

PROSPECTUS SUPPLEMENT

To Short Form Base Shelf Prospectus Dated October 10, 2012

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement together with the short form base shelf prospectus dated October 10, 2012 to which it relates, as amended or supplemented, and each document incorporated by reference into the short form base shelf prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The medium term notes to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and, except as stated under "Plan of Distribution", may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act).

Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated October 10, 2012 from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Laurentian Bank of Canada, 1981 McGill College Avenue, 20th Floor, Montréal, Québec, H3A 3K3 (Telephone: (514) 284-4500, ext. 7545), and are also available electronically at www.sedar.com.

New Issue

October 12, 2012

\$500,000,000



Medium Term Notes (Subordinated Indebtedness)

Laurentian Bank of Canada (the "Bank") may offer from time to time up to \$500,000,000 aggregate principal amount, or the equivalent thereof in one or more non-Canadian currencies or currency units, of its Medium Term Notes (the "Notes"). Each Note will mature on any day more than one year from the date of issue (the "Maturity Date"), as specified in the applicable pricing supplement (each, a "Pricing Supplement") hereto. Each Note may be subject to redemption at the option of the Bank, in whole or in part, prior to its Maturity Date, as set forth therein and specified in the applicable Pricing Supplement.

The Notes will be unsecured general obligations of the Bank constituting subordinated indebtedness for the purposes of the *Bank Act* (Canada) and will rank *pari passu* with all other unsecured and subordinated indebtedness of the Bank from time to time outstanding.

The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act*.

The offering of the Notes hereunder (the "Offering") will be made pursuant to the medium term note ("MTN") program of the Bank (the "MTN Program"), as contemplated by National Instrument 44-102 — Shelf Distributions of the Canadian Securities Administrators. Such instrument permits the omission from this prospectus supplement ("Prospectus Supplement") of certain terms of the Notes, which will be established at the time of the offering and sale of the Notes and will be included in Pricing Supplements incorporated by reference herein, as more particularly described under the heading "Documents Incorporated by Reference". Accordingly, the specific terms of the Notes to be offered and sold hereunder pursuant to the MTN Program will be set out in Pricing Supplements which, together with the Short Form Base Shelf Prospectus of the Bank dated October 10, 2012 and this Prospectus Supplement, will be delivered to purchasers in conjunction with the sale of the Notes. Specific variable terms that are not within the options and parameters set forth herein may be set out in a Pricing Supplement. Where Notes are offered and sold in currencies other than Canadian dollars, the Canadian dollar equivalent of the offering price and the rate of exchange at the last feasible date will be included in the applicable Pricing Supplement.

RATES ON APPLICATION

The Notes will be offered severally by one or more of Laurentian Bank Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Desjardins Securities Inc., Macquarie Capital Markets Canada Ltd., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc. and other dealers that may be appointed from

time to time (collectively, the “Dealers” or, individually, a “Dealer”). Under a dealer agreement dated October 12, 2012 between the Bank and the Dealers, the Notes may be purchased or offered at various times by any of the Dealers, as agent, underwriter or principal, at prices and commissions to be agreed upon, for sale to the public at prices to be negotiated with purchasers. Sale prices may vary during the distribution period and as between purchasers. The Bank may also offer the Notes to purchasers directly, pursuant to applicable registration exemptions, at prices and on terms to be negotiated. See “Plan of Distribution”. The Offering is subject to approval of all legal matters on behalf of the Bank by Norton Rose Canada LLP, Montréal, Québec and on behalf of the Dealers by Fasken Martineau Dumoulin LLP, Montréal, Québec.

Unless otherwise specified in the applicable Pricing Supplement, the Notes will bear interest at fixed rates (“Fixed Rate Notes”) or at floating rates (“Floating Rate Notes”). Notes will be issued in minimum denominations of \$1,000 unless otherwise specified in the applicable Pricing Supplement. Notes may also be denominated in currencies or currency units other than Canadian dollars in minimum denominations specified in the applicable Pricing Supplement. The interest rate, if any, or the formula for the determination of any such interest rate, applicable to each Note and the other variable terms thereof as described herein will be specified in the applicable Pricing Supplement. The Bank reserves the right to set forth in a Pricing Supplement specific variable terms of the Notes that are not within the options and parameters set forth in the Prospectus Supplement.

Notes may be issued by the Bank and sold in Canada pursuant to this Prospectus Supplement and applicable Pricing Supplements. The Notes are being offered on a continuous basis by the Bank through the Dealers. The Bank reserves the right to cancel or modify the offer made hereby without notice. The Bank or any Dealer, if it solicits the offer on an agency basis, may reject any offer to purchase Notes in whole or in part.

In connection with an offering of Notes, the Dealers may over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. See “Plan of Distribution”.

Unless otherwise specified in the applicable Pricing Supplement, the Notes will not be listed on any securities exchange and there can be no assurance that the Notes offered hereby will be sold or that there will be a secondary market for the Notes. Accordingly, purchasers of Notes may not be able to resell Notes purchased under this Prospectus Supplement and the applicable Pricing Supplement. This may affect the pricing of such Notes in the secondary market, the transparency and availability of trading prices, the liquidity of such Notes and the extent of issuer regulation. See “Risk Factors”.

Laurentian Bank Securities Inc., one of the Dealers, is a wholly-owned subsidiary of the Bank. As a result, the Bank is a related and connected issuer of Laurentian Bank Securities Inc. under applicable securities legislation. See “Plan of Distribution”.

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All references herein to "Canada" mean Canada, its provinces, its territories, its possessions and all areas subject to its jurisdiction, and all references to "\$" or "dollars" mean the lawful currency of Canada. In this Prospectus Supplement, all references to "U.S." or "United States" mean the United States of America, its states, its territories, its possessions and all areas subject to its jurisdiction, and all references to "U.S.\$", "U.S. dollars" or "United States dollars" mean the lawful currency of the United States.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

In this Prospectus Supplement and in any documents incorporated by reference therein, the Bank 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. These forward-looking statements 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 be 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 the 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 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 Company ("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, 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.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the accompanying Short Form Base Shelf Prospectus of the Bank dated October 10, 2012 (the "Prospectus") solely for the purpose of the Notes issuable hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars.

A Pricing Supplement containing the specific variable terms for an issue of Notes will be delivered to purchasers of such Notes together with this Prospectus Supplement and the Prospectus and will be deemed to be incorporated by reference into this Prospectus Supplement and the Prospectus as of the date of the Pricing Supplement solely for the purpose of the Notes issued thereunder.

Updated earnings coverage ratios will be filed quarterly with the applicable securities regulatory authorities, either as prospectus supplements or as exhibits to the Bank's unaudited interim and audited annual financial statements, and will be deemed to be incorporated by reference into this Prospectus Supplement and the Prospectus for the purposes of the issuance of Notes thereafter.

Any statement contained in this Prospectus Supplement, a Pricing Supplement or in a document incorporated or deemed to be incorporated by reference herein or in the Prospectus for the purposes of the Offering shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement.

CREDIT RATINGS

Unless otherwise specified in a Pricing Supplement, the following are the ratings for the Notes assigned by the indicated rating organization:

Rating	Organization
BBB	DBRS Limited
BBB	Standard & Poor’s, a division of The McGraw-Hill Companies Inc.

The Notes have been rated “BBB” by DBRS Limited (“DBRS”) and “BBB” by Standard & Poor’s, a division of The McGraw-Hill Companies Inc. (“S&P”).

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities and are indicators of the likelihood of payment and of the capacity and willingness of a company to meet its financial commitment on an obligation in accordance with the terms of the obligation.

DBRS has ten rating categories, which range from AAA to D. Each rating category is denoted by the subcategories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the “middle” of the category. The AAA and D categories do not utilize “high”, “middle” and “low” as differential grades. The “BBB” rating assigned to the Notes by DBRS is DBRS’ fourth highest rating. According to information made publicly available by DBRS, under the DBRS rating system debt securities rated “BBB” are of adequate credit quality. Protection of interest and principal is considered by DBRS to be acceptable. Entities rated “BBB” are also considered by DBRS to be fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of an entity rated BBB and its rated securities.

S&P has ten rating categories, ranging from AAA to D, and may use “+” or “-” designations to indicate the relative standing of the securities being rated within a particular rating category. The “BBB” rating assigned to the Notes by S&P indicates that the Notes rank in S&P’s fourth highest rating category. According to information made publicly available by S&P, under the S&P rating system debt securities rated “BBB” indicate an adequate capacity to meet financial commitments, but more subject to adverse economic conditions.

The credit ratings assigned to the Notes are not recommendations to purchase, hold or sell the Notes. The credit ratings do not address the market price or suitability of the Notes for a particular investor. The credit ratings assigned to the Notes may not reflect the potential impact of all risks on the value of the Notes. In addition, real or anticipated changes in the credit ratings assigned to the Notes will generally affect the market value of the Notes. There can be no assurance that these ratings will remain in effect for any given period of time or that the ratings will not be revised or withdrawn entirely in the future by DBRS or S&P if in their judgment circumstances so warrant. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the foregoing credit ratings. Ratings may be revised or withdrawn at any time by the respective rating organizations.

The Bank made payments to S&P and DBRS in connection with the assignment of ratings on its rated instruments. In addition, the Bank has or may have made payments in respect of certain other services provided to the Bank by each of such rating agencies during the last two years.

USE OF PROCEEDS

The Notes will be issued from time to time at the discretion of the Bank with an aggregate initial offering price not to exceed \$500,000,000 (or the equivalent thereof in one or more non-Canadian currencies or currency units). The net proceeds derived from the issue of Notes under this Prospectus Supplement will be the initial offering price thereof less any commission paid in connection therewith. The net proceeds cannot be estimated as the amount thereof will depend on the extent to which Notes are issued under this Prospectus Supplement. Unless otherwise specified in the applicable Pricing Supplement, the net proceeds of each issuance of Notes will be added to the general funds of the Bank and will be utilized for general banking purposes.

