THIRD QUARTER 2013

Report to Shareholders

For the period ended July 31, 2013

Laurentian Bank reports third quarter results

Highlights of the third quarter 2013

- Net income of $28.3 million, return on common shareholders' equity of 8.1%, and diluted earnings per share of $0.91
- Total revenue up 14% year-over-year
- Net interest margin stable at 1.68%
- Loan losses remain low at $9.0 million and impaired loans continue to improve
- Solid growth in the commercial loan portfolios
- Transaction and Integration Costs of $14.6 million in the quarter

- Excluding adjusting items:
  - Adjusted net income of $39.8 million, up 13% year-over-year
  - Adjusted return on common shareholders' equity of 11.8%
  - Adjusted diluted earnings per share of $1.31

Laurentian Bank of Canada reported net income of $28.3 million or $0.91 diluted per share for the third quarter ended July 31, 2013, compared with $30.0 million or $1.06 diluted per share for the third quarter of 2012. Return on common shareholders' equity was 8.1% for the third quarter of 2013, compared with 10.1% for the same period in 2012. Excluding adjusting items[1], net income was up 13% to $39.8 million or $1.31 diluted per share for the third quarter of 2013, compared to $35.3 million or $1.27 diluted per share for the same period in 2012. Adjusted return on common shareholders' equity was 11.8% for the third quarter of 2013, compared with 12.1% for the same period in 2012.

For the nine months ended July 31, 2013, net income totalled $97.5 million or $3.12 diluted per share, compared with $94.8 million or $3.44 diluted per share in 2012. Return on common shareholders' equity was 9.6% for the nine months ended July 31, 2013, compared with 11.2% for the same period in 2012. Excluding adjusting items, net income was up 16% to $120.8 million or $3.95 diluted per share for the nine months ended July 31, 2013, compared with $104.5 million or $3.83 diluted per share for the same period in 2012. Adjusted return on common shareholders' equity was 12.1% for the nine months ended July 31, 2013, compared with 12.5% for the same period in 2012.

Commenting on the Bank's financial results for the third quarter of 2013, Réjean Robitaille, President and Chief Executive Officer, mentioned: “We continued to deliver solid revenues and earnings in the third quarter and leveraged our acquisitions to expand the Bank's revenue base. The continued excellent credit quality of the loan portfolio and disciplined control over expenses also contributed to our good performance.”

Mr. Robitaille added: “In an environment of slower consumer loan demand and continued margin pressure, we are working diligently to increase the value in each of our business segments, with a constant focus on profitable growth, on optimizing certain operations, and on the integration of our recently acquired businesses in order to maximize operating leverage going forward.”

[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 the Adjusting items and Non-GAAP financial measures sections for further details.

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.

Contents

[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.

Highlights

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2013	JULY 31 2012	VARIANCE	FOR THE NINE MONTHS ENDED JULY 31 2013	JULY 31 2012	VARIANCE
Profitability						
Total revenue	**$ 221,042**	$ 193,833	14 %	**$ 649,806**	$ 586,247	11 %
Net income	**$ 28,284**	$ 29,998	(6)%	**$ 97,513**	$ 94,823	3 %
Diluted earnings per share	**$ 0.91**	$ 1.06	(14)%	**$ 3.12**	$ 3.44	(9)%
Return on common shareholders' equity [1]	**8.1%**	10.1%		**9.6%**	11.2%	
Net interest margin [1]	**1.68%**	1.66%		**1.66%**	1.71%	
Efficiency ratio [1]	**79.1%**	76.8%		**76.3%**	74.9%	
Adjusted measures						
Adjusted net income [1]	**$ 39,847**	$ 35,253	13 %	**$ 120,812**	$ 104,474	16 %
Adjusted diluted earnings per share [1]	**$ 1.31**	$ 1.27	3 %	**$ 3.95**	$ 3.83	3 %
Adjusted return on common shareholders' equity [1]	**11.8%**	12.1%		**12.1%**	12.5%	
Adjusted efficiency ratio [1]	**72.5%**	73.2%		**72.0%**	72.7%	
Per common share						
Share price						
High	**$ 45.75**	$ 47.64		**$ 45.97**	$ 48.68	
Low	**$ 42.41**	$ 40.66		**$ 42.41**	$ 40.66	
Close	**$ 45.05**	$ 47.55	(5)%	**$ 45.05**	$ 47.55	(5)%
Price / earnings ratio (trailing four quarters)				**9.7x**	10.7x	
Book value [1]				**$ 44.36**	$ 41.96	6 %
Market to book value				**102%**	113%	
Dividends declared	**$ 0.50**	$ 0.47	6 %	**$ 1.48**	$ 1.37	8 %
Dividend yield [1]	**4.44%**	3.95%		**4.38%**	3.84%	
Dividend payout ratio [1]	**55.0%**	44.2%		**47.3%**	39.8%	
Financial position (in millions of Canadian dollars)						
Balance sheet assets				**$ 33,759**	$ 31,416	7 %
Loans and acceptances				**$ 27,189**	$ 23,436	16 %
Deposits				**$ 23,866**	$ 21,622	10 %
Basel III regulatory capital ratios — All-in basis [2]						
Common Equity Tier I				**7.5%**	n.a.	
Tier 1				**9.0%**	n.a.	
Total				**12.6%**	n.a.	
Other information						
Number of full-time equivalent employees				**4,289**	4,044	
Number of branches				**153**	158	
Number of automated banking machines				**422**	426	

[1] Refer to the non-GAAP financial measures section.
[2] As defined in OSFI 2013 Capital Adequacy Requirements Guideline.

Review of Business Highlights

Over the past few months, Laurentian Bank's Retail segment has been forming partnerships that are beneficial to the Bank's growth and development. For instance, the Bank launched a VISA product offering for FADOQ, the largest association of people aged 50 and over in Québec, with members totalling 275,000. It also introduced an offering for the 60,000 members of the Réseau des Ingénieurs du Québec, an association of Québec engineers. While it is still early days, this credit card initiative targeted at these high potential customer groups is off to a promising start.

Activities involving commercial clients have been reaping the rewards of their approach to lending which is based on areas of specialization. The focus and expertise that the bankers bring to their clients are resulting in several attractive lending opportunities. This is reflected in the strong growth in commercial loans, increasing by 6% in the third quarter of 2013 compared to the second quarter of 2013 and by 13% compared to a year earlier. Examples of high quality and specialized lending opportunities include participation in two Ontario consortiums; one with the proceeds used to build a wind farm in Kingsville and another to build an environmentally sustainable facility to treat wastewater in Sudbury.

B2B Bank is continuing to make good progress in integrating its two acquisitions. In particular, there has been a pronounced ramp up in the effort to integrate AGF Trust into B2B Bank, in preparation for the legal merger of these two entities on September 1st. When this occurs, all products and services will be branded under B2B Bank. Furthermore, as the integration proceeds, products begin to be offered to B2B Bank's clientele. For example, loans for Registered Educational Savings Plans are now offered to complement investment loans for Registered Retirement Savings Plans.

Laurentian Bank Securities is continuing to selectively build new capabilities. The syndication group, during the quarter, broadened its product offering by adding a team with structured note expertise. In addition to helping its partners bring product to market in a timely manner, this team is working with Investment Advisors to customize products to fit the needs of their high net worth clients. This enhancement to the Wealth Management platform is another effective way of helping clients to build wealth.

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 July 31, 2013, and of how it performed during the three-month and nine-month periods then ended. This MD&A, dated August 30, 2013, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended July 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

As a result of recent Federal Reserve announcements, long-term interest rates in the U.S. and Canada have trended upward, triggering increases in fixed-term mortgage rates. While the Bank does not expect this situation to put significant pressure on housing affordability, activity in the housing market should continue to slow throughout 2013 and 2014 as imbalances between supply and demand persist. As for the broader real economy, some unusual temporary factors (floods and strike) will cause GDP growth to remain wavy in the near term. In the end, the outcome will remain the same: the Canadian economy should grow modestly in 2013 and accelerate somewhat in 2014, fuelled by stronger exports owing to a healthier economy south of the border.

Regarding monetary policy, the Bank of Canada will stay on the sidelines until inflation steadily increases and household sector balance sheets have improved. It will take time for these conditions to come together, consistent with an increase of the overnight target rate, only by the end of 2014 at the earliest.

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 NINE MONTHS ENDED JULY 31, 2013
Revenue growth	> 5%	11%
Adjusted efficiency ratio [1]	72.5% to 69.5%	72.0%
Adjusted net income (in millions of dollars) [1]	$145.0 to $165.0	$120.8
Adjusted return on common shareholders' equity [1]	10.5% to 12.5%	12.1%
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 nine months ended July 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. Strong revenue growth stemming from the AGF Trust acquisition and the Bank's strategies to diversify its revenue base, combined with a disciplined management of expenses and continued excellent credit quality have contributed to the overall good performance.

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

Analysis of Consolidated Results

CONSOLIDATED RESULTS

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2013	APRIL 30 2013	JULY 31 2012	FOR THE NINE MONTHS ENDED JULY 31 2013	JULY 31 2012
Net interest income	**$ 144,549**	$ 140,430	$ 129,664	**$ 427,323**	$ 388,617
Other income	**76,493**	74,420	64,169	**222,483**	197,630
Total revenue	**221,042**	214,850	193,833	**649,806**	586,247
Gain on acquisition and amortization of net premium on purchased financial instruments	**(1,140)**	(1,224)	—	**(3,420)**	—
Provision for loan losses	**9,000**	9,000	7,500	**26,000**	25,000
Non-interest expenses	**174,928**	159,853	148,955	**496,095**	439,086
Income before income taxes	**35,974**	44,773	37,378	**124,291**	122,161
Income taxes	**7,690**	9,634	7,380	**26,778**	27,338
Net income	**$ 28,284**	$ 35,139	$ 29,998	**$ 97,513**	$ 94,823
Preferred share dividends, including applicable taxes	**2,520**	4,059	3,164	**9,112**	9,495
Net income available to common shareholders	**$ 25,764**	$ 31,080	$ 26,834	**$ 88,401**	$ 85,328
Earnings per share					
Basic	**$ 0.91**	$ 1.10	$ 1.06	**$ 3.13**	$ 3.44
Diluted	**$ 0.91**	$ 1.10	$ 1.06	**$ 3.12**	$ 3.44

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.

IMPACT OF ADJUSTING ITEMS, NET OF INCOME TAXES

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2013	APRIL 30 2013	JULY 31 2012	FOR THE NINE MONTHS ENDED JULY 31 2013	JULY 31 2012
Impact on net income					
Reported net income	**$ 28,284**	$ 35,139	$ 29,998	**$ 97,513**	$ 94,823
Adjusting items, net of income taxes [1]					
Gain on acquisition and amortization of net premium on purchased financial instruments					
Amortization of net premium on purchased financial instruments	**840**	902	—	**2,520**	—
Costs related to business combinations and other [2]					
MRS Companies transaction and integration related costs	**3,977**	1,332	4,801	**9,627**	9,197
AGF Trust transaction and integration related costs	**6,746**	3,174	454	**11,152**	454
	11,563	5,408	5,255	**23,299**	9,651
Adjusted net income [1]	**$ 39,847**	$ 40,547	$ 35,253	**$ 120,812**	$ 104,474
Impact on diluted earnings per share					
Reported diluted earnings per share	**$ 0.91**	$ 1.10	$ 1.06	**$ 3.12**	$ 3.44
Adjusting items [1]	**0.41**	0.19	0.21	**0.82**	0.39
Adjusted diluted earnings per share [1] [3]	**$ 1.31**	$ 1.29	$ 1.27	**$ 3.95**	$ 3.83

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

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

[3] The impact of adjusting items on a per share basis does not add due to rounding for the quarter ended July 31, 2013 and for the nine months ended July 31, 2013.

