PRESS RELEASE

For immediate release

THE 3 D FORMULA: DOLLARS, DURATION, DIVERSIFICATION FOR SUCCESSFUL RETIREMENT PLANNING

Montreal, January 15, 2008 – Retirement planning requires careful thought and may appear complex. But the fact is, by applying a few simple rules, consumers can manage quite well. For Laurentian Bank, the golden rule is the 3 D formula. The three simple aspects of this formula—dollars, duration, diversification—require sound investment management in preparation for retirement.

The 3 D formula: multiplying effect

Basically, the goal of an RRSP is to secure a comfortable future. Since the future is unforeseeable, however, investors must provide for the most likely eventuality. It is here that planning comes into play, to ensure a stable and reliable income whereby investors can maintain their lifestyle and quality of life. To help consumers through this process and to make sure all their vital considerations are taken into account, three aspects are essential to successful planning:

- *dollars*, because the first step toward enjoying a good return on investment is to contribute
- *duration*, because now is the time to contribute, and to do so regularly and methodically
- *diversification*, because varied investment instruments help keep fluctuations to a minimum, thus making for a more stable portfolio

The multiplying effect resulting from the combination of these factors places investors on a solid footing, with optimal return prospects.

Dollars

Contributing means growing your savings to build the future: all contributions to an RRSP enrich the investor, and investing small amounts earlier and regularly allows investors to leverage the reinvested revenues. It is easier—and often more advantageous—for investors to contribute small amounts on a regular basis than large amounts once a year. Moreover, once an amount is invested, the investor benefits from another advantage: capitalization, which is the effect obtained when the revenues generated are reinvested, thereby accelerating portfolio growth.

Also, it is more convenient and easier on the budget to contribute regularly. This is the perfect solution for investors, as it also cushions the financial impact of a one-time large investment. In addition, a monthly, rather than annual, contribution adding up to the same overall amount offers a substantially higher long-term return.

Contributors often forget to translate their current budget dollars into future dollars, for a clearer idea of the cost of living at the time of retirement. For instance, a pair of jeans selling for $50 today will cost $90.50 in 20 years.

Duration

Everyone should start planning as early as possible, because the decision to do so is bound to pay off in the end. This is why Laurentian Bank has selected scenarios for three age groups based on the specificities of each.

- The action plan for contributors in the 20-to-34 age group consists in opening an RRSP account and contributing in accordance with one's means. The idea is to start the process by sticking to a methodical savings plan. Later on, plan members can increase their contributions to reflect their financial growth.

- In the case of customers aged 35 to 49, the goal is to keep growing one's savings. Now is the time to define retirement goals and establish the optimal plan to reach those goals. Insofar as possible, investors should contribute the maximum amount, using any unused RRSP deductions.

- For those aged 50 to 64, the plan is to capitalize on the growth of investments, while still keeping caution and safety in mind. As a rule, these are the best earning years. Mortgages are often paid, so this is a good time to invest even more in an RRSP.

On the other hand, deferring retirement by five years reduces the portion of income one has to offset with personal savings. RRSPs therefore continue to grow rather than dwindle, and investors continue to contribute to the plan, as well as to the pension plan and QPP, all of which keep mounting. Since a lesser amount of personal savings is required to maintain the same lifestyle, investors have more funds at their disposal for personal expenses.

Diversification

Because it is impossible to predict future performances of the various market sectors, diversification is essential to reduce the overall portfolio risk, offset volatility and develop a higher growth opportunity. Diversification can take various forms: based on the investor's profile, his or her timetable, geographic region or sector of activity.

Basically, diversification is a way to reduce risk. Investors should know the different investment risks. Asset allocation is key to this process. A combination of various types of assets such as stocks, bonds and other securities, asset allocation is used to define a portfolio in order to reach financial objectives. Over time, certain asset allocations perform better than others, hence the importance of maintaining a diversified portfolio. As shown by numerous analyses, diversification helps combine a wide variety of portfolio investments, in order to reduce volatility. Finally, it is important to know one's tolerance to risk whenever attempting to diversify. The trick is to find the appropriate asset allocation mix after establishing one's goals and evaluating one's financial situation.

Maximizing your savings potential

The 3 D formula increases the investors' chances of maximizing their RRSP performance. Each of the three dimensions is essential, and they become inextricably linked when the investor is seeking a multiplying, or leveraging, effect that will make a real difference in attaining long-term objectives and enjoying a successful retirement.

About Laurentian Bank
Laurentian Bank of Canada is a banking institution operating across Canada and offering diversified financial services to its clients. Distinguishing itself through excellence in service, as well as through its simplicity and proximity, the Bank serves individual consumers and small and medium-sized businesses. The Bank also offers its products to a wide network of independent financial intermediaries through B2B Trust, as well as full-service brokerage solutions through Laurentian Bank Securities.

Laurentian Bank is well established in the Province of Quebec, operating the third-largest retail branch network. Elsewhere throughout Canada, it operates in specific market segments where it holds an enviable position. Laurentian Bank of Canada has close to $18 billion in balance sheet assets and more than $15 billion in assets under administration. Founded in 1846, the Bank employs close to 3,300 people.

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Information:

Nora Bouikni
Public Relations Advisor
Public Affairs, Communications and Investor Relations
Office: (514) 284-4500, extension 6379
nora.bouikni@laurentianbank.ca