ELIGIBILITY FOR INVESTMENT

In the opinion of Norton Rose Canada LLP, counsel for the Bank, and in the opinion of Fasken Martineau Dumoulin LLP, counsel to the Dealers, unless otherwise specified in the applicable Pricing Supplement, the Notes offered hereby, if issued on the date of this Prospectus Supplement, would be, at that time, qualified investments under the *Income Tax Act* (Canada) (the “Tax Act”) and the regulations thereunder for trusts governed by a registered retirement savings plan (a “RRSP”), registered retirement income fund (a “RRIF”), registered education savings plan, registered disability savings plan, deferred profit sharing plan (other than trusts governed by a deferred profit sharing plan for which any of the employers is the Bank, or an employer with which the Bank does not deal at arm’s length within the meaning of the Tax Act) and a tax-free savings account (a “TFSA”). The Notes will not be a “prohibited investment” for a trust governed by a TFSA, RRSP or RRIF on the date of this Prospectus Supplement provided the holder of the TFSA or the annuitant under a RRSP or RRIF, deals at arm’s length with the Bank for purposes of the Tax Act and does not have a “significant interest” in the Bank or a corporation, partnership or trust with which the Bank does not deal at arm’s length for purposes of the Tax Act.

DESCRIPTION OF NOTES

Each series of Notes the Bank issues will be described in three separate documents: (1) the Prospectus, (2) this Prospectus Supplement, and (3) a Pricing Supplement. Since the terms of a series of Notes may differ from the general information provided in the Prospectus and this Prospectus Supplement, in all cases prospective investors should read each document and where it differs from information in the Prospectus or this Prospectus Supplement, should rely on the information in the Pricing Supplement to the extent of an inconsistency.

General

Notes may be issued at various times in different series.

Notes will be direct unsecured obligations of the Bank constituting subordinated indebtedness for the purpose of the *Bank Act* (Canada) (the “*Bank Act*”), ranking equally and rateably with all of the Bank’s other subordinated indebtedness that may be issued and outstanding at any time, and will be subordinate in right of payment to the claims of the Bank’s depositors and other unsubordinated creditors.

Subject to regulatory capital requirements applicable to the Bank, there is no limit on the amount of subordinated indebtedness that the Bank may issue.

The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act*.

A Pricing Supplement will describe the following terms of any series of offered Notes:

- The specific designation of the offered Notes.
- The issue date and maturity date of the Notes.

- Any limit on the aggregate principal amount of the offered Notes.
- The price at which the offered Notes will be sold, or how the price will be determined if Notes are offered on a non-fixed price basis, and the amount payable upon maturity of the Notes.
- When and how the principal and any premium or interest on the offered Notes will be payable and how each of the principal and any premium or interest on the Notes will be calculated.
- Any obligation on the Bank, and the terms on which the Bank may be required, to redeem, repay or purchase the offered Notes.
- Any terms with respect to exchange or conversion of the Notes.
- The form in which the offered Notes are to be issued.
- The currency or currency unit in which the offered Notes and any premium or interest on the offered Notes will be denominated.
- The identity of each security registrar or paying agent.
- Any special rights of the holders of the offered Notes upon the occurrence of specified events.
- Any of the Bank's additional obligations with respect to a series of offered Notes or any changes to the Bank's obligations from the obligations described in the Prospectus or this Prospectus Supplement.
- Any other terms of the offered Notes not inconsistent with the Bank Act.

A Pricing Supplement may also describe certain income tax considerations that may apply to any series of Notes.

The Bank may set forth in a Pricing Supplement variable terms which are not within the options and parameters set forth in the Prospectus or this Prospectus Supplement.

September 13, 2010 Trust Indenture

General

The Notes will be issued in one or more series under a trust indenture dated as of September 13, 2010 (the "Indenture") between the Bank and Computershare Trust Company of Canada, as trustee (the "Trustee"). The Indenture is subject to the provisions of the Bank Act and governed by the laws of the Province of Québec and the federal laws of Canada applicable therein. The Indenture does not limit the aggregate principal amount of subordinated debt which may be issued thereunder. The Bank may issue as many distinct series of subordinated debt securities, including Notes, under the Indenture as the Bank wishes. The Indenture allows the Bank not only to issue subordinated debt securities with terms different from those previously issued under the Indenture, but also to "re-open" a previous issue of a series of subordinated debt securities and issue additional subordinated debt securities of that series. The Bank may issue additional subordinated debt at any time without notifying a holder of Notes. See "— Subordination".

The following summarizes certain provisions of the Notes and the Indenture, but does not describe every aspect of the Notes or the Indenture. This summary is subject to and qualified in its entirety by reference to all the provisions of the Notes and the Indenture, including the definitions of certain terms that are not defined in this Prospectus Supplement. Purchasers must look to the Indenture for a complete description of what is summarized below. A copy of the Indenture will be made available on SEDAR at www.sedar.com.

Interest

The Notes may be issued as Floating Rate Notes or Fixed Rate Notes, or a combination of both, and at an interest rate all as specified in a Pricing Supplement.

Unless otherwise specified in a Pricing Supplement, Notes will bear interest from their respective dates of issue.

Form, Denomination and Transfer

The Notes will be issued only in minimum denominations of \$1,000 and integral multiples thereof unless otherwise specified in a Pricing Supplement. Notes may also be denominated in non-Canadian currencies, if so specified in a Pricing Supplement ("Foreign Currency Notes") (the currency or currency unit in which a Note is

denominated, whether United States dollars, Canadian dollars or otherwise, is herein referred to as the “Specified Currency”). See “Risk Factors — Risks Relating to Foreign Currency Notes”. Where Notes are offered and sold in a currency other than Canadian dollars, the applicable Pricing Supplement will set out the Canadian equivalent of the offering price and the rate of exchange based on the Bank of Canada noon rate for such currency at the last feasible date.

Unless otherwise specified in the applicable Pricing Supplement, purchasers are required to pay for Foreign Currency Notes in the Specified Currency in which such Notes are denominated. There are limited facilities in Canada for the conversion of Canadian dollars into non-Canadian currencies or currency units other than United States dollars and vice versa, and commercial banks do not generally offer chequing or savings account facilities in Canada in other than Canadian or United States dollars. If requested on or prior to the third Business Day (as defined below) preceding the date of delivery of the Foreign Currency Notes, or by such other day as determined by a Dealer, such Dealer is prepared to arrange for the conversion of Canadian dollars into the Specified Currency to enable the purchasers to pay for such Notes. Each such conversion will be made by such Dealer on such terms and subject to such conditions, limitations and charges as the Dealer may from time to time establish in accordance with its regular foreign exchange practices. All costs of exchange will be borne by the purchasers of the Foreign Currency Notes. See “Risk Factors — Risks Relating to Foreign Currency Notes”.

Unless otherwise specified in a Pricing Supplement, the Notes will be issued in “book-entry only” form and must be purchased or transferred through participants in the depository service of CDS Clearing and Depository Services Inc. (“CDS”). See “Book-Entry Only Securities” in the Prospectus.

Subordination

The Notes will be direct unsecured obligations of the Bank constituting subordinated indebtedness for the purpose of the Bank Act and will therefore rank subordinate to deposits of the Bank. **The Notes will not be deposits insured under the Canada Deposit Insurance Corporation Act.**

If the Bank becomes insolvent, the Bank’s governing legislation provides that priorities among payments of the Bank’s deposit liabilities and payments of all of the Bank’s other liabilities (including payments in respect of the Notes) are to be determined in accordance with the laws governing priorities and, where applicable, by the terms of the indebtedness and liabilities. Because the Bank has subsidiaries, the purchaser’s right to participate in any distribution of the assets of the Bank’s banking or non-banking subsidiaries, upon a subsidiary’s dissolution, winding-up, liquidation or reorganization or otherwise, and thus the purchaser’s ability to benefit indirectly from such distribution, is subject to the prior claims of creditors of that subsidiary, except to the extent that the Bank may be a creditor of that subsidiary and the Bank’s claims are recognized. There are legal limitations on the extent to which some of the Bank’s subsidiaries may extend credit, pay dividends or otherwise supply funds to, or engage in transactions with, the Bank or some of the Bank’s other subsidiaries. Accordingly, the Notes will be structurally subordinated to all existing and future liabilities of the Bank’s subsidiaries, and holders of Notes should look only to the assets of the Bank and not those of the Bank’s subsidiaries for payments on the Notes.

The Indenture provides that, if the Bank becomes insolvent or is wound-up, subordinated indebtedness issued and outstanding under the Indenture will rank equally and rateably with, but not prior to, all other subordinated indebtedness and subordinate in right of payment to the prior payment in full of (i) the Bank’s indebtedness then outstanding, other than subordinated indebtedness and (ii) all indebtedness to which the Bank’s other subordinated indebtedness is subordinate in right of payment to the same extent as such other subordinated indebtedness.

For these purposes, “indebtedness” at any time means:

- the deposit liabilities of the Bank at such time; and
- all other liabilities and obligations of the Bank to third parties (other than fines or penalties which pursuant to the Bank Act are a last charge on the assets of a bank in the case of insolvency of such bank and obligations to shareholders of the Bank, as such) which would entitle such third parties to participate in a distribution of the Bank’s assets in the event of the insolvency or winding-up of the Bank.

For these purposes, “subordinated indebtedness” at any time means:

- the liability of the Bank in respect of the principal of and premium, if any, and interest on its outstanding subordinated indebtedness;

- any indebtedness which ranks equally with and not prior to the outstanding subordinated indebtedness, in right of payment in the event of the insolvency or winding-up of the Bank and which, pursuant to the terms of the instrument evidencing or creating the same, is expressed to be subordinate in right of payment to all indebtedness to which the outstanding subordinated indebtedness is subordinate in right of payment to at least the same extent as the outstanding subordinated indebtedness is subordinated thereto pursuant to the terms of the instrument evidencing or creating the same;
- any indebtedness which ranks subordinate to and not equally with or prior to the outstanding subordinated indebtedness, in right of payment in the event of the insolvency or winding-up of the Bank and which, pursuant to the terms of the instrument evidencing or creating the same, is expressed to be subordinate in right of payment to all indebtedness to which the outstanding subordinated indebtedness is subordinate in right of payment to at least the same extent as the outstanding subordinated indebtedness is subordinate pursuant to the terms of the instrument evidencing or creating the same; and
- the Notes, which will rank equally to the Bank's outstanding subordinated indebtedness.