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

Net income was $28.3 million, or $0.91 diluted per share, for the third quarter of 2013, compared with $30.0 million, or $1.06 diluted per share, for the third quarter of 2012. Adjusted net income was up 13% year-over-year to $39.8 million for the third quarter ended July 31, 2013, compared with $35.3 million in 2012, while adjusted diluted net income per share was $1.31, compared to $1.27 diluted per share, in 2012.

Total revenue

Total revenue increased by $27.2 million or 14% to $221.0 million in the third quarter of 2013, compared with $193.8 million in the third quarter of 2012. The contribution from AGF Trust to total revenue amounted to $19.0 million for the third quarter of 2013, including $18.5 million reported in the B2B Bank business segment results and $0.5 million related to treasury activities presented in the Other business segment's results.

Net interest income was up 11% to $144.5 million for the third quarter of 2013, from $129.7 million in the third quarter of 2012, essentially reflecting loan and deposit growth year-over-year from the purchased portfolios of AGF Trust, and slightly improved margins. When compared to the third quarter of 2012, margins increased by 2 basis points to 1.68% for the third quarter of 2013. The higher-yielding loans in the AGF Trust portfolios and relatively lower liquidity levels compared to a year ago, mainly contributed to the increase. These factors temporarily muted ongoing pressure on loan and deposit margins stemming from the repricing of maturing loans and deposits in the very low interest rate environment.

Other income totalled $76.5 million in the third quarter of 2013, compared to $64.2 million in the third quarter of 2012, a $12.3 million or 19% increase reflecting better performance in most revenue streams. During the quarter, fees and commissions on loans and deposits continued to benefit from increased activity. Income from treasury and financial market operations also increased due to a particularly strong quarter in treasury activities and slightly higher net security gains year-over-year. Higher income from brokerage operations, as well as continued solid income from sales of mutual funds and credit insurance also contributed to the increase year-over-year.

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

For the third 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 12 to the unaudited condensed interim financial statements for additional information on this item.

Provision for loan losses

The provision for loan losses increased by $1.5 million to $9.0 million in the third quarter of 2013 from $7.5 million in the third quarter of 2012, albeit a very low level, reflecting the overall underlying quality of the Bank's loan portfolios. The provision in the third quarter of 2013 includes a $3.5 million favourable settlement on a single commercial loan exposure. During the quarter, the Bank maintained its prudent approach to loan loss provisioning and adjusted collective provisions by $2.5 million for medium-sized residential real estate properties and projects as well as for certain residential mortgage loan portfolios in light of recent events in Alberta. Loan losses related to the AGF Trust loan portfolios amounted to $0.9 million for the quarter.

Non-interest expenses

Non-interest expenses increased by $26.0 million to $174.9 million for the third quarter of 2013, compared to $149.0 million for the third quarter of 2012. This mainly resulted from the addition of current operating expenses of $7.2 million related to AGF Trust, higher T&I Costs and certain one-off charges incurred in the third quarter of 2013, as detailed below.

Salaries and employee benefits increased by $10.5 million or 14% to $87.7 million for the third quarter of 2013, compared to the third quarter of 2012. Regular salary increases, higher performance-based compensation, as well as higher pension costs impacted costs for the quarter and more than offset savings related to group insurance programs. A $4.0 million portion of the increase was also due to the additional headcount resulting from the acquisition of AGF Trust.

Premises and technology costs increased by $5.8 million or 15% to $44.5 million compared to the third quarter of 2012, mostly stemming from higher amortization expense related to completed IT development projects, including a $1.6 million impairment charge related to discontinued IT projects. Higher rental costs related to additional square footage of leased premises for IT development teams and a $0.7 million charge related to the branch network optimization also contributed to the increase. As well, additional rental and IT costs totalling $1.7 million resulted from the acquisition of AGF Trust.

Other non-interest expenses increased by $2.2 million to $28.2 million for the third quarter of 2013, from $26.0 million for the third quarter of 2012. The increase is mainly attributable to a $1.0 million adjustment to provincial sales taxes and to $1.5 million of other non-interest expenses related to AGF Trust in the third quarter of 2013.

T&I Costs for the third quarter of 2013 totalled $14.6 million and mainly related to IT systems conversions costs, employee relocation costs, salaries, professional fees and other expenses for the integration of AGF Trust and the MRS Companies. The integration process is progressing according to plan and should be ongoing over the next few quarters.

The adjusted efficiency ratio was 72.5% in the third quarter of 2013, compared to 73.2% in the third quarter of 2012. On the same adjusted basis, at 1.0% year-over-year, the Bank continued to generate positive operating leverage, mainly due to the addition of AGF Trust, integration synergies, higher other income and the Bank's continued cost control initiatives.

Income taxes

For the quarter ended July 31, 2013, the income tax expense was $7.7 million and the effective tax rate was 21.4%. The lower tax rate, compared to the statutory rate, mainly resulted from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income and the lower taxation level on revenues from foreign insurance operations. For the quarter ended July 31, 2012, the income tax expense was $7.4 million and the effective tax rate was 19.7%. Year-over-year, the higher income tax rate for the third quarter ended July 31, 2013 results from a lower level of non-taxable dividend income.

Nine months ended July 31, 2013 compared to nine months ended July 31, 2012

Net income was $97.5 million, or $3.12 diluted per share, for the nine months ended July 31, 2013, compared with $94.8 million, or $3.44 diluted per share, in 2012. Adjusted net income was up 16% year-over-year to $120.8 million for the nine months ended July 31, 2013, compared with $104.5 million in 2012, while adjusted diluted net income per share was up 3% to $3.95, compared to $3.83 diluted per share, in 2012.

Total revenue

Total revenue increased $63.6 million or 11% to $649.8 million for the nine months ended July 31, 2013, compared with $586.2 million for the nine months ended July 31, 2012. The contribution from AGF Trust to total revenue amounted to $57.6 million for the nine months ended July 31, 2013, including $55.9 million reported in the B2B Bank business segment results and $1.7 million related to treasury activities included in the Other business segment's results.

Net interest income increased 10% to $427.3 million for the nine months ended July 31, 2013, compared with $388.6 million for the same period in 2012, and is mainly explained by strong loan and deposit volume growth year-over-year from the purchased AGF Trust portfolios, which essentially offset the effect of continuing pressure in net interest margin of 5 basis points over the same period.

Other income was $222.5 million for the nine months ended July 31, 2013, compared to $197.6 million for the same period in 2012, a 13% year-over-year increase reflecting improvements across all revenue streams, notably in fees and commissions on loans and deposits originating from increased business volume and pricing initiatives as noted above. In addition, income from brokerage operations increased by $5.1 million as the Bank's brokerage subsidiary capitalized on growth opportunities in the fixed income market and benefited from stronger equity markets compared to a year ago. Other income sources also contributed to the overall better performance.

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

For the nine months ended July 31, 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 $3.4 million. Refer to Note 12 to the unaudited condensed interim financial statements for additional information on this item.

Provision for loan losses

The provision for loan losses amounted to $26.0 million for the nine months ended July 31, 2013, an increase of $1.0 million or 4% from $25.0 million for the nine months ended July 31, 2012, despite a 16% increase in the loan portfolio stemming mainly from the AGF Trust acquisition. This reflects the quality of the Bank's loan portfolios and the prolonged favourable credit conditions in the Canadian market. Provisions for the nine months ended July 31, 2013 included a $6.7 million charge related to the AGF Trust loan portfolios. In addition, favourable settlements and overall improvements led to a net credit of $2.6 million in loan loss provisioning in the commercial portfolios for the nine months ended July 31, 2013.

Non-interest expenses

Non-interest expenses totalled $496.1 million for the nine months ended July 31, 2013, compared to $439.1 million for the nine months ended July 31, 2012. Excluding current operating expenses related to AGF Trust of $24.0 million and T&I Costs of $28.3 million, non-interest expenses increased by $17.9 million or 4%.

Salaries and employee benefits increased by $28.8 million or 12% to $262.3 million compared to the nine months ended July 31, 2012, mainly due to increased headcount from the acquisition of AGF Trust, as well as to regular salary increases, higher performance-based compensation and pension costs. These were partly offset by synergies from integration of the MRS Companies, lower other employee benefit costs and savings from restructurings in the retail banking operations in 2012.

Premises and technology costs increased by $12.2 million compared to the nine months ended July 31, 2012, mainly stemming from rental and IT costs resulting from the acquisition of AGF Trust, as well as higher rental costs related to additional square footage of leased premises for IT project teams. Higher IT costs related to ongoing business growth and amortization expense related to completed IT development projects, including a $1.6 million impairment charge for discontinued IT projects, also contributed to the increase.

Other non-interest expenses increased marginally by $0.9 million to $79.5 million for the nine months ended July 31, 2013, from $78.6 million for the same period of 2012. The increase is mainly due to other non-interest expenses of AGF Trust for the nine months ended July 31, 2013, partly offset by net favourable adjustments to sales taxes. Expenses for the nine months ended July 31, 2012 also included MRS Companies' outsourcing expenses prior to its integration within B2B Bank in 2012.

T&I Costs for the nine months ended July 31, 2013 totalled $28.3 million and mainly related to IT systems conversions costs, employee relocation costs, salaries, professional fees and other expenses, as noted above.

The adjusted efficiency ratio was 72.0% for the nine months ended July 31, 2013, compared to 72.7% for the nine months ended July 31, 2012. On the same adjusted basis, operating leverage was slightly positive over period, as the addition of AGF Trust and higher other income combined with continued cost control measures aimed at slowing expense growth more than compensated for the impact of compressing margins.

Income taxes

For the nine months ended July 31, 2013, the income tax expense was $26.8 million and the effective tax rate was 21.5%. The lower tax rate, compared to the statutory rate, mainly resulted from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income and the lower taxation level on revenues from foreign insurance operations. For the nine months ended July 31, 2012, the income tax expense was $27.3 million and the effective tax rate was 22.4%. Year-over-year, the lower income tax rate for the nine months ended July 31, 2013 reflects the higher level of revenues from foreign insurance operations, as well as miscellaneous tax recoveries.

Three months ended July 31, 2013 compared to three months ended April 30, 2013

Net income was $28.3 million or $0.91 diluted per share for the third quarter of 2013 compared with $35.1 million or $1.10 diluted per share for the second quarter of 2013.

Adjusted net income was $39.8 million, or $1.31 diluted per share, compared to $40.5 million or $1.29 diluted per share for the second quarter of 2013. The calculation of diluted net income per share in the second quarter of 2013 included a $1.5 million final dividend on the Series 9 preferred shares redeemed in March.

Total revenue increased to $221.0 million in the third quarter of 2013, compared to $214.9 million in the previous quarter. Net interest income increased by $4.1 million sequentially to $144.5 million in the third quarter, mainly as a result of the three additional days. Net interest margins held stable at 1.68% in the third quarter of 2013, unchanged compared to the second quarter of 2013. Loan prepayment penalties, seasonally higher in the third quarter, and a reduction in lower-yielding liquid assets temporarily compensated for the margin compression related to the ongoing very low interest rate environment and reduced level of higher-margin personal loans.

Other income increased by $2.1 million sequentially despite a $3.7 million gain on sale of a commercial mortgage loan portfolio recorded during the second quarter. The increase is largely due to higher fees and commissions on loan and deposits stemming from increased business activity, as well as the particularly strong performance of treasury activities which contributed to higher income from treasury and financial market operations.

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 third quarter of 2013, compared to a $1.2 million charge for the last quarter. Refer to Note 12 to the unaudited condensed interim financial statements for additional information on this item.

