Press Release

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LAURENTIAN BANK REPORTS A 21% INCREASE IN OPERATING NET INCOME FOR THE THIRD QUARTER OF 2012

Highlights of the third quarter 2012

- Net income of $30.0 million, return on common shareholders' equity of 10.2%, and diluted earnings per share of $1.06
- Good loan growth, up 8% year-over-year
- Excellent credit quality as evidenced by loan losses of $7.5 million
- Announcement of the acquisition of AGF Trust, which closed August 1st
- B2B Trust becomes B2B Bank
- Excluding Transaction and Integration Costs related to the acquisitions of the MRS Companies and AGF Trust:
  - Net income of $35.3 million, up 21% year-over-year
  - Return on common shareholders' equity of 12.2%
  - Diluted earnings per share of $1.27, up $0.19 from $1.08 a year earlier

Montréal, August 31, 2012 – Laurentian Bank of Canada reported net income of $30.0 million, or $1.06 diluted per share, for the third quarter ended July 31, 2012, compared with $29.1 million, or $1.08 diluted per share, for the third quarter of 2011. Return on common shareholders' equity was 10.2% compared with 11.2% for the third quarter of 2011. Excluding Transaction and Integration Costs[1] (T&I Costs), net income was up 21% to $35.3 million or $1.27 diluted per share for the third quarter of 2012 and return on common shareholders' equity was 12.2%.

For the nine-month period ended July 31, 2012, net income totaled $94.8 million or $3.44 diluted per share, compared with $97.0 million or $3.66 diluted per share in 2011. Return on common shareholders' equity was 11.3% for the nine-month period ended July 31, 2012, compared with 13.0% for the same period in 2011. Excluding T&I Costs, net income was up 8% to $104.5 million or $3.83 diluted per share for the nine-month period ended July 31, 2012 and return on common shareholders' equity was 12.5%.

Commenting on the Bank's financial results for the third quarter of 2012, Réjean Robitaille, President and Chief Executive Officer, mentioned: "Once again, we continued to increase the Bank's core profitability amid a challenging environment. We generated good organic loan and deposit growth in all our business lines and continued to benefit from excellent credit quality. Furthermore, the conversion and integration process of the MRS Companies is progressing according to plan with some synergies already being achieved. In the midst of persistent economic uncertainty and a historically low interest rate environment, we are leveraging strategic opportunities such as the MRS acquisition to foster continued revenue growth while we remain focused on closely managing expenses."

On the acquisition of AGF Trust Company (AGF Trust) and recent share issuance, Mr. Robitaille added: "I am pleased with the conclusion of these transactions, which closed a few weeks ago. The acquisition of AGF Trust further entrenches the B2B Bank business segment's leadership position as provider of banking products and services to the Canadian financial advisor community and will contribute to its future growth. In addition, the $120 million common share issuance maintains our financial strength and ability to deploy our strategies and to support future growth."

[1] Transaction and Integration Costs (T&I Costs) specifically refer to costs incurred by the Bank to finalize the acquisition of the MRS Companies (which included M.R.S. Inc.; MRS Trust Company; M.R.S. Securities Services Inc.; and M.R.S. Correspondent Corporation) and integrate their operations within the B2B Bank business segment, as well as costs related to the recently acquired AGF Trust Company. Refer to the non-GAAP financial measures section.

IFRS Conversion

The Bank implemented International Financial Reporting Standards (IFRS) as its financial reporting framework on November 1, 2011. Transition to IFRS occurred as at November 1, 2010 and required restatement of the Bank's 2011 comparative information from Canadian GAAP basis to IFRS basis. Additional information on the impact from the transition is also available in the Bank's 2011 Annual Report, in the notes to the unaudited condensed interim consolidated financial statements and in the Supplementary Information reported for the third quarter of 2012.

Caution Regarding Forward-looking Statements

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

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

Financial objectives for 2012 are based on expected results presented on an IFRS basis, the conversion towards which should be completed in October 2012.

The *pro forma* impact of Basel III on regulatory capital ratios is based on the Bank's interpretation of the proposed rules announced by the Basel Committee on Banking Supervision (BCBS) and related requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI). The Basel rules and impact of IFRS conversion could be subject to further change, which may impact the results of the Bank's analysis.

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

With respect to the MRS Companies and AGF Trust transactions, such factors also include, but are not limited to: the anticipated benefits from the transaction such as it being accretive to earnings and synergies may not be realized in the time frame anticipated; the ability to promptly and effectively integrate the businesses; reputational risks and the reaction of B2B Bank's or MRS Companies' and AGF Trust's customers to the transaction; and diversion of management time on acquisition-related issues. In addition, the *pro forma* impact of the acquisition of AGF Trust on regulatory capital ratios includes the preliminary assessments of the impact of the acquisition.

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

Highlights

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2012	JULY 31 2011	VARIANCE	FOR THE NINE MONTHS ENDED JULY 31 2012	JULY 31 2011	VARIANCE
Profitability						
Total revenue	**$ 193,833**	$ 185,833	4 %	**$ 586,247**	$ 555,925	5 %
Net income	**$ 29,998**	$ 29,072	3 %	**$ 94,823**	$ 97,008	(2) %
Diluted earnings per share	**$ 1.06**	$ 1.08	(2) %	**$ 3.44**	$ 3.66	(6) %
Return on common shareholders' equity [1]	**10.2 %**	11.2 %		**11.3 %**	13.0 %	
Net interest margin [1]	**1.66 %**	1.83 %		**1.71 %**	1.84 %	
Efficiency ratio [1]	**76.8 %**	72.1 %		**74.9 %**	70.7 %	
Profitability - Excluding Transaction and Integration Costs [2]						
Transaction and Integration Costs	**$ 7,157**	$ -		**$ 13,167**	$ -	
Adjusted net income [1]	**$ 35,253**	$ 29,072	21 %	**$ 104,474**	$ 97,008	8 %
Adjusted diluted earnings per share [1]	**$ 1.27**	$ 1.08	18 %	**$ 3.83**	$ 3.66	5 %
Adjusted return on common shareholders' equity [1]	**12.2 %**	11.2 %		**12.5 %**	13.0 %	
Adjusted efficiency ratio [1]	**73.2 %**	72.1 %		**72.7 %**	70.7 %	
Per common share						
Share price						
High	**$ 47.64**	$ 52.49		**$ 48.68**	$ 55.87	
Low	**$ 40.66**	$ 42.44		**$ 40.66**	$ 42.44	
Close	**$ 47.55**	$ 42.86	11 %	**$ 47.55**	$ 42.86	11 %
Price / earnings ratio (trailing four quarters)				**10.7 x**	n.a.	
Book value [1]				**$ 41.78**	$ 38.84	8 %
Market to book value				**114 %**	110 %	
Dividends declared	**$ 0.47**	$ 0.42	12 %	**$ 1.37**	$ 1.20	14 %
Dividend yield [1]	**3.95 %**	3.92 %		**3.84 %**	3.73 %	
Dividend payout ratio [1]	**44.2 %**	38.7 %		**39.8 %**	32.7 %	
Financial position						
Balance sheet assets				**$ 31,415,512**	$ 28,238,630	11 %
Loans and acceptances				**$ 23,435,667**	$ 21,676,239	8 %
Deposits				**$ 21,622,059**	$ 19,425,862	11 %
Basel II regulatory capital ratio [3]						
Tier I				**10.1 %**	11.0 %	
Other information						
Number of full-time equivalent employees				**4,044**	3,807	
Number of branches				**158**	157	
Number of automated banking machines				**426**	424	

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

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

[3] The ratio for 2011 is presented in accordance with previous Canadian GAAP as filed with OSFI.

Review of Business Highlights

During the third quarter, B2B Trust converted into a Schedule I federally chartered bank under the banner of B2B Bank. This re-branding reflects the evolution of this business segment in the distribution of banking products and services through financial advisors to their clients across Canada. This structure also facilitates serving clients, advisors and dealers, building on B2B Bank's reputation of providing unparalleled service to this community.

On August 1, Laurentian Bank, through its subsidiary B2B Bank, completed the acquisition of AGF Trust. The recent acquisition of the MRS Companies, coupled with the acquisition of AGF Trust, solidify B2B Bank's position as the leader in its market. From a year ago, B2B Bank's loans and deposits increased by 63% and 42% respectively and, by adding over $20 billion of assets under administration, became a significant player in the self-directed market. The number of financial advisors who distribute B2B Bank's products also increased significantly to 27,000 from 15,000 a year ago and the number of clients served grew to about 750,000 from 320,000. B2B Bank's increased size, scale and diversification will serve it and its customers well.

Laurentian Bank Securities took a further step in expanding its presence with the opening of an office in Winnipeg. Hiring an experienced investment banking team in a region with favourable growth prospects should provide additional opportunities for future growth. Laurentian Bank Securities remains focused on providing financial services to the small cap market in Canada and participating in fixed income markets.