Events of Default

The Indenture provides that an event of default in respect of a series of Notes will only occur: (i) if the Bank becomes insolvent or bankrupt or subject to the provisions of the *Winding-up and Restructuring Act* (Canada), or any act that may be substituted therefor, as from time to time amended, or (ii) if the Bank goes into liquidation, either voluntarily or under an order of a court of competent jurisdiction, passes a resolution for the winding-up, liquidation or dissolution of the Bank or otherwise acknowledges its insolvency, or (iii) in the event that a supplemental indenture provides for any other event of default with respect to Notes of that series.

If an event of default has occurred and is continuing, the Trustee may, in its discretion and shall, upon the request of holders of not less than 25% in principal amount of the Notes, declare the principal of and interest on all outstanding Notes to be immediately due and payable. There is no right of acceleration in the case of a default in the payment of interest or a default in the performance of any other covenant of the Bank in the Indenture, although a legal action could be brought to enforce such covenant. The *Winding-up and Restructuring Act* (Canada) provides that the Bank is deemed insolvent if, among other things, a creditor has served a written demand on the Bank to pay an amount due and the Bank has neglected to pay the sum for 90 days.

Defeasance

If authorized pursuant to the Indenture in respect of the issue of a series of Notes, the Bank can, after a period of five years, legally release itself from any payment or other obligations on the Notes of that series, called full defeasance, if the following conditions are satisfied:

- The Bank must deposit in trust for the benefit of all holders of the Notes of that series a combination of money and notes or bonds of the Canadian government or a Canadian government agency or Canadian government-sponsored entity (the obligations of which are backed by the full faith and credit of the Canadian government) that will generate enough cash to make interest, principal and any other payments on the Notes on their various due dates.
- There must be a change in current Canadian federal tax law or a ruling of the Canada Revenue Agency that lets the Bank make the above deposit without causing the holders to be taxed on the Notes of that series any differently than if the Bank did not make the deposit and just repaid the Notes of that series itself. (Under current Canadian federal tax law, the deposit and the Bank's legal release from the obligations pursuant to the debt securities would be treated as a disposition of the Notes. In that event, a purchaser could recognize gain or loss on the Notes.)
- The Bank must deliver to the Trustee a legal opinion of the Bank's counsel confirming the tax law change or ruling of the Canada Revenue Agency described above.
- No event or condition may exist that, under the provisions described under "— Subordination" above, would prevent the Bank from making payments of principal, premium or interest on the Notes on the date of the deposit referred to above or during the 90 days after that date.

If the Bank ever did accomplish full defeasance, as described above, the purchaser would have to rely solely on the trust deposit for repayment on the Notes. A purchaser could not look to the Bank for repayment in the event of any shortfall. All defeasance is subject to applicable law and, where applicable, the approval of the Superintendent of Financial Institutions (Canada) (the “Superintendent”).

Redemption and Purchase

If authorized pursuant to the Indenture in respect of the issue of a series of Notes, the Bank may at various times prior to maturity redeem the Notes of a series in whole or in part, at such rates of premium, if any, and subject to such conditions as may be determined at the time of issue. All redemptions are subject to applicable law and, where applicable, the approval of the Superintendent.

In addition, the Bank may (subject, where applicable, to the approval of the Superintendent) purchase Notes of any series outstanding under the Indenture in the market or by tender or by private contract, at such price or prices and upon such terms and conditions as the Bank in its absolute discretion may determine, subject, however, to any applicable law restricting the purchase of Notes and to such restrictions or conditions, if any, as may be determined at the time of the issue of the Notes and as have been expressed in the Notes.

Exchanges of Notes for Senior Notes

If authorized pursuant to the Indenture in respect of the issue of a series of Notes, a holder of Notes of such series will be entitled, but only upon notice from the Bank which may be given at various times only with the prior approval of the Superintendent, to exchange all, but not less than all, of such holder’s Notes of that series on the date specified in the notice for an equal aggregate principal amount of senior notes of the Bank, together with accrued and unpaid interest to the date of exchange. The material attributes of the senior notes will be the same as those of the exchanged Notes, except that the senior notes will rank senior to the Notes and equally with the deposit liabilities of the Bank and will include events of default related to default in the payment of principal or interest due thereon. Any such notice from the Bank must be given not less than 30 days but not more than 60 days prior to the date fixed for the exchange.

Interest and Maturity

The Bank must duly and punctually pay or cause to be paid the principal and any premium or interest payable in respect of the Notes, in accordance with the Indenture and the Notes.

Unless otherwise specified in a Pricing Supplement, each payment of interest on the Notes will include interest accrued to, but excluding, the applicable interest payment date or the date of maturity (or earlier purchase, redemption or conversion, if applicable). Any payment of principal or interest required to be made on a day which is not a Business Day will be made on the next succeeding Business Day (without any additional interest or other payment in respect of the delay). Unless otherwise specified in a Pricing Supplement, “Business Day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or executive order to close in the cities of Montréal or Toronto; *provided, however*, that, with respect to Foreign Currency Notes the payment of which is to be made in a Specified Currency other than Canadian dollars or United States dollars, such day is not also a day on which banking institutions are authorized or required by law or executive order to close in the principal financial center of the country of such Specified Currency (or, in the case of the euro, is not a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (“TARGET”) is closed or otherwise generally regarded in the euro interbank market as a day on which payments in euros shall not be made); and provided, further, that the applicable Pricing Supplement may identify additional or alternate days which constitute Business Days for the purposes of the related Notes.

Any amounts paid by the Bank as interest (or amounts deemed to be interest) to a person that is not resident in Canada for the purposes of the Tax Act may be subject to Canadian non-resident withholding tax. The Bank will pay such amounts less any applicable withholdings or deductions for such taxes.

Mergers and Similar Events

Under the Indenture, the Bank is generally permitted to consolidate or merge with another entity. The Bank is also permitted to sell or lease substantially all of its assets to another entity, or to buy or lease substantially all of the assets of another entity. However, the Bank may not take any of these actions unless all the following conditions are met:

- if the Bank merges, amalgamates, consolidates or otherwise is combined with, or acquired by, another entity or sells or leases substantially all of its assets, the surviving, resulting or acquiring entity must be a properly organized entity and must be legally responsible for the Notes, whether by agreement, operation of law or otherwise; and
- the merger, amalgamation, consolidation or other combination, or sale or lease of assets must not cause a default on the Notes.

If the conditions described above are satisfied with respect to the Notes, the Bank will not need to obtain the approval of the holders of the Notes in order to merge, amalgamate or consolidate or to sell its assets. Also, these conditions will apply only if the Bank wishes to merge, amalgamate or consolidate with another entity or sell substantially all of its assets to another entity. The Bank will not need to satisfy these conditions if the Bank enters into other types of transactions, including any transaction in which the Bank acquires the stock or assets of another entity, any transaction that involves a change of control, but in which the Bank does not merge or consolidate and any transaction in which the Bank sells less than substantially all of its assets. It is possible that this type of transaction may result in a reduction in the Bank's credit ratings, may negatively affect its operating results or may impair its financial condition. Holders of the Bank's Notes, however, will have no approval right with respect to any transaction of this type.

Modification of the Notes

The Indenture and the rights of the holders of Notes may in certain circumstances be modified. For that purpose, among others, the Indenture contains provisions making extraordinary resolutions binding upon all holders of Notes. "Extraordinary resolution" is defined, in effect, as a resolution passed at a meeting of holders of the Notes by the favourable votes of the holders of not less than 66 2/3% of the principal amount of Notes voted on the resolution at such meeting at which a quorum, as specified in the Indenture, is present or as one or more instruments in writing signed by the holders of not less than 66 2/3% in principal amount of all the outstanding Notes. In certain cases, the modifications will require separate approval by the holders of the required percentage of Notes of the series affected thereby. In addition, modifications affecting the recognition of Notes as regulatory capital are subject to the prior approval of the Superintendent.

CURRENCY EXCHANGE INFORMATION

Purchasers are required to pay for the Notes in Canadian dollars and payments of principal, premium, if any, and interest on the Notes will be made in Canadian dollars unless the applicable Pricing Supplement provides that purchasers are instead required to pay for the Notes in a Specified Currency (as defined above under "Description of Notes — September 13, 2010 Trust Indenture — Form, Denomination and Transfer"), and/or that payments of principal, premium, if any, and interest on such Notes will be made in a Specified Currency.

Currently, there are limited facilities in Canada for conversion of Canadian dollars into foreign currencies and vice versa. In addition, most banks in Canada do not currently offer chequing or savings account facilities in other than Canadian or U.S. dollars. Accordingly, unless otherwise specified in a Pricing Supplement or unless alternative arrangements are made, payment of principal, premium, if any, and interest on Notes in a Specified Currency other than Canadian dollars will be made to an account at a bank outside Canada; provided that no payments shall be made to accounts located in the United States. See "Description of Notes" and "Risk Factors — Risks Relating to Foreign Currency Notes".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Except as otherwise specified in the applicable Pricing Supplement, the following summary describes the principal Canadian federal income tax considerations generally applicable to a purchaser of Notes pursuant to the applicable Pricing Supplement who, for the purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada, deals at arm's length and is not affiliated with the Bank and holds Notes as capital property (a "Resident Holder"). Generally, the Notes will be capital property to a Resident Holder provided the Resident Holder does not use or hold and is not deemed to use or hold the Notes in the course of carrying on a business and has not acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Resident Holders whose Notes would not otherwise qualify as capital property may, in certain circumstances, be entitled to have the Notes and any other "Canadian security", as defined in the Tax Act, owned by such Resident Holder in the taxation year of election and all subsequent taxation years deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to (i) a Resident Holder an interest in which is a "tax shelter investment", as defined in the Tax Act, (ii) a Resident Holder that is a "financial institution", as defined in the Tax Act for purposes of the "mark-to-market" rules, or (iii) a Resident Holder that is a corporation that has elected in the prescribed form and manner and has otherwise met the requirements to use functional currency tax reporting as set out in the Tax Act. Any such Resident Holder to which this summary does not apply should consult their own tax advisors with respect to the tax consequences of acquiring, holding and disposing of the Notes.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the "Regulations"), and the Bank's Canadian legal counsel's understanding of the current administrative practices and assessing policies of the Canada Revenue Agency published in writing by it prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals") and assumes that all Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative practices or assessing policies, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign tax considerations which may differ from those discussed herein. Additional or alternative Canadian federal income tax considerations may be described in the applicable Pricing Supplement. For greater certainty, in the event of any inconsistency, the Canadian federal income tax considerations contained in the applicable Pricing Supplement govern.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Resident Holder. This summary is not exhaustive of all federal income tax considerations that may be relevant to a particular Resident Holder. Accordingly, prospective purchasers of Notes should consult their own tax advisors with respect to their particular circumstances.