The provision for loan losses remained low at $9.0 million for the third quarter of 2013, unchanged from the second quarter of 2013, reflecting the continued excellent quality of the portfolio. In the third quarter of 2013, the Bank prudently adjusted by $2.5 million collective provisions for medium-sized residential real estate properties and projects as well as for certain residential mortgage loan portfolios in light of recent events in Alberta. These additional provisions were offset by a $3.5 million favourable settlement on a single commercial loan exposure, while there was no comparable significant settlement during the second quarter.

Non-interest expenses amounted to $174.9 million for the third quarter of 2013, compared to $159.9 million for the second quarter of 2013. Excluding T&I Costs of $14.6 million in the third quarter of 2013 and of $6.1 million in the second quarter of 2013, non-interest expenses increased sequentially by 4%. This increase mainly results from adjustments to performance-based compensation, an impairment charge related to IT projects as well as an unfavourable adjustment to provincial sales taxes recorded in the third quarter, as the Bank continued to apply tight cost control measures in the midst of a more muted growth environment for net interest income.

Financial condition

CONDENSED BALANCE SHEET

In thousands of Canadian dollars (Unaudited)		**AS AT JULY 31 2013**		AS AT OCTOBER 31 2012		AS AT JULY 31 2012
ASSETS						
Cash and deposits with other banks	**$**	**219,480**	$	571,043	$	917,923
Securities		**4,905,084**		6,142,961		5,178,810
Securities purchased under reverse repurchase agreements		**741,561**		631,202		1,173,704
Loans and acceptances, net		**27,074,649**		26,663,337		23,303,028
Other assets		**817,733**		928,283		842,047
	$	**33,758,507**	$	34,936,826	$	31,415,512
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits	**$**	**23,866,365**	$	24,041,443	$	21,622,059
Other liabilities		**3,025,682**		2,873,563		3,137,239
Debt related to securitization activities		**4,952,060**		6,037,097		5,109,015
Subordinated debt		**444,962**		443,594		243,869
Shareholders' equity		**1,469,438**		1,541,129		1,303,330
	$	**33,758,507**	$	34,936,826	$	31,415,512

Balance sheet assets stood at $33.8 billion at July 31, 2013, down $1.2 billion from year-end 2012. Over the last twelve months, balance sheet assets increased by $2.3 billion or 7%, mainly due to the acquisition of AGF Trust.

Liquid assets

Liquid assets, including cash, deposits with other banks, securities and securities purchased under reverse repurchase agreements, totalled $5.9 billion at July 31, 2013, a $1.5 billion decrease compared to October 31, 2012. This decrease is mainly due to the replacement assets used to reimburse $1.5 billion of matured debt related to securitization activities during the nine months ended July 31, 2013. Liquid assets were relatively lower and decreased to 17%, as a percentage of total assets, from 21% as at October 31, 2012. The Bank continues to prudently manage the level and mix of liquid assets and maintains sufficient cash resources in order to meet its current and future financial obligations, under both normal and stressed conditions.

Loans

Loans and bankers' acceptances, net of loan loss allowances stood at $27.1 billion as at July 31, 2013, up $0.4 billion or 2% from October 31, 2012 and 16% year-over-year, mainly due to the purchased loans of AGF Trust. During the nine months ended July 31, 2013, the growth in the Bank's loan portfolios was fuelled by the strong organic growth in the higher-margin commercial loan portfolios, partly tempered by slowing loan demand in the retail portfolios. Commercial loans, including bankers' acceptances, increased by $273.6 million or 12% since October 31, 2012, as the Bank capitalized on increased demand from its business clients, while commercial mortgage loans were relatively unchanged, as growth of $96.1 million or 4% was offset by a loan sale of $94.7 million during the second quarter. Personal loans decreased by $394.4 million since October 31, 2012, mainly reflecting attrition in the acquired AGF Trust portfolios and lower demand for other personal loans as consumers begin to deleverage. Residential mortgage loans increased by $527.3 million or 4% from October 31, 2012.

Deposits

Personal deposits stood at $19.2 billion as at July 31, 2013, down $0.1 billion or 1% from October 31, 2012, in-line with more modest growth in the loan portfolios. Business and other deposits, which include institutional deposits, were down $0.1 billion since October 31, 2012 to $4.6 billion as at July 31, 2013, as the Bank reduced the level of high-priced wholesale deposits as part of its funding management. Nevertheless, the Bank continues to maintain diversified funding sources and to actively manage its liquidity levels. It focuses its efforts on retail deposit gathering through its Retail & SME-Québec and B2B Bank business segments, a solid funding base and a valuable asset in light of future regulatory liquidity adequacy requirements. These deposits represented 81% of total deposits as at July 31, 2013.

Other Liabilities

Debt related to securitization activities decreased by a net $1.1 billion since the beginning of the year considering the maturity of four issuances and stood at $5.0 billion as at July 31, 2013. Since October 31, 2012, the Bank also funded itself through the securitization of $816.5 million new residential mortgage loans. The Bank sold $512.6 million as part of new Canada Mortgage Bond issuances and $303.9 million as replacement assets in existing securitization structures. Subordinated debt stood at $445.0 million as at July 31, 2013, relatively unchanged from October 31, 2012.

Shareholders' equity

Shareholders' equity stood at $1,469.4 million as at July 31, 2013, compared with $1,541.1 million as at October 31, 2012. This decrease mainly resulted from the repurchase on March 15, 2013 of the Class A Preferred Shares, Series 9, at par for $100 million, partly offset by internal capital generation, as well as from the issuance of 296,195 new common shares under the Shareholder Dividend Reinvestment and Share Purchase Plan and 30 000 new common shares under the Share purchase option plan. The Bank's book value per common share, excluding accumulated other comprehensive income, appreciated to $44.36 as at July 31, 2013 from $42.81 as at October 31, 2012. There were 28,443,795 common shares and 20,000 share purchase options outstanding as at August 23, 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, 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 expected 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. Furthermore, certain banks in Canada have been designated by OSFI as Domestic Systemically Important Banks (or D-SIBs). Under this designation, these banks will be asked to hold a further 1% of Tier 1 Common Equity by January 1, 2016. Laurentian Bank, however, has not been so designated. 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 redeemed at par on March 15, 2013 the Series 9 preferred shares which were non-qualifying instruments under Basel III.

As detailed in the table below, on an "all-in" basis, the Common Equity Tier 1, Tier 1 and Total capital ratios stood at 7.5%, 9.0% and 12.6%, respectively, as at July 31, 2013. These ratios meet all present minimum requirements.

REGULATORY CAPITAL

In thousands of Canadian dollars, except percentage amounts (Unaudited)	Basel III [1] AS AT JULY 31 2013	Basel III [1] AS AT APRIL 30 2013	Basel II [2] AS AT OCTOBER 31 2012	Basel II [2] AS AT JULY 31 2012
Regulatory capital				
Common Equity Tier 1 capital (A)	**$ 1,013,588**	$ 1,018,515	n.a.	n.a.
Tier 1 capital (B)	**$ 1,218,734**	$ 1,223,661	$ 1,460,253	$ 1,233,467
Total capital (C)	**$ 1,701,438**	$ 1,698,448	$ 1,974,060	$ 1,535,081
Total risk-weighted assets (D)	**$ 13,471,849**	$ 13,428,594	$ 13,436,433	$ 12,187,979
Regulatory capital ratios				
Common Equity Tier 1 capital ratio (A/D)	**7.5%**	7.6%	n.a.	n.a.
Tier 1 capital ratio (B/D)	**9.0%**	9.1%	10.9 %	10.1 %
Total capital ratio (C/D)	**12.6%**	12.6%	14.7 %	12.6 %

[1] The amounts are presented on an "all-in" basis.
[2] The amounts are presented in accordance with Basel II as filed with OSFI.

The Common Equity Tier 1 capital ratio decreased by 0.1%, from 7.6% as at April 30, 2013 to 7.5% as at July 31, 2013. The decrease in unrealized gains on available-for-sale fixed income securities, reflecting the negative impact on fixed income security valuation due to the recent rise in long term bond yields, higher integration costs in the third quarter as well as higher deductions related to software resulted in a net decrease in regulatory capital, which combined with the slight increase in total risk-weighted assets hampered the ratio during the third quarter.

The Bank uses the Standardized Approach in determining credit risk capital and to account for operational risk. In 2012, the Bank initiated the process to adopt the advanced internal ratings-based (AIRB) approach to determine credit risk capital under Basel II. Currently, the Bank's capital requirements for credit risk under the Standardized Approach are not calculated on the same basis as its industry peers, as larger Canadian financial institutions predominantly use the more favourable AIRB approach. The Bank's eventual adoption of the AIRB approach should strengthen its credit risk management, improve comparability, optimize regulatory capital and provide a level-playing field for credit underwriting activities.

Proposal for new liquidity regulatory measures

In December 2009, the BCBS published proposals on new liquidity requirements, which introduced new global liquidity standards. The BCBS liquidity guidelines include minimum requirements for two regulatory measures, the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), which are scheduled for implementation in January 2015 and January 2018, respectively. The LCR establishes a common measure of liquidity risk and requires institutions to maintain sufficient liquid assets to cover a minimum of 30 days of cash flow requirements in a stressed situation. The NSFR describes a second common measure of liquidity establishing a minimum acceptable amount of stable funding based on the liquidity characteristics of a financial institution's assets and activities over a one-year horizon. 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 some aspects of 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 is in the process of assessing differences between the current liquidity requirements and its liquidity data and reporting systems.

Dividends

On August 21, 2013, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on September 9, 2013. At its meeting on August 30, 2013, the Board of Directors declared a dividend of $0.50 per common share, payable on November 1, 2013, to shareholders of record on October 1, 2013.

COMMON SHARE DIVIDENDS AND PAYOUT RATIO

In Canadian dollars, except payout ratios (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2013	APRIL 30 2013	JULY 31 2012	FOR THE NINE MONTHS ENDED JULY 31 2013	FOR THE YEARS ENDED OCTOBER 31 2012	OCTOBER 31 2011	OCTOBER 31 2010
Dividends declared per common share	**$ 0.50**	$ 0.49	$ 0.47	**$ 1.48**	$ 1.84	$ 1.62	$ 1.44
Dividend payout ratio [1][2]	**55.0%**	44.5%	44.2%	**47.3%**	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 JULY 31 2013	APRIL 30 2013	JULY 31 2012	FOR THE NINE MONTHS ENDED JULY 31 2013	JULY 31 2012
Provision for loan losses					
Personal loans	**$ 6,135**	$ 7,455	$ 5,715	**$ 21,648**	$ 17,760
Residential mortgage loans	**4,645**	872	1,256	**6,924**	2,038
Commercial mortgage loans	**(3,141)**	48	13	**(1,992)**	3,456
Commercial and other loans (including acceptances)	**1,361**	625	516	**(580)**	1,746
	$ 9,000	$ 9,000	$ 7,500	**$ 26,000**	$ 25,000
As a % of average loans and acceptances	**0.13%**	0.14%	0.13%	**0.13%**	0.15%

The provision for loan losses amounted to $9.0 million in the third quarter of 2013, unchanged from the second quarter of 2013 and up $1.5 million compared to a year ago. This very low level of loan losses reflects the strong overall credit quality of the Bank's loan portfolios and prolonged favourable credit conditions in the Canadian market.

The year-over-year increase of $0.4 million in loan losses on personal loans is mainly due to losses on the AGF Trust loan portfolios. The provision on residential mortgage loans also increased by $3.4 million compared to the third quarter of 2012, driven by additional collective provisions on medium-sized residential real estate properties and projects to better reflect the risk profile of these loans and on certain residential mortgage loan portfolios in light of recent events in Alberta.

Loan losses on commercial mortgages and commercial loans remained at a very low level during the third quarter of 2013 and further decreased by a combined $2.3 million year-over-year and $2.5 million sequentially, benefitting from a $3.5 million favourable settlement on a single commercial mortgage loan exposure in the third quarter of 2013. The prolonged low level of loan losses continues to reflect the excellent credit quality of these portfolios.