The Retail and SME-Québec and the Real Estate and Commercial sectors continued their expansion. Residential mortgages grew by 9% over the year, evidence that our channels of distribution as well as our partnerships are resulting in solid mortgage generation. SME-Québec loans grew by 8% during the last 12 months, reflecting the effectiveness of our targeted approach and the value proposition that the Bank offers. Similarly, Real Estate and Commercial loans and BA's increased by 8% from a year earlier or 10% excluding the second quarter sale of commercial mortgages. This sector will continue to deliver and grow as it expands its partnerships, increases its participation in syndications and further enhances the productivity of its account managers.

Laurentian Bank's assets, including those of AGF Trust on a pro-forma basis, now exceed $35 billion. This is 22% higher than at year-end 2011 and almost double the level 5 years ago. On a similar basis, loans and BAs grew by 20% from year-end 2011 and almost doubled over the past 5 years, with deposits increasing by 22% and 76% respectively. Furthermore, the Laurentian Bank is the only Canadian bank to have increased its earnings per share for the past 7 consecutive years. This exemplifies the effectiveness of Laurentian Bank's business model which supports growth and development and generates sustainable 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 July 31, 2012, and of how it performed during the three-month and nine-month periods then ended. This MD&A, dated August 31, 2012, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the third quarter of 2012, prepared in accordance with IAS 34 *Interim financial reporting,* and IFRS 1 *First-time adoption of IFRS,* as issued by the International Accounting Standards Board (IASB). The comparative figures as at July 31, 2011 and October 31, 2011 and for the three-month and nine-month periods ended July 31, 2011 have been restated to comply with IFRS. For details on the significant adjustments to the interim financial statements, refer to Note 5, "Adoption of IFRS", to the unaudited condensed interim consolidated financial statements. Supplemental information on risk management, critical accounting policies and estimates, and off-balance sheet arrangements is also provided in the Bank's 2011 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 we approach the fourth anniversary of the spectacular bankruptcy of Lehman Brothers and the ensuing massive financial crisis and global recession, many questions remain unanswered. Nevertheless, one constant has been the incredibly low interest rate environment. While very low interest rates were expected and understandable from 2008 to mid-2010, they are less so since 2011, particularly in Canada where the economy has been and remains in expansion mode. In fact, 10-year Government of Canada bond yields have declined steadily since February 2011, dropping from 3.42% to an astonishing 1.66% in July, below the core rate of inflation; this movement was particularly intense in June and July. All the while, the Bank of Canada has kept the overnight rate fixed at 1.00%.

Typically, long term interest rates are the product of central bank policy and economic conditions, namely growth and inflation. This time, however, another key factor is also at play: massive international capital flows in search of a safe haven. Canada, for a variety of reasons, has that "safe-haven" status. This gives us a stronger currency and lower bond yields than would otherwise be the case as foreign investors buy Canadian bonds. How long this will last depends primarily on international developments, particularly financial conditions in the eurozone.

Although this very low interest rate environment has eased credit conditions and favored economic development and loan growth, it also poses operational challenges for the banking industry. Management is closely monitoring the impact on competitive pricing and declining margins but nevertheless remains confident that the Bank is well positioned to navigate through this environment.

Acquisition of AGF Trust

On August 1, 2012, the Bank and AGF Management Limited concluded an agreement pursuant to which B2B Bank, a subsidiary of the Bank, acquired 100% of AGF Trust in a share purchase transaction. As of the closing date, assets of AGF Trust were approximately $4.0 billion, essentially cash and marketable securities of $0.8 billion and retail loan portfolios of approximately $3.1 billion. The final purchase price will be based on AGF Trust's net book value as at the closing date, estimated at approximately $247.1 million. The agreement also includes a contingent consideration of a maximum of $20.0 million over five years if credit quality reaches certain thresholds.

To support the Bank's balance sheet, considering this transaction, the Bank entered into subscription agreements with the Caisse de dépôt et placement du Québec and the Fonds de solidarité FTQ, relating to a private placement of 2,867,383 subscription receipts, which were issued on June 12, 2012, at a price of $41.85 per receipt and were exchangeable, on a one-for-one basis, for common shares of the Bank. On August 1, 2012, the subscription receipts were automatically exchanged for 2,867,383 common shares of the Bank for total net proceeds of $115.0 million.

2012 Financial Objectives

The following table presents management's financial objectives for 2012 and the Bank's performance to date. Revenue growth was determined with reference to the restated 2011 IFRS comparative figures. These financial objectives are based on the same assumptions as noted on page 29 of the Bank's 2011 Annual Report under the title "Key assumptions supporting the Bank's objectives" and exclude Transaction and Integration Costs.

2012 FINANCIAL OBJECTIVES [1]

(Excluding Transaction and Integration Costs)	2012 OBJECTIVES	FOR THE NINE MONTHS ENDED JULY 31, 2012
Revenue growth	> 5 %	5 %
Adjusted efficiency ratio	73 % to 70 %	72.7 %
Adjusted return on common shareholders' equity	11.0% to 13.5%	12.5 %
Adjusted diluted earnings per share	$ 4.80 to $ 5.40	$ 3.83

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

Based on the results for the nine months ended July 31, 2012 and current forecasts, which include the effect of the recent share issuance and the expected contribution from AGF Trust in the fourth quarter, management believes the Bank should meet its objectives as set out at the beginning of the year. Strong loan growth, the acquisition of the MRS Companies, sustained improvements in credit quality and good cost control have contributed to the overall good performance.

Analysis of Consolidated Results

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
	JULY 31 2012	APRIL 30 2012	JULY 31 2011	**JULY 31 2012**	JULY 31 2011
Net interest income	**$ 129,664**	$ 128,324	$ 129,426	**$ 388,617**	$ 378,094
Other income	**64,169**	70,346	56,407	**197,630**	177,831
Total revenue	**193,833**	198,670	185,833	**586,247**	555,925
Provision for loan losses	**7,500**	7,500	14,640	**25,000**	38,081
Non-interest expenses	**148,955**	147,111	133,896	**439,086**	392,959
Income before income taxes	**37,378**	44,059	37,297	**122,161**	124,885
Income taxes	**7,380**	10,196	8,225	**27,338**	27,877
Net income	**$ 29,998**	$ 33,863	$ 29,072	**$ 94,823**	$ 97,008
Preferred share dividends, including applicable taxes	**3,164**	3,165	3,107	**9,495**	9,325
Net income available to common shareholders	**$ 26,834**	$ 30,698	$ 25,965	**$ 85,328**	$ 87,683
Earnings per share					
Basic	**$ 1.06**	$ 1.22	$ 1.09	**$ 3.44**	$ 3.67
Diluted	**$ 1.06**	$ 1.22	$ 1.08	**$ 3.44**	$ 3.66

Impact of Transaction and Integration Costs [1]

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2012	APRIL 30 2012 [2]	JULY 31 2011	FOR THE NINE MONTHS ENDED JULY 31 2012	JULY 31 2011
Items before income taxes					
Income before income taxes as reported	**$ 37,378**	$ 44,059	$ 37,297	**$ 122,161**	$ 124,885
Transaction and Integration Costs :					
MRS Companies Integration-related costs	**6,538**	3,350	-	**12,548**	-
AGF Trust Transaction-related costs	**619**	-	-	**619**	-
	$ 7,157	$ 3,350	$ -	**$ 13,167**	$ -
Adjusted income before income taxes	**$ 44,535**	$ 47,409	$ 37,297	**$ 135,328**	$ 124,885
Items net of income taxes					
Net income as reported	**$ 29,998**	$ 33,863	$ 29,072	**$ 94,823**	$ 97,008
Transaction and Integration Costs :					
MRS Companies Integration-related costs	**4,801**	2,439	-	**9,197**	-
AGF Trust Transaction-related costs	**454**	-	-	**454**	-
	$ 5,255	$ 2,439	$ -	**$ 9,651**	$ -
Adjusted net income	**$ 35,253**	$ 36,302	$ 29,072	**$ 104,474**	$ 97,008
Diluted, per common share					
Diluted earnings per share as reported	**$ 1.06**	$ 1.22	$ 1.08	**$ 3.44**	$ 3.66
Transaction and Integration Costs :					
MRS Companies Integration-related costs	**0.19**	0.10	-	**0.37**	-
AGF Trust Transaction-related costs	**0.02**	-	-	**0.02**	-
	$ 0.21	$ 0.10	$ -	**$ 0.39**	$ -
Adjusted diluted earnings per share	**$ 1.27**	$ 1.31	$ 1.08	**$ 3.83**	$ 3.66

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

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

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

Net income was $30.0 million, or $1.06 diluted per share, for the third quarter ended July 31, 2012, compared with $29.1 million, or $1.08 diluted per share, for the third quarter of 2011. Excluding T&I Costs, for the third quarter ended July 31, 2012, net income was up 21% to $35.3 million, or $1.27 diluted per share as presented above.