Taxation of Interest and Other Amounts

A Resident Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest or amount that is considered for the purposes of the Tax Act to be interest on the Note that accrues or is deemed to accrue to such Resident Holder to the end of that taxation year or that becomes receivable or is received by such Resident Holder before the end of that taxation year, to the extent that such amount was not otherwise included in computing the Resident Holder's income for a preceding taxation year.

Any other Resident Holder, including an individual or a trust of which neither a corporation nor a partnership is a beneficiary, will be required to include in computing its income for a taxation year any amount received or receivable by such Resident Holder in that taxation year (depending upon the method regularly followed by the Resident Holder in computing income), to the extent that such amount was not otherwise included in computing the Resident Holder's income for a preceding taxation year.

Any premium paid by the Bank to a Resident Holder because of the redemption or purchase by it of a Note before the maturity thereof will generally be deemed to be interest received at that time by the Resident Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of redemption or purchase of, the interest that would have been paid or payable by the Bank on the Notes for a taxation year ending after the redemption or purchase.

Dispositions

On a disposition or a deemed disposition of the Note, including a purchase or redemption by the Bank prior to maturity, or a repayment by the Bank upon maturity, a Resident Holder will generally be required to include in computing its income for the taxation year in which the disposition occurs all amounts deemed under the Tax Act to be interest and all interest that accrued or that is deemed to have accrued on the Note from the date of the last interest payment to the date of disposition, except to the extent that such interest has otherwise been included in the Resident Holder's income for that taxation year or a preceding taxation year.

In addition, the disposition or deemed disposition of a Note will generally result in a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition, net of any amount included in the Resident Holder's income as interest and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Note to the Resident Holder immediately before the disposition. Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any such capital gain (a "taxable capital gain"). Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any such capital loss (an "allowable capital loss") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year and allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years. Capital gains realized by an individual or by most trusts may give rise to liability for alternative minimum tax.

Additional Refundable Tax

A Resident Holder that is throughout the year a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on certain investment income, including interest and taxable capital gains earned or received in respect of the Notes.

Currency Conversion

If the Notes are denominated in a currency other than Canadian dollars, all amounts relating to the acquisition, holding or disposition of the Notes must be converted into Canadian dollars based on exchange rates determined in accordance with the Tax Act. The amount of interest required to be included in the income of, and capital gains or capital losses realized by, a Resident Holder may be affected by currency fluctuations.

PLAN OF DISTRIBUTION

The Notes will be offered separately by one or more of the Dealers and other dealers that may be appointed from time to time by the Bank. Under a dealer agreement dated October 12, 2012, as the same may be amended and supplemented from time to time, between the Bank and the Dealers (the "Dealer Agreement"), the Notes may be purchased at various times by any of the Dealers, as agent, underwriter or as principal, at prices and commissions to be agreed upon, for resale to the public at prices to be negotiated with purchasers. Resale prices may vary during the distribution period and between purchasers.

The Notes may also be offered directly by the Bank to purchasers pursuant to applicable statutory exemptions at such prices and on such terms as may be negotiated with any purchaser. No commission will be payable on Notes sold directly to purchasers by the Bank.

Any agent involved in the offering and sale of the Notes in respect of which this Prospectus Supplement is delivered will be named, and any commissions payable by the Bank to such agent will be set forth, in the applicable Pricing Supplement. Unless otherwise indicated in the applicable Pricing Supplement, any agent is acting on a best efforts basis for the period of its appointment.

The Bank may agree to pay the Dealers a commission for various services relating to the issue and sale of any Notes offered hereby. Any such commission will be paid out of the general funds of the Bank. Underwriters, dealers and agents who participate in the distribution of the Notes may be entitled, under agreements to be entered into with the Bank, to indemnification by the Bank against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. Such underwriters, dealers or agents may be customers of, engage in transactions with or perform services for the Bank in the ordinary course of business.

The obligation of the Dealers under the Dealer Agreement may be terminated upon the occurrence of certain stated events. In connection with any offering of Notes (unless otherwise specified in a Pricing Supplement), the Dealers may over-allot or effect transactions which stabilize or maintain the market price of the Notes offered at a level above that which might otherwise prevail in an open market. Such transactions, if commenced, may be discontinued at any time.

The Notes are not and will not be, registered under the U.S. Securities Act, and the Dealers have agreed not to (i) buy or offer to buy, (ii) sell or offer to sell or (iii) solicit any offer to buy any Notes as part of any distribution under this prospectus in the United States, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account of, a U.S. person, except pursuant to exemptions from the U.S. Securities Act.

Laurentian Bank Securities Inc. is a wholly-owned subsidiary of the Bank. Consequently, the Bank is a “related issuer” of Laurentian Bank Securities Inc. within the meaning of applicable securities legislation in connection with the offering of Notes under this Prospectus Supplement. The decision to distribute Notes will be made by the Bank and the terms and conditions of distribution will be determined through negotiations between the Bank and the Dealers. Unless a Pricing Supplement indicates otherwise, the net proceeds to the Bank from the sale of the Notes will be added to the general funds of the Bank and will be utilized for general banking purposes. Laurentian Bank Securities Inc. will not receive any benefit from the offering of Notes, other than its portion of the commission payable by the Bank on the principal amount of the Notes sold through or to such Dealer. See “Use of Proceeds”. The Dealers who signed the Dealer Agreement have performed due diligence in connection with the offering of Notes under this Prospectus Supplement.

RISK FACTORS

An investment in Notes is subject to certain risks, including but not limited to those set out and incorporated by reference in the Prospectus and the following:

Bank’s Creditworthiness

The Notes constitute direct, unsecured and subordinated debt obligations of the Bank ranking *pari passu* with all other present and future unsecured and subordinated indebtedness of the Bank. Because the obligation to make payments to holders of the Notes is incumbent upon the Bank, the likelihood that such holders will receive the Maturity Consideration and any other payment under the Notes will be dependent upon the financial health and creditworthiness of the Bank. The Maturity Consideration for Notes refers to the amount of money, securities, other property and/or combination of money, securities and/or other property to be payable or deliverable to holders of the Notes upon payment of the discharge of the Notes. The existence of a trading market for, and the market value of, any of the Notes may be impacted by market perception of the Bank’s creditworthiness. If market perception of the Bank’s creditworthiness were to decline for any reason, the market value of the Notes, and availability of the trading markets generally, may be adversely affected.

Reference is made to the risks described in the sections entitled “Outlook and Objectives for 2012” and “Integrated Risk Management Framework” contained in the Bank’s Management’s Discussion and Analysis for the year ended October 31, 2011, Note 21 “Financial Instruments — Risk Management” to the Bank’s Financial Statements for the year ended October 31, 2011 and the Management’s Discussion and Analysis for the third quarter ended July 31, 2012, which are incorporated by reference in this Prospectus Supplement, as well as the Management’s Discussion and Analysis for interim and annual periods subsequent to the date of this Prospectus Supplement. These discuss, among other things, known material trends and events, and risks or uncertainties, that are reasonably expected to have a material effect on the Bank’s business, financial condition, results of operations and hence, on its general creditworthiness.

Risks Relating to Unsecured Nature of the Notes

The Notes will not be secured by any of the assets of the Bank. Therefore, holders of secured and unsubordinated indebtedness of the Bank would have a claim on the assets securing such indebtedness that ranks prior to a holder’s claim on such assets and would have a claim that ranks *pari passu* with the claim of holders of Notes on such assets to the extent that such security did not satisfy such secured indebtedness.

Moreover, claims in respect of the Notes are structurally subordinated to claims of creditors of the subsidiaries of the Bank. Generally, in the event of a winding-up or insolvency of a subsidiary of the Bank, claims of secured and unsecured creditors of such subsidiary will have priority with respect to the assets and revenues of such subsidiary over the claims of creditors of the Bank, including the claims of holders of Notes. Claims in respect of the Notes will therefore be effectively subordinated to creditors of existing and future subsidiaries of the Bank.

The Notes will not be insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime

The Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon insolvency of the deposit taking institution.

Subordination

The Notes are unsecured and subordinated obligations of the Bank. The Notes will, in the event of the insolvency or winding-up of the Bank, be subordinated in right of payment to all deposit liabilities and all other liabilities of the Bank, except those which by their terms rank equally with or are subordinate to such subordinated indebtedness and except as otherwise prescribed by law. In the event of the insolvency or winding-up of the Bank, the Bank may not have enough assets remaining after payments to senior creditors to pay amounts due under the Notes.

Rating

Real or anticipated changes in credit ratings of the Bank may affect the market value of Notes. In addition, real or anticipated changes in credit ratings can affect the cost at which the Bank can transact or obtain funding, and thereby affect the Bank's liquidity, business, financial condition or results of operations.

Uncertain Trading Market for the Notes; Many Factors Affect the Trading Value of the Notes

Investors should be willing to hold their Notes to maturity. Unless otherwise specified in the applicable Pricing Supplement, there is no market through which the Notes may be sold and purchasers may not be able to resell Notes purchased under this Prospectus Supplement. This may affect the pricing of the Notes in the secondary market, the transparency and availability of trading prices, the liquidity of the Notes and the extent of issuer regulation.

There can be no assurance that a trading market for the Notes will ever develop or be maintained. Unless otherwise specified in the applicable Pricing Supplement, the Notes will not be listed on any exchange.