IMPAIRED LOANS

In thousands of Canadian dollars, except percentage amounts (Unaudited)		**AS AT JULY 31 2013**		AS AT OCTOBER 31 2012		AS AT JULY 31 2012
Gross impaired loans						
Personal	**$**	**15,008**	$	16,863	$	17,774
Residential mortgages		**25,784**		21,971		18,853
Commercial mortgages		**20,774**		36,672		61,418
Commercial and other (including acceptances)		**36,631**		52,517		58,348
	$	**98,197**	$	128,023	$	156,393
Allowances for loan losses against impaired loans						
Individual allowances	**$**	**(35,941)**	$	(47,849)	$	(62,052)
Collective allowances		**(11,541)**		(12,492)		(17,643)
	$	**(47,482)**	$	(60,341)	$	(79,695)
Net impaired loans [1]	**$**	**50,715**	$	67,682	$	76,698
Collective allowances against other loans	**$**	**(66,608)**	$	(57,201)	$	(52,944)
Impaired loans as a % of loans and acceptances						
Gross		**0.36%**		0.48%		0.67%
Net		**0.19%**		0.25%		0.33%

[1] Net impaired loans are now calculated as gross impaired loans less individual allowances and collective allowances against impaired loans.

Gross impaired loans amounted to $98.2 million as at July 31, 2013, down 23% from $128.0 million as at October 31, 2012 as credit quality remained very good during the quarter. The decrease since October 31, 2012 resulted from improvement in the commercial mortgage loan and commercial loan portfolios, as borrowers continued to benefit from the favourable low interest rate environment, as well as the prevailing business conditions in Canada, partly offset by the accounting impact of the purchased AGF Trust personal and residential mortgage loan portfolios.

Since the beginning of the year, individual allowances decreased by $11.9 million to $35.9 million, as a result of favourable settlements and overall improvement in the commercial mortgage loan and commercial loan portfolios. Net impaired loans, now calculated as gross impaired loans less individual allowances and collective allowances against impaired loans, amounted to $50.7 million as at July 31, 2013, compared to $67.7 million as at October 31, 2012, and totalled 0.19% of loans and acceptances,a decrease from October 31, 2012, reflecting the excellent credit quality of the loan portfolio. Despite this decrease, management continues to prudently manage the level of provisioning of impaired loans.

Liquidity and funding risk

Liquidity and funding risk represents the possibility that the Bank may not be able to gather sufficient cash resources, when required and on reasonable conditions, to meet its financial obligations. There have been no material changes to the Bank's liquidity and funding risk management framework from year-end 2012. The Bank continues to maintain liquidity and funding that is appropriate for the execution of its strategy, with liquidity and funding risk remaining well within its risk appetite.

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 manage 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 July 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 JULY 31 2013**		AS AT OCTOBER 31 2012
Effect of a 1% increase in interest rates				
Increase in net interest income before taxes over the next 12 months	**$**	**6,553**	$	16,701
Decrease in the economic value of common shareholders' equity (Net of income taxes)	**$**	**(28,147)**	$	(19,710)

As shown in the table above, the Bank reduced its short-term ALM sensitivity compared to October 31, 2012 while increasing its long term sensitivity in the context of a steepening of the longer end of the yield curve. 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

	FOR THE THREE MONTHS ENDED						FOR THE NINE MONTHS ENDED			
In thousands of Canadian dollars, except percentage amounts (Unaudited)		**JULY 31 2013**		APRIL 30 2013		JULY 31 2012		**JULY 31 2013**		JULY 31 2012
Net interest income	**$**	**77,799**	$	72,690	$	80,163	**$**	**227,344**	$	234,984
Other income		**40,897**		38,260		34,662		**114,593**		99,887
Total revenue		**118,696**		110,950		114,825		**341,937**		334,871
Provision for loan losses		**8,349**		5,924		6,474		**20,339**		17,545
Non-interest expenses		**96,984**		93,386		91,107		**283,351**		273,635
Income before income taxes		**13,363**		11,640		17,244		**38,247**		43,691
Income taxes		**2,339**		1,978		3,709		**6,351**		9,077
Net income	**$**	**11,024**	$	9,662	$	13,535	**$**	**31,896**	$	34,614
Efficiency ratio [1]		**81.7%**		84.2%		79.3%		**82.9%**		81.7%

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

The Retail & SME-Québec business segment's contribution to net income was $11.0 million in the third quarter of 2013 compared with $13.5 million in the third quarter of 2012.

Total revenue increased by $3.9 million from $114.8 million in the third quarter of 2012 to $118.7 million in the third quarter of 2013, as growth in other income compensated for lower net interest income. Net interest income decreased by $2.4 million, as growth in loan and deposit volumes year-over-year did not fully compensate for the ongoing decline in margins stemming from the repricing of loans and deposits in the very low interest rate environment. Other income increased by 18% from $34.7 million in the third quarter of 2012 to $40.9 million for the same period in 2013 reflecting improved performance across all revenue streams. Higher fees on deposits, higher income from sales of mutual funds reflecting new sales and better market performance compared to a year ago and higher credit insurance income mainly contributed to the increase year-over-year.

Loan losses increased from $6.5 million in the third quarter of 2012 to $8.3 million in the third quarter of 2013. This increase mainly results from adjustments to collective provisions on medium-sized residential real estate properties and projects to better reflect the risk profile of these loans. Non-interest expenses increased by $5.9 million or 6%, from $91.1 million in the third quarter of 2012 to $97.0 million in the third quarter of 2013. Regular salary increases and higher pension costs as well as higher premises and technology costs due to the recently harmonized Québec sales taxes and a $0.7 million charge related to the branch network optimization, mainly accounted for the increase.

The efficiency ratio was 81.7% in the third quarter of 2013, compared with 79.3% in the third quarter of 2012. Despite strong growth in other income and an increased focus on controlling costs, the impact of the prolonged very low interest rate environment continues to weigh on the segment's efficiency ratio.

Compared to the second quarter of 2013, net income increased by $1.4 million from $9.7 million to $11.0 million in the third quarter of 2013, mainly due to the increase in total revenue due to the three additional days, growth in loan and deposit volumes in the third quarter, seasonally higher loan prepayment penalties and better other income. This increase was partly offset by the additional provision for loan losses and higher non-interest expenses in part due to the three additional days in the third quarter and the charge related to the branch network optimization explained above.

For the nine months ended July 31, 2013, net income decreased by 8%, from $34.6 million to $31.9 million. Growth in loan and deposit volumes and increased other income, as explained above was more than offset by the effect of lower interest margins and increase in non-interest expenses partly attributable to higher salaries and sales taxes costs incurred since January 2013.

Real Estate & Commercial

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED **JULY 31 2013**	APRIL 30 2013	JULY 31 2012	FOR THE NINE MONTHS ENDED **JULY 31 2013**	JULY 31 2012
Net interest income	**$ 21,310**	$ 20,179	$ 21,731	**$ 63,044**	$ 65,992
Other income	**8,931**	10,503	8,327	**27,520**	26,784
Total revenue	**30,241**	30,682	30,058	**90,564**	92,776
Provision for loan losses	**(1,880)**	(74)	436	**(3,418)**	5,042
Non-interest expenses	**8,946**	8,383	7,756	**25,743**	22,996
Income before income taxes	**23,175**	22,373	21,866	**68,239**	64,738
Income taxes	**6,188**	5,974	5,915	**18,221**	17,512
Net income	**$ 16,987**	$ 16,399	$ 15,951	**$ 50,018**	$ 47,226
Efficiency ratio [1]	**29.6%**	27.3%	25.8%	**28.4%**	24.8%

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

The Real Estate & Commercial business segment's contribution to net income increased by $1.0 million or 6% to $17.0 million in the third quarter of 2013, compared with $16.0 million in the third quarter of 2012.

Total revenue slightly increased by $0.2 million to $30.2 million in the third quarter of 2013, as growth in other income compensated for lower net interest income. Net interest income decreased by 2% compared to the third quarter of 2012 as the strong volume growth in the commercial loan portfolios was more than offset by compressed margins in the third quarter of 2013. Other income increased by 7% compared to the third quarter of 2012, mainly due to increased underwriting activity compared to a year ago. Loan losses decreased by $2.3 million compared to a year ago and generated a net credit of $1.9 million in the third quarter of 2013, as a result of a $3.5 million favourable settlement on a single commercial mortgage loan exposure, reflecting the excellent quality of the commercial loan portfolio. Non-interest expenses increased by $1.2 million to $8.9 million in the third quarter of 2013 compared with $7.8 million in the third quarter of 2012 essentially due to regular salary increases, higher performance-based compensation and higher allocated costs year-over-year.

Compared to the second quarter of 2013, net income increased sequentially. This increase mainly results from the three additional days in the third quarter which impacted net interest income and the $3.5 million favourable settlement on a single exposure, partly offset by a $3.1 million gain on the sale of a commercial mortgage loan portfolio recorded during the second quarter.

For the nine months ended July 31, 2013, net income increased by $2.8 million or 6% to $50.0 million, mostly driven by improvements in loan losses, partly offset by lower net interest income due to lower margins. Non-interest expenses increased by $2.7 million compared to the nine months ended July 31, 2012, mainly due to increased salaries and benefits, performance-based compensation and allocated costs as explained above.

B2B Bank

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED **JULY 31 2013**	APRIL 30 2013	JULY 31 2012	FOR THE NINE MONTHS ENDED **JULY 31 2013**	JULY 31 2012
Net interest income	**$ 48,249**	$ 47,195	$ 32,119	**$ 144,856**	$ 93,772
Other income	**9,359**	8,884	8,408	**27,299**	25,667
Total revenue	**57,608**	56,079	40,527	**172,155**	119,439
Gain on acquisition and amortization of net premium on purchased financial instruments	**(1,140)**	(1,224)	—	**(3,420)**	—
Provision for loan losses	**2,531**	3,150	590	**9,079**	2,413
Non-interest expenses	**31,114**	32,175	22,913	**96,249**	70,818
Costs related to business combinations and other [1]	**14,600**	6,136	7,157	**28,293**	13,167
Income before income taxes	**8,223**	13,394	9,867	**35,114**	33,041
Income taxes	**2,240**	3,557	2,612	**9,380**	8,786
Net income	**$ 5,983**	$ 9,837	$ 7,255	**$ 25,734**	$ 24,255
Adjusted net income [2]	**$ 17,546**	$ 15,245	$ 12,510	**$ 49,033**	$ 33,906
Efficiency ratio [2]	**79.4%**	68.3%	74.2%	**72.3%**	70.3%
Adjusted efficiency ratio [2]	**54.0%**	57.4%	56.5%	**55.9%**	59.3%

[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 $17.5 million in the third quarter of 2013, up $5.0 million or 40% from $12.5 million in the third quarter of 2012. The improvement essentially stems from the addition of the portion of AGF Trust's net income reported in B2B Bank's business segment, which totalled $7.6 million in the third quarter of 2013, which more than offset the effect of overall tighter net interest margins. Reported net income for the third quarter of 2013 was $6.0 million compared to $7.3 million a year ago.

Total revenue increased to $57.6 million in the third quarter of 2013 compared with $40.5 million in the third quarter of 2012. Net interest income increased by $16.1 million compared to last year, to $48.2 million in the third quarter of 2013, as higher loan and deposit volumes related to the acquisition of AGF Trust added $18.1 million to net interest income in the quarter and compensated for the margin compression mainly stemming from the reduced level of higher-margin investment loans. Other income increased by $1.0 million to $9.4 million in the third quarter of 2013, mostly as a result of higher B2B Bank Dealer Services-sourced income from investment accounts, combined with the addition of a $0.3 million contribution from AGF Trust.