Total revenue

Total revenue increased $8.0 million or 4% to $193.8 million in the third quarter of 2012, compared with $185.8 million in the third quarter of 2011. The contribution from the MRS Companies to total revenue amounted to $10.7 million for the third quarter of 2012.

Net interest income increased marginally to $129.7 million for the third quarter of 2012, from $129.4 million in the third quarter of 2011, as good loan and deposit growth year-over-year compensated for lower margins. When compared to the third quarter of 2011, margins decreased by 17 basis points to 1.66% in the third quarter of 2012, as the net interest margin continued to be adversely impacted by the continued very low interest rate environment, the flatter yield curve, an increase in lower yielding assets related to securitization activities and high liquidity levels.

Other income was $64.2 million in the third quarter of 2012, compared to $56.4 million in the third quarter of 2011, a $7.8 million or 14% year-over-year increase. This includes a $6.7 million contribution to other income from the recently acquired MRS Companies, largely from revenues related to registered self-directed plans. Higher income from brokerage operations, higher fees and commissions on loan and deposits, and higher card service revenues, have also contributed to the increase year-over-year. These increases were partly offset by lower income from treasury and financial market operations.

Provision for loan losses

The provision for loan losses amounted to $7.5 million in the third quarter of 2012, down $7.1 million or 49% from $14.6 million in the third quarter of 2011. This very low level of losses reflects the continued excellent credit conditions in Canada, the quality of the Bank's loan portfolios and marked improvements in the commercial portfolios year-over-year. Losses in the quarter represented 0.13% of average loans and acceptances, down from 0.27% in the third quarter of 2011.

Non-interest expenses

Non-interest expenses totaled $149.0 million for the third quarter of 2012, compared to $133.9 million for the third quarter of 2011. Excluding T&I Costs of $7.2 million and the addition of operating expenses related to the MRS Companies of $6.6 million, non-interest expenses were up only 1% to $135.2 million compared to a year ago.

Salaries and employee benefits increased by $6.8 million or 10% to $77.2 million compared to the third quarter of 2011, mainly due to increased headcount from the acquisition of the MRS Companies, regular salary increases, higher performance-based compensation and increased pension costs.

Premises and technology costs increased by $2.4 million to $38.6 million compared to the third quarter of 2011. This increase is mainly due to higher software and amortization expense related to completed IT development projects, increased rental costs due to the acquisition of the MRS Companies, and additional square footage of leased premises.

Other non-interest expenses decreased by $1.3 million to $26.0 million for the third quarter of 2012 from $27.3 million for the third quarter of 2011. This decrease is attributable to lower advertising expenses compared to last year and overall decreases in other non-interest expenses as the Bank continued to exercise disciplined control over expenses in light of a slower revenue growth environment.

T&I Costs for the third quarter of 2012 totaled $7.2 million and mainly related to IT, legal and communication expenses for the integration of the MRS Companies. In addition, T&I Costs now include transaction costs related to the acquisition of AGF Trust of $0.6 million. With regards to the MRS Companies, the integration process is progressing according to plan.

Excluding the T&I Costs, the efficiency ratio was 73.2% in the third quarter of 2012, compared to 72.1% in the third quarter of 2011. With pressure on net interest income likely to persist in the near future, as interest rates continue to be at record lows, the Bank remains committed to control costs and leverage the two recent acquisitions to generate additional revenue growth.

Income taxes

For the quarter ended July 31, 2012, the income tax expense was $7.4 million and the effective tax rate was 19.7%. 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 July 31, 2011, the income tax expense was $8.2 million and the effective tax rate was 22.1%. Year-over-year, the lower income tax rate for the third quarter ended July 31, 2012 reflects a higher level of revenues from insurance operations and non-taxable dividends, combined with the 1.5% reduction in Federal income tax rates, effective this year.

Nine months ended July 31, 2012 compared to nine months ended July 31, 2011

Net income was $94.8 million, or $3.44 diluted per share, for the nine months ended July 31, 2012, compared with $97.0 million, or $3.66 diluted per share, in 2011. Excluding T&I Costs, net income was $104.5 million, or $3.83 diluted per share.

Total revenue

Total revenue increased $30.3 million or 5% to $586.2 million for the nine months ended July 31, 2012, compared with $555.9 million for the nine months ended July 31, 2011. The contribution from the MRS Companies to total revenue amounted to $29.8 million for the nine months ended July 31, 2012.

Net interest income increased to $388.6 million for the nine months ended July 31, 2012, compared with $378.1 million for the same period in 2011. This increase is mainly explained by the sustained loan and deposit volume growth year-over-year of $1.8 billion and $2.2 billion respectively, both organic and from the acquisition of MRS. This was partly offset by a decrease in net interest margin of 13 basis points over the same period. As noted above, the compression in net interest margin resulted from the persistently low interest rate environment, the increase in lower-yielding Replacement Assets related to securitization activities compared to last year as well as high liquidity levels.

Other income was $197.6 million for the nine months ended July 31, 2012, compared to $177.8 million for the same period in 2011, an 11% year-over-year increase. This includes a $19.4 million contribution to other income from the acquisition of the MRS Companies, largely from revenues related to registered self-directed plans. The increase in other income is also explained by higher fees and commissions on loans and deposits, as well as higher card service revenues year-over-year. These increases were partly offset by lower credit insurance income resulting from a higher level of claims in the first half of the year.

Provision for loan losses

The provision for loan losses amounted to $25.0 million for the nine months ended July 31, 2012, a significant decrease of $13.1 million or 34% from $38.1 million for the nine months ended July 31, 2011. This reflects excellent credit conditions in the Canadian market, proactive credit management decisions and the quality of the Bank's loan portfolios, with marked improvements in the commercial loan portfolios.

Non-interest expenses

Non-interest expenses totaled $439.1 million for the nine months ended July 31, 2012, compared to $393.0 million for the nine months ended July 31, 2011. Excluding T&I Costs of $13.2 million and current operating costs related to MRS Companies of $21.3 million, non-interest expenses increased by $11.6 million or 3% to $404.6 million.

Salaries and employee benefits increased by $21.3 million or 10% to $233.5 million compared to the nine months ended July 31, 2011, mainly due to increased headcount from the acquisition of the MRS Companies. Regular salary increases and variable compensation, as well as higher employee benefits costs related to certain group insurance programs and higher pension costs also contributed to the increase year-over-year.

Premises and technology costs increased by $8.0 million to $113.8 million compared to $105.8 million for the nine months ended July 31, 2011. Higher IT costs related to ongoing business growth and amortization expense related to completed IT development projects, as well as higher rental costs due to the acquisition of the MRS Companies and increased square footage of leased premises accounted for the increase.

Other non-interest expenses increased by $3.7 million to $78.6 million for the nine months ended July 31, 2012, from $74.9 million for the same period of 2011, mainly as a result of the acquisition of the MRS Companies.

T&I Costs for the nine months ended July 31, 2012 totaled $13.2 million and were related to IT, legal and communication expenses for the integration of the MRS Companies. As of the third quarter of 2012, T&I Costs also include transaction costs of $0.6 million related to the acquisition of AGF Trust.

For the nine months ended July 31, 2012, excluding the T&I Costs, the efficiency ratio was 72.7%, compared with 70.7% for the nine months ended July 31, 2011 as the moderate increase in total revenue did not fully compensate for increases in expenses. The integration of the MRS Companies and AGF Trust should contribute to improving the overall efficiency ratio over the next 12 to 18 months.

Income taxes

For the nine months ended July 31, 2012, the income tax expense was $27.3 million and the effective tax rate was 22.4%. 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 insurance operations. For the nine months ended July 31, 2011, the income tax expense was $27.9 million and the effective tax rate was 22.3%.

Three months ended July 31, 2012 compared to three months ended April 30, 2012

Net income was $30.0 million or $1.06 diluted per share for the third quarter of 2012 compared with $33.9 million or $1.22 diluted per share for the second quarter of 2012. Excluding T&I Costs, net income was $35.3 million, or $1.27 diluted per share, compared to $36.3 million or $1.31 diluted per share for the second quarter ended April 30, 2012.

Total revenue decreased to $193.8 million in the third quarter of 2012, from $198.7 million in the previous quarter. Net interest income increased by $1.3 million sequentially to $129.7 million as loan and deposit growth and the two additional days in the third quarter more than offset the sequential margin decrease of 7 basis points. Higher levels of lower-yielding liquid securities and mortgages renewing at lower interest rates explains the sequential drop in the net interest margin.

