**	**$ 45,717**	**$ 14,893**	**$ 58,311**	**$ 118,921**

[1] Including customers' liabilities under acceptances of $210.2 million.

AS AT OCTOBER 31, 2012

	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES AGAINST IMPAIRED LOANS	COLLECTIVE ALLOWANCES AGAINST OTHER LOANS	TOTAL ALLOWANCES
Personal	$ 7,806,067	$ 16,863	$ -	$ 10,081	$ 24,724	$ 34,805
Residential mortgage	14,169,095	21,971	-	390	2,254	2,644
Commercial mortgage	2,443,634	36,672	14,070	-	16,406	30,476
Commercial and other [1]	2,362,083	52,517	33,779	2,021	13,817	49,617
	$ 26,780,879	$ 128,023	$ 47,849	$ 12,492	$ 57,201	$ 117,542

[1] Including customers' liabilities under acceptances of $211.1 million.

AS AT JANUARY 31, 2012

	GROSS AMOUNT OF LOANS	GROSS AMOUNT OF IMPAIRED LOANS	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES AGAINST IMPAIRED LOANS	COLLECTIVE ALLOWANCES AGAINST OTHER LOANS	TOTAL ALLOWANCES
Personal	$ 6,064,020	$ 15,642	$ -	$ 9,451	$ 24,552	$ 34,003
Residential mortgage	12,124,453	16,127	-	403	1,316	1,719
Commercial mortgage	2,435,219	61,580	22,467	7,051	15,255	44,773
Commercial and other [1]	2,200,293	59,414	39,918	3,441	18,449	61,808
	$ 22,823,985	$ 152,763	$ 62,385	$ 20,346	$ 59,572	$ 142,303

[1] Including customers' liabilities under acceptances of $206.3 million.

Individual allowances for loan losses

FOR THE THREE MONTHS ENDED

			JANUARY 31 2013	JANUARY 31 2012
	COMMERCIAL MORTGAGE LOANS	**COMMERCIAL AND OTHER LOANS [1]**	**TOTAL INDIVIDUAL ALLOWANCES**	TOTAL INDIVIDUAL ALLOWANCES
Balance at beginning of period	**$ 14,070**	**$ 33,779**	**$ 47,849**	$ 69,450
Provision for loan losses recorded in the consolidated statement of income	**390**	**(1,676)**	**(1,286)**	1,124
Write-offs	**-**	**(563)**	**(563)**	(7,882)
Recoveries	**-**	**60**	**60**	5
Interest accrued on impaired loans	**(289)**	**(54)**	**(343)**	(312)
Balance at end of period	**$ 14,171**	**$ 31,546**	**$ 45,717**	$ 62,385

[1] Including customers' liabilities under acceptances.

Collective allowances for loan losses

Collective allowances against impaired loans

FOR THE THREE MONTHS ENDED

					JANUARY 31 2013	JANUARY 31 2012
	PERSONAL LOANS	**RESIDENTIAL MORTGAGE LOANS**	**COMMERCIAL MORTGAGE LOANS**	**COMMERCIAL AND OTHER LOANS [1]**	**TOTAL COLLECTIVE ALLOWANCES**	TOTAL COLLECTIVE ALLOWANCES
Balance at beginning of period	**$ 10,081**	**$ 390**	**$ -**	**$ 2,021**	**$ 12,492**	$ 18,557
Provision for loan losses recorded in the consolidated statement of income	**6,234**	**1,498**	**477**	**(33)**	**8,176**	7,650
Write-offs	**(5,730)**	**(382)**	**-**	**(3)**	**(6,115)**	(6,202)
Recoveries	**627**	**(100)**	**-**	**78**	**605**	796
Interest accrued on impaired loans	**(130)**	**(77)**	**(13)**	**(45)**	**(265)**	(455)
Balance at end of period	**$ 11,082**	**$ 1,329**	**$ 464**	**$ 2,018**	**$ 14,893**	$ 20,346

[1] Including customers' liabilities under acceptances.

