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Laurentian Bank Purchases Group Annuity Contracts De-Risking Its Pension Plans

MONTREAL, June 11, 2021 (GLOBE NEWSWIRE) -- Laurentian Bank of Canada (TSX: LB) (the "Laurentian Bank", the "Bank") today announced the purchase of group annuity contracts from a Canadian insurer that transfers approximately \$350 million in obligations, and related assets, of its three registered defined benefit pension plans.

Under the agreement, the insurer will issue annuities covering the responsibility for pension benefits owed to approximately 1,900 Laurentian Bank of Canada pensioners and beneficiaries, which represents a significant portion of Laurentian Bank's defined benefit pension plan members, and will begin administering all benefits to these members beginning October 2021. Following the transaction, benefits for plan participants are now protected under Assuris, the life insurance compensation association designated under the Insurance Companies Act of Canada. The obligations related to pension benefits for active plan participants remain with the Bank and will remain unchanged.

"We are pleased to have reached this agreement as it strengthens our balance sheet, lowers the risk from pension obligations, while allowing the pensioners and beneficiaries to receive equivalent pension benefits from a highly rated Canadian insurer with strong expertise in long-term management of retirement benefits. The Bank intends to reallocate the benefits of the reduced risk towards activities that will drive growth and returns for our shareholders."

- Yvan Deschamps, Executive Vice President and Chief Financial Officer, Laurentian Bank of Canada

As a result of the transaction, Laurentian Bank reduced its registered pension plans' benefit obligations by approximately 60 percent. The Bank's prudent management of the pension fund is expected to allow the recognition of a net settlement gain of approximately \$5 million in the third quarter of 2021. Going forward, the agreement reduces Laurentian Bank's non-operating financial risk and administrative costs further simplifying its operations.

LifeWorks, a leading provider of technology-enabled total wellbeing solutions with expertise in pension risk, advised Laurentian Bank on the transaction.

About Laurentian Bank Financial Group

Founded in 1846, Laurentian Bank Financial Group is a diversified financial services provider whose mission is to help its customers improve their financial health. The Laurentian Bank of Canada and its entities are collectively referred to as Laurentian Bank Financial Group (the "Group" or the "Bank").

With more than 2,900 employees guided by the values of proximity, simplicity and honesty, the Group provides a broad range of advice-based solutions and services to its personal, business and institutional customers. With pan-Canadian activities and a presence in the U.S., the Group is an important player in numerous market segments.

The Group has \$44.6 billion in balance sheet assets and \$30.9 billion in assets under administration.

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