Other income decreased by $6.2 million sequentially, largely due to a $3.1 million gain on sale of a $77.0 million commercial mortgage loan portfolio during the second quarter, lower income from treasury and financial markets and income from brokerage operations as the resurgence of global economic concerns in the latter part of the second quarter continued throughout the third quarter.

The provision for loan losses remained unchanged for the third quarter of 2012, compared to the second quarter of 2012, reflecting the ongoing excellent quality of the portfolio and continued favourable credit conditions in Canada.

Non-interest expenses amounted to $149.0 million in the third quarter of 2012, compared to $147.1 million in the second quarter of 2012. Excluding T&I Costs of $7.2 million in the third quarter and of $3.4 million in the second quarter of 2012, non-interest expenses decreased by $2.0 million sequentially as the Bank continued to apply tight cost control measures and began to benefit from expense synergies related to the MRS acquisition.

Financial Condition

CONDENSED BALANCE SHEET

In thousands of Canadian dollars (Unaudited)	**AS AT JULY 31 2012**	AS AT OCTOBER 31 2011	AS AT JULY 31 2011
ASSETS			
Cash and deposits with other banks	**$ 917,923**	$ 367,059	$ 669,765
Securities	**5,178,810**	5,175,866	4,918,253
Securities purchased under reverse repurchase agreements	**1,173,704**	720,317	540,220
Loans and acceptances, net	**23,303,028**	21,944,394	21,535,086
Other assets	**842,047**	755,574	575,306
	$ 31,415,512	$ 28,963,210	$ 28,238,630
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits	**$ 21,622,059**	$ 20,016,281	$ 19,425,862
Other liabilities	**3,137,239**	2,725,215	2,940,555
Debt related to securitization activities	**5,109,015**	4,760,847	4,442,256
Subordinated debt	**243,869**	242,551	242,113
Shareholders' equity	**1,303,330**	1,218,316	1,187,844
	$ 31,415,512	$ 28,963,210	$ 28,238,630

Balance sheet assets stood at $31.4 billion as at July 31, 2012, up $2.5 billion from year-end 2011. Over the last twelve months, balance sheet assets increased by $3.2 billion or 11%.

Liquid assets

Liquid assets, including cash, deposits with other banks, securities and securities purchased under reverse repurchase agreements, increased by $1.0 billion from year-end 2011, as the Bank maintained diverse funding sources and continued to prudently manage its liquidity levels to support the growth in business activity. Liquid assets as a percentage of total assets increased marginally to 23% from 22% as at October 31, 2011.

Loans

Total loans and bankers' acceptances stood at $23.4 billion as at July 31, 2012, up $1.3 billion or 6% from October 31, 2011 and 8% year-over-year. Despite intense competition and recent tightening of mortgage lending rules in Canada, the Bank had another solid quarter of organic growth, with loans up $314.2 million sequentially. Since the beginning of the year, the Bank generated $1.0 billion in organic growth while the acquisition of the MRS Companies added $0.3 billion to the loan portfolio. Personal loans increased by $307.4 million or 5% since October 31, 2011, as investment loans acquired through the MRS Companies transaction, as well as higher home equity lines of credit and personal loans granted under the Immigrant Investor Program more than offset slowing run-offs in point-of-sale financing. Residential mortgage loans also increased by $684.7 million over the same period, including $67.4 million related to the acquisition of the MRS Companies, reflecting the Bank's strength in the retail market. In addition, commercial loans, including bankers' acceptances, increased by $246.0 million or 12% from October 31, 2011 while commercial mortgage loans grew by $110.0 million or 5% over the same period, despite a loan sale of $77.0 million during the second quarter of 2012.

Deposits

Personal deposits increased by $1.2 billion or 8% from October 31, 2011 and stood at $16.8 billion as at July 31, 2012 including $0.7 billion resulting from the acquisition of the MRS Companies and $0.5 billion generated from organic growth. Business and other deposits, which include institutional deposits, were up $378.6 million since the beginning of the year to $4.8 billion as at July 31, 2012, including a $200.0 million of three-year senior deposit notes raised during the second quarter.

While 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 78% of total deposits as at July 31, 2012.

Other Liabilities

Debt related to securitization activities increased by $348.2 million since the beginning of the year and stood at $5.1 billion as at July 31, 2012. Since October 31, 2011, the Bank securitized and legally sold $518.3 million of residential mortgage loans, including $163.7 million in the third quarter, which led to an increase in debt related to securitization activities of $516.0 million. In addition, loans totalling $621.0 million were sold as Replacement Assets during the same period, of which $161.8 million were sold in the third quarter. For additional information on the Bank's debt related to securitization activities, please refer to Note 8 to the unaudited condensed interim financial statements.

Subordinated debt stood at $243.9 million as at July 31, 2012, relatively unchanged from October 31, 2011.

Shareholders' equity

Shareholders' equity stood at $1,305.4 million as at July 31, 2012, compared with $1,218.3 million as at October 31, 2011. This increase mainly resulted from the issuance of 1,325,100 common shares for net proceeds of $60.9 million during the second quarter of 2012 and from internal capital generation, which more than offset the decrease in accumulated other comprehensive income (AOCI). The Bank's book value per common share, excluding AOCI, appreciated to $41.78 as at July 31, 2012 from $39.40 as at October 31, 2011. There were 28,117,520 common shares (including 2,867,383 shares issued as a result of a private placement which closed August 1st, 2012) and 50,000 share purchase options outstanding as at August 20, 2012.

Assets under administration

Assets under administration stood at $32.3 billion as at July 31, 2012, $20.3 billion higher than as at October 31, 2011. The increase is mainly attributable to the growth in assets related to self-directed RRSPs due to the acquisition of the MRS Companies and, to a lesser extent, to mutual funds, which continued to benefit from the distribution agreement related to Mackenzie funds.

Capital Management

The regulatory Tier I capital of the Bank, calculated using the Standardized Approach, reached $1,233.5 million as at July 31, 2012, compared with $1,217.2 million as at October 31, 2011, measured under previous Canadian GAAP. Taking into account that the Bank has elected to phase-in the IFRS adjustments, the Tier 1 BIS capital and total BIS capital ratios stood at 10.1% and 12.6%, respectively, as at July 31, 2012, compared to 11.0% and 13.7%, respectively, as at October 31, 2011 under previous Canadian GAAP. These ratios remain well above present minimum requirements. The decrease in these ratios mainly results from the IFRS transition, while higher risk-weighted assets related to the acquisition of the MRS Companies was partially offset by the common share issue of the second quarter of 2012. The tangible common equity ratio of 8.0% continues to reflect the high quality of the Bank's capital.

On August 1, 2012, to support the Bank's balance sheet considering the acquisition of AGF Trust, the Bank successfully completed the issuance of a private placement of 2,867,383 common shares for net proceeds of $115.0 million. This is consistent with its prudent approach to managing capital and objective to maintain capital ratios above new regulatory requirements as detailed below.

REGULATORY CAPITAL

In thousands of Canadian dollars, except percentage amounts (Unaudited)	**AS AT JULY 31 2012**	AS AT OCTOBER 31 [2] 2011	AS AT JULY 31 [2] 2011
Tier 1 capital (A)	**$ 1,233,467**	$ 1,217,225	$ 1,198,722
Tier I BIS capital ratio (A/C)	**10.1 %**	11.0 %	11.0 %
Total regulatory capital - BIS (B)	**$ 1,535,081**	$ 1,516,840	$ 1,494,221
Total BIS capital ratio (B/C)	**12.6 %**	13.7 %	13.7 %
Total risk-weighted assets (C)	**$ 12,187,979**	$ 11,071,971	$ 10,879,847
Assets to capital multiple	**18.7 x**	16.2 x	16.2 x
Tangible common equity as a % of risk-weighted assets [1]	**8.0 %**	9.2 %	9.2 %

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

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

Impact of the adoption of IFRS on regulatory capital

Effective November 1, 2011, the Bank adopted IFRS, which impacted its shareholders' equity. The Bank has irrevocably elected to phase-in, over five quarters, the impact of the adjustment to retained earnings arising from the first-time adoption of certain IFRS changes, as allowed by OSFI's transition guidance. As such, for the purposes of calculating capital ratios, the Bank has amortized, since November 1, 2011, the eligible portion of the impact of IFRS on capital initially totaling $136.0 million on a straight-line basis over the next five quarters until January 31, 2013. Therefore, the total impact of the IFRS conversion on the Bank's capital ratios will only be fully reflected as of January 31, 2013. Excluding this transitional provision, the Tier 1 capital ratio and total capital ratio would have been 9.7% and 12.1%, respectively, as at July 31, 2012.