5. Loans [Cont'd]

Collective allowances against other loans

	PERSONAL LOANS	RESIDENTIAL MORTGAGE LOANS	COMMERCIAL MORTGAGE LOANS	COMMERCIAL AND OTHER LOANS [1]	TOTAL COLLECTIVE ALLOWANCES (FOR THE THREE MONTHS ENDED JANUARY 31 2013)	TOTAL COLLECTIVE ALLOWANCES (FOR THE THREE MONTHS ENDED JANUARY 31 2012)
Balance at beginning of period	**$ 24,724**	**$ 2,254**	**$ 16,406**	**$ 13,817**	**$ 57,201**	$ 55,143
Allowances for loan losses resulting from the acquisition of a subsidiary	**-**	**-**	**-**	**-**	**-**	3,203
Provision for loan losses recorded in the consolidated statement of income	**1,824**	**(91)**	**234**	**(857)**	**1,110**	1,226
Balance at end of period	**$ 26,548**	**$ 2,163**	**$ 16,640**	**$ 12,960**	**$ 58,311**	$ 59,572

[1] Including customers' liabilities under acceptances.

An allowance for undrawn amounts under approved credit facilities is also recognized in other liabilities and amounted to $6.2 million as at January 31, 2013, $6.1 million as at October 31,2012 and $5.6 million as at January 31, 2012.

Loans past due but not impaired

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

AS AT JANUARY 31, 2013	1 DAY-31 DAYS	32 DAYS-90 DAYS	OVER 90 DAYS	TOTAL
Personal loans	**$ 104,637**	**$ 30,422**	**$ 5,309**	**$ 140,368**
Residential mortgage loans	**234,536**	**40,259**	**37,016**	**311,811**
	$ 339,173	**$ 70,681**	**$ 42,325**	**$ 452,179**

AS AT OCTOBER 31, 2012	1 DAY-31 DAYS	32 DAYS-90 DAYS	OVER 90 DAYS	TOTAL
Personal loans	$ 93,935	$ 23,938	$ 4,307	$ 122,180
Residential mortgage loans	244,088	40,896	34,446	319,430
	$ 338,023	$ 64,834	$ 38,753	$ 441,610

AS AT JANUARY 31, 2012	1 DAY-31 DAYS	32 DAYS-90 DAYS	OVER 90 DAYS	TOTAL
Personal loans	$ 89,641	$ 29,977	$ 5,368	$ 124,986
Residential mortgage loans	253,174	40,855	26,724	320,753
	$ 342,815	$ 70,832	$ 32,092	$ 445,739

6. Loan Securitization

Financial assets not qualifying for derecognition and associated financial liabilities

The following table summarizes the carrying amount of financial assets that did not qualify for derecognition and their associated financial liabilities included in the consolidated balance sheet.

	AS AT JANUARY 31 2013	AS AT OCTOBER 31 2012	AS AT JANUARY 31 2012
Residential mortgage loans	**$ 4,295,717**	$ 4,442,556	$ 3,450,268
Replacement Assets			
Cash and deposits with other banks	**3,248**	11,894	2,731
Securities purchased under reverse repurchase agreements	**7,268**	63,016	197,760
Other securities	**862,588**	1,446,751	1,058,491
Debt related to securitization activities	**$ (5,244,311)**	$ (6,037,097)	$ (4,798,554)

The following table summarizes the securitization activities carried out by the Bank.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2013	OCTOBER 31 2012	JANUARY 31 2012
Carrying amounts of mortgages transferred during the quarter related to new financing	**$ 51,414**	$ 258,054	$ 50,779
Carrying amounts of mortgages transferred during the quarter as Replacement Assets	**$ 99,659**	$ 146,020	$ 228,549

The following table provides information on issuances of debt related to securitization activities during the quarter.

			FOR THE THREE MONTHS ENDED JANUARY 31, 2013
MATURITY	RATE	NOMINAL VALUE	**CARRYING AMOUNT**
New issuance of debt related to CMB transactions			
December 2017	1.73 %	$ 49,676	**$ 49,512**

7. Share Capital

Common shares

The variation and outstanding number and amounts of common shares were as follows.