As shown 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 third quarter of 2013, compared to a $1.2 million charge for the second quarter of 2013. Refer to Note 12 to the unaudited condensed interim financial statements for additional information on this item.

Loan losses increased from $0.6 million in the third quarter of 2012 to $2.5 million in the third quarter of 2013, mainly as a result of loan losses related to the AGF Trust loan portfolios which amounted to $0.9 million for the quarter. In addition, during the third quarter of 2013, the collective provisions on certain residential mortgage loan portfolios were adjusted in light of recent events in Alberta.

Non-interest expenses, as shown in the table above, increased by $8.2 million to $31.1 million in the third quarter of 2013, compared with $22.9 million in the third quarter of 2012. This increase includes current operating costs of $7.1 million related to AGF Trust. Otherwise, expenses increased by $1.1 million year-over-year, as increased salaries and performance-based compensation, as well as higher allocated costs, were partly offset by integration synergies. T&I Costs for the third quarter of 2013 totalled $14.6 million and related to IT systems conversions costs, employee relocation costs, salaries, professional fees and other expenses for the integration of AGF Trust and the MRS Companies.

Compared to the second quarter of 2013, adjusted net income increased by $2.3 million, mainly as a result of the three additional days in the quarter that impacted net interest income and more favourable loan losses.

For the nine months ended July 31, 2013, adjusted net income was $49.0 million, $15.1 million higher than the same period of 2012, essentially as a result of the $18.6 million operating contribution of AGF Trust which compensated for tighter margins and higher loan losses compared to last year. Reported net income for the nine months ended July 31, 2013 was $25.7 million, a 6% increase.

Laurentian Bank Securities & Capital Markets

	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
In thousands of Canadian dollars, except percentage amounts (Unaudited)	**JULY 31 2013**	APRIL 30 2013	JULY 31 2012	**JULY 31 2013**	JULY 31 2012
Total revenue	**$ 16,040**	$ 16,967	$ 13,256	**$ 50,090**	$ 44,176
Non-interest expenses	**13,055**	12,959	11,668	**39,488**	36,358
Income before income taxes	**2,985**	4,008	1,588	**10,602**	7,818
Income taxes	**698**	1,033	412	**2,659**	1,988
Net income	**$ 2,287**	$ 2,975	$ 1,176	**$ 7,943**	$ 5,830
Efficiency ratio [1]	**81.4%**	76.4%	88.0%	**78.8%**	82.3%

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

Laurentian Bank Securities & Capital Markets business segment's contribution to net income increased to $2.3 million in the third quarter of 2013, compared to $1.2 million in the third quarter of 2012.

Total revenue was up 21% to $16.0 million in the third quarter of 2013 compared with $13.3 million for the same quarter of 2012. During the third quarter of 2013, the business segment benefited from improved market conditions for trading and retail brokerage activities compared to a year ago and capitalized on growth opportunities in the fixed income market. Non-interest expenses increased by $1.4 million to $13.1 million in the third quarter of 2013, mainly due to higher performance-based compensation, commissions and transaction fees, in-line with increased market-driven income.

For the nine months ended July 31, 2013, net income increased by $2.1 million or 36% compared to the same period last year. The business segment generated positive operating leverage during the period, mainly as a result of higher revenues from business initiatives and better financial markets compared to a year ago.

Other Sector

	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
In thousands of Canadian dollars (Unaudited)	**JULY 31 2013**	APRIL 30 2013	JULY 31 2012	**JULY 31 2013**	JULY 31 2012
Net interest income	**$ (3,523)**	$ (704)	$ (5,134)	**$ (10,386)**	$ (8,121)
Other income	**1,980**	876	301	**5,446**	3,106
Total revenue	**(1,543)**	172	(4,833)	**(4,940)**	(5,015)
Non-interest expenses	**10,229**	6,814	8,354	**22,971**	22,112
Loss before income taxes	**(11,772)**	(6,642)	(13,187)	**(27,911)**	(27,127)
Income taxes recovery	**(3,775)**	(2,908)	(5,268)	**(9,833)**	(10,025)
Net loss	**$ (7,997)**	$ (3,734)	$ (7,919)	**$ (18,078)**	$ (17,102)

The Other sector posted a negative contribution to net income of $8.0 million in the third quarter of 2013 compared to a negative contribution of $7.9 million in the third quarter of 2012.

Net interest income improved to negative $3.5 million in the third quarter of 2013, compared to negative $5.1 million in the third quarter of 2012, mainly as a result of a lower level of liquid assets compared to a year ago. Other income for the third quarter of 2013 increased to $2.0 million, compared to $0.3 million for the third quarter of 2012, resulting from a particularly strong quarter in treasury activities and higher net security gains year-over-year.

Non-interest expenses were up to $10.2 million in the third quarter of 2013 compared to $8.4 million in 2012. The increase was largely due to higher amortization expense related to completed IT development projects, including a $1.6 million impairment charge related to discontinued IT projects, as well as higher rental costs stemming from additional square footage of leased premises for IT project teams. Regular salary increases as well as higher performance-based compensation also contributed to the increase.

On a sequential basis, net interest income declined by $2.8 million to negative $3.5 million from negative $0.7 million for the second quarter ended April 30, 2013, partly due to maturing higher yielding securities.

For the nine months ended July 31, 2013, the negative contribution to net income was $18.1 million, compared to negative $17.1 million for the nine months ended July 31, 2012, due to the decrease in net interest income mainly resulting from a high level of lower-yielding liquid assets early in the period, as well as a slight increase in non-interest expenses as explained above, partly offset by net favourable adjustments to sales taxes.

Additional Financial Information - Quarterly Results

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	**JULY 31 2013**	APRIL 30 2013	JANUARY 31 2013	OCTOBER 31 2012	JULY 31 2012	APRIL 30 2012	JANUARY 31 2012	OCTOBER 31 2011
Net interest income	**$ 144,549**	$ 140,430	$ 142,344	$ 142,411	$ 129,664	$ 128,324	$ 130,629	$ 126,391
Other income	**76,493**	74,420	71,570	67,985	64,169	70,346	63,115	56,031
Total revenue	**221,042**	214,850	213,914	210,396	193,833	198,670	193,744	182,422
Gain on acquisition and amortization of net premium on purchased financial instruments	**(1,140)**	(1,224)	(1,056)	23,795	—	—	—	—
Provision for loan losses	**9,000**	9,000	8,000	8,000	7,500	7,500	10,000	12,999
Non-interest expenses	**174,928**	159,853	161,314	165,377	148,955	147,111	143,020	137,152
Income before income taxes	**35,974**	44,773	43,544	60,814	37,378	44,059	40,724	32,271
Income taxes	**7,690**	9,634	9,454	15,129	7,380	10,196	9,762	5,562
Net income	**$ 28,284**	$ 35,139	$ 34,090	$ 45,685	$ 29,998	$ 33,863	$ 30,962	$ 26,709
Earnings per share								
Basic	**$ 0.91**	$ 1.10	$ 1.12	$ 1.51	$ 1.06	$ 1.22	$ 1.16	$ 0.99
Diluted	**$ 0.91**	$ 1.10	$ 1.12	$ 1.51	$ 1.06	$ 1.22	$ 1.16	$ 0.99
Return on common shareholders' equity [1]	**8.1%**	10.3%	10.3%	14.2%	10.1%	12.0%	11.5%	9.9%
Balance sheet assets (in millions of Canadian dollars)	**$ 33,759**	$ 34,474	$ 34,249	$ 34,937	$ 31,416	$ 30,708	$ 29,921	$ 28,963
Adjusted measures								
Adjusted net income [1]	**$ 39,847**	$ 40,547	$ 40,418	$ 36,186	$ 35,253	$ 36,302	$ 32,919	$ 33,375
Adjusted diluted earnings per share [1]	**$ 1.31**	$ 1.29	$ 1.34	$ 1.17	$ 1.27	$ 1.31	$ 1.24	$ 1.26
Adjusted return on common shareholders' equity [1]	**11.8%**	12.1%	12.2%	10.9%	12.1%	13.0%	12.4%	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 third 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 July 31, 2013. AGF Trust constituted approximately 10% of total assets, 9% of total liabilities, 9% of total revenue and 20% of total net income as at and for the nine months ended July 31, 2013.

During the last quarter ended July 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 July 31, 2013

Table of contents

Consolidated Balance Sheet

In thousands of Canadian dollars (Unaudited)	NOTES	**AS AT JULY 31 2013**	AS AT OCTOBER 31 2012	AS AT JULY 31 2012
ASSETS				
Cash and non-interest-bearing deposits with other banks		**$ 91,090**	$ 90,860	$ 89,287
Interest-bearing deposits with other banks		**128,390**	480,183	828,636
Securities	4			
Available-for-sale		**2,077,626**	2,822,588	1,956,279
Held-to-maturity		**609,236**	1,446,751	979,170
Held-for-trading		**2,218,222**	1,873,622	2,243,361
		4,905,084	6,142,961	5,178,810
Securities purchased under reverse repurchase agreements		**741,561**	631,202	1,173,704
Loans	5 and 6			
Personal		**7,411,683**	7,806,067	6,081,592
Residential mortgage		**14,696,426**	14,169,095	12,554,098
Commercial mortgage		**2,444,977**	2,443,634	2,473,833
Commercial and other		**2,371,945**	2,150,953	2,094,100
Customers' liabilities under acceptances		**263,708**	211,130	232,044
		27,188,739	26,780,879	23,435,667
Allowances for loan losses		**(114,090)**	(117,542)	(132,639)
		27,074,649	26,663,337	23,303,028
Other				
Derivatives		**102,556**	167,643	179,275
Premises and equipment		**71,054**	71,871	68,890
Software and other intangible assets		**178,585**	159,973	147,886
Goodwill		**64,077**	64,077	64,077
Deferred tax assets		**7,238**	4,751	12,938
Other assets		**394,223**	459,968	368,981
		817,733	928,283	842,047
		$ 33,758,507	$ 34,936,826	$ 31,415,512
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal		**$ 19,249,777**	$ 19,369,310	$ 16,837,043
Business, banks and other		**4,616,588**	4,672,133	4,785,016
		23,866,365	24,041,443	21,622,059
Other				
Obligations related to securities sold short		**1,433,525**	1,349,932	1,519,105
Obligations related to securities sold under repurchase agreements		**383,886**	244,039	417,962
Acceptances		**263,708**	211,130	232,044
Derivatives		**87,040**	100,867	114,924
Deferred tax liabilities		**7,770**	16,128	1,411
Other liabilities		**849,753**	951,467	851,793
		3,025,682	2,873,563	3,137,239
Debt related to securitization activities	6	**4,952,060**	6,037,097	5,109,015
Subordinated debt		**444,962**	443,594	243,869
Shareholders' equity				
Preferred shares	7	**205,146**	303,249	205,527
Common shares	7	**442,447**	428,526	313,544
Share-based payment reserve	8	**91**	227	227
Retained earnings		**819,371**	774,899	745,703
Accumulated other comprehensive income		**2,383**	34,228	38,329
		1,469,438	1,541,129	1,303,330
		$ 33,758,507	$ 34,936,826	$ 31,415,512

