PEOPLES TRUST COMPANY
PUBLIC DISCLOSURES
(BASEL III PILLAR 3 and Leverage Ratio)

As at December 31, 2019

<u>TABLE OF CONTENTS</u>

Disclosure Policy 1

Location and Verification 1

Background 1

Statement of Risk Appetite 1

Risk Management Policies and Objectives 2

Market Risk 2

Interest Rate Risk 2

Credit Risk 3

Securitization Risk 4

Derivatives 7

Liquidity Risk 7

Regulatory Compliance Risk 8

Strategic Risk 8

Capital Management 9

Regulatory Capital Structure 9

Capital Adequacy 10

Remuneration 10

APPENDIX I – BASEL III COMMON DISCLOSURES AS AT DECEMBER 31, 2019 12

APPENDIX II – LEVERAGE RATIO COMMON DISCLOSURE FOR NON-DSIBs 14

Peoples Group – Public Disclosures (Pillar 3 and Leverage Ratio)

Disclosure Policy

This document represents the Basel III Pillar 3 and Leverage Ratio disclosures for Peoples Trust Company (PTC). These disclosures are made pursuant to Office of the Superintendent of Financial Institutions ("OSFI") requirements, which are based on global standards established by the Bank of International Settlements, Basel Committee on Banking Supervision (the "BCBS").

This policy is approved by the Board and is subject to annual review, following publication of the Annual Report.

Location and Verification

The Pillar 3 and Leverage Ratio disclosures are published under the Regulatory Disclosures section of the company's website. The disclosures made in this statement are made on a consolidated basis. PTC includes the accounts of Peoples Trust Company and its subsidiaries, 1155329 Alberta Ltd., People's Bank of Canada (PBC), Peoples Card Services LP (PCS), Peoples Payment Solutions Ltd (PPS), Lendful Financial Inc. and First Inheritance Inc.

This report is subject to internal review and has not been audited by PTC's external auditors.

Background

PTC is a Canadian, wholly-owned, federally regulated trust company, supervised by OSFI. PTC was incorporated under the *Trust and Loan Companies Act* on October 3, 1978 and maintains its registered office at 1400 – 888 Dunsmuir Street, Vancouver, British Columbia, V6C 3K4.

PTC and its subsidiaries provide specialized financial services to the Canadian marketplace.

PTC underwrites and services a variety of single family and multi-family residential mortgage products, as well as contractual loans. PTC regularly participates in the National Housing Authority ("NHA program") Mortgage Backed Security ("MBS program") and Canada Mortgage Bond ("CMB program"). Other lending products include asset-backed business lines of credit and consumer financing loans. In addition, PTC offers deposit products and, through PCS and PPS, provides issuing card and merchant acquiring services within the Visa and MasterCard programs. PBC commenced operations in November 2019 and offers insured and uninsured single family residential (SFR) mortgages and deposit services including savings and term deposits to the Canadian market.

PTC is a privately held company and is licensed to conduct operations across Canada. Its primary owner is Peoples Trustco Ltd., also a privately held, wholly Canadian owned company.

Statement of Risk Appetite

As documented in the company's Risk Appetite Framework (RAF) and Enterprise Risk Management (ERM) policy, risk appetite is an expression of the level of risk that PTC is prepared to accept in order to achieve its business objectives and optimize returns. The RAF is reviewed and updated, by management, and approved by the Board annually and/or when the

strategic plans are reassessed. PTC takes a conservative approach to risk and integrates this approach within its business model and strategic objectives.

Risk Management Policies and Objectives

Risk management is the process of identifying the principal risks to PTC in achieving its strategic objectives. Central to this process is establishing appropriate controls designed to manage those risks and to ensure that appropriate monitoring and reporting systems are in place. The Internal Capital Adequacy Assessment Process ("ICAAP") is an integral part of PTC's risk management framework and is undertaken by PTC on an annual basis. The disclosures in this report support the identification and assessment of risks to PTC which are undertaken as part of the ICAAP review.

The company's ERM and RAF reinforces risk management as an integral part of PTC's corporate strategic planning process. PTC has identified the following risks as being the most relevant.