	FOR THE THREE MONTHS ENDED			
	JANUARY 31, 2013		JANUARY 31, 2012	
	NUMBER OF SHARES	**AMOUNT**	NUMBER OF SHARES	AMOUNT
Common shares				
Outstanding at beginning of period	**28,117,520**	**$ 428,526**	23,925,037	$ 252,601
Issuance under the employee share purchase option plan	**20,000**	**680**	-	-
Shareholder Dividend Reinvestment and Share Purchase Plan	**117,178**	**5,106**	-	-
	28,254,698	**$ 434,312**	23,925,037	$ 252,601

7. Share Capital [Cont'd]

Dividend reinvestment and share purchase plan

On December 5, 2012 the Bank introduced its Shareholder Dividend Reinvestment and Share Purchase Plan to eligible Canadian shareholders. Participation in the plan is optional. Under the terms of the plan, dividends on common and preferred shares are reinvested to purchase additional common shares of the Bank. Shareholders also have the opportunity to make optional cash payments to acquire additional common shares. At the option of the Bank, the common shares may be issued from the Bank's treasury at an average market price with a discount of up to 5%, or from the open market at market price. The Bank determined that reinvestments related to the dividend declared on December 5, 2012 would be made in Common Shares issued from treasury at a 2% discount. Accordingly, on February 1, 2013, 117,178 shares were issued.

Preferred shares

The variation and outstanding number and amounts of preferred shares were as follows.

	FOR THE THREE MONTHS ENDED			
	JANUARY 31, 2013		JANUARY 31, 2012	
	NUMBER OF SHARES	**AMOUNT**	NUMBER OF SHARES	AMOUNT
Class A Preferred shares				
Series 9				
Outstanding at beginning and end of period	**4,000,000**	**$ 97,885**	4,000,000	$ 97,885
Series 10				
Outstanding at beginning and end of period	**4,400,000**	**107,642**	4,400,000	107,642
Series 11				
Outstanding at beginning of period	**4,000,000**	**97,722**	n.a.	n.a.
Issuance cost, net of income taxes	**n.a.**	**(171)**	n.a.	n.a.
Outstanding at end of period	**4,000,000**	**97,551**	n.a.	n.a.
	12,400,000	**$ 303,078**	8,400,000	$ 205,527

Dividends declared

On February 20, 2013, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on March 8, 2013.

At its meeting on March 6, 2013, the Board of Directors declared a dividend of $0.49 per common share, payable on May 1, 2013, to shareholders of record on April 1, 2013.

Capital management

New regulatory capital requirements

In December 2012, the Office of the Superintendent of Financial Institutions Canada (OSFI) issued the final revised version of the Capital Adequacy Requirements Guideline (the Guideline) drawn on the Basel Committee on Banking Supervision (BCBS) capital guidelines, commonly referred to as Basel III. These new requirements took effect in January 2013 and generally provide more stringent capital adequacy standards. Institutions are expected to meet minimum risk-based capital requirements for exposure to credit risk, operational risk and, where they have significant trading activity, market risk.

Under the Guideline, minimum Common Equity Tier 1, Total Tier 1 and Total capital ratios were set at 3.5%, 4.5% and 8.0% respectively for 2013. These ratios include phase-in of certain regulatory adjustments between 2013 and 2019 and phase-out of non-qualifying capital instruments between 2013 and 2022, (the "transitional" basis). Starting in 2014, the Guideline also provides for annual increases in minimum capital ratio requirements, which will reach 7.0%, 8.5% and 10.5% in 2019, including the effect of capital conservation buffers.

In its Guideline, OSFI indicated that it expects deposit-taking institutions to attain target capital ratios without transition arrangements equal to or greater than the 2019 minimum capital ratios plus conservation buffer level (the "all-in" basis) early in the transition period, including a minimum 7.0% Common Equity Tier 1 ratio target by the first quarter of 2013. The "all-in" basis includes all of the regulatory adjustments that will be required by 2019 but retains the phase-out rules for non-qualifying capital instruments. OSFI also requires that Canadian deposit-taking financial institutions maintain an Asset-to-Capital Multiple.