If the secondary market for the particular Notes is limited, there may be fewer buyers when an investor decides to sell his or her Notes prior to the Maturity Date, affecting the bid price such a holder will receive. Moreover, Laurentian Bank Securities Inc. and/or any other Dealer or registered dealer (a "Market Maker") will reserve the right not to maintain such a secondary market in the future in their sole discretion, without providing prior notice to holders. Laurentian Bank Securities Inc. is a wholly-owned subsidiary of the Bank. Under the Notes, the interests of the holders and the Bank may be different. Whenever acting as Market Maker, Laurentian Bank Securities Inc. will carry out its market making activities in good faith and in accordance with applicable regulations governing its business.

Many factors independent of the Bank's creditworthiness may affect the trading in the particular Notes. These factors include:

- the method of calculating the principal, premium, interest and any other amount due in respect of the particular Notes;
- the time remaining to the maturity of the particular Notes;
- the outstanding amount of the particular Notes;
- the redemption features of the particular Notes;
- the supply and demand for the particular Notes;

- the inventory positions with the Market Makers;
- the creditworthiness of the Bank; and
- the level, direction and volatility of market interest rates generally.

The effect of any one factor may be offset or magnified by the effect of another factor.

Optional Redemption by the Bank

An optional redemption feature of the Notes is likely to limit their market value. During any period when the Bank may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

If Notes are redeemable at the option of the Bank, the Bank may redeem all or some of the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, a holder of a Note generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential purchasers should consider reinvestment risk in light of other investments available at that time.

Modification and Waivers

The terms and conditions of the Notes contain a provision for calling meetings of holders of Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Notes including holders of Notes who did not attend and vote at the relevant meeting and holders of Notes who voted in a manner contrary to the majority.

No Established Trading Market

Upon issuance, the Notes will not have an established trading market. The Notes will not be listed on any securities exchange. Each of the Dealers may from time to time purchase and sell Notes in the secondary market, but no Dealer is obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, each of the Dealers may make a market in the Notes, but the Dealers are not obligated to do so and may discontinue any market-making activity at any time. Accordingly, purchasers of Notes may not be able to resell Notes purchased under this Prospectus Supplement and the applicable Pricing Supplement. This may affect the pricing of such Notes in the secondary market, the transparency and availability of trading prices, the liquidity of such Notes and the extent of issuer regulation.

No Limit on the Bank's Ability to Incur Additional Debt

Except to the extent regulatory capital requirements affect the Bank's decisions to issue subordinated or more senior debt, there is no limit on the Bank's ability to incur additional subordinated or more senior debt.

Mergers and Similar Events

The Bank will not need to obtain the approval of the holders of the Notes in order to merge, amalgamate or consolidate or to sell its assets. It is possible that this type of transaction may result in a reduction in the Bank's credit ratings, may negatively affect its operating results or may impair its financial condition and adversely affect the market value of the Notes. Holders of the Bank's Notes, however, will have no approval right with respect to any transaction of this type if certain conditions are met.

Interest Rate Risk

Changes in interest rates will affect the market value of the Notes. Assuming all other factors remain unchanged, generally, the market value of Notes which carry a fixed interest rate will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline. The market value of floating rate Notes could also be affected in the same way. Moreover, in certain economic environments, floating rates of interest may be less than fixed rates of interest for instruments with a similar credit quality and term. As a result, the return received by investors on the Notes may be less than a fixed rate security issued for a similar term by a comparable issuer.

Except for any interest periods in which the Notes will bear interest at a fixed rate, the interest rate for one or more interest periods during the term of the Notes will not be known on the pricing date of the Notes. Floating interest rates, by their very nature, fluctuate, and may be as low as 0%. Moreover, even if the rate is above 0%, it may be substantially less than the rate of interest that the Bank would pay on conventional debt securities with a comparable term.

Furthermore, with respect to Notes with a floating rate, the reference rate on which the floating rate is based may be changed, suspended or otherwise affected. Any such occurrence may adversely affect the amounts of the payments under the Notes or the market value thereof.

Risks Relating to Foreign Currency Notes

An investment in Notes denominated in a currency (a “Foreign Currency”) other than the currency of the jurisdiction in which a holder resides (a “Domestic Currency”) entails significant risks that are not associated with a similar investment by a holder in a debt security denominated in a Domestic Currency. Such risks include, without limitation, the possibility of significant changes in the rate of exchange between the Domestic Currency and the Foreign Currency and the possibility of the imposition or modification of foreign exchange controls by either domestic or foreign governments. Such risks generally depend on events over which the Bank has no control, such as economic and political events and the supply and demand for the relevant currencies. In recent years, rates of exchange between certain world currencies have been highly volatile and such volatility may be expected in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any Note. Depreciation of a Foreign Currency applicable to a particular Note against the Domestic Currency would result in a decrease in the Domestic Currency-equivalent yield of such Note, in the Domestic Currency-equivalent value of the principal and premium, if any, payable on the Maturity Date of such Note, and, generally, in the Domestic Currency-equivalent market value of such Note.

LEGAL MATTERS

Unless otherwise specified in a Pricing Supplement, certain legal matters relating to the Notes offered by a Pricing Supplement will be passed upon, on behalf of the Bank, by Norton Rose Canada LLP and on behalf of the Dealers by Fasken Martineau DuMoulin LLP.

As at October 10, 2012, the partners and associates of each of Norton Rose Canada LLP and Fasken Martineau DuMoulin LLP, beneficially owned, directly or indirectly, less than 1% of the issued and outstanding securities of the Bank or its affiliates and associates.

PURCHASER'S STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus, the accompanying prospectus supplement relating to securities purchased by a purchaser and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the Prospectus, the accompanying prospectus supplement relating to securities purchased by a purchaser and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE DEALERS

Dated: October 12, 2012

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of the last supplement to the prospectus relating to the securities offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the *Bank Act* (Canada) and the regulations thereunder and the securities legislation of all provinces of Canada.

LAURENTIAN BANK SECURITIES INC.

By: *(Signed)* Michel Richard

BMO NESBITT BURNS INC.

By: *(Signed)* Steve Aubé

CIBC WORLD MARKETS INC.

By: *(Signed)* Amber Choudhry

DESJARDINS SECURITIES INC.

By: *(Signed)* Thomas Little

MACQUARIE CAPITAL MARKETS CANADA LTD

By: *(Signed)* Stanley Hartt

NATIONAL BANK FINANCIAL INC.

By: *(Signed)* Maude Leblond

RBC DOMINION SECURITIES INC.

By: *(Signed)* Rajiv Bahl

SCOTIA CAPITAL INC.

By: *(Signed)* Graham Fry

TD SECURITIES INC.

By: *(Signed)* Paul Noreau

APPENDIX “A”
AUDITORS’ CONSENT

We have read the prospectus supplement of Laurentian Bank of Canada (the “Bank”) dated October 12, 2012 to the short form base shelf prospectus of the Bank dated October 10, 2012 (collectively, the “Prospectus”) relating to the issue and sale of up to \$500,000,000 aggregate principal amount of Medium Term Notes of the Bank. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to use, through incorporation by reference in the Prospectus, of our report to the shareholders of the Bank on the consolidated balance sheets of the Bank as at October 31, 2011 and 2010 and the consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows for each of the years in the two-year period ended October 31, 2011. Our report is dated December 7, 2011.

(Signed) Ernst & Young LLP¹

Montréal, Canada
October 12, 2012

¹ CPA auditor, CA, public accountancy permit no. A114960

Short Form Base Shelf Prospectus

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form base shelf prospectus is a base shelf prospectus and has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and, except as stated under "Plan of Distribution", may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act).

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Laurentian Bank of Canada, 1981 McGill College Avenue, 20th Floor, Montréal, Québec, H3A 3K3 (Telephone: (514) 284-4500, ext. 7545), and are also available electronically at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue

October 10, 2012



\$1,000,000,000

Debt Securities (subordinated indebtedness)

Common Shares

Class A Preferred Shares

Laurentian Bank of Canada (the "Bank") may from time to time offer and issue the following securities: (i) unsecured subordinated debt securities (the "Debt Securities"); (ii) common shares (the "Common Shares"); and (iii) Class A Preferred Shares (the "Preferred Shares"). The Debt Securities, Common Shares and Preferred Shares (collectively, the "Securities") offered hereby may be offered separately or together, in separate series, in amounts, at prices and on terms to be set forth in an accompanying shelf prospectus supplement and any applicable pricing supplement (collectively, a "Prospectus Supplement"). All information permitted under applicable securities legislation to be omitted from this short form base shelf prospectus (the "Prospectus") will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. The Bank may sell up to \$1,000,000,000 in aggregate initial offering price of Securities (or the Canadian dollar equivalent thereof if any of the Securities are denominated in a foreign currency or currency unit) during the 25 month period that this Prospectus, including any amendments thereto, remains valid. All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise indicated.

The specific terms of the Securities in respect of which this Prospectus is being delivered will be set forth in the applicable Prospectus Supplement and may include, where applicable: (i) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, maturity, interest provisions, authorized denominations, offering price, any terms for redemption at the option of the Bank or the holder, any exchange or conversion terms and any other specific terms; (ii) in the case of Common Shares, the number of shares and the offering price; and (iii) in the case of Preferred Shares, the designation of the particular series, aggregate principal amount, the number of shares offered, the issue price, the dividend rate, the dividend payment dates, any terms for redemption at the option of the Bank or the holder, any exchange or conversion terms and any other specific terms. This Prospectus does not qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more

commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or a bankers' acceptance rate, or to recognized market benchmark interest rates such as LIBOR.

The outstanding Common Shares and Preferred Shares Series 9 and 10 are listed on the Toronto Stock Exchange.

