



Habib Canadian Bank

Basel II Pillar 3 Supplemental Disclosures

as of 2016 year-end

March 2017

Abbreviations & acronyms used:

- ICAAP – the Internal Capital Adequacy Assessment Process
- HCB – Habib Canadian Bank
- HBZ – the parent of HCB - Habib Bank AG, Zurich
- Group – the HBZ Group
- SM – the senior management of HCB
- BD – the Board of Directors of HCB
- CRO – the designated Chief Risk Officer
- RM – the Risk Management
- IA – the Internal Audit of HCB (administered by HBZ)
- IAS or IFRS – International Accounting Standard or International Financial Reporting Standards
- Basel II - the Basel II framework: International Convergence of Capital Measurement and Capital Standards: A Revised Framework – Comprehensive Version (June 2006 and updates).
- Basel III - Basel III: International framework for liquidity risk measurement, standards and monitoring (December 2010 and updates)
- BCAR – Capital adequacy ratio
- CAR – OSFI Guideline 'Capital Adequacy Requirements (CAR) [Simpler Approach]
- IFRS(s) –International Financial Reporting Standards ('IFRSs')
- ME – the month end
- QE – the quarter end
- YE – the year end

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Note to Readers

Basel II Pillar 3 Supplemental Disclosures

(for Q1, Q2, Q3 and Q4, 2016)

This document is prepared in accordance with OSFI expectations (OSFI letters dated July 13, 2011 on Implementation of disclosures for Basel II Pillar 3 enhancements and revisions, June 14, 2012 on Basel Pillar 3 public disclosures, and OSFI Advisory on Public Capital Disclosure Requirements related to Basel III Pillar 3 issued in March, 2013) on inclusion full qualitative and quantitative disclosures applicable to Habib Canadian Bank as required on a quarterly basis.

This document includes the required Leverage Ratio disclosure prepared in accordance with the 2014 OSFI Guideline “Public Disclosure Requirements related to Basel III Leverage Ratio”.

Note that the 2014 OSFI Guideline “Public Disclosure Requirements for Domestic Systemically Important Banks on Liquidity Coverage Ratio” is not applicable to the Bank and the Bank does not prepare any Liquidity Coverage Ratio disclosures.

1. Introduction

Since 2008 Habib Canadian Bank ('HCB' or 'Bank') operates under the Basel II capital framework ("Basel II"), Simpler Approach (based on the revised international capital adequacy standards as recommended by the Basel Committee on Banking Supervision in 2004) in accordance with the Office of the Superintendent of Financial Institutions Canada ('OSFI') Guideline on *Capital Adequacy Requirements (CAR)** that is based on the capital requirements set by the Basel III framework (2010-2011).

*Note: Canada, as a member of the Basel Committee on Banking Supervision, participated in the development of the framework, Basel II: International Convergence of Capital Measurement and Capital Standards ('Basel II'): A Revised Framework – Comprehensive Version (June 2006). The domestic guidance CAR A was based on the Basel II framework. It also encompassed and updated relevant parts of the 1988 Basel Accord and reflects changes to the Basel II framework / Basel III framework that have occurred since its implementation [OSFI issued a new Capital Adequacy Requirements guidance (CAR) 2013, effective Q1, 2013].

Basel III (or the Third Basel Accord) is a global, voluntary regulatory standard on bank capital adequacy, stress testing and market liquidity risk. It was agreed upon by the members of the Basel Committee on Banking Supervision in 2010–11, and was scheduled to be introduced from 2013 until 2015; however, changes from 1 April 2013 extended implementation until 31 March 2018. The third installment of the Basel Accords (known as Basel I, Basel II) was developed in response to the deficiencies in financial regulation revealed by the late-2000s financial crisis. Basel III was supposed to strengthen bank capital requirements by increasing bank liquidity and decreasing bank leverage. Unlike Basel I and Basel II which are primarily related to the required level of bank loss reserves that must be held by banks for various classes of loans and other investments and assets that they have, Basel III is primarily related to the risks for the banks of a "run on the bank" ["banking panic"] by requiring differing levels of reserves for different forms of bank deposits and other borrowings. Therefore, Basel III rules do not for the most part supersede the guidelines known as Basel I and Basel II but work alongside them.