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 JULY 31 2013	APRIL 30 2013	JULY 31 2012	FOR THE NINE MONTHS ENDED JULY 31 2013	JULY 31 2012
Interest income						
Loans		**$ 274,778**	$ 264,704	$ 248,073	**$ 816,352**	$ 734,099
Securities		**13,053**	16,178	16,802	**46,359**	54,070
Deposits with other banks		**314**	499	2,304	**1,727**	4,604
Other, including derivatives		**10,217**	11,193	14,457	**34,863**	44,711
		298,362	292,574	281,636	**899,301**	837,484
Interest expense						
Deposits		**115,561**	112,525	108,394	**349,509**	320,720
Debt related to securitization activities		**33,950**	35,163	40,891	**109,338**	120,071
Subordinated debt		**4,033**	3,927	2,408	**11,984**	7,185
Other, including derivatives		**269**	529	279	**1,147**	891
		153,813	152,144	151,972	**471,978**	448,867
Net interest income		**144,549**	140,430	129,664	**427,323**	388,617
Other income						
Fees and commissions on loans and deposits		**35,033**	31,724	31,522	**98,087**	89,690
Income from brokerage operations		**14,449**	14,523	12,517	**45,494**	40,420
Income from investment accounts		**8,249**	7,894	7,190	**24,001**	21,639
Income from sales of mutual funds		**5,848**	5,415	4,478	**16,403**	13,295
Income from treasury and financial market operations		**5,840**	4,601	2,398	**15,782**	12,968
Credit insurance income		**4,793**	4,415	3,682	**12,603**	11,114
Other income		**2,281**	5,848	2,382	**10,113**	8,504
		76,493	74,420	64,169	**222,483**	197,630
Total revenue		**221,042**	214,850	193,833	**649,806**	586,247
Gain on acquisition and amortization of net premium on purchased financial instruments	12	**(1,140)**	(1,224)	—	**(3,420)**	—
Provision for loan losses	5	**9,000**	9,000	7,500	**26,000**	25,000
Non-interest expenses						
Salaries and employee benefits		**87,680**	85,200	77,177	**262,260**	233,491
Premises and technology		**44,491**	42,626	38,644	**125,998**	113,808
Other		**28,157**	25,891	25,977	**79,544**	78,620
Costs related to business combinations and other	12	**14,600**	6,136	7,157	**28,293**	13,167
		174,928	159,853	148,955	**496,095**	439,086
Income before income taxes		**35,974**	44,773	37,378	**124,291**	122,161
Income taxes		**7,690**	9,634	7,380	**26,778**	27,338
Net income		**$ 28,284**	$ 35,139	$ 29,998	**$ 97,513**	$ 94,823
Preferred share dividends, including applicable taxes		**2,520**	4,059	3,164	**9,112**	9,495
Net income available to common shareholders		**$ 25,764**	$ 31,080	$ 26,834	**$ 88,401**	$ 85,328
Average number of common shares outstanding (in thousands)						
Basic		**28,385**	28,287	25,250	**28,280**	24,800
Diluted		**28,393**	28,297	25,267	**28,291**	24,818
Earnings per share						
Basic		**$ 0.91**	$ 1.10	$ 1.06	**$ 3.13**	$ 3.44
Diluted		**$ 0.91**	$ 1.10	$ 1.06	**$ 3.12**	$ 3.44
Dividends declared per share						
Common share		**$ 0.50**	$ 0.49	$ 0.47	**$ 1.48**	$ 1.37
Preferred share - Series 9		**n.a.**	$ 0.38	$ 0.38	**$ 0.75**	$ 1.13
Preferred share - Series 10		**$ 0.33**	$ 0.33	$ 0.33	**$ 0.98**	$ 0.98
Preferred share - Series 11		**$ 0.25**	$ 0.25	n.a.	**$ 0.66**	n.a.

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

Consolidated Statement of Comprehensive Income

		FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
In thousands of Canadian dollars (Unaudited)	NOTES	**JULY 31 2013**	APRIL 30 2013	JULY 31 2012	**JULY 31 2013**	JULY 31 2012
Net income		**$ 28,284**	$ 35,139	$ 29,998	**$ 97,513**	$ 94,823
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		**(5,277)**	1,484	(2,714)	**(2,677)**	(7,948)
Reclassification of net (gains) losses on available-for-sale securities to net income		**(685)**	(427)	(334)	**(2,570)**	(1,543)
Net change in value of derivatives designated as cash flow hedges		**(21,484)**	4,929	13,774	**(26,598)**	(17,770)
		(27,446)	5,986	10,726	**(31,845)**	(27,261)
Comprehensive income		**$ 838**	$ 41,125	$ 40,724	**$ 65,668**	$ 67,562

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

Consolidated Statement of Changes in Shareholders' Equity

FOR THE NINE MONTHS ENDED JULY 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			97,513					97,513
Other comprehensive income (net of income taxes)								
Unrealized net gains (losses) on available-for-sale securities				(2,677)		(2,677)		(2,677)
Reclassification of net (gains) losses on available-for-sale securities to net income				(2,570)		(2,570)		(2,570)
Net change in value of derivatives designated as cash flow hedges					(26,598)	(26,598)		(26,598)
Comprehensive income			97,513	(5,247)	(26,598)	(31,845)		65,668
Issuance of share capital	(218)	13,921					(136)	13,567
Repurchase of share capital	(97,885)		(2,115)					(100,000)
Dividends								
Preferred shares, including applicable taxes			(9,112)					(9,112)
Common shares			(41,814)					(41,814)
Balance as at July 31, 2013	$ 205,146	$ 442,447	$ 819,371	$ 6,954	$ (4,571)	$ 2,383	$ 91	$ 1,469,438

FOR THE NINE MONTHS ENDED JULY 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			94,823					94,823
Other comprehensive income (net of income taxes)								
Unrealized net gains (losses) on available-for-sale securities				(7,948)		(7,948)		(7,948)
Reclassification of net (gains) losses on available-for-sale securities to net income				(1,543)		(1,543)		(1,543)
Net change in value of derivatives designated as cash flow hedges					(17,770)	(17,770)		(17,770)
Comprehensive income			94,823	(9,491)	(17,770)	(27,261)		67,562
Issuance of share capital		60,943						60,943
Dividends								
Preferred shares, including applicable taxes			(9,495)					(9,495)
Common shares			(33,996)					(33,996)
Balance as at July 31, 2012	$ 205,527	$ 313,544	$ 745,703	$ 12,725	$ 25,604	$ 38,329	$ 227	$ 1,303,330

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

Consolidated Statement of Cash Flows

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED **JULY 31 2013**	APRIL 30 2013	JULY 31 2012	FOR THE NINE MONTHS ENDED **JULY 31 2013**	JULY 31 2012
Cash flows relating to operating activities					
Net income	**$ 28,284**	$ 35,139	$ 29,998	**$ 97,513**	$ 94,823
Adjustments to determine net cash flows relating to operating activities					
Provision for loan losses	**9,000**	9,000	7,500	**26,000**	25,000
Net gain on disposal of available-for-sale securities	**(1,259)**	(769)	(746)	**(4,022)**	(3,077)
Gain on sale of commercial mortgage loans	**—**	(3,685)	—	**(3,685)**	(3,102)
Deferred income taxes	**(4,373)**	1,912	(19,357)	**(594)**	(18,970)
Depreciation of premises and equipment	**5,303**	3,990	3,388	**12,958**	9,655
Amortization of software and other intangible assets	**10,211**	8,843	8,537	**27,958**	25,052
Change in operating assets and liabilities					
Change in loans	**(162,534)**	(296,043)	(327,186)	**(530,369)**	(1,125,185)
Change in securities at fair value through profit and loss	**356,623**	(444,201)	(61,399)	**(344,600)**	(61,392)
Change in accrued interest receivable	**12,569**	(760)	15,981	**20,422**	16,728
Change in derivative assets	**53,752**	(24,838)	(17,468)	**65,087**	48,986
Change in deposits	**57,540**	41,332	561,305	**(175,078)**	880,238
Change in accrued interest payable	**(48,475)**	(20,579)	(52,867)	**(126,064)**	(84,872)
Change in obligations related to securities sold short	**(245,570)**	(35,708)	167,098	**83,593**	47,851
Change in derivative liabilities	**(9,586)**	3,700	(13,702)	**(13,827)**	(15,045)
Other, net	**114,851**	(11,844)	(119,997)	**40,625**	(56,353)
	176,336	(734,511)	181,085	**(824,083)**	(219,663)
Cash flows relating to financing activities					
Change in acceptances	**7,558**	45,907	65,140	**52,578**	52,904
Change in obligations related to securities sold under repurchase agreements	**(10,839)**	102,950	(23,570)	**139,847**	381,192
Change in debt related to securitization activities	**(521,410)**	229,159	57,363	**(1,085,037)**	348,168
Redemption of subordinated debt of a subsidiary	**—**	—	—	**—**	(20,000)
Repurchase of preferred shares	**—**	(100,000)	—	**(100,000)**	—
Net proceeds from issuance of common shares	**360**	3	—	**1,043**	60,943
Dividends paid	**(12,179)**	(12,545)	(15,031)	**(41,519)**	(43,491)
	(536,510)	265,474	83,902	**(1,033,088)**	779,716
Cash flows relating to investing activities					
Change in available-for-sale securities					
Acquisitions	**(916,756)**	(381,451)	(384,337)	**(1,657,761)**	(593,490)
Proceeds on sale and at maturity	**981,163**	512,826	479,183	**2,395,753**	875,900
Change in held-to-maturity securities					
Acquisitions	**(56,908)**	(203,184)	(91,369)	**(266,230)**	(834,883)
Proceeds at maturity	**478,038**	35,406	168,855	**1,103,745**	741,522
Proceeds on sale of commercial mortgage loans	**—**	99,115	—	**99,115**	79,774
Change in securities purchased under reverse repurchase agreements	**(195,587)**	371,033	(195,641)	**(110,359)**	(453,387)
Additions to premises and equipment and software	**(27,309)**	(18,484)	(20,035)	**(58,655)**	(52,586)
Change in interest-bearing deposits with other banks	**105,111**	49,467	(204,385)	**351,793**	(116,523)
Cash paid for business combinations	**—**	—	—	**—**	(198,693)
	367,752	464,728	(247,729)	**1,857,401**	(552,366)
Net change in cash and non-interest-bearing deposits with other banks	**7,578**	(4,309)	17,258	**230**	7,687
Cash and non-interest-bearing deposits with other banks at beginning of period	**83,512**	87,821	72,029	**90,860**	81,600
Cash and non-interest-bearing deposits with other banks at end of period	**$ 91,090**	$ 83,512	$ 89,287	**$ 91,090**	$ 89,287
Supplemental disclosure about cash flows relating to operating activities					
Interest paid during the period	**$ 206,263**	$ 173,667	$ 204,842	**$ 603,708**	$ 536,041
Interest received during the period	**312,307**	288,906	301,939	**921,832**	862,543
Dividends received during the period	**1,756**	2,138	622	**5,313**	3,981
Income taxes paid during the period	**$ 3,794**	$ 6,337	$ (1,779)	**$ 27,804**	$ 29,796

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 July 31, 2013 were approved for issuance by the Board of Directors on August 30, 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*. In July 2013, the IASB tentatively decided to defer the mandatory effective date of IFRS 9, initially planned to be effective for annual periods beginning on or after January 1, 2015, which would have been November 1, 2015 for the Bank, pending the finalisation of the impairment and classification and measurement requirements. 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			FOR THE NINE MONTHS ENDED	
	JULY 31 2013	APRIL 30 2013	JULY 31 2012	**JULY 31 2013**	JULY 31 2012
Realized net gains	**$ 1,259**	$ 769	$ 745	**$ 4,022**	$ 3,005
Write-downs for impairment recognized in income	**(322)**	(185)	(287)	**(507)**	(890)
	$ 937	$ 584	$ 458	**$ 3,515**	$ 2,115

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 JULY 31, 2013
	AMORTIZED COST	**UNREALIZED GAINS**	**UNREALIZED LOSSES**	**FAIR VALUE**
Securities issued or guaranteed				
by Canada [1]	**$ 770,926**	**$ 19**	**$ 95**	**$ 770,850**
by provinces	**681,003**	**684**	**37**	**681,650**
Other debt securities	**456,591**	**4,796**	**1,074**	**460,313**
Preferred shares	**77,237**	**643**	**1,905**	**75,975**
Common shares and other securities	**63,229**	**9,481**	**692**	**72,018**
Asset-backed securities	**15,652**	**1,220**	**52**	**16,820**
	$ 2,064,638	**$ 16,843**	**$ 3,855**	**$ 2,077,626**