The Securities may be sold through underwriters or agents and by the Bank directly pursuant to applicable statutory exemptions. See "Plan of Distribution". The underwriters may decrease the price at which the Securities are distributed for cash from the initial offering price disclosed in a Prospectus Supplement, unless otherwise specified in a Prospectus Supplement. **See "Plan of Distribution" for additional disclosure concerning a possible price decrease.** Each Prospectus Supplement will identify each underwriter or agent engaged in connection with the offering and sale of those Securities, and will also set forth the terms of the offering of such Securities, including the net proceeds to the Bank and, to the extent applicable, any fees payable to the underwriters or agents. Each Prospectus Supplement will be deemed to be incorporated by reference in this Prospectus as of the date of such Prospectus Supplement, but only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains. The offerings are subject to approval of certain legal matters on behalf of the Bank by Norton Rose Canada LLP.

Unless otherwise specified in the applicable Prospectus Supplement, there is no market through which the Debt Securities may be sold and purchasers may not be able to resell the Debt Securities purchased under the Prospectus. This may affect the pricing of the Debt Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Debt Securities and the extent of issuer regulation. See "Risk Factors".

The Debt Securities will be direct unsecured obligations of the Bank constituting subordinated indebtedness for the purposes of the *Bank Act* (Canada) and will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

The head office and executive offices of the Bank are at 1981 McGill College Avenue, Montréal, Québec, Canada, H3A 3K3.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

In this Prospectus and in any documents incorporated by reference therein, the Bank 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. These forward-looking statements 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 be 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 the 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 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 Company ("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, 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.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents that have been filed by the Bank with the various securities regulatory authorities in each of the provinces of Canada and with the Superintendent of Financial Institutions (the "Superintendent"), are specifically incorporated by reference in, and form an integral part of, this Prospectus:

- (a) Annual Information Form dated December 7, 2011;
- (b) audited consolidated financial statements as at and for the year ended October 31, 2011 with comparative consolidated financial statements as at and for the year ended October 31, 2010, together with the auditors' report thereon, and Management's Discussion and Analysis as contained in the Bank's Annual Report as of October 31, 2011;
- (c) unaudited interim consolidated financial statements for the third quarter ended July 31, 2012, together with the Management's Discussion and Analysis thereon;
- (d) Management Proxy Circular dated January 25, 2012 in connection with the annual meeting of shareholders of the Bank held on March 20, 2012;

- (e) Material Change Report dated June 14, 2012 announcing the acquisition of AGF Trust and the private placement of subscription receipts with the Caisse de dépôt et placement du Québec and the Fonds de solidarité des travailleurs du Québec (F.T.Q.); and
- (f) Business Acquisition Report dated September 28, 2012 relating to the acquisition of AGF Trust.

Any documents of the type referred to in the preceding paragraph and any unaudited interim consolidated financial statements, information circulars, material change reports (excluding confidential material change reports), business acquisition reports and other disclosure document filed by the Bank with a securities regulatory authority in Canada pursuant to the requirements of applicable securities legislation, after the date of this Prospectus and prior to the termination of the offering under any Prospectus Supplement, shall be deemed to be incorporated by reference herein.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

A Prospectus Supplement containing the specific terms of an offering of Securities will be delivered to purchasers of such Securities together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of the Prospectus Supplement solely for the purposes of the offering of the Securities covered by such Prospectus Supplement, unless otherwise expressly provided therein.

Upon a new Annual Information Form or new audited annual consolidated financial statements, together with the auditors' report thereon and Management's Discussion and Analysis relating thereto, being filed by the Bank with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous Annual Information Form, audited annual consolidated financial statements and Management's Discussion and Analysis and all unaudited interim consolidated financial statements, material change reports, information circulars, business acquisition reports and other disclosure documents filed prior to the commencement of the Bank's financial year in which the new Annual Information Form or annual financial statements are filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder.

Where the Bank updates its disclosure of earnings coverage ratios by Prospectus Supplement, the Prospectus Supplement filed with the applicable securities regulatory authorities that contains the most recent updated disclosure of earnings coverage ratios and any Prospectus Supplement supplying any additional or updated information the Bank may elect to include (provided that such information does not describe a material change that has not already been the subject of a material change report or a Prospectus Amendment) will be delivered to all subsequent purchasers of Securities together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement or Prospectus Supplements.

LAURENTIAN BANK OF CANADA

Laurentian Bank of Canada, a chartered bank subject to the provisions of the *Bank Act* (Canada) (the “Bank Act”), was founded in Montréal in 1846 as a mutual savings company and became a share capital corporation under a charter issued on April 27, 1871 pursuant to an act of the Parliament of Canada concerning savings banks. The head office and executive offices of the Bank are at 1981 McGill College Avenue, Montréal, Québec, Canada, H3A 3K3.

The Bank was known, before September 28, 1987, as the Montréal City and District Savings Bank. On that date, the Bank became a bank under Schedule II of the Bank Act pursuant to letters patent issued by the Minister of Finance (Canada) (the “Minister”). On January 1, 1994, Desjardins-Laurentian Financial Corporation became the majority shareholder of the Bank following its acquisition of the Bank’s parent corporation, Laurentian Group Corporation. On November 12, 1997, the Bank continued as a bank named in Schedule I of the Bank Act following the secondary distribution by Desjardins-Laurentian Financial Corporation of its control block of approximately 57.5% of the common shares of the Bank.

The Bank serves individual consumers, small and medium-sized businesses as well as, through its direct and indirect wholly-owned subsidiaries, B2B Bank (formerly B2B Trust), MRS companies and AGF Trust, independent financial advisors. It also provides full-service brokerage solutions through Laurentian Bank Securities Inc. Laurentian Bank is well established in the Province of Québec and is an active player in specific market segments elsewhere in the country. The list of the principal subsidiaries of the Bank is contained in the Bank’s Annual Report for the year ended October 31, 2011 and in the Bank’s Annual Information Form dated December 7, 2011.

DESCRIPTION OF DEBT SECURITIES

The following describes certain general terms and provisions of the Debt Securities. The particular terms and provisions of Debt Securities offered by a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in such Prospectus Supplement.

The Debt Securities will be direct unsecured obligations of the Bank, constituting subordinated indebtedness for the purposes of the Bank Act, ranking equally and ratably with all other subordinated indebtedness of the Bank from time to time issued and outstanding. In the event of the insolvency or winding-up of the Bank, the subordinated indebtedness of the Bank, including the Debt Securities, will be subordinate in right of payment to the prior payment in full of the deposit liabilities of the Bank and all other liabilities of the Bank, except those which by their terms rank equally in right of payment with, or are subordinate to, such subordinated indebtedness.

Subject to regulatory capital requirements applicable to the Bank, there is no limit on the amount of Debt Securities the Bank may issue.

If the Bank becomes insolvent, the Bank Act provides that priorities among payments of the Bank’s deposit liabilities and payments of all of the Bank’s other liabilities (including payments in respect of Debt Securities) are to be determined in accordance with the laws governing priorities and, where applicable, by the terms of the indebtedness and liabilities. Because the Bank has subsidiaries, the Bank’s right to participate in any distribution of the assets of the Bank’s banking or nonbanking subsidiaries, upon a subsidiary’s dissolution, winding-up, liquidation or other reorganization and thus a purchaser’s ability to benefit indirectly from such distribution, is subject to the prior claims of creditors of that subsidiary, except to the extent that the Bank may be a creditor of that subsidiary and the Bank’s claims are recognized. There are legal limitations on the extent to which some of the Bank’s subsidiaries may extend credit, pay dividends or otherwise supply funds to, or engage in transactions with, the Bank or some of its other subsidiaries.

The Debt Securities will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

The Debt Securities will be issued under one or more indentures (each, a “Trust Indenture”), in each case between the Bank and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee (each, a

“Trustee”). The statements made below relating to any Trust Indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof, are not complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Trust Indenture.

Each Trust Indenture may provide that Debt Securities may be issued thereunder up to the aggregate principal amount which may be authorized from time to time by the Bank. Reference is made to the Prospectus Supplement which accompanies this Prospectus for the terms and other information with respect to the Debt Securities being offered thereby, including: (i) the designation, aggregate principal amount and authorized denominations of the Debt Securities; (ii) the currency for which the Debt Securities may be purchased and the currency in which the principal and any interest is payable (in either case, if other than Canadian dollars); (iii) the percentage of the principal amount at which the Debt Securities will be issued; (iv) the date or dates on which the Debt Securities will mature; (v) the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any); (vi) the dates on which such interest will be payable and the record dates for such payments; (vii) the Trustee under the Trust Indenture pursuant to which the Debt Securities are to be issued; (viii) any redemption term or terms under which such Debt Securities may be defeased; (ix) whether the Debt Securities are to be issued in registered form, “book-entry only” form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof; (x) any exchange or conversion terms; (xi) the ratings, if any, issued by rating agencies; and (xii) any other specific terms.

Unless otherwise specified in the Prospectus Supplement which accompanies this Prospectus, principal, premium (if any) and interest payable on Debt Securities are to be payable at any branch in Canada of the Bank, provided that such payments may also be made at the option of the Bank by electronic or wire transfer or by cheque mailed, delivered or otherwise transferred to the persons in whose names the Debt Securities are registered.

Debt Securities may, at the option of the Bank, be issued in fully registered form, in bearer form or in “book-entry only” form. See “Book-Entry Only Securities” below. Debt Securities in registered form will be exchangeable for other Debt Securities of the same series and tenor, registered in the same name, for the same aggregate principal amount in different authorized denominations and will be transferable at any time or from time to time at the corporate trust office of the Trustee for the Debt Securities. No charge will be made to the holder for any such exchange or transfer, except for any tax or government charge incidental thereto.

DESCRIPTION OF COMMON SHARES

The authorized common share capital of the Bank consists of an unlimited number of Common Shares, without par value, of which 28,117,520 were issued and outstanding on September 30, 2012. The holders of common shares are entitled to one vote for each share held at all meetings of shareholders, except meetings at which only holders of preferred shares of one or more series are entitled to vote. The holders of Common Shares are entitled to receive dividends if, as and when declared by the board of directors, subject to the rights of holders of Preferred Shares. In the event of any liquidation, dissolution or winding-up of the Bank, subject to the rights of holders of preferred shares (including the Preferred Shares), the holders of common shares are entitled to participate rateably in any distribution of the remaining property of the Bank.

DESCRIPTION OF PREFERRED SHARES

The following describes certain general terms and provisions of the Preferred Shares. The particular terms and provisions of a series of Preferred Shares offered by a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement.