The Guideline provides additional guidance regarding the treatment of non-qualifying capital instruments and specifies that certain capital instruments no longer qualify fully as capital as of January 1, 2013. The Bank's non-common capital instruments are considered non-qualifying capital instruments under Basel III and are therefore subject to a 10% phase-out per year beginning in 2013. These non-common capital instruments include Series 9, 10 and 11 preferred shares, as well as Series 2010-1 and 2012-1 subordinated Medium Term Notes. The Bank obtained regulatory approval to redeem at par on March 15, 2013 the Series 9 preferred shares which are non-qualifying instruments under Basel III.

Regulatory capital

The Bank has complied with current regulatory capital requirements throughout the three-month period ended January 31, 2013. Regulatory capital is detailed below.

	Basel III		Basel II	
	ALL-IN BASIS	**TRANSITIONAL BASIS**		
	AS AT JANUARY 31	**AS AT JANUARY 31**	AS AT OCTOBER 31	AS AT JANUARY 31
	2013	**2013**	2012 [1]	2012 [1]
Common shares	**$ 434,312**	**$ 434,312**	$ 428,526	$ 259,492
Share-based payment reserve	**136**	**136**	227	227
Retained earnings	**792,669**	**792,669**	774,899	700,037
Accumulated other comprehensive income, excluding cash flow hedge reserve	**11,859**	**11,859**	n.a.	n.a.
Deductions from Common Equity Tier 1 capital	**(236,198)**	**-**	n.a.	n.a.
Common Equity Tier 1 capital	**1,002,778**	**1,238,976**	n.a.	n.a.
Non-cumulative preferred shares	**272,896**	**272,896**	303,249	210,000
Deductions from Tier 1 capital	**n.a.**	**(64,077)**	(73,841)	(82,067)
Adjustment for transition to IFRS	**n.a.**	**n.a.**	27,193	108,773
Additional Tier 1 capital	**272,896**	**208,819**	n.a.	n.a.
Total Tier 1 capital	**1,275,674**	**1,447,795**	1,460,253	1,196,462
Subordinated debt	**399,429**	**399,429**	443,594	242,987
Collective allowances	**79,403**	**79,403**	75,752	79,918
Deductions from Tier 2 capital	**(857)**	**-**	(5,539)	(15,029)
Tier 2 capital	**477,975**	**478,832**	513,807	307,876
Total capital	**$ 1,753,649**	**$ 1,926,627**	$ 1,974,060	$ 1,504,338

[1] The amounts are presented in accordance with Basel II as filed with OSFI.

8. Share-Based Payments

Share purchase option plan

During the first quarter of 2013, no new share options were granted and 20,000 share options were exercised. Information relating to outstanding number of options is as follows.

	AS AT JANUARY 31	AS AT OCTOBER 31	AS AT JANUARY 31
	2013	2012	2012
	NUMBER	NUMBER	NUMBER
Share purchase options outstanding and exercisable at end of period	**30,000**	50,000	50,000

Restricted share unit plans

During the first quarter of 2013, under the restricted share unit plan, annual bonuses for certain employees amounting to $2.3 million were converted into 51,572 entirely vested restricted share units. Simultaneously, the Bank also granted 34,383 additional restricted share units valued at $45.07 each that will vest by December 2015.

During the first quarter of 2013, under the restricted share unit plan for employees of the Capital Markets sector, annual bonuses for certain employees amounting to $1.3 million were converted into 27,904 entirely vested restricted share units. This plan does not provide for any employer contribution and a third of these restricted share units are redeemed at each of the first three anniversary dates of the grant.

8. Share-Based Payments [Cont'd]

Performance-based share unit plan

During the first quarter of 2013, under a performance-based share unit plan, the Bank granted 191,167 performance-based share units valued at $45.07 each. The rights to these units will all vest after three years and upon meeting certain financial objectives.