Upon adoption of IFRS, the Bank's assets increased by the amount of securitized residential mortgage loans and replacements assets. For purposes of the Asset to Capital Multiple (ACM) calculation, securitized mortgages sold through the Canada Mortgage Bonds program on or before March 31, 2010 were excluded as permitted by OSFI. However, securitized mortgages sold after that date are now included in the ACM calculation and mainly contributed to the increase in the ACM, which stood at 18.7 as at July 31, 2012.

Proposal for new capital and liquidity regulatory measures

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

Considering the Bank's capital position, and based on current understanding of the Basel III rules, management believes that the Bank is well positioned to meet upcoming capital requirements as of the initial date of implementation in January 2013. The *pro forma* Common Equity Tier 1 ratio, as at July 31, 2012, would be approximately 7.0% when applying the full Basel III rules applicable in 2019 (i.e., without transition arrangements). Further details on these capital measures, as well as the related new global liquidity standards, are provided in the Capital Management section of the annual MD&A.

Capital implication of the acquisition of AGF Trust

On August 1, 2012, the Bank, through its subsidiary B2B Bank, concluded its acquisition of 100% of AGF Trust in a share purchase transaction. After incorporating the estimated capital requirements for AGF Trust at closing and the proceeds from the simultaneous private placement, the Bank's Basel II Tier 1 Capital Ratio would be, on a *pro forma* basis, approximately 10.1% as at July 31, 2012, still comfortably above existing regulatory guidelines. Furthermore, the Bank's Basel III Common Equity Tier 1 ratio based on the full Basel III rules applicable in 2019 (i.e. without transition arrangements), would be, on a *pro forma* basis, approximately 7.3% as at July 31, 2012, in line with expected regulatory requirements.

Dividends

On August 22, 2012, the Board of Directors declared regular dividends on the various series of preferred shares to shareholders of record on September 7, 2012. At its meeting on August 31, 2012, the Board of Directors declared a dividend of $0.47 per common share, payable on November 1, 2012, to shareholders of record on October 1, 2012.

COMMON SHARE DIVIDENDS AND PAYOUT RATIO

In Canadian dollars, except payout ratios (Unaudited)	FOR THE THREE MONTHS ENDED **JULY 31 2012**	APRIL 30 2012	JANUARY 31 2012	FOR THE NINE MONTHS ENDED **JULY 31 2012**	FOR THE YEARS ENDED OCTOBER 31 2011	OCTOBER 31 2010	OCTOBER 31 2009
Dividends declared per common share	**$ 0.47**	$ 0.45	$ 0.45	**$ 1.37**	$ 1.62	$ 1.44	$ 1.36
Dividend payout ratio [1][2]	**44.2 %**	37.0 %	38.7 %	**39.8 %**	34.8 %	31.1 %	32.1 %

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

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

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 Risk Management Framework, please refer to the 2011 Annual Report.

Credit risk[1]

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

[1] Mortgage loans on residential real estate development properties and projects, which were previously reported in residential mortgage loans, were reclassified to commercial mortgage loans to better reflect the nature and risk of these loans.

PROVISION FOR LOAN LOSSES

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2012	APRIL 30 2012	JULY 31 2011	FOR THE NINE MONTHS ENDED JULY 31 2012	JULY 31 2011
Provision for loan losses					
Personal loans	**$ 5,715**	$ 5,856	$ 2,868	**$ 17,760**	$ 15,652
Residential mortgage loans	**1,256**	498	(646)	**2,038**	396
Commercial mortgage loans	**13**	2,555	6,227	**3,456**	13,667
Commercial and other loans (including acceptances)	**516**	(1,409)	6,191	**1,746**	8,366
	$ 7,500	$ 7,500	$14,640	**$ 25,000**	$ 38,081
As a % of average loans and acceptances	**0.13 %**	0.13 %	0.27 %	**0.15 %**	0.25 %

The provision for loan losses amounted to $7.5 million in the third quarter of 2012, unchanged from the second quarter of 2012 but down $7.1 million or 49% compared to a year ago, reflecting the excellent credit quality of the Bank's loan portfolios and continued favourable credit conditions in the Canadian market.

The year-over-year increase in loan losses on personal loans partly results from increases in credit card receivables, as well as from higher volumes. The provision on residential mortgage loans was $1.3 million in the third quarter of 2012, up $1.9 million compared to the third quarter of 2011, which was favourably impacted by net reductions.

Loan losses on commercial mortgages and commercial loans remained at a low level during the third quarter and further decreased by a combined $0.6 million sequentially, mainly as a result of improvements in the credit conditions of certain loans and, to a lesser extent, to recoveries. The very low level of loan losses continues to reflect the good credit quality of this portfolio.

IMPAIRED LOANS

In thousands of Canadian dollars, except percentage amounts (Unaudited)	AS AT JULY 31 2012	AS AT OCTOBER 31 2011	AS AT JULY 31 2011
Gross impaired loans			
Personal	**$ 17,774**	$ 14,395	$ 15,369
Residential mortgages	**18,853**	17,053	16,517
Commercial mortgages	**61,418**	62,541	68,160
Commercial and other (including acceptances)	**58,348**	69,736	71,646
	156,393	163,725	171,692
Individual allowances	**(62,052)**	(69,450)	(67,989)
Collective allowances	**(70,587)**	(73,700)	(73,164)
Net impaired loans	**$ 23,754**	$ 20,575	$ 30,539
Impaired loans as a % of loans and acceptances			
Gross	**0.67 %**	0.74 %	0.79 %
Net	**0.10 %**	0.09 %	0.14 %

Gross impaired loans amounted to $156.4 million as at July 31, 2012, compared to $163.7 million as at October 31, 2011 as credit quality remained strong during the quarter. The decrease since October 31, 2011 essentially resulted from improvements in the commercial loan portfolios. The increase in gross impaired loans in the residential mortgage and personal loan portfolios since October 31, 2011 is in line with the growth in the Bank's various loan portfolios.

Since the beginning of the year, individual allowances decreased by $7.4 million to $62.1 million. Over the same period, collective allowances decreased by $3.1 million, including a $3.2 million increase related to the acquisition of the loan portfolio and allowances of the MRS Companies, as improvements in credit quality and market conditions more than offset the impact of higher loan volumes. Net impaired loans amounted to $23.8 million as at July 31, 2012, compared to $20.6 million as at October 31, 2011, a marginal increase to 0.10% of loans and acceptances from 0.09% as at October 31, 2011.

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 preserving the economic value of common shareholders' equity. As at July 31, 2012, 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 2012**	AS AT OCTOBER 31 2011
Increase in net interest income before taxes over the next 12 months	**$ 15,923**	$ 22,026
Decrease in the economic value of common shareholders' equity (Net of income taxes)	**$ (22,837)**	$ (15,964)

As shown in the table above, the Bank maintained its short-term ALM sensitivity compared to October 31, 2011. These results reflect management's efforts to take advantage in the movement of short-term and long-term interest rates, all the while maintaining the sensitivity to these fluctuations within approved 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[1]
- Laurentian Bank Securities & Capital Markets
- Other

[1] B2B Trust converted into a Schedule I federally chartered bank under the name of B2B Bank as of July 7, 2012.

Retail & SME-Québec

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2012	APRIL 30 2012	JULY 31 2011	FOR THE NINE MONTHS ENDED JULY 31 2012	JULY 31 2011
Net interest income	**$ 80,163**	$ 76,096	$ 83,137	**$ 234,984**	$ 241,466
Other income	**34,662**	33,422	32,699	**99,887**	99,256
Total revenue	**114,825**	109,518	115,836	**334,871**	340,722
Provision for loan losses	**6,474**	4,855	3,724	**17,545**	17,978
Non-interest expenses	**91,107**	91,268	92,352	**273,635**	272,473
Income before income taxes	**17,244**	13,395	19,760	**43,691**	50,271
Income taxes	**3,709**	2,737	5,015	**9,077**	10,974
Net income	**$ 13,535**	$ 10,658	$ 14,745	**$ 34,614**	$ 39,297
Efficiency ratio [1]	**79.3 %**	83.3 %	79.7 %	**81.7 %**	80.0 %

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

The Retail & SME-Québec business segment’s contribution to net income was $13.5 million in the third quarter of 2012, compared with $14.7 million in the third quarter of 2011.

Total revenue decreased from $115.8 million in the third quarter of 2011 to $114.8 million in the third quarter of 2012, as higher other income was more than offset by lower net interest income. Year-over-year, net interest income decreased by $3.0 million, as significant growth in loan and deposit volumes, notably in the residential mortgage loan portfolio and SME portfolio, did not fully compensate for the decline in net interest margin stemming from the ongoing low interest rate environment. Other income increased from $32.7 million in the third quarter of 2011 to $34.7 million for the same period in 2012 as higher revenues from card services due to increased fees and transactional volume, and higher fees on deposits was partly offset by lower credit insurance income.