Market Risk

In the normal course of its operations, PTC engages in transactions that give rise to market risk. Market risk is the risk that changes in market price, such as interest rates, and credit spreads, will affect the fair value of future cash flows of PTC's financial instruments. PTC uses the interest rate risk management below to minimize its market risk exposure on its mortgage, consumer and corporate loan, investment, deposit, MBS, and CMB portfolios.

PTC does not engage in market trading activities or speculative investments.

Interest Rate Risk

Interest rate risk arises from the risk of loss resulting from changes in interest rates or in the volatility of interest rates that may adversely affect future profitability or the fair values of financial instruments.

The Company's primary exposure to interest rate risk lies within its fixed and floating mortgage portfolio which is funded with fixed rate liabilities and a mix of demand and fixed-rate term deposit accounts and a secured credit facility. Changes in interest rates and spreads may affect the interest rate margin realized between asset and liability re-pricing schedules.

PTC has updated its Interest Rate Risk Policy that established amongst other things, a short-term and a long-term risk tolerance level. These changes laid the foundation for the Company to align to impending changes to OSFI B-12 for non-D-SIBs on 31 Dec 2020.

As at December 31, 2019, a decrease of 1% in interest rates is estimated to have a negative impact of $0.5 million (Dec 31, 2018: $0.9 million). Alternatively, if interest rates were to rise by 1%, estimated increase in income would be $2.1 million (December 31, 2018: $1.5 million).

PTC hedges the interest rate risk on its securitized assets and liabilities using swaps and bond forward contracts. Hedge strategies aim to consider interest rate exposures arising from interest rate movements.

A new treasury risk management system was implemented in late 2018 to comprehensively measure, manage and report on various interest rate and liquidity and funding risk thresholds at consolidated and individual product/business lines. Further development work is expected to continue throughout 2020 and beyond.

Credit Risk

Credit Risk is the risk of financial loss resulting from the failure of PTC's customers and counterparties to honour or perform fully the terms of a loan or contract. A component of credit risk is concentration risk, which arises where there is a concentration of exposures within the same category, whether it is geographical location, product type, industry sector, or counterparty type.

Within PTC's operations, credit risk arises primarily from mortgages and loans to customers and from investments of liquid assets as part of PTC's treasury operations and investment in lease receivables secured by liens on properties.

PTC maintains lending policies that place conservative limits on loan to value ratios and geographical and single borrower concentrations. Relevant earnings and cash flow factors are also considered. Extensive use of insurance from CMHC and other Approved Insurers is utilized for the bulk of PTC's loan portfolio. With respect to PTC's treasury operations, investment policies are in place that permits only investment in highly rated or government backed investments and in prudent concentrations. The company's investment in lease receivables are comprised of significantly large volume of low value accounts.

PTC uses standard collateral instruments or has specific documentation drawn up by external legal counsel, and where applicable, security interests are registered. The use of collateral management systems ensure that the collateral has been properly taken, registered, and stored.

In order to rely on the valuation of collateral assets, PTC has developed comprehensive rules surrounding acceptable types of valuations, including approved lists of qualified appraisers who may value an asset and the frequency of re-valuations.

Further mitigants relative to credit risk include the company's maintenance of individual provisions for credit loss, as well as a collective provision to cover expected credit losses that have not yet been specifically identified. Collective general allowances are maintained in accordance with guidance from IFRS standards as well as OSFI. The company compares both general and specific credit loss provisions on a quarterly basis in order to effectively manage, assess, and control credit risk. Based on the quarterly results, the company formulates estimates regarding default probability in order to learn from loss experience with a view toward diminishing future loan losses.

Facilities where a contractual payment has not been met or the customer is outside of contractual arrangements are deemed past due. Past due facilities include those operating in excess of approved arrangements or where scheduled repayments are outstanding but do not include impaired assets.