Certain Provisions of the Preferred Shares as a Class

Issuance in Series

The Preferred Shares are issuable in series and rank *pari passu* among themselves as to the payment of dividends and return of capital. The directors of the Bank have the right, by resolution, subject to the Bank Act, the provisions

contained in the rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class and any conditions attaching to any series of Preferred Shares outstanding, to determine the number of shares in, and to determine the respective designation, rights, privileges, restrictions and conditions of, each series of Preferred Shares. Currently there are 4,000,000 Preferred Shares, Series 9 and 4,400,000 Preferred Shares, Series 10 issued and outstanding.

Dividends

The holders of any series of Preferred Shares are entitled to receive, in priority to the holders of common shares of the Bank and of shares of any other class of the Bank ranking as to the payment of dividends junior to the Preferred Shares, dividends, as declared by the board of directors, in the amounts specified or determinable in accordance with the provisions of such series, and such dividends may be cumulative or non-cumulative and payable in cash or by way of stock dividend or in any other manner provided for by the board of directors.

Liquidation or Dissolution

In the event of the liquidation or dissolution of the Bank, or any other distribution of its assets to its shareholders with a view to winding-up its business, before any amount shall be paid or any assets distributed to the holders of common shares of the Bank or of shares of any other class of shares of the Bank ranking junior to the Preferred Shares, the holders of Preferred Shares shall be entitled to receive to the extent provided for with respect to each series (i) an amount equal to the price at which such shares were issued, (ii) such premium, if any, as has been provided for with respect to such series, (iii) in the case of cumulative Preferred Shares, all unpaid cumulative dividends, and (iv) in the case of non-cumulative Preferred Shares, all declared and unpaid non-cumulative dividends. After the payment to the holders of Preferred Shares of the amounts so payable, the holders of Preferred Shares shall not be entitled to share in any further distribution of the assets of the Bank.

Voting Rights

Subject to the Bank Act and except as otherwise expressly provided in the rights, privileges, restrictions and conditions attaching to any series of Preferred Shares, the holders of Preferred Shares do not, as such, have any voting rights for the election of directors of the Bank or for any other purpose, nor are they entitled to receive any notice of or attend shareholders' meetings.

Restrictions on the Creation or Issue of Additional Shares Having a Prior or Equal Rank

The Bank shall not, without the prior approval of the holders of Preferred Shares as a class given as hereinafter specified (but subject to such approval as may be required by the Bank Act or any other legal requirement), create any additional Preferred Shares or shares of any other class ranking in priority to or *pari passu* with Preferred Shares. The Bank shall not, without the prior approval of the holders of Preferred Shares as a class as provided for hereinafter (but subject to such approval as may be required by the Bank Act or any other legal requirement), issue any additional series of Preferred Shares or shares of any other class ranking in priority to or *pari passu* with Preferred Shares, unless at the date of issue all cumulative dividends, including the dividend payment for the last complete period for which such cumulative dividend is payable, shall have been declared and paid or set apart for payment in respect of each series of cumulative Preferred Shares then outstanding and all declared and unpaid non-cumulative dividends shall have been paid or set apart for payment in respect of each series of non-cumulative Preferred Shares then outstanding.

Shareholder Approval

The approval of the holders of Preferred Shares in regard to any question, particularly concerning amendments to conditions attaching to Preferred Shares as a class, may be given in writing by the holders of all outstanding Preferred Shares or by a resolution carried by not less than two thirds of the votes cast by the holders of Preferred Shares at a duly held meeting of such shareholders. The holders of the majority of issued and outstanding Preferred Shares present or represented by proxy at the meeting constitutes the requisite quorum for any meeting of the holders of Preferred Shares, provided that there are no quorum requirements with respect to a reconvened meeting. At any meeting of the holders of Preferred Shares as a class, each holder shall be entitled to one vote for each Preferred Share held.

BOOK-ENTRY ONLY SECURITIES

Except as otherwise provided in an accompanying Prospectus Supplement with respect to a particular issue of Securities, Debt Securities and Preferred Shares will be issued in “book-entry only” form. Securities issued in “book-entry only” form must be purchased, transferred or redeemed through participants (“Participants”) in the depository service of CDS Clearing and Depository Services Inc. or a successor (“CDS”) or its nominee. Each of the underwriters or agents, as the case may be, named in an accompanying Prospectus Supplement will be a Participant. On the closing of a book-entry only offering, the Bank may cause a global certificate or certificates representing the aggregate number or aggregate principal amount, as the case may be, of Securities subscribed for under such offering to be delivered to, and registered in the name of, CDS or its nominee. The Bank may also utilize the non-certificated issue system maintained by CDS in which case the aggregate number or aggregate principal amount, as the case may be, of Securities subscribed for under such offering will be delivered in the form of an electronic deposit in lieu of a global certificate or certificates and no physical certificate evidencing ownership of Securities will be issued. Except as described below, no purchaser of Securities will be entitled to a certificate or other instrument from the Bank or CDS evidencing that purchaser’s ownership thereof, and no purchaser will be shown on the records maintained by CDS, except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Securities will receive a customer confirmation of purchase from the registered dealer from which the Securities are purchased in accordance with the practices and procedures of such registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Securities. Reference in this Prospectus to a holder of Securities means, unless the context otherwise requires, the owner of the beneficial interest in the Securities.

Securities in fully registered and certificated form will be issued to beneficial owners of Securities only if: (i) required by applicable law; (ii) CDS’s book-entry-only system ceases to exist; (iii) the Bank or CDS advises that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Securities and the Bank is unable to locate a qualified successor; (iv) the Bank, at its option, decides to terminate its present arrangements with CDS; (v) if an event of default has occurred with regard to the Securities and has not been cured or waived; or (vi) as otherwise agreed by the Bank and CDS.

Transfer, Conversion or Redemption of Securities

Transfer of ownership, conversion or redemptions of Securities will be effected through records maintained by CDS or its nominee for such Securities with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Holders who desire to purchase, sell or otherwise transfer ownership of or other interests in the Securities may do so only through Participants.

The ability of a holder to pledge a Security or otherwise take action with respect to such holder’s interest in a Security (other than through a Participant) may be limited due to the lack of a physical certificate.

Payments and Notices

As applicable, any payment of principal, redemption, dividend and interest on a Security will be made by the Bank to CDS or its nominee, as the case may be, as the registered holder of the Security and the Bank understands that such payments will be credited by CDS or its nominee in the appropriate amounts to the relevant Participants. Payments to holders of Securities of amounts so credited will be the responsibility of the Participants.

As long as CDS or its nominee is the registered holder of the Securities, CDS or its nominee, as the case may be, will be considered the sole owner of the Securities for the purposes of receiving notices or payments on the Securities. In such circumstances, the responsibility and liability of the Bank in respect of notices or payments on the Securities is limited to giving or making payment of any principal, redemption, dividend and interest due on the Securities to CDS or its nominee.

Each holder must rely on the procedures of CDS and, if such holder is not a Participant, on the procedures of the Participant through which such holder owns its interest, to exercise any rights with respect to the Securities. The Bank understands that under existing policies of CDS and industry practices, if the Bank requests any action of holders or if a

holder desires to give any notice or take any action which a registered holder is entitled to give or take with respect to the Securities, CDS would authorize the Participant acting on behalf of the holder to give such notice or to take such action, in accordance with the procedures established by CDS or agreed to from time to time by the Bank, any Trustee and CDS. Any holder that is not a Participant must rely on the contractual arrangement it has directly, or indirectly through its financial intermediary, with its Participant to give such notice or take such action.

The Bank, the underwriters or agents and any Trustee identified in an accompanying Prospectus Supplement, as applicable, will not have any liability or responsibility for: (i) records maintained by CDS relating to beneficial ownership interest in the Securities held by CDS or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to any such beneficial ownership interest; or (iii) any advice or representation made by or with respect to CDS and contained herein or in any Trust Indenture relating to the rules and regulations of CDS or any action to be taken by CDS or at the directions of the Participants. The rules governing CDS provide that it acts as the agent and depository for Participants. As a result, such Participants must look solely to CDS and beneficial owners of Securities must look solely to Participants for payment or deliveries made by or on behalf of the Bank to CDS in respect of the Securities.

BANK ACT RESTRICTIONS AND APPROVALS

Under the Bank Act, the Bank, with the prior consent of the Superintendent, may redeem or purchase any of its shares, unless there are reasonable grounds for believing that the Bank is, or the redemption or purchase would cause the Bank to be, in contravention of any regulation made under the Bank Act respecting the maintenance by banks of adequate capital and adequate and appropriate forms of liquidity, or any directive to the Bank issued by the Superintendent pursuant to subsection 485(3) of the Bank Act regarding its capital or its liquidity. No such directive to the Bank has been issued to date.

The Bank is also prohibited under the Bank Act from paying or declaring a dividend if there are reasonable grounds for believing that the Bank is, or the payment would cause the Bank to be, in contravention of any regulation made under the Bank Act respecting the maintenance by banks of adequate capital and adequate and appropriate forms of liquidity, or any directive to the Bank issued by the Superintendent pursuant to subsection 485(3) of the Bank Act regarding its capital or its liquidity. No such directive to the Bank has been issued to date.

RESTRAINTS ON BANK SHARES UNDER THE BANK ACT

The Bank Act contains restrictions on the issue, transfer, acquisition and beneficial ownership of all shares of a chartered bank. By way of summary, no person, or persons acting jointly or in concert, shall be a major shareholder of a bank if such bank has equity of \$8 billion or more. While the equity of the Bank is less than \$8 billion and the Bank Act would otherwise permit a person to own up to 100% of any class of shares of the Bank, the Bank is deemed to be a bank to which the ownership restrictions for banks with equity of \$8 billion or more apply until the Minister of Finance (Canada) specifies, on application by the Bank, that these restrictions no longer apply to the Bank. A person is a major shareholder of a bank where: (i) the aggregate shares of any class of voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 20% of that class of voting shares; or (ii) the aggregate shares of any class of non-voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 30% of that class of non-voting shares.