Loan losses increased by $2.8 million, from $3.7 million in the third quarter of 2011 to $6.5 million in the third quarter of 2012, as higher provisions were required for increased volume in the retail portfolio. This increase was tempered by the continued decrease in the point-of-sale portfolio stemming from the reduced exposure. Non-interest expenses were down $1.2 million, from $92.4 million in the third quarter of 2011 to $91.1 million in the third quarter of 2012, resulting from cost control initiatives.

For the nine months ended July 31, 2012, net income decreased $4.7 million to $34.6 million, essentially due to lower interest margins, which more than offset strong loan growth as explained above. Despite continued investments in SME Québec capabilities and as a result of the continued focus on controlling costs, non-interest expenses increased by less than 1% over the same period.

Balance sheet highlights

- Loans up 7% or $937.8 million over the last 12 months
- Increase in deposits of 4% or $336.9 million over the last 12 months, to $9.7 billion as at July 31, 2012

Real Estate & Commercial

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2012	APRIL 30 2012	JULY 31 2011	FOR THE NINE MONTHS ENDED JULY 31 2012	JULY 31 2011
Net interest income	**$ 21,731**	$ 22,049	$ 22,942	**$ 65,992**	$ 68,551
Other income	**8,327**	10,451	8,837	**26,784**	24,782
Total revenue	**30,058**	32,500	31,779	**92,776**	93,333
Provision for loan losses	**436**	1,755	10,458	**5,042**	18,695
Non-interest expenses	**7,756**	7,484	7,555	**22,996**	21,918
Income before income taxes	**21,866**	23,261	13,766	**64,738**	52,720
Income taxes	**5,915**	6,292	3,940	**17,512**	15,091
Net income	**$ 15,951**	$ 16,969	$ 9,826	**$ 47,226**	$ 37,629
Efficiency ratio [1]	**25.8 %**	23.0 %	23.8 %	**24.8 %**	23.5 %

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

The Real Estate & Commercial business segment's contribution to net income increased by $6.1 million or 62% to $16.0 million in the third quarter of 2012, compared with $9.8 million in the third quarter of 2011.

Total revenue decreased by $1.7 million, from $31.8 million in the third quarter of 2011 to $30.1 million in the third quarter of 2012. This decrease is mainly explained by a reduction in net interest income, which continued to be impacted by margin compression, and other income resulting from lower underwriting fees. Loan losses continued to decline to $0.4 million in the third quarter of 2012, compared with $10.5 million in the third quarter of 2011. This exceptionally low level of losses reflects the overall good credit quality of the loan portfolios, enhanced by the ongoing favourable credit conditions in Canada. Non-interest expenses increased marginally to $7.8 million in the third quarter of 2012 compared with $7.6 million in the third quarter of 2011 essentially due to salary costs related to additional headcount hired to support increased business activity.

For the nine months ended July 31, 2012, net income increased by 26% to $47.2 million as a result of improved loan losses and an increase in other income due to the gain on sale of a commercial mortgage loan portfolio in the second quarter. Non-interest expenses increased marginally by $1.1 million compared to the nine months ended July 31, 2011, mainly due to increased salaries and benefits and rental costs as explained above.

Balance sheet highlights

- Loans and BAs up 8% or $245.5 million over the last 12 months
- Increase in deposits of 18% or $87.4 million over the last 12 months

B2B Bank

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2012	APRIL 30 2012	JULY 31 2011	FOR THE NINE MONTHS ENDED JULY 31 2012	JULY 31 2011
Net interest income	**$ 32,119**	$ 30,689	$ 30,072	**$ 93,772**	$ 87,294
Other income	**8,408**	9,116	2,110	**25,667**	7,054
Total revenue	**40,527**	39,805	32,182	**119,439**	94,348
Provision for loan losses	**590**	890	458	**2,413**	1,408
Non-interest expenses	**22,913**	24,483	16,545	**70,818**	48,113
Costs related to an acquisition and other [1]	**7,157**	3,350	-	**13,167**	-
Income before income taxes	**9,867**	11,082	15,179	**33,041**	44,827
Income taxes	**2,612**	2,953	4,300	**8,786**	12,703
Net income	**$ 7,255**	$ 8,129	$ 10,879	**$ 24,255**	$ 32,124
Efficiency ratio [2]	**74.2 %**	69.9 %	51.4 %	**70.3 %**	51.0 %
Adjusted net income [2]	**$ 12,510**	$ 10,568	$ 10,879	**$ 33,906**	$ 32,124
Adjusted efficiency ratio [2]	**56.5 %**	61.5 %	51.4 %	**59.3 %**	51.0 %

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

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

Excluding after-tax T&I Costs related to the acquisition of AGF Trust and MRS Companies of $5.3 million, the B2B Bank business segment's contribution to net income was $12.5 million in the third quarter of 2012, up $1.6 million from the third quarter of 2011. Reported net income for the third quarter of 2012 was $7.3 million.

Total revenue increased to $40.5 million in the third quarter of 2012 compared with $32.2 million in the third quarter of 2011, mainly as a result of the increase in other income from registered self-directed plans related to the acquisition of the MRS Companies. Net interest income also increased by $2.0 million compared to last year, essentially as a result of the acquisition of the MRS Companies.

Loan losses increased marginally from $0.5 million in the third quarter of 2011 to $0.6 million in the third quarter of 2012, as higher provisions were required on increased volumes of investment loans. Non-interest expenses increased by $6.4 million to $22.9 million in the third quarter of 2012, compared with $16.5 million in the third quarter of 2011. This increase includes current operating costs of $6.6 million related to the MRS Companies. Otherwise, expenses decreased by $0.3 million or 2% year-over-year, due to lower other expenses which more than compensated the slight increase in salary expense. T&I Costs amounted to $7.2 million for the third quarter of 2012, resulting mainly from IT costs incurred and additional headcount hired to integrate the MRS Companies, as well as costs of $0.6 million related to the recently acquired AGF Trust.

The acquisition of the MRS Companies, after eight and a half months, is yielding excellent results and contributing to improve revenue diversification as evidenced by the growth in other income and assets under administration. The integration of the MRS Companies is progressing according to plan, with the IT integration proceeding smoothly and some synergies already achieved. Management remains focused on completing this process in order to ensure anticipated synergies are achieved within the next three quarters.

For the nine months ended July 31, 2012, net income, excluding after-tax T&I Costs related to the acquisition of AGF Trust and MRS Companies of $9.7 million, was $33.9 million, slightly higher than the same period of 2011 essentially as the contribution of MRS Companies of $6.3 million to net income was partially offset by narrower margins on B2B Bank's other portfolios. Reported net income for the nine months ended July 31, 2012 was $24.3 million.

The announced acquisition of AGF Trust by B2B Bank closed on August 1, 2012. This strategic transaction will further contribute to strengthening B2B Bank's industry-leading position and providing the Canadian financial advisory and mortgage brokerage communities with best-in-class products and services to meet their unique needs.

Balance sheet highlights

- Loans up 9% or $497.5 million over the last 12 months
- Total deposits up 13% or $1.2 billion over the last 12 months

Laurentian Bank Securities & Capital Markets

In thousands of Canadian dollars, except percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2012	APRIL 30 2012	JULY 31 2011	FOR THE NINE MONTHS ENDED JULY 31 2012	JULY 31 2011
Total revenue	**$ 13,256**	$ 16,265	$ 11,851	**$ 44,176**	$ 45,964
Non-interest expenses	**11,668**	12,530	11,035	**36,358**	37,656
Income before income taxes	**1,588**	3,735	816	**7,818**	8,308
Income taxes	**412**	956	130	**1,988**	2,168
Net income	**$ 1,176**	$ 2,779	$ 686	**$ 5,830**	$ 6,140
Efficiency ratio [1]	**88.0 %**	77.0 %	93.1 %	**82.3 %**	81.9 %

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

The Laurentian Bank Securities and Capital Markets (LBS & CM) business segment's contribution to net income increased to $1.2 million in the third quarter of 2012, compared with $0.7 million in the third quarter of 2011.

Total revenue increased by $1.4 million to $13.3 million in the third quarter of 2012 compared with $11.9 million for the same quarter of 2011, as underwriting and trading activities benefited from slightly improved market conditions compared to a year ago, while bond market uncertainty persists and small-cap equity markets are sidelined. This increase in underwriting and trading earnings was partly offset by reduced retail brokerage revenue resulting from a lower level of activity. Non-interest expenses increased by $0.6 million, largely related to higher performance-based compensation, in line with higher market-driven income.

For the nine months ended July 31, 2012, net income decreased by $0.3 million compared to the same period last year, as lower expenses did not fully compensate for the decrease in revenues, essentially for the same reasons presented above.