A loan is recognized as being impaired when the company determines there is objective evidence it is no longer reasonably assured of the timely collection of the full amount of

principal and interest. As a matter of practice, a loan is reviewed for impairment when it is in legal action or more than three months in arrears. Impairment is construed when the underlying asset security would not be sufficient to recover the full outstanding amounts of principal, interest and recovery costs, or there is an occurrence of a loss event that will materially affect the related future cash flows. In this instance, a provision is recorded for the difference between the asset's carrying amount and the present value of the estimated future cash flows.

The following table provides an analysis of past due and impaired loans by type of mortgage asset *(reported in Thousands of Canadian dollars)*.

						As at Dec 31, 2019
	Residential mortgages	Non-residential mortgages	Business/ Consumer Loans	Securitized mortgages	Investment in lease receivables	Total
	$	$	$	$	$	$
Past due but not impaired [1]						
1 – 30 days	91,690	-	146	4,036	4,123	99,995
31 – 60 days	18,883	-	2,005	1,396	1,409	23,693
61 – 90 days	15	-	-	-	1,856	1,871
Over 90 days	-	-	-	-	-	-
	110,588	-	2,151	5,432	7,388	125,559
Impaired						
Loans receivable	45,235	-	492	2,358	15,312	63,397
Specific provision	(668)	-	(315)	(1)	(3,730)	(4,714)
	44,567	-	177	2,357	11,582	58,683

						As at Dec 31, 2018
	Residential mortgages	Non-residential mortgages	Business/ Consumer Loans	Securitized mortgages	Investment in lease receivables	Total
	$	$	$	$	$	$
Past due but not impaired [1]						
1 – 30 days	4,657	12,000	45	3,737	5,062	25,501
31 – 60 days	4,690	-	33	938	2,867	8,528
61 – 90 days	-	-	24	259	2,736	3,019
Over 90 days	-	-	-	-	-	-
	9,347	12,000	102	4,934	10,665	37,048
Impaired						
Loans receivable	35,214	-	285	1,274	6,203	42,976
Specific provision	(21)	-	(192)	-	(687)	(900)
	35,193	-	93	1,274	5,516	42,076

[1] Residential Mortgages comprise insured and uninsured mortgages

On January 1, 2018, the Company adopted the new accounting guidelines under IFRS 9 Financial Instruments for the recognition of expected credit losses. PTC implemented a governance and control framework that will facilitate timely identification of significant increases in credit risk. Under IFRS 9, provision for expected credit losses on individually significant exposures and credit-impaired loans will be measured individually, while the

remainder of the portfolio will be measured on a collective basis. Based on the change in risk since initial recognition, the portfolio is staged in three categories in order to calculate respective expected credit losses taking into consideration forward looking data. The new accounting treatment resulted in earlier recognition of loan loss compared to the incurred loan loss methodology used in prior years.

Securitization Risk

Securitization Risk is the risk of credit related losses occurring that are greater than expected due to a securitization failing to operate as anticipated, or of the values and risks accepted or transferred, not emerging as expected.

PTC is an active issuer and servicing agent in the MBS program and is an issuer and servicing agent to Canada Housing Trust under the CMB program. As issuer, the company generates mortgage products that are insured and then arranges for the pooling of such mortgages into MBS that also carry a Government of Canada guarantee. The company, as servicing agent, collects mortgage payments monthly and then distributes principal amounts collected and interest payable on the security.

PTC has securitized its own originated insured mortgages in order to manage its credit risk position, to improve regulatory capital ratios, and to generate liquidity for the balance sheet.

Through the program, the Company issues securities backed by single family and multi-family residential mortgages that are insured against borrowers' default. Once the mortgage loans are securitized, the Company assigns underlying mortgages and/or related securities to CMHC. As an issuer of MBS and CMB programs, PTC is responsible for advancing all scheduled principal and interest payments to CMHC, irrespective of whether or not the amounts have been collected on the underlying transferred mortgages, and then recovers these amounts from the borrower. The company participates in the MBS and CMB programs that lead to both on-balance sheet and off-balance sheet treatment.

The company securitizes mortgages where prepayment and interest rate risk are retained. Given that substantially all the risk and rewards associated with the transferred assets are retained, the transferred mortgages continue to be recognized on the consolidated balance sheet as residential mortgage loans. The cash proceeds from the transfer are treated as secured borrowings and included as a liability on the consolidated balance sheet.