Share-based payment plan expense and related liability

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

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2013	OCTOBER 31 2012	JANUARY 31 2012
Expense arising from cash-settled share-based payment plans	**$ 3,594**	$ (502)	$ 752
Effect of hedges	**9**	2,136	(397)
	$ 3,603	$ 1,634	$ 355

The carrying amount of the liability relating to the cash–settled plans at January 31, 2013 was $21.0 million ($19.7 million at October 31, 2012 and $18.2 million at January 31, 2012).

9. Post-Employment Benefits

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2013	OCTOBER 31 2012	JANUARY 31 2012
Defined benefit pension plan expense	**$ 3,079**	$ 1,993	$ 1,368
Defined contribution pension plan expense	**1,714**	1,668	1,370
Other plan expense	**336**	419	402
	$ 5,129	$ 4,080	$ 3,140

10. Additional Information Regarding Other Comprehensive Income

	FOR THE THREE MONTHS ENDED								
			JANUARY 31 2013			OCTOBER 31 2012			JANUARY 31 2012
	AMOUNTS BEFORE INCOME TAXES	**INCOME TAXES**	**AMOUNTS NET OF INCOME TAXES**	AMOUNTS BEFORE INCOME TAXES	INCOME TAXES	AMOUNTS NET OF INCOME TAXES	AMOUNTS BEFORE INCOME TAXES	INCOME TAXES	AMOUNTS NET OF INCOME TAXES
Unrealized net gains (losses) on available-for-sale securities [1]	**$ 1,549**	**$ (433)**	**$ 1,116**	$ 245	$ 62	$ 307	$ (2,038)	$ 555	$ (1,483)
Reclassification of net (gains) losses on available-for-sale securities to net income	**(1,994)**	**536**	**(1,458)**	(1,306)	475	(831)	(440)	119	(321)
	(445)	**103**	**(342)**	(1,061)	537	(524)	(2,478)	674	(1,804)
Net change in value of derivatives designated as cash flow hedges [1]	**(13,713)**	**3,670**	**(10,043)**	(4,955)	1,378	(3,577)	(10,320)	2,756	(7,564)
Other comprehensive income	**$ (14,158)**	**$ 3,773**	**$ (10,385)**	$ (6,016)	$ 1,915	$ (4,101)	$ (12,798)	$ 3,430	$ (9,368)

[1] Items that may subsequently be reclassified to the statement of income

11. Additional Information Regarding Financial Instruments

Derivatives

The following table presents the fair value of derivative financial instruments designated as hedging instruments.

	AS AT JANUARY 31 2013	AS AT OCTOBER 31 2012	AS AT JANUARY 31 2012
Cash flow hedges	**$ 4,767**	$ 13,809	$ 29,541
Fair value hedges	**26,855**	38,169	48,041
	$ 31,622	$ 51,978	$ 77,582

Ineffective portions of hedging relationships

The following tables shows the ineffective portions of hedging relationships recognized in the consolidated statement of income.

	FOR THE THREE MONTHS ENDED		
	JANUARY 31 2013	OCTOBER 31 2012	JANUARY 31 2012
Cash flow hedges	**$ 576**	$ 704	$ 150
Fair value hedges	**123**	(174)	(364)
	$ 699	$ 530	$ (214)

Other information on hedging relationships

The remaining balance of accumulated other comprehensive income related to cash flow hedges will be transferred into net income over the next 6 years.

12. Segmented Information

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

The Retail & SME-Québec segment provides a full range of savings, investment and financing products, and transactional products and services offered through its direct distribution network, which includes branches, electronic networks, a call centre and a mobile sales force. This business segment also offers Visa credit card services, insurance products and trust services. As well, it offers a wide range of commercial financial services to small and medium-sized enterprises in Québec.

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

The B2B Bank segment supplies banking and financial products to independent financial advisors and non-bank financial institutions across Canada.

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

A fifth "Other" segment encompasses the Bank's corporate functions, including Corporate Treasury.