Balance sheet highlight

- Assets under management stood at $2.2 billion as at July 31, 2012

Other Sector

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2012	APRIL 30 2012	JULY 31 2011	FOR THE NINE MONTHS ENDED JULY 31 2012	JULY 31 2011
Net interest income	**$ (5,134)**	$ (1,206)	$ (7,336)	**$ (8,121)**	$ (21,270)
Other income	**301**	1,788	1,521	**3,106**	2,828
Total revenue	**(4,833)**	582	(5,815)	**(5,015)**	(18,442)
Non-interest expenses	**8,354**	7,996	6,409	**22,112**	12,799
Loss before income taxes	**(13,187)**	(7,414)	(12,224)	**(27,127)**	(31,241)
Income taxes recovery	**(5,268)**	(2,742)	(5,160)	**(10,025)**	(13,059)
Net loss	**$ (7,919)**	$ (4,672)	$ (7,064)	**$ (17,102)**	$ (18,182)

The Other sector posted a negative contribution to net income of $7.9 million in the third quarter of 2012 compared with a negative contribution of $7.1 million in the third quarter of 2011.

Net interest income improved to negative $5.1 million in the third quarter of 2012, compared to negative $7.4 million in the third quarter of 2011, reflecting good market positioning as well as some adjustments to transfer pricing initiated in the first quarter of 2012. Other income for the third quarter of 2012 was $0.3 million, compared to $1.5 million for the third quarter of 2011 and essentially relates to gains on treasury activities.

Non-interest expenses in the third quarter of 2012 amounted to $8.4 million compared to $6.4 million a year ago, a $2.0 million increase. Higher pension costs, regular salary increases, as well as higher software and amortization expense related to completed IT development projects contributed to the increase compared to last year.

For the nine months ended July 31, 2012, the negative contribution stood at $17.1 million, compared to negative $18.2 million for the nine months ended July 31, 2011, mainly due to the same reasons as noted above.

Additional Financial Information – Quarterly Results

In thousands of Canadian dollars, except per share and percentage amounts (Unaudited)	IFRS							CANADIAN GAAP
	JULY 31 2012	APRIL 30 2012	JANUARY 31 2012	OCTOBER 31 2011	JULY 31 2011	APRIL 30 2011	JANUARY 31 2011	OCTOBER 31 2010
Total revenue	**$ 193,833**	$ 198,670	$ 193,744	$ 182,422	$ 185,833	$ 183,237	$ 186,855	$ 190,074
Net income	**$ 29,998**	$ 33,863	$ 30,962	$ 26,709	$ 29,072	$ 31,016	$ 36,920	$ 32,514
Earnings per share								
Basic	**$ 1.06**	$ 1.22	$ 1.16	$ 0.99	$ 1.09	$ 1.17	$ 1.41	$ 1.24
Diluted	**$ 1.06**	$ 1.22	$ 1.16	$ 0.99	$ 1.08	$ 1.17	$ 1.41	$ 1.24
Return on common shareholders' equity [1]	**10.2 %**	12.1 %	11.6 %	10.0 %	11.2 %	12.7 %	15.2 %	11.8 %
Balance sheet assets (in millions of dollars)	**$ 31,416**	$ 30,708	$ 29,921	$ 28,963	$ 28,239	$ 27,896	$ 26,919	$ 23,772
Excluding Transaction and Integration Costs [2]								
Adjusted net income [1]	**$ 35,253**	$ 36,302	$ 32,919	$ 33,375	$ 29,072	$ 31,016	$ 36,920	$ 32,514
Adjusted diluted earnings per share [1]	**$ 1.27**	$ 1.31	$ 1.24	$ 1.26	$ 1.08	$ 1.17	$ 1.41	$ 1.24
Adjusted return on common shareholders equity [1]	**12.2 %**	13.0 %	12.4 %	12.8 %	11.2 %	12.7 %	15.2 %	11.8 %

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

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

Accounting Policies

A summary of the Bank's significant accounting policies is presented in Notes 2 and 3 of the July 31, 2012 unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements for the third quarter of 2012 have been prepared in accordance with these accounting policies.

Future changes in accounting policy

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, 2012 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 4 to the unaudited condensed interim consolidated financial statements.

Corporate Governance and Changes in Internal Control over Financial Reporting

On November 16, 2011, the Bank completed the acquisition of the MRS Companies. In accordance with Canadian securities law, which allows an issuer to limit its design of the disclosure controls and procedures, and internal controls over financial reporting to exclude the controls, policies and procedures of a business acquired not more than 365 days before the last day of the period covered by the interim filings, management has excluded the controls, policies and procedures of MRS Companies, the results of which are included in the unaudited condensed interim consolidated financial statements of the Bank for the period ended July 31, 2012. MRS Companies constituted approximately 2% of total assets, 2% of total liabilities, 5% of total revenue and 7% of total net income as at and for the nine-month period ended July 31, 2012. For additional information on the assets acquired and liabilities assumed at the date of acquisition, refer to Note 15 to the unaudited condensed interim consolidated financial statements.

During the last quarter ended July 31, 2012, 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 has adopted IFRS as its accounting framework. IFRS are the generally accepted accounting principles (GAAP) for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. The Bank uses both 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.

Tangible common equity ratio

Tangible common equity is defined as common shareholders' equity, excluding accumulated other comprehensive income, less goodwill and contractual and customer relationship intangible assets. The tangible common equity ratio is defined as the tangible common equity as a percentage of risk-weighted assets.

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 the transaction and integration costs related to the acquisition of the MRS Companies and AGF Trust.

Operating net income

Operating net income is based on Bank's core activities and is defined as net income excluding the transaction and integration costs related to the acquisition of the MRS Companies and AGF Trust, net of income taxes.

About Laurentian Bank

Laurentian Bank of Canada is a pan-Canadian banking institution that has more than $35 billion in balance sheet assets and over $32 billion in assets under administration. Founded in 1846, Laurentian Bank was selected as the Québec and Atlantic Canada regional winner of the *Canada's 10 Most Admired Corporate Cultures* program presented by Waterstone Human Capital. The Bank employs more than 4,000 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 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 Friday, August 31, 2012. The live, listen-only, toll-free, call-in number is 514 861-2909 or 1 888 789-9572 Code 3478978#.

You can listen to the call on a delayed basis at any time from 6:00 p.m. on Friday, August 31, 2012 until 11:59 p.m. on September 30, 2012, by dialing the following playback number: 514 861-2272 or 1 800 408-3053 Code 4742839#. 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 complete unaudited condensed interim consolidated financial statements for the quarter ended July 31, 2012, including the notes to the unaudited condensed interim consolidated financial statements, are also available on the Bank's Web site at www.laurentianbank.ca.

Consolidated Balance Sheet [1]

In thousands of Canadian dollars (Unaudited)	AS AT JULY 31 2012	AS AT OCTOBER 31 2011	AS AT JULY 31 2011	AS AT NOVEMBER 1 2010
ASSETS				
Cash and non-interest-bearing deposits with other banks	**$ 89,287**	$ 81,600	$ 70,013	$ 72,444
Interest-bearing deposits with other banks	**828,636**	285,459	599,752	99,394
Securities				
Available-for-sale	**1,956,279**	2,108,075	2,042,824	2,138,861
Held-to-maturity	**979,170**	885,822	830,964	559,457
Held-for-trading	**2,243,361**	2,181,969	2,044,465	1,496,583
Designated as at fair value through profit or loss	**-**	-	-	624,642
	5,178,810	5,175,866	4,918,253	4,819,543
Securities purchased under reverse repurchase agreements	**1,173,704**	720,317	540,220	994,674
Loans				
Personal	**6,081,592**	5,774,207	5,732,870	5,636,203
Residential mortgage	**12,554,098**	11,869,412	11,578,930	10,859,647
Commercial mortgage	**2,473,833**	2,363,808	2,302,562	2,166,375
Commercial and other	**2,094,100**	1,900,977	1,863,448	1,691,190
Customers' liabilities under acceptances	**232,044**	179,140	198,429	165,450
	23,435,667	22,087,544	21,676,239	20,518,865
Allowances for loan losses	**(132,639)**	(143,150)	(141,153)	(131,567)
	23,303,028	21,944,394	21,535,086	20,387,298
Other				
Premises and equipment	**68,890**	61,708	60,580	55,727
Derivatives	**179,275**	228,261	146,143	158,066
Goodwill	**64,077**	29,224	29,224	29,224
Software and other intangible assets	**147,886**	113,949	105,082	101,671
Deferred tax assets	**12,938**	4,160	7,736	47,995
Other assets	**368,981**	318,272	226,541	289,289
	842,047	755,574	575,306	681,972
	$ 31,415,512	$ 28,963,210	$ 28,238,630	$ 27,055,325
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal	**$ 16,837,043**	$ 15,609,853	$ 15,534,529	$ 15,354,851
Business, banks and other	**4,785,016**	4,406,428	3,891,333	4,250,819
	21,622,059	20,016,281	19,425,862	19,605,670
Other				
Obligations related to securities sold short	**1,519,105**	1,471,254	1,436,439	1,362,336
Obligations related to securities sold under repurchase agreements	**417,962**	36,770	367,814	60,050
Acceptances	**232,044**	179,140	198,429	165,450
Derivatives	**114,924**	129,969	104,027	115,235
Deferred tax liabilities	**1,411**	6,362	1,019	27,543
Other liabilities	**851,793**	901,720	832,827	945,939
	3,137,239	2,725,215	2,940,555	2,676,553
Debt related to securitization activities	**5,109,015**	4,760,847	4,442,256	3,486,634
Subordinated debt	**243,869**	242,551	242,113	150,000
Shareholders' equity				
Preferred shares	**210,000**	210,000	210,000	210,000
Common shares	**320,435**	259,492	259,492	259,363
Share-based payment reserve	**227**	227	227	243
Retained earnings	**734,339**	683,007	669,458	610,483
Accumulated other comprehensive income	**38,329**	65,590	48,667	56,379
	1,303,330	1,218,316	1,187,844	1,136,468
	$ 31,415,512	$ 28,963,210	$ 28,238,630	$ 27,055,325