The following is the Company's net positions on its securitized assets and liabilities (reported in Thousands of Canadian dollars):

	2019	2018
	$	$
Fair value of securitized mortgage receivables[1]	1,208,656	684,282
Fair value of securitization liabilities	1,087,499	692,815
Net Positions	121,157	(8,533)

[1] At December 31, 2019, securitized mortgage receivable of $121,114 (2018 - $21,087) was not sold to third parties and was held by the Company for liquidity purposes.

The following table provides an analysis of the securitized mortgage receivables (reported in Thousands of Canadian dollars):

	2019	2018
	$	$
Securitized Mortgages	1,192,377	679,293
Accrued Interest	1,785	1,348
	1,194,162	680,641
Less Allowance for credit losses	(92)	(76)
	1,194,070	680,565
Unamortized loan orgination costs	10,831	3,869
Balance	1,204,901	684,434

The following table provides an analysis of the securitization liabilities (reported in Thousands of Canadian dollars):

	2019	2018
	$	$
Securitization Liabilities	1,085,722	688,012
Accrued Interest	2,396	1,585
	1,088,118	689,597
Unamortized MBS and CMB program costs	(6,055)	(4,336)
Balance	1,082,063	685,261

PTC ensures that the credit and funding risks on underlying assets are addressed in accordance with the respective risks discussion within this policy. PTC also minimizes counterparty risk by ensuring it enters securitization transactions with only Canadian Schedule 1 banks. Reinvestment risk on NHA CMB securitization principal amounts is minimized by investing in highly rated or government backed investments.

Securitization activities that involve off-balance sheet treatment occurs when the company securitizes insured multi-unit closed residential and social housing mortgages where the prepayment rate risk is mitigated, and the principal reinvestment risk is transferred to a third party. Additionally, the company sells insured residential mortgages to third party financial institutions prior to securitization. In both situations, the company does not retain prepayment risk and interest rate risk related to the transferred mortgages. There are minimal expected credit losses on the sold mortgages, as the mortgages are insured against default. These transactions therefore result in derecognition of the financial liabilities as third parties assume legal responsibility for the liabilities.

PTC generated and securitized a total of $1.5 billion (2018: $1.3 billion) in closed multi-unit residential pools and $673.3 million in open single family residential pools for the period ending December 31, 2019. In 2018, PTC securitized $347.4 million in open multi-unit and single family residential pools. In addition, the company generated and sold open and closed multi-unit residential pools to third parties in the amount of $866.0 million (2018: $395.1 million). Risk is significantly reduced as legal responsibilities are transferred to third parties at the time the loans are sold. The corresponding gains and losses on the closed pools are recognized upon securitization or sale of the mortgages. Open multi-unit and single residential pools earn income over the pool term

Derivatives

PTC enters into over-the-counter derivative agreements as part of the requirement for participating in the CMB Program, in the form of pass-through swaps and bond forward contracts. The pass-through swaps are not accounted for as derivatives, since all the securitized balances related to the swaps are recognized on the balance sheet. PTC enters into bond forward contracts to secure interest rates on future sale of Mortgage Backed Securities.

The fair value of derivative instruments has been included as part of the “fair value through profit and loss financial instruments mark to market” as reported in the 2019 audited financial statements (Note 22) as an asset of $7.6 million (2018: as a liability of $7.7 million).

Liquidity Risk

Liquidity risk is the risk that PTC has insufficient cash balances to settle liabilities and commitments as they come due. The company’s three main funding needs relate to (1) the participation the NHA MBS/CMB programs, (2) the funding of conventional mortgage and consumer loan activities, and (3) the repayment of deposit balances.

Liquidity risks are managed in accordance with limits and asset quality measures which are set out in the Liquidity Management Policy. Cash flow forecasts are the principal management information control used to monitor liquidity on a daily basis. PTC has a

contingency funding plan in place and performs specific scenario stress testing analyses on a semi-annual basis.

