LAURENTIAN BANK

Press Release

FOR IMMEDIATE RELEASE

LAURENTIAN BANK REPORTS SOLID FIRST QUARTER RESULTS

Highlights of the first quarter 2013

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

Montréal, March 6, 2013 – Laurentian Bank of Canada reported net income of $34.1 million or $1.12 diluted per share for the first quarter ended January 31, 2013, compared with $31.0 million or $1.16 diluted per share for the first quarter of 2012. Return on common shareholders' equity was 10.3% for the first quarter of 2013, compared with 11.5% for the same period in 2012. Excluding adjusting items[1], net income was up 23% to $40.4 million or $1.34 diluted per share for the first quarter of 2013, compared to $32.9 million or $1.24 diluted per share for the same period in 2012; and adjusted return on common shareholders' equity was 12.2%.

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

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

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

Caution Regarding Forward-looking Statements

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

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

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

With respect to the anticipated benefits from the acquisitions of the MRS Companies[1] and AGF Trust Company (AGF Trust) and the Bank's statements with regards to these transactions being accretive to earnings, such factors also include, but are not limited to: the fact that synergies may not be realized in the time frame anticipated; the ability to promptly and effectively integrate the businesses; reputational risks and the reaction of B2B Bank's or MRS Companies' and AGF Trust's customers to the transactions; and diversion of management time on acquisition-related issues.

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

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

Highlights

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

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

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

Review of Business Highlights

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

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

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

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

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

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

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

Management's Discussion and Analysis

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

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

Economic Outlook

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

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

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

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

2013 Financial Objectives

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

2013 FINANCIAL OBJECTIVES [1]

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

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

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

Analysis of Consolidated Results

CONSOLIDATED RESULTS

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

Adjusting items

The Bank has designated certain amounts as adjusting items and has adjusted GAAP results to facilitate understanding of its underlying business performance and related trends. Adjusting items are included in the B2B Bank business segment's results. The Bank assesses performance on a GAAP basis and on an adjusted basis and considers both to be useful to investors and analysts in obtaining a better understanding of the Bank's financial results and analyzing its growth and profit potential more effectively. Adjusted results and measures are non-GAAP measures. Comments on the uses and limitations of such measures are disclosed in the Non-GAAP Financial Measures section.

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

IMPACT OF ADJUSTING ITEMS, NET OF INCOME TAXES

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

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

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

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

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

Total revenue

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

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

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

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

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

Provision for loan losses

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

Non-interest expenses

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

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

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

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

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

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

Income taxes

For the quarter ended January 31, 2013, the income tax expense was $9.5 million and the effective tax rate was 21.7%. The lower tax rate, compared to the statutory rate, mainly resulted from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income and the lower taxation level on revenues from insurance operations. For the quarter ended January 31, 2012, the income tax expense was $9.8 million and the effective tax rate was 24.0%. Year-over-year, the lower income tax rate for the first quarter ended January 31, 2013 results from the higher level of revenues from insurance operations and dividend income, as well as to miscellaneous tax recoveries.

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

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

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

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

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

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

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

Financial condition

CONDENSED BALANCE SHEET

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

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

Liquid assets

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

Loans

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

Deposits

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

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

Other Liabilities

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

Shareholders' equity

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

Capital Management

New regulatory capital requirements

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

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

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

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

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

REGULATORY CAPITAL

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

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

Proposal for new liquidity regulatory measures

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

Dividends

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

COMMON SHARE DIVIDENDS AND PAYOUT RATIO

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

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

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

Risk Management

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

Credit risk

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

PROVISION FOR LOAN LOSSES

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

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

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

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

IMPAIRED LOANS

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

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

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

Market risk

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

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

STRUCTURAL INTEREST RATE SENSITIVITY ANALYSIS

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

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

Segmented Information

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

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

Retail & SME-Québec

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

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

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

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

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

Real Estate & Commercial

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

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

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

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

B2B Bank

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

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

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

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

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

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

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

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

Laurentian Bank Securities & Capital Markets

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

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

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

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

Other Sector

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

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

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

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

Additional Financial Information – Quarterly Results

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

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

Accounting Policies

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

Future accounting changes

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

Corporate Governance and Changes in Internal Control over Financial Reporting

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

During the last quarter ended January 31, 2013, there have been no changes in the Bank's policies or procedures and other processes that comprise its internal control over financial reporting which have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting.

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

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.

About Laurentian Bank

Laurentian Bank of Canada is a pan-Canadian banking institution that has $34 billion in balance sheet assets and $36 billion in assets under administration. Founded in 1846, Laurentian Bank was selected in 2012 as one of the 10 winners of the Canada's Passion Capitalists program in recognition of its sustained success through the promotion of passion within its ranks. The Bank employs more than 4,200 people.

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

Conference Call

Laurentian Bank invites media representatives and the public to listen to the conference call with financial analysts to be held at 2:00 p.m. Eastern Time on Wednesday, March 6, 2013. The live, listen-only, toll-free, call-in number is 416 695-7806 or 1 888 789-9572 Code 5680517#.

You can listen to the call on a delayed basis at any time from 6:00 p.m. on Wednesday, March 6, 2013 until 11:59 p.m. on April 6, 2013, by dialing the following playback number: 905 694-9451 or 1 800 408-3053 Code 3255829#. The conference call can also be heard through the Investor Relations section of the Bank’s Web site at www.laurentianbank.ca. The Bank’s Web site also offers additional financial information.

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

Unaudited Condensed Interim Consolidated Financial Statements

The unaudited condensed interim consolidated financial statements for the quarter ended January 31, 2013, including the notes to consolidated financial statements, are also available on the Bank's Web site at www.laurentianbank.ca.

Consolidated Balance Sheet

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

Consolidated Statement of Income

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

Consolidated Statement of Comprehensive Income

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

Consolidated Statement of Changes in Shareholders' Equity

FOR THE THREE MONTHS ENDED JANUARY 31, 2013

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

FOR THE THREE MONTHS ENDED JANUARY 31, 2012

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES	COMMON SHARES	RETAINED EARNINGS	AOCI RESERVES AVAILABLE-FOR-SALE SECURITIES	AOCI RESERVES CASH FLOW HEDGES	AOCI RESERVES TOTAL	SHARE-BASED PAYMENT RESERVE	TOTAL SHARE-HOLDERS' EQUITY
Balance as at October 31, 2011	$ 205,527	$ 252,601	$ 694,371	$ 22,216	$ 43,374	$ 65,590	$ 227	$ 1,218,316
Net income			30,962					30,962
Other comprehensive income (net of income taxes)								
Unrealized net gains (losses) on available-for-sale securities				(1,483)		(1,483)		(1,483)
Reclassification of net (gains) losses on available-for-sale securities to net income				(321)		(321)		(321)
Net change in value of derivatives designated as cash flow hedges					(7,564)	(7,564)		(7,564)
Comprehensive income			30,962	(1,804)	(7,564)	(9,368)		21,594
Dividends								
Preferred shares, including applicable taxes			(3,166)					(3,166)
Common shares			(10,766)					(10,766)
Balance as at January 31, 2012	$ 205,527	$ 252,601	$ 711,401	$ 20,412	$ 35,810	$ 56,222	$ 227	$ 1,225,978