No person shall have a significant interest in any class of shares of a bank, including the Bank, unless the person first receives the approval of the Minister of Finance (Canada). For purposes of the Bank Act, a person has a significant interest in a class of shares of a bank where the aggregate shares of the class beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank.

In addition, the Bank Act prohibits banks, including the Bank, from transferring or issuing shares of any class to Her Majesty in right of Canada or of a province, an agent of Her Majesty, a foreign government or an agent of a foreign government.

CHANGES TO SHARE CAPITAL AND SUBORDINATED INDEBTEDNESS

There have been no material changes in the share capital or in the subordinated indebtedness of the Bank since July 31, 2012 other than the issue on August 1, 2012, of a total of 2,867,383 Common Shares to Caisse de dépôt et placement du Québec and Fonds de solidarité des travailleurs du Québec (F.T.Q.) upon the conversion of subscription receipts issued on June 12, 2012, on a private placement basis, in connection with the acquisition of AGF Trust.

EARNINGS COVERAGE RATIOS

The following consolidated financial ratios for the Bank, which are calculated for the 12 months ended October 31, 2011 and July 31, 2012, respectively, do not reflect the issue of any Securities under this Prospectus.

	October 31, 2011 ⁽¹⁾	July 31, 2012 ⁽²⁾	Pro Forma as Adjusted Giving Effect to the AGF Trust Acquisition ⁽³⁾	
			October 31, 2011	July 31, 2012
Interest coverage on subordinated indebtedness	17.3 times	17.1 times	21.1 times	20.6 times
Grossed up dividend coverage on Preferred Shares	6.8 times	6.7 times	8.3 times	8.1 times
Interest and grossed up dividend coverage on subordinated indebtedness and Preferred Shares	6.8 times	6.7 times	8.3 times	8.1 times

(1) All amounts for the 12 months ended October 31, 2011 are derived from the unaudited consolidated statement of income of the Bank for the year ended October 31, 2011 prepared in accordance with IFRS using the accounting policies that the Bank expects to adopt in its consolidated financial statements for the year ending October 31, 2012 (as disclosed in the Bank's unaudited interim consolidated financial statements as at and for the nine months ended July 31, 2012).

(2) All amounts for the 12 months ended July 31, 2012 are derived from financial information prepared in accordance with IFRS which is unaudited.

(3) The information presented in the "Pro Forma as Adjusted Giving Effect to the AGF Trust Acquisition" column gives effect to the acquisition of AGF Trust completed on August 1, 2012, as further described in the Bank's Business Acquisition Report dated September 28, 2012 incorporated by reference herein (the "AGF Trust Acquisition"). Pro forma information for the 12 months ended October 31, 2011 is derived from: (i) the unaudited consolidated statement of income of the Bank for the year ended October 31, 2011 prepared in accordance with IFRS using the accounting policies that the Bank expects to adopt in its consolidated financial statements for the year ending October 31, 2012 (as disclosed in the Bank's unaudited interim consolidated financial statements as at and for the nine months ended July 31, 2012); and (ii) the audited financial statements of AGF Trust for the 12 months ended December 31, 2011 prepared in accordance with IFRS. Pro forma information for the 12 months ended July 31, 2012 is derived from financial information prepared in accordance with IFRS which is unaudited.

The Bank's dividend requirements on all of its outstanding preferred shares, adjusted to a before-tax equivalent using an effective tax rate of 21.3%, amounted to \$15.0 million for the 12 months ended October 31, 2011 and using an effective tax rate of 21.3%, amounted to \$15.0 million for the 12 months ended July 31, 2012, which amounts remain unchanged after giving effect to the AGF Trust Acquisition. The Bank's interest requirements for its outstanding long-term debt for the 12 months ended October 31, 2011 amounted to \$9.8 million and for the 12 months ended July 31, 2012 amounted to \$9.6 million, which amounts remain unchanged after giving effect to the AGF Trust Acquisition.

The Bank's net income before interest and income tax amounted to \$168.7 million for the 12 months ended October 31, 2011 and to \$164.0 million for the 12 months ended July 31, 2012, which are 6.8 times and 6.7 times the Bank's aggregate dividend and interest requirements for such respective periods. The Bank's pro forma net income before interest and income tax, after giving effect to the AGF Trust Acquisition, amounted to \$206.4 million for the 12 months ended October 31, 2011 and to \$198.1 million for the 12 months ended July 31, 2012, which are 8.3 times and 8.1 times the Bank's aggregate dividend and interest requirements for such respective periods.

The Bank will file updated earnings coverage ratios quarterly with the various securities commissions or similar authorities in each of the provinces of Canada, either as prospectus supplements or as exhibits to the Bank's unaudited interim and audited annual consolidated financial statements.

PLAN OF DISTRIBUTION

The Bank may sell Securities to or through underwriters or agents, and may also sell Securities to one or more purchasers directly relying on applicable statutory exemptions. Debt Securities may be sold from time to time in one or more transactions at a fixed or non-fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices determined by reference to the prevailing market prices or at prices to be negotiated with purchasers.

A Prospectus Supplement will set forth the terms of any offering of Securities, including the type of Securities being offered, the name or names of any underwriters or agents involved in the offering and sale of the Securities, the initial public offering price, the purchase price of such Securities, the proceeds to the Bank, any underwriting discount or commission or discount or commission to be paid to any agents and any discounts, concessions or commissions allowed or reallocated or paid by any underwriters to other dealers. Only underwriters or agents so named in a Prospectus Supplement are deemed to be underwriters or agents, as applicable, in connection with the Securities offered.

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale, at market prices prevailing at the time of sale or at prices related to such prevailing market prices. The obligations of the underwriters to purchase such Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Securities offered by the Prospectus Supplement if any of such Securities are purchased. Any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time. In particular, in connection with any offering of the Securities (unless otherwise specified in a Prospectus Supplement), after the underwriters have made a reasonable effort to sell all of the Securities at the initial public offering price disclosed in a Prospectus Supplement, the public offering price may be decreased, and further changed from time to time, by the underwriters to an amount not greater than the initial public offering price disclosed in the Prospectus Supplement and, in such case, the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Securities is less than the gross proceeds paid by the underwriters to the Bank.

The Securities may also be sold directly by the Bank at such prices and upon such terms as agreed to by the Bank and the purchaser or through agents designated by the Bank from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Bank to such agent will be set forth, in the Prospectus Supplement.

The Bank may agree to pay the underwriters or agents a commission for various services relating to the issue and sale of any Securities offered hereby. Any such commission will be paid out of the general corporate funds of the Bank. Underwriters and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Bank to indemnification by the Bank against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters or agents may be required to make in respect thereof.

In connection with any offering of the Securities (unless otherwise specified in a Prospectus Supplement), the underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a higher level than that which might exist in the open market. These transactions may be commenced, interrupted or discontinued at any time.

The Securities to be issued hereunder have not been, and will not be, registered under the U.S. Securities Act and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act), except in certain transactions exempt from the requirements of the U.S. Securities Act.

RISK FACTORS

Investment in the Securities is subject to various risks including those risks inherent in conducting the business of a diversified financial institution. Before deciding whether to invest in any Securities, investors should consider carefully the risks set out herein and incorporated by reference in this Prospectus (including subsequently filed documents incorporated by reference) and those described in a Prospectus Supplement relating to a specific offering of Securities. Prospective investors should consider the categories of risks identified and discussed in the Management's Discussion and Analysis incorporated herein by reference including, but not limited, to credit and counterparty risk, market risk, liquidity and funding risk, operational risk, business risk, reputation risk and other factors that may affect the Bank's results.

USE OF PROCEEDS

Unless otherwise specified in a Prospectus Supplement, the net proceeds to the Bank from the sale of the Securities will be added to the general funds of the Bank and utilized for general banking purposes.

LEGAL MATTERS

Unless otherwise specified in the Prospectus Supplement, certain legal matters relating to the Securities offered by a Prospectus Supplement will be passed upon, on behalf of the Bank, by Norton Rose Canada LLP. As at October 10, 2012, partners, counsel and associates of Norton Rose Canada LLP beneficially owned, directly or indirectly, less than one percent of any securities of the Bank or any associates or affiliates of the Bank.

PURCHASER'S STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus, the accompanying prospectus supplements relating to securities purchased by a purchaser and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, the accompanying prospectus supplements relating to securities purchased by a purchaser and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE BANK

Dated: October 10, 2012

This short form base shelf prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the *Bank Act* (Canada) and the regulations thereunder and the securities legislation of all provinces of Canada.

(Signed) RÉJEAN ROBITAILLE
President and Chief Executive Officer

(Signed) MICHEL C. LAUZON
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) L. DENIS DESAUTELS
Director

(Signed) RICHARD BÉLANGER
Director

APPENDIX "A"
AUDITORS' CONSENT

We have read the short form base shelf prospectus of Laurentian Bank of Canada (the "Bank") dated October 10, 2012 relating to the issue and sale of up to \$1,000,000,000 of unsecured subordinated debt securities, Common Shares and Class A Preferred Shares of the Bank (the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the Prospectus, of our report to the shareholders of the Bank on the consolidated balance sheets of the Bank as at October 31, 2011 and 2010 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the years in the two year period ended October 31, 2011. Our report is dated December 7, 2011.

(Signed) ERNST & YOUNG LLP¹

Montréal, Canada
October 10, 2012

¹ CPA auditor, CA, public accountancy permit no. A114960

APPENDIX "B"

AGF TRUST AUDITORS' CONSENT

We have read the short form base shelf prospectus of Laurentian Bank of Canada (the "Bank") dated October 10, 2012 relating to the issue and sale of up to \$1,000,000,000 of unsecured subordinated debt securities, Common Shares and Class A Preferred Shares of the Bank (the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report to the Shareholder of AGF Trust Company on the consolidated statements of financial position of AGF Trust Company as at December 31, 2011, 2010, and January 1, 2010 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the years in the two-year period ended December 31, 2011 included in the Business Acquisition Report of Laurentian Bank of Canada dated September 28, 2012. Our report is dated January 24, 2012.

(Signed) PRICEWATERHOUSECOOPERS LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
October 10, 2012