The Board of Directors has appointed an Assets and Liabilities Committee (ALCO), comprising members of senior management, chaired by the Chief Executive Officer. The ALCO is responsible for overseeing the management of market, liquidity, and funding risks.

Liquidity risk is also closely supervised by external regulators. Through the liquidity adequacy standard, OSFI requires financial institutions to monitor and report on several comprehensive liquidity requirements. The company is required to report on the liquidity coverage ratio (LCR) which ensures adequate levels of high-quality liquid assets are held to meet liquidity needs within a 30 day time frame. This is in addition to the net cumulative cash flow (NCCF) which reports cash flows beyond 30 days from the reporting period. As a liquidity monitoring tool, PTC reports the Liquidity Activity Monitor (LAM) return, on a bi-weekly basis, to monitor certain key liquidity account balances.

The Net Stable Funding Ratio (NSFR) return ensures a financial institution has sufficient long-term funding to maintain a stable funding structure. In 2019 OSFI confirmed the NSFR metric is only applicable to larger D-SIB banks.

Regulatory Compliance Risk

Regulatory compliance risk is the risk to earnings from the Company's potential non-compliance with laws, rules, regulations, prescribed practices, or ethical standards in any jurisdiction in which it operates.

PTC's Conduct, Governance and People Committee and Risk Committee provides oversight and establishes policies to ensure the Company operates within the laws and regulations mandatory for financial institutions. Senior management promotes regulatory compliance and embeds it within the corporate culture through formal procedures that adhere to the established policies.

On a monthly basis, both the Chief Operations Officer, Chief Financial Officer and/or Chief Credit Officer monitors and reports regulatory and internal policy non-compliance issues through the Legislative Compliance Certificate where the remedial actions required and expected dates of resolution are identified. Once the non-compliance issues are identified, senior management takes immediate action to remedy the issues to avoid significant financial impact to the Company.

Strategic Risk

Strategic risk is the risk to earnings arising from the PTC's potential inability to implement appropriate business plans and strategies, make decisions, allocated resources, or adapt to changes in its business environment.

The Company mitigates this risk by maintaining a diversification of business segments in accordance with market trends. Over the years, the Company has broadened its business operations from conventional lending to expanding the securitization programs and the card services operations. There is continual focus on growth of the consumer lending channel through investment in consumer leases and personal lending business. Finally, PTC established PBC in 2019 to further advance the insured and uninsured single family

mortgages portfolio. The risk to earnings as a result of one business segment would be compensated by the other business segments.

Business plans and strategies are developed and implemented by management and approved by the Board of Directors to ensure corporate objectives are met within acceptable levels of risk. The Company carefully researches and monitors growth opportunities and assesses the possible impacts on our balance sheet and income statement.

Capital Management

PTC's principal goal in managing its capital is to maintain capital ratios beyond regulatory requirements, by establishing more stringent internal targets than those set out by OSFI and the Basel III requirements, while still ensuring that capital is efficiently allocated to business operations appropriate to their risk levels.

Capital is managed on a consolidated basis under principles which observe the risks associated with business operations. PTC calculates and reports regulatory capital ratios as prescribed under Pillar 1 of the Basel III framework and has adopted the Standardized Approach to credit risk and the Basic Indicator approach to operational risk. PTC has complied with all internal and regulatory capital requirements.

PTC's capital requirement for operational risk based on December 31, 2019 figures is $15.7 million (December 31, 2018: $12.6 million). The Company's capital resources based on December 31, 2019 figures are summarized in Appendix I attached to this policy. The table contained in Appendix I is prepared on the modified disclosure template required by OSFI defined in the BCBS Disclosure Rules.

Regulatory Capital Structure

Total capital comprises three tiers. Tier 1 (core capital) comprises the highest quality capital elements. Tier 2 elements (supplementary capital) includes items such as reserves, provisions and hybrid instruments. Tier 3 capital is used only to meet market risk capital requirements. Within PTC, the total regulatory capital comprises:

- Tier 1 (core capital) comprises only Common shareholders' equity (defined as common shares, contributed surplus, and retained earnings).
- Tier 2 (supplementary capital) comprises the collective allowance for expected credit losses.
- Tier 3 is nil.