[1] Comparative figures have been prepared in accordance with IFRS. See Note 5 to the unaudited condensed interim consolidated financial statements as at July 31, 2012 for further details.

Consolidated Statement of Income [1]

In thousands of Canadian dollars, except per share amounts (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2012	APRIL 30 2012	JULY 31 2011	FOR THE NINE MONTHS ENDED JULY 31 2012	JULY 31 2011
Interest income					
Loans	**$ 248,073**	$ 240,943	$ 244,008	**$ 734,099**	$ 720,857
Securities	**16,802**	18,377	18,777	**54,070**	55,262
Deposits with other banks	**2,304**	1,276	1,594	**4,604**	4,193
Other, including derivatives	**14,457**	14,557	16,289	**44,711**	45,593
	281,636	275,153	280,668	**837,484**	825,905
Interest expense					
Deposits	**108,394**	104,653	112,032	**320,720**	334,394
Debt related to securitization activities	**40,891**	39,508	36,333	**120,071**	102,191
Subordinated debt	**2,408**	2,374	2,411	**7,185**	9,142
Other, including derivatives	**279**	294	466	**891**	2,084
	151,972	146,829	151,242	**448,867**	447,811
Net interest income	**129,664**	128,324	129,426	**388,617**	378,094
Other income					
Fees and commissions on loans and deposits	**31,522**	29,657	29,448	**89,690**	85,673
Income from brokerage operations	**12,517**	14,354	10,221	**40,420**	40,097
Credit insurance income	**3,682**	3,662	4,104	**11,114**	13,597
Income from treasury and financial market operations	**2,398**	5,856	4,919	**12,968**	15,041
Income from sales of mutual funds	**4,478**	4,488	4,483	**13,295**	13,050
Income from registered self-directed plans	**7,190**	7,648	1,674	**21,639**	5,748
Other income	**2,382**	4,681	1,558	**8,504**	4,625
	64,169	70,346	56,407	**197,630**	177,831
Total revenue	**193,833**	198,670	185,833	**586,247**	555,925
Provision for loan losses	**7,500**	7,500	14,640	**25,000**	38,081
Non-interest expenses					
Salaries and employee benefits	**77,177**	79,282	70,354	**233,491**	212,199
Premises and technology	**38,644**	37,998	36,282	**113,808**	105,837
Other	**25,977**	26,481	27,260	**78,620**	74,923
Costs related to an acquisition and other	**7,157**	3,350	-	**13,167**	-
	148,955	147,111	133,896	**439,086**	392,959
Income before income taxes	**37,378**	44,059	37,297	**122,161**	124,885
Income taxes	**7,380**	10,196	8,225	**27,338**	27,877
Net income	**$ 29,998**	$ 33,863	$ 29,072	**$ 94,823**	$ 97,008
Preferred share dividends, including applicable taxes	**3,164**	3,165	3,107	**9,495**	9,325
Net income available to common shareholders	**$ 26,834**	$ 30,698	$ 25,965	**$ 85,328**	$ 87,683
Average number of common shares outstanding (in thousands)					
Basic	**25,250**	25,235	23,925	**24,800**	23,923
Diluted	**25,267**	25,253	23,943	**24,818**	23,944
Earnings per share					
Basic	**$ 1.06**	$ 1.22	$ 1.09	**$ 3.44**	$ 3.67
Diluted	**$ 1.06**	$ 1.22	$ 1.08	**$ 3.44**	$ 3.66
Dividends declared per share					
Common share	**$ 0.47**	$ 0.45	$ 0.42	**$ 1.37**	$ 1.20
Preferred share - Series 9	**$ 0.38**	$ 0.38	$ 0.38	**$ 1.13**	$ 1.13
Preferred share - Series 10	**$ 0.33**	$ 0.33	$ 0.33	**$ 0.98**	$ 0.98

[1] Comparative figures have been prepared in accordance with IFRS. See Note 5 to the unaudited condensed interim consolidated financial statements as at July 31, 2012 for further details.

Consolidated Statement of Comprehensive Income [1]

In thousands of Canadian dollars (Unaudited)	FOR THE THREE MONTHS ENDED JULY 31 2012	APRIL 30 2012	JULY 31 2011	FOR THE NINE MONTHS ENDED JULY 31 2012	JULY 31 2011
Net income	**$ 29,998**	$ 33,863	$ 29,072	**$ 94,823**	$ 97,008
Other comprehensive income, net of income taxes					
Unrealized net gains (losses) on available-for-sale securities	**(2,714)**	(3,751)	721	**(7,948)**	(7,835)
Reclassification of net (gains) losses on available-for-sale securities to net income	**(334)**	(888)	(803)	**(1,543)**	(2,428)
Net change in value of derivatives designated as cash flow hedges	**13,774**	(23,980)	19,020	**(17,770)**	2,551
	10,726	(28,619)	18,938	**(27,261)**	(7,712)
Comprehensive income	**$ 40,724**	$ 5,244	$ 48,010	**$ 67,562**	$ 89,296

[1] Comparative figures have been prepared in accordance with IFRS. See Note 5 to the unaudited condensed interim consolidated financial statements as at July 31, 2012 for further details.

Consolidated Statement of Changes in Shareholders' Equity [1]

FOR THE NINE MONTHS ENDED JULY 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	**$ 210,000**	**$ 259,492**	**$ 683,007**	**$ 22,217**	**$ 43,373**	**$ 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**
Net proceeds from issuance of common shares		**60,943**						**60,943**
Equity dividends								
Preferred shares, including applicable taxes			**(9,495)**					**(9,495)**
Common shares			**(33,996)**					**(33,996)**
Balance as at July 31, 2012	**$ 210,000**	**$ 320,435**	**$ 734,339**	**$ 12,726**	**$ 25,603**	**$ 38,329**	**$ 227**	**$ 1,303,330**

FOR THE NINE MONTHS ENDED JULY 31, 2011

In thousands of Canadian dollars (Unaudited)	PREFERRED SHARES	COMMON SHARES	RETAINED EARNINGS	AOCI RESERVES AVAILABLE-FOR-SALE SECURITIES	AOCI RESERVES CASH FLOW HEDGES	AOCI RESERVES TOTAL	SHARE-BASED PAYMENT RESERVE	TOTAL SHARE-HOLDERS' EQUITY
Balance as at November 1, 2010	$ 210,000	$ 259,363	$ 610,483	$ 37,071	$ 19,308	$ 56,379	$ 243	$ 1,136,468
Net income			97,008					97,008
Other comprehensive income (net of income taxes)								
Unrealized net gains (losses) on available-for-sale securities				(7,835)		(7,835)		(7,835)
Reclassification of net (gains) losses on available-for-sale securities to net income				(2,428)		(2,428)		(2,428)
Net change in value of derivatives designated as cash flow hedges					2,551	2,551		2,551
Comprehensive income			97,008	(10,263)	2,551	(7,712)		89,296
Issuance of common shares under share purchase option plan		129						129
Share-based payments							(16)	(16)
Equity dividends								
Preferred shares, including applicable taxes			(9,325)					(9,325)
Common shares			(28,708)					(28,708)
Balance as at July 31, 2011	$ 210,000	$ 259,492	$ 669,458	$ 26,808	$ 21,859	$ 48,667	$ 227	$ 1,187,844

[1] Comparative figures have been prepared in accordance with IFRS. See Note 5 to the unaudited condensed interim consolidated financial statements as at July 31, 2012 for further details.