[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 JULY 31, 2012	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Securities issued or guaranteed				
by Canada [1]	$ 952,209	$ 10,372	$ 23	$ 962,558
by provinces	248,892	2,542	1	251,433
Other debt securities	584,556	6,704	107	591,153
Preferred shares	65,703	1,381	704	66,380
Common shares and other securities	52,029	5,192	1,519	55,702
Asset-backed securities	27,533	1,537	17	29,053
	$ 1,930,922	$ 27,728	$ 2,371	$ 1,956,279

[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 JULY 31 2013	AS AT OCTOBER 31 2012	AS AT JULY 31 2012
Securities issued or guaranteed by Canada [1]	**$ 486,759**	$ 1,412,962	$ 917,616
Asset-backed commercial paper	**122,477**	33,789	61,554
	$ 609,236	$ 1,446,751	$ 979,170

[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 JULY 31, 2013				**COLLECTIVE ALLOWANCES**		
	GROSS AMOUNT OF LOANS	**GROSS AMOUNT OF IMPAIRED LOANS**	**INDIVIDUAL ALLOWANCES**	**AGAINST IMPAIRED LOANS**	**AGAINST OTHER LOANS**	**TOTAL ALLOWANCES**
Personal	**$ 7,411,683**	**$ 15,008**	**$ —**	**$ 6,549**	**$ 30,534**	**$ 37,083**
Residential mortgage	**14,696,426**	**25,784**	**—**	**2,565**	**5,316**	**7,881**
Commercial mortgage	**2,444,977**	**20,774**	**10,375**	**1,312**	**15,770**	**27,457**
Commercial and other [1]	**2,635,653**	**36,631**	**25,566**	**1,115**	**14,988**	**41,669**
	$ 27,188,739	**$ 98,197**	**$ 35,941**	**$ 11,541**	**$ 66,608**	**$ 114,090**

[1] Including customers' liabilities under acceptances of $263.7 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 JULY 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	$ 6,081,592	$ 17,774	$ —	$ 12,011	$ 22,495	$ 34,506
Residential mortgage	12,554,098	18,853	—	394	1,349	1,743
Commercial mortgage	2,473,833	61,418	28,914	2,355	15,275	46,544
Commercial and other [1]	2,326,144	58,348	33,138	2,883	13,825	49,846
	$ 23,435,667	$ 156,393	$ 62,052	$ 17,643	$ 52,944	$ 132,639

[1] Including customers' liabilities under acceptances of $232.0 million.

Individual allowances for loan losses

			FOR THE NINE MONTHS ENDED	
			JULY 31 2013	JULY 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	**(2,694)**	**(938)**	**(3,632)**	12,333
Write-offs	**(289)**	**(7,286)**	**(7,575)**	(18,722)
Recoveries	**2**	**138**	**140**	79
Interest accrued on impaired loans	**(714)**	**(127)**	**(841)**	(1,088)
Balance at end of period	**$ 10,375**	**$ 25,566**	**$ 35,941**	$ 62,052

[1] Including customers' liabilities under acceptances.

Collective allowances for loan losses

Collective allowances against impaired loans

					FOR THE NINE MONTHS ENDED	
					JULY 31 2013	JULY 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	**15,838**	**3,862**	**1,338**	**(813)**	**20,225**	18,069
Write-offs	**(21,297)**	**(930)**	**—**	**(65)**	**(22,292)**	(19,367)
Recoveries	**2,359**	**(504)**	**—**	**85**	**1,940**	1,463
Interest accrued on impaired loans	**(432)**	**(253)**	**(26)**	**(113)**	**(824)**	(1,079)
Balance at end of period	**$ 6,549**	**$ 2,565**	**$ 1,312**	**$ 1,115**	**$ 11,541**	$ 17,643

[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]	FOR THE NINE MONTHS ENDED JULY 31 2013 TOTAL COLLECTIVE ALLOWANCES	JULY 31 2012 TOTAL COLLECTIVE ALLOWANCES
Balance at beginning of period	**$ 24,724**	**$ 2,254**	**$ 16,406**	**$ 13,817**	**$ 57,201**	$ 55,143
Provision for loan losses recorded in the consolidated statement of income	**5,810**	**3,062**	**(636)**	**1,171**	**9,407**	(5,402)
Allowances for loan losses resulting from the acquisition of a subsidiary	**—**	**—**	**—**	**—**	**—**	3,203
Balance at end of period	**$ 30,534**	**$ 5,316**	**$ 15,770**	**$ 14,988**	**$ 66,608**	$ 52,944

[1] Including customers' liabilities under acceptances.

An allowance for undrawn amounts under approved credit facilities is also recognized in other liabilities and amounted to $7.2 million as at July 31, 2013, $6.1 million as at October 31, 2012 and $6.1 million as at July 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 JULY 31, 2013	**1 DAY-31 DAYS**	**32 DAYS-90 DAYS**	**OVER 90 DAYS**	**TOTAL**
Personal loans	**$ 97,769**	**$ 24,005**	**$ 4,181**	**$ 125,955**
Residential mortgage loans	**265,549**	**43,998**	**27,654**	**337,201**
	$ 363,318	**$ 68,003**	**$ 31,835**	**$ 463,156**

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 JULY 31, 2012	1 DAY-31 DAYS	32 DAYS-90 DAYS	OVER 90 DAYS	TOTAL
Personal loans	$ 79,937	$ 24,712	$ 5,766	$ 110,415
Residential mortgage loans	259,780	38,910	25,055	323,745
	$ 339,717	$ 63,622	$ 30,821	$ 434,160

Sale of commercial mortgage loans

During the quarter ended April 30, 2013, the Bank sold $94.7 million of commercial mortgage loans and recognized a $3.7 million gain in other income. In a similar transaction, the Bank sold $77.0 million of commercial mortgage loans and recognized a $3.1 million gain in other income during the quarter ended April 30, 2012.

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 JULY 31 2013	AS AT OCTOBER 31 2012	AS AT JULY 31 2012
Residential mortgage loans	**$ 4,205,295**	$ 4,442,556	$ 3,637,224
Replacement Assets			
Cash and deposits with other banks	**3,478**	11,894	3,584
Securities purchased under reverse repurchase agreements	**33,283**	63,016	370,460
Other securities	**609,236**	1,446,751	979,170
Debt related to securitization activities	**$ (4,952,060)**	$ (6,037,097)	$ (5,109,015)

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

	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
	JULY 31 2013	APRIL 30 2013	JULY 31 2012	**JULY 31 2013**	JULY 31 2012
Carrying amounts of mortgages transferred during the quarter related to new financing	**$ 211,311**	$ 249,898	$ 163,695	**$ 512,623**	$ 518,288
Carrying amounts of mortgages transferred during the quarter as Replacement Assets	**$ 111,450**	$ 92,754	$ 161,755	**$ 303,863**	$ 621,019

The following table provides information on issuances of debt related to securitization activities since the beginning of the year.

	FOR THE NINE MONTHS ENDED JULY 31, 2013		
MATURITY	RATE	NOMINAL VALUE	**INITIAL CARRYING AMOUNT**
New issuances of debt related to Canada Mortgage Bond transactions			
December 2017	1.73%	$ 49,676	**$ 49,512**
June 2018	1.81%	$ 249,696	**$ 248,686**
June 2018	2.11%	$ 211,897	**$ 210,875**

7. Share Capital

Common shares

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

	FOR THE NINE MONTHS ENDED			
	JULY 31, 2013		JULY 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 of shares under a public offering	**—**	**—**	1,325,100	63,009
Issuance costs, net of income taxes	**n.a.**	**—**	n.a.	(2,066)
Issuance under the employee share purchase option plan	**30,000**	**1,020**	—	—
Issuance under the Shareholder Dividend Reinvestment and Share Purchase Plan	**296,195**	**12,901**	—	—
	28,443,715	**$ 442,447**	25,250,137	$ 313,544

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 (the 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 June 5, 2013 would be made in Common Shares issued from treasury at a 2% discount. On August 1, 2013, 82,238 shares were legally issued under the Plan and are reported in the table above (117,178 shares on February 1, 2013 and 96,779 on May 1, 2013).

Preferred shares

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

	FOR THE NINE MONTHS ENDED			
	JULY 31, 2013		JULY 31, 2012	
	NUMBER OF SHARES	**AMOUNT**	NUMBER OF SHARES	AMOUNT
Class A Preferred shares				
Series 9				
Outstanding at beginning of period	**4,000,000**	**$ 97,885**	4,000,000	$ 97,885
Repurchase of shares	**(4,000,000)**	**(97,885)**	—	—
Outstanding at end of period	**—**	**—**	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.**	**(218)**	n.a.	n.a.
Outstanding at end of period	**4,000,000**	**97,504**	n.a.	n.a.
	8,400,000	**$ 205,146**	8,400,000	$ 205,527

Dividends declared

On August 21, 2013, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on September 9, 2013.

At its meeting on August 30, 2013, the Board of Directors declared a dividend of $0.50 per common share, payable on November 1, 2013, to shareholders of record on October 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. Furthermore, certain banks in Canada have been designated by OSFI as Domestic Systemically Important Banks (or D-SIBs). Under this designation, these banks will be asked to hold a further 1% of Tier 1 Common Equity by January 1, 2016. Laurentian Bank, however, has not been so designated. 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 redeemed at par on March 15, 2013 the Series 9 preferred shares which were non-qualifying instruments under Basel III.

Regulatory capital

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

	Basel III		Basel II [1]	
	ALL-IN BASIS	**TRANSITIONAL BASIS**		
	AS AT JULY 31 2013	**AS AT JULY 31 2013**	AS AT OCTOBER 31 2012	AS AT JULY 31 2012
Common shares	**$ 442,447**	**$ 442,447**	$ 428,526	$ 320,435
Share-based payment reserve	**91**	**91**	227	227
Retained earnings	**819,371**	**819,371**	774,899	734,339
Accumulated other comprehensive income, excluding cash flow hedge reserve	**6,954**	**6,954**	n.a.	n.a.
Deductions from Common Equity Tier 1 capital [2]	**(255,275)**	**—**	n.a.	n.a.
Common Equity Tier 1 capital	**1,013,588**	**1,268,863**	n.a.	n.a.
Non-cumulative preferred shares [3]	**205,146**	**205,146**	303,249	210,000
Deductions from Tier 1 capital	**n.a.**	**(64,077)**	(73,841)	(85,920)
Adjustment for transition to IFRS	**n.a.**	**n.a.**	27,193	54,386
Additional Tier 1 capital	**205,146**	**141,069**	n.a.	n.a.
Tier 1 capital	**1,218,734**	**1,409,932**	1,460,253	1,233,467
Subordinated debt [4]	**399,429**	**399,429**	443,594	243,869
Collective allowances	**85,352**	**85,352**	75,752	76,688
Deductions from Tier 2 capital	**(2,077)**	**—**	(5,539)	(18,943)
Tier 2 capital	**482,704**	**484,781**	513,807	301,614
Total capital	**$ 1,701,438**	**$ 1,894,713**	$ 1,974,060	$ 1,535,081

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

[2] Mainly comprised of deductions for software and other intangible assets, goodwill and pension plan assets.

[3] There is currently no deduction related to the 10% phase-out per year of non-qualifying capital instruments under Basel III as the phase-out is calculated on the outstanding balance as at January 1, 2013, which included the Series 9 preferred shares redeemed by the Bank in the second quarter of 2013.

[4] Net of an amount of $45.5 million due to the 10% phase-out per year of non-qualifying capital instruments under Basel III.