Total regulatory capital is calculated and reported under IFRS.

Regulatory ratios are calculated by dividing Tier 1 and total capital by risk-weighted assets ("RWA").

The calculation of RWA is determined by OSFI-prescribed rules relating to on balance sheet and off balance sheet exposures. In addition, OSFI formally establishes risk-based capital targets for deposit-taking institutions.

In addition to the Tier 1 and Total capital ratio, PTC is required to ensure that its leverage ratio, which is calculated by dividing Tier 1 capital by total on and off-balance sheet exposures, does not exceed the maximum level prescribed by OSFI. This measure (as summarized in Appendix II) was implemented to ensure financial institutions bear adequate levels of capital compared to total assets.

Capital Adequacy

PTC uses the annual ICAAP and risk assessment to determine the material risks that PTC faces, to ensure that sufficient quality and quantity of capital is available to conduct its business activities. The ICAAP analysis is conducted by senior management and presented to the Company's Board of Directors for review and approval, together with the annual budget and capital plan. As part of the ICAAP analysis, stress test scenarios are conducted to predict how PTC will perform under stressed conditions and determine if additional capital cushion or other mitigating actions are required. The resulting report serves to keep the Board informed of the ongoing assessment of risks facing the Company, the manner in which the Company mitigates those risks, and the adequacy of the Company's capital, should the material risks identified materialize. The ICAAP report is a fundamental part of PTC's procedures to ensure it has adequate capital and controls to support the Company's current and future activities.

As noted above, the Board of Directors has approved specific policies that seek to manage and mitigate credit, interest rate, liquidity, and securities portfolio risks. These policies are implemented and monitored monthly by management and quarterly by the Board.

In addition to overseeing the management of market, liquidity, and funding risks, members of the ALCO advise on capital utilization and the composition and sourcing of adequate capital. The Audit Committee, consisting solely of non-executive directors, considers the adequacy of internal controls and compliance with regulatory and other requirements. It is the Audit Committee to which the findings of Internal Audit are reported.

PTC's ICAAP is reviewed by the Board annually and is audited by PTC's internal audit team in the years it is submitted to OSFI.

Remuneration

PTC is subject to data protection legislation when disclosing remuneration information. The *Personal Information Protection and Electronic Documents Act* prohibits disclosing information that may result in individual information being easily identifiable. Remuneration disclosures will therefore be made on a limited basis in terms of any public or company-wide circulation. However, all necessary information will be made available to OSFI upon request.

Given the size and relatively non-complex nature of the company, PTC has employed proportionality, but where appropriate, has not assimilated various provisions of the Financial Stability Board's Principles for Sound Compensation Practices within its business model.

Due to the relatively moderate size and lack of complexity of the company, PTC is not required to appoint an independent Board remuneration committee. Current processes will be kept under review and should the need arise, PTC will consider amending this arrangement to provide greater independent review.

The Company's Board of Directors is responsible for overseeing compliance with PTC's processes on remuneration. The determination of remuneration processes is based on guidance provided by OSFI and subject to input and review by PTC's control functions and Peoples and Culture department.

PTC endeavours to ensure that its remuneration policy is consistent within its business strategy, the Company's current financial condition, and long term growth. PTC's compensation structure is based on a combination of fixed pay (salary and benefits) and performance related incentives linked to company-wide measures, as well as the seniority and nature of an individual's employment. Performance measurements used to calculate variable remuneration are therefore adjusted to take into account current or potential risks to the company, and are consistent with the need to retain a strong capital base. Guaranteed incentives do not form part of any compensation package and all incentive systems are non-contractual. Maximum thresholds on fixed and variable remuneration, as well as shareholder compensation, have been established and are monitored by OSFI.

During 2019, the total amount of all salaries, bonuses and long term incentives and other remuneration for key management and employees whose actions have a material impact on the risk exposure of the Company was $8.7 million (2018: $8.0 million). We do not break down this total between key management and "other risk takers", as all employees who hold material risk positions are in key management roles.