Results for the Bank's segments are based on internal financial reporting systems and are consistent with the accounting principles followed in the preparation of the Bank's consolidated financial statements.

12. Segmented Information [Cont'd]

All transactions between business segments are conducted on an arm's length basis, with inter-segments revenues and costs being eliminated in the Other segment. Transfer pricing regarding the funding of segments' assets and liabilities is based on funding costs which best reflect the nature and maturities of these items. Income and expenses directly associated with each segment are included in determining business segment performance. Corporate expenses are generally allocated pro-rata to each business segment.

FOR THE THREE MONTHS ENDED JANUARY 31, 2013

	RETAIL & SME-QUÉBEC	REAL ESTATE & COMMERCIAL	B2B BANK	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	**$ 76,855**	**$ 21,555**	**$ 48,397**	**$ 681**	**$ (5,144)**	**$ 142,344**
Other income	**35,436**	**8,086**	**9,056**	**16,402**	**2,590**	**71,570**
Total revenue (loss)	**112,291**	**29,641**	**57,453**	**17,083**	**(2,554)**	**213,914**
Gain on acquisition and amortization of net premium on purchased financial instruments	-	-	**(1,056)**	-	-	**(1,056)**
Provision for loan losses	**6,066**	**(1,464)**	**3,398**	**-**	**-**	**8,000**
Non-interest expenses	**92,981**	**8,414**	**32,960**	**13,474**	**5,928**	**153,757**
Costs related to business combinations and other [1]	**-**	**-**	**7,557**	**-**	**-**	**7,557**
Income (loss) before income taxes	**13,244**	**22,691**	**12,482**	**3,609**	**(8,482)**	**43,544**
Income taxes (recovered)	**2,034**	**6,059**	**3,315**	**928**	**(2,882)**	**9,454**
Net income (loss)	**$ 11,210**	**$ 16,632**	**$ 9,167**	**$ 2,681**	**$ (5,600)**	**$ 34,090**
Average assets [2]	**$ 13,896,951**	**$ 3,391,666**	**$ 9,433,684**	**$ 2,922,296**	**$ 4,990,098**	**$ 34,634,695**

FOR THE THREE MONTHS ENDED OCTOBER 31, 2012

	RETAIL & SME-QUÉBEC	REAL ESTATE & COMMERCIAL	B2B BANK	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	$ 75,792	$ 21,833	$ 49,821	$ 1,220	$ (6,255)	$ 142,411
Other income	35,234	7,646	8,923	14,506	1,676	67,985
Total revenue (loss)	111,026	29,479	58,744	15,726	(4,579)	210,396
Gain on acquisition and amortization of net premium on purchased financial instruments	-	-	23,795	-	-	23,795
Provision for loan losses	6,433	(2,040)	3,607	-	-	8,000
Non-interest expenses	93,359	8,586	35,259	12,081	7,262	156,547
Costs related to business combinations and other [1]	-	-	8,830	-	-	8,830
Income (loss) before income taxes	11,234	22,933	34,843	3,645	(11,841)	60,814
Income taxes (recovered)	1,941	6,204	9,650	953	(3,619)	15,129
Net income (loss)	$ 9,293	$ 16,729	$ 25,193	$ 2,692	$ (8,222)	$ 45,685
Average assets [2]	$ 13,913,789	$ 3,421,635	$ 9,414,682	$ 2,948,956	$ 5,195,604	$ 34,894,666

[1] Costs related to the acquisition of the MRS Companies and AGF Trust Company.