8. Share-Based Payments

Share purchase option plan

During the first nine months of 2013, no new share options were granted and 30,000 share options were exercised. Information relating to outstanding number of options is as follows.

	AS AT JULY 31 2013	AS AT OCTOBER 31 2012	AS AT JULY 31 2012
	NUMBER	NUMBER	NUMBER
Share purchase options outstanding and exercisable at end of period	**20,000**	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. There were no new grants during the second and third quarters of 2013.

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. There were no new grants during the second and third quarters of 2013.

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. There were no new grants during the second and third quarters of 2013.

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			FOR THE NINE MONTHS ENDED	
	JULY 31 2013	APRIL 30 2013	JULY 31 2012	**JULY 31 2013**	JULY 31 2012
Expense arising from cash-settled share-based payment plans	**$ 1,811**	$ 1,540	$ 4,050	**$ 6,945**	$ 4,289
Effect of hedges	**(884)**	(327)	(3,074)	**(1,202)**	(1,978)
	$ 927	$ 1,213	$ 976	**$ 5,743**	$ 2,311

The carrying amount of the liability relating to the cash-settled plans at July 31, 2013 was $23.3 million ($19.7 million at October 31, 2012 and $20.9 million at July 31, 2012).

9. Post-Employment Benefits

	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
	JULY 31 2013	APRIL 30 2013	JULY 31 2012	**JULY 31 2013**	JULY 31 2012
Defined benefit pension plan expense	**$ 3,134**	$ 3,025	$ 2,071	**$ 9,238**	$ 5,452
Defined contribution pension plan expense	**1,784**	1,730	1,571	**5,228**	4,460
Other plan expense	**336**	326	402	**998**	1,199
	$ 5,254	$ 5,081	$ 4,044	**$ 15,464**	$ 11,111

10. Additional Information Regarding Other Comprehensive Income

	FOR THE THREE MONTHS ENDED								
			JULY 31 2013			APRIL 30 2013			JULY 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]	**$ (7,115)**	**$ 1,838**	**$ (5,277)**	$ 1,992	$ (508)	$ 1,484	$ (3,630)	$ 916	$ (2,714)
Reclassification of net (gains) losses on available-for-sale securities to net income	**(937)**	**252**	**(685)**	(584)	157	(427)	(458)	124	(334)
	(8,052)	**2,090**	**(5,962)**	1,408	(351)	1,057	(4,088)	1,040	(3,048)
Net change in value of derivatives designated as cash flow hedges [1]	**(29,323)**	**7,839**	**(21,484)**	6,728	(1,799)	4,929	18,924	(5,150)	13,774
Other comprehensive income	**$ (37,375)**	**$ 9,929**	**$ (27,446)**	$ 8,136	$ (2,150)	$ 5,986	$ 14,836	$ (4,110)	$ 10,726

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

	FOR THE NINE MONTHS ENDED					
			JULY 31 2013			JULY 31 2012
	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]	**$ (3,574)**	**$ 897**	**$ (2,677)**	$ (10,858)	$ 2,910	$ (7,948)
Reclassification of net (gains) losses on available-for-sale securities to net income	**(3,515)**	**945**	**(2,570)**	(2,115)	572	(1,543)
	(7,089)	**1,842**	**(5,247)**	(12,973)	3,482	(9,491)
Net change in value of derivatives designated as cash flow hedges [1]	**(36,308)**	**9,710**	**(26,598)**	(24,281)	6,511	(17,770)
Other comprehensive income	**$ (43,397)**	**$ 11,552**	**$ (31,845)**	$ (37,254)	$ 9,993	$ (27,261)

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

11. Segmented Information

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

11. Segmented Information [Cont'd]

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.

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 JULY 31, 2013

	RETAIL & SME-QUÉBEC	**REAL ESTATE & COMMERCIAL**	**B2B BANK**	**LAURENTIAN BANK SECURITIES & CAPITAL MARKETS**	**OTHER**	**TOTAL**
Net interest income	**$ 77,799**	**$ 21,310**	**$ 48,249**	**$ 714**	**$ (3,523)**	**$ 144,549**
Other income	**40,897**	**8,931**	**9,359**	**15,326**	**1,980**	**76,493**
Total revenue (loss)	**118,696**	**30,241**	**57,608**	**16,040**	**(1,543)**	**221,042**
Gain on acquisition and amortization of net premium on purchased financial instruments	**—**	**—**	**(1,140)**	**—**	**—**	**(1,140)**
Provision for loan losses	**8,349**	**(1,880)**	**2,531**	**—**	**—**	**9,000**
Non-interest expenses	**96,984**	**8,946**	**31,114**	**13,055**	**10,229**	**160,328**
Costs related to business combinations and other [1]	**—**	**—**	**14,600**	**—**	**—**	**14,600**
Income (loss) before income taxes	**13,363**	**23,175**	**8,223**	**2,985**	**(11,772)**	**35,974**
Income taxes (recovered)	**2,339**	**6,188**	**2,240**	**698**	**(3,775)**	**7,690**
Net income (loss)	**$ 11,024**	**$ 16,987**	**$ 5,983**	**$ 2,287**	**$ (7,997)**	**$ 28,284**
Average assets [2]	**$ 14,161,381**	**$ 3,458,929**	**$ 9,370,172**	**$ 3,218,420**	**$ 3,999,524**	**$ 34,208,426**

FOR THE THREE MONTHS ENDED APRIL 30, 2013

	RETAIL & SME-QUÉBEC	REAL ESTATE & COMMERCIAL	B2B BANK	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	$ 72,690	$ 20,179	$ 47,195	$ 1,070	$ (704)	$ 140,430
Other income	38,260	10,503	8,884	15,897	876	74,420
Total revenue (loss)	110,950	30,682	56,079	16,967	172	214,850
Gain on acquisition and amortization of net premium on purchased financial instruments	—	—	(1,224)	—	—	(1,224)
Provision for loan losses	5,924	(74)	3,150	—	—	9,000
Non-interest expenses	93,386	8,383	32,175	12,959	6,814	153,717
Costs related to business combinations and other [1]	—	—	6,136	—	—	6,136
Income (loss) before income taxes	11,640	22,373	13,394	4,008	(6,642)	44,773
Income taxes (recovered)	1,978	5,974	3,557	1,033	(2,908)	9,634
Net income (loss)	$ 9,662	$ 16,399	$ 9,837	$ 2,975	$ (3,734)	$ 35,139
Average assets [2]	$ 13,966,121	$ 3,506,415	$ 9,371,919	$ 3,132,489	$ 4,228,805	$ 34,205,749

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

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

FOR THE THREE MONTHS ENDED JULY 31, 2012

	RETAIL & SME-QUÉBEC	REAL ESTATE & COMMERCIAL	B2B BANK	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	$ 80,163	$ 21,731	$ 32,119	$ 785	$ (5,134)	$ 129,664
Other income	34,662	8,327	8,408	12,471	301	64,169
Total revenue (loss)	114,825	30,058	40,527	13,256	(4,833)	193,833
Provision for loan losses	6,474	436	590	—	—	7,500
Non-interest expenses	91,107	7,756	22,913	11,668	8,354	141,798
Costs related to business combinations and other [1]	—	—	7,157	—	—	7,157
Income (loss) before income taxes	17,244	21,866	9,867	1,588	(13,187)	37,378
Income taxes (recovered)	3,709	5,915	2,612	412	(5,268)	7,380
Net income (loss)	$ 13,535	$ 15,951	$ 7,255	$ 1,176	$ (7,919)	$ 29,998
Average assets [2]	$ 13,733,835	$ 3,437,273	$ 6,177,975	$ 3,003,832	$ 4,768,131	$ 31,121,046

FOR THE NINE MONTHS ENDED JULY 31, 2013

	RETAIL & SME-QUÉBEC	**REAL ESTATE & COMMERCIAL**	**B2B BANK**	**LAURENTIAN BANK SECURITIES & CAPITAL MARKETS**	**OTHER**	**TOTAL**
Net interest income [3]	**$ 227,344**	**$ 63,044**	**$ 144,856**	**$ 2,465**	**$ (10,386)**	**$ 427,323**
Other income	**114,593**	**27,520**	**27,299**	**47,625**	**5,446**	**222,483**
Total revenue (loss)	**341,937**	**90,564**	**172,155**	**50,090**	**(4,940)**	**649,806**
Gain on acquisition and amortization of net premium on purchased financial instruments	**—**	**—**	**(3,420)**	**—**	**—**	**(3,420)**
Provision for loan losses	**20,339**	**(3,418)**	**9,079**	**—**	**—**	**26,000**
Non-interest expenses	**283,351**	**25,743**	**96,249**	**39,488**	**22,971**	**467,802**
Costs related to business combinations and other [1]	**—**	**—**	**28,293**	**—**	**—**	**28,293**
Income (loss) before income taxes	**38,247**	**68,239**	**35,114**	**10,602**	**(27,911)**	**124,291**
Income taxes (recovered)	**6,351**	**18,221**	**9,380**	**2,659**	**(9,833)**	**26,778**
Net income (loss)	**$ 31,896**	**$ 50,018**	**$ 25,734**	**$ 7,943**	**$ (18,078)**	**$ 97,513**
Average assets [2]	**$ 14,008,613**	**$ 3,451,742**	**$ 9,392,145**	**$ 3,090,613**	**$ 4,408,091**	**$ 34,351,204**

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

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

[3] During the second quarter of 2013, the Bank's Corporate Treasury retroactively adjusted its loan transfer pricing with regards to the recently acquired AGF Trust insured mortgage loan portfolio. As a result, net interest income related to AGF Trust amounting to $1.0 million for the first quarter ended January 31, 2013, which was previously reported in the Other sector, was reclassified to the B2B Bank's business segment. This change generated a $0.7 million increase in B2B Bank's net income and a $0.7 million decrease in the Other sector's net income in the first quarter of 2013.

11. Segmented Information [Cont'd]

FOR THE NINE MONTHS ENDED JULY 31, 2012

	RETAIL & SME-QUÉBEC	REAL ESTATE & COMMERCIAL	B2B BANK	LAURENTIAN BANK SECURITIES & CAPITAL MARKETS	OTHER	TOTAL
Net interest income	$ 234,984	$ 65,992	$ 93,772	$ 1,990	$ (8,121)	$ 388,617
Other income	99,887	26,784	25,667	42,186	3,106	197,630
Total revenue (loss)	334,871	92,776	119,439	44,176	(5,015)	586,247
Provision for loan losses	17,545	5,042	2,413	—	—	25,000
Non-interest expenses	273,635	22,996	70,818	36,358	22,112	425,919
Costs related to business combinations and other [1]	—	—	13,167	—	—	13,167
Income (loss) before income taxes	43,691	64,738	33,041	7,818	(27,127)	122,161
Income taxes (recovered)	9,077	17,512	8,786	1,988	(10,025)	27,338
Net income (loss)	$ 34,614	$ 47,226	$ 24,255	$ 5,830	$ (17,102)	$ 94,823
Average assets [2]	$ 13,498,199	$ 3,409,446	$ 6,148,626	$ 2,804,453	$ 4,452,088	$ 30,312,812

[1] Costs related to the acquisition of the MRS Companies and AGF Trust.
[2] Assets are disclosed on an average basis as this measure is most relevant to a financial institution.

12. 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 July 31, 2013 and $5.9 million as at 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 July 31, 2013 ($3.4 million for the nine-month period then ended) .

Costs related to business combinations and other

During the quarter, the Bank incurred acquisition-related costs as well as salary, information technology, employee relocation 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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Shareholder Information

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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 10	51925D 86 6 LB.PR.E	**	March 15
Series 11	51925D 84 1 LB.PR.F	**	June 15
		**	September 15
			December 15

* Subject to the approval of the Board of Directors.

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

LAURENTIAN BANK