APPENDIX I – BASEL III COMMON DISCLOSURES AS AT DECEMBER 31, 2019

	Modified Capital Disclosure Template	(000's)
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	26,884
2	Retained earnings	248,234
3	Accumulated other comprehensive income (and other reserves)	
4	*Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)*	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	
6	**Common Equity Tier 1 capital before regulatory adjustments**	275,118
Common Equity Tier 1 capital: regulatory adjustments		
28	Total regulatory adjustments to Common Equity Tier 1	(2,846)
29	**Common Equity Tier 1 capital (CET1)**	272,272
	Additional Tier 1 capital: instruments	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	
31	of which: classified as equity under applicable accounting standards	
32	of which: classified as liabilities under applicable accounting standards	
33	*Directly issued capital instruments subject to phase out from Additional Tier 1*	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	
35	*of which: instruments issued by subsidiaries subject to phase out*	
36	**Additional Tier 1 capital before regulatory adjustments**	
	Additional Tier 1 capital: regulatory adjustments	
43	Total regulatory adjustments applied to Additional Tier 1 under Basel 3	
44	Additional Tier 1 capital (AT1)	
45	Tier 1 capital (T1 = CET1 + AT1)	272,272
	Tier 2 capital: instruments and allowances	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	
47	Directly issued and capital instruments subject to phase out from Tier 2	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	
49	*of which: instruments issued by subsidiaries subject to phase out*	
50	Collective allowances	2,885
51	**Tier 2 capital before regulatory adjustments**	2,885
	Tier 2 capital: regulatory adjustments	
57	Total regulatory adjustments applied to Tier 2 under Basel 3	
58	Tier 2 capital (T2)	2,885
59	Total capital (TC = T1 + T2)	275,157
60	Total risk weighted assets	1,590,926
60a	Common Equity Tier 1 (CET1) Capital RWA	
60b	Tier 1 Capital RWA	
60c	Total Capital RWA	
	Capital ratios	
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	17.1%
62	Tier 1 (as a percentage of risk weighted assets)	17.1%
63	Total capital (as a percentage of risk weighted assets)	17.3%
	OSFI all-in target	
69	Common Equity Tier 1 capital all-in target ratio	7.0%
70	Tier 1 capital all-in target ratio	8.5%
71	Total capital all-in target ratio	10.5%
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)	
80	*Current cap on CET1 instruments subject to phase out arrangements*	
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	
82	*Current cap on AT1 instruments subject to phase out arrangements*	

83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	
84	*Current cap on T2 instruments subject to phase out arrangements*	
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	

Memo Items:
-Line items 28, 43, & 57 aggregate all regulatory adjustments for that particular tier of capital.
-From Q3 2014 to Q4 2018, institutions phasing in the CVA capital charge using Option #1 as per OSFI's August 2013 letter will be required to disclose rows 60a, 60b, and 60c, instead of row 60.

APPENDIX II – LEVERAGE RATIO COMMON DISCLOSURE FOR NON-DSIBs

As at December 31, 2019

	Item	Leverage Ratio Framework ($000's)
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	4,095,609
2	(Asset amounts deducted in determining Basel III "all-in" Tier 1 capital)	(2,846)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs)** (sum of lines 1 and 2)	**4,092,763**
Derivative exposures		
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	10,640
5	Add-on amounts for PFE associated with all derivative transactions	
6	Gross up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivative transactions)	
8	(Exempted CCP-leg of client cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	**Total derivative exposures** (sum of lines 4 to 10)	**10,640**
Securities financing transaction exposures		
12	Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	Counterparty credit risk (CCR) exposure for SFTs	
15	Agent transaction exposures	
16	**Total securities financing transaction exposures** (sum of lines 12 to 15)	
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	1,025,981
18	(Adjustments for conversion to credit equivalent amounts)	(714,012)
19	**Off-balance sheet items** (sum of lines 17 to 18)	**311,969**
Capital and Total Exposures		
20	**Tier 1 capital**	**272,272**
21	**Total Exposures** (sum of lines 3, 11, 16 and19)	**4,415,372**
Leverage Ratios		
22	**Basel III leverage ratio**	**6.17%**