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

FOR THE THREE MONTHS ENDED JANUARY 31, 2012

	RETAIL & SME-QUÉBEC	REAL ESTATE & COMMERCIAL	B2B BANK	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	$ 78,725	$ 22,212	$ 30,964	$ 509	$ (1,781)	$ 130,629
Other income	31,803	8,006	8,143	14,146	1,017	63,115
Total revenue (loss)	110,528	30,218	39,107	14,655	(764)	193,744
Provision for loan losses	6,216	2,851	933	-	-	10,000
Non-interest expenses	91,260	7,756	23,422	12,160	5,762	140,360
Costs related to business combinations and other [1]	-	-	2,660	-	-	2,660
Income (loss) before income taxes	13,052	19,611	12,092	2,495	(6,526)	40,724
Income taxes (recovered)	2,631	5,305	3,221	620	(2,015)	9,762
Net income (loss)	$ 10,421	$ 14,306	$ 8,871	$ 1,875	$ (4,511)	$ 30,962
Average assets [2]	$ 13,302,967	$ 3,310,962	$ 6,009,674	$ 2,683,211	$ 4,398,536	$ 29,705,350

[1] Costs related to the acquisition of the MRS Companies and AGF Trust Company.

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

13. Business Combinations

Contingent consideration

On August 1, 2012, the Bank acquired 100% of the outstanding shares of AGF Trust Company (AGF Trust). The agreement includes a contingent consideration of a maximum of $20.0 million over five years if credit quality reaches certain criteria. The contingent consideration is recognized in other liabilities and amounted to $5.9 million as at January 31, 2013 and October 31, 2012.

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

In the fourth quarter of 2012, the preliminary allocation of the purchase price of AGF Trust resulted in a gain of $24.3 million ($16.4 million net of income taxes) arising on acquisition as the estimated fair values of the net assets acquired exceeded the purchase price. The gain mainly represented the favourable effect of the discount or premium to reflect the then current market rates on purchased financial instruments, partly offset by the initial estimated fair value of the contingent consideration. The portion of the gain resulting from the revaluation of the purchased financial instruments is being amortized in net income over the estimated remaining term of the purchased financial instruments and amounted to $1.1 million for the three-month period ended January 31, 2013 and $0.5 million for the three-month period ended October 31, 2012.

Costs related to business combinations and other

During the quarter, the Bank incurred acquisition-related costs as well as salary, information technology and other costs to integrate the operations of MRS Companies and AGF Trust within the Bank. These costs were recognized directly in net income, under Costs related to business combinations and other.

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1500 University Street,
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Montréal, Québec H3A 3S8

Ombudsman's office
Laurentian Bank of Canada
1981 McGill College Avenue
Suite 1420
Montréal, Québec H3A 3K3
514 284-7192
or 1 800 479-1244

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

Investors and analysts
Investors and analysts may contact the Investor Relations Department at Head Office by calling 514 284-4500 ext. 7511 or 4926.

Media
Journalists may contact the Public Affairs and Communications Department at Head Office by calling 514 284-4500 ext. 7511 or 8232.

Direct deposit service
Shareholders of the Bank may, by advising the Transfer Agent in writing, have their dividends deposited directly into an account held at any financial institution member of the Canadian Payments Association.

Dividend reinvestment and share purchase plan
The Bank has a dividend reinvestment and share purchase plan for Canadian holders of its common and preferred shares under which they can acquire common shares of the Bank without paying commissions or administration fees. Participants acquire shares through the reinvestment of cash dividends paid on the shares they hold or through optional cash payments of a minimum amount of $500 per payment, up to an aggregate amount of $20,000 in each 12 month period ending October 31.

For more information, shareholders may contact the Bank's registrar and transfer agent, Computershare Trust Company of Canada, at 1-800-564-6253. To participate in the plan, the Bank's non-registered common and preferred shareholders must contact their financial institution or broker.

Stock symbol and dividend record and payment dates

The common and preferred shares indicated below are listed on the Toronto Stock Exchange.	CUSIP CODE / STOCK SYMBOL	RECORD DATE*	DIVIDEND PAYMENT DATE*
Common shares	51925D 10 6LB	First Business day of:	
		January	February 1
		April	May 1
		July	August 1
		October	November 1
Preferred shares			
Series 9	51925D 87 4 LB.PR.D	**	March 15
Series 10	51925D 86 6 LB.PR.E	**	June 15
Series 11	51925D 84 1 LB.PR.F	**	September 15
			December 15

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

LAURENTIAN BANK