The Basel II / Basel III framework consists of three pillars each of them concentrating on a different aspect of banking regulation.

- Pillar 1 makes recommendations for calculation of minimum capital requirements.
- Pillar 2 discusses the key principles of supervisory review and risk management guidance.
- Pillar 3 complements the first two pillars of Basel II by requiring a range of disclosures on capital and risk assessment processes, aimed at encouraging and reinforcing market discipline.

The *Basel II Pillar 3 Supplemental Disclosures* for Q1 – Q4, 2016 (*'Pillar 3 Disclosures'*) have been prepared in accordance with requirements of OSFI *Advisory on Pillar 3 Disclosure Requirements* (November 2007), related OSFI guidelines and letters and the Bank's internal policy on *Basel II Pillar 3 Disclosures*, and can be found on the Bank's website www.habibcanadian.com .

Note: HCB is a part of Habib Bank Zurich AG Group ('HBZ') which prepares its own regulatory Basel II reports and Basel II Pillar 3 disclosures in accordance with Swiss regulatory requirements. The scope of the *Basel II Pillar 3 Disclosures* relates only to the HCB business and Basel II Pillar 3 Disclosure requirements in Canada.

2. Scope of Application

The *Pillar 3 Supplemental Disclosures* are additional summarized qualitative and quantitative financial information prepared in accordance with disclosure requirements under the OSFI's Pillar 3 Disclosure Requirements and are consistent with Basel II / Basel III and IFRSs.

The publication of this document fulfills a key requirement of the Basel II / Basel III Framework, encouraging market discipline by allowing market participants to assess increased disclosure surrounding both the risk management framework and the capital adequacy of the Bank.

The disclosures produced within this document have been prepared in accordance with minimum disclosure requirements interpreted by OSFI and established under the OSFI Advisory on Pillar 3 Disclosure Requirements (November 2007), OSFI Advisory on Public Capital Disclosure Requirements related to Basel III Pillar 3 issued in March, 2013, and related OSFI guidelines and letters; and should be read along with the *Bank's Annual Reports (audited) for 2016 and 2015*.

The remuneration disclosure requirements was implemented beginning the 2012 fiscal year-end, and the frequency of remuneration disclosures is made only on an annual basis¹.

Comparison with the financial information

The *Pillar 3 Disclosures* have been prepared in accordance with regulatory capital adequacy concepts and rules, rather than in accordance with *International Financial Reporting Standards* ('IFRS'). Therefore, some information in the *Pillar 3 Disclosures* is not directly comparable with the financial information for Q1, Q2 and Q3, 2016 and the financial information in the *Bank's Annual Report (audited) for 2016* and in the *Bank's Annual Report (audited) for 2015*.

This is most pronounced for the credit risk disclosures, where credit exposure is defined as the amount at risk that is calculated by the Bank under specified Basel II – Simpler Approach parameters. This differs from similar information in the *Bank's Annual Report (audited) for 2016*, which was mainly reported at the balance sheet date and therefore does not reflect the likelihood of future drawings of committed credit lines.

The *Pillar 3 Disclosures* along with the Bank's financial information are presented in Canadian dollars, which is the Bank's functional currency. Except as otherwise indicated, financial information presented in Canadian dollars had been rounded to the nearest thousand.

¹ In accordance with the OSFI letter on Implementation of Basel II Pillar 3 Disclosure Requirements for Remuneration, dated December 1, 2011.

The preparation of the *Pillar 3 Disclosures* along with the Bank's financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in respective notes of the *Bank's Annual Report (audited) for 2016 fiscal year*.

Significant subsidiaries

The Bank has no subsidiaries or entities for consolidation.

Verification

The *Pillar 3 Disclosures* are not required to be subjected to external audit. Instead, the disclosures are verified and approved through internal reporting procedures.

3. Scope of Basel II permissions

Credit risk capital requirements

Basel II applies three approaches of increasing sophistication to the calculation of Pillar 1 credit risk capital requirements. The most basic level, the standardized approach, requires banks to use external credit ratings to determine the risk weightings applied to rated counterparties. Other counterparties are grouped into broad categories and standardized risk weightings are applied to these categories.

The next level, the internal ratings-based ('IRB') foundation approach, allows banks to calculate their credit risk capital requirements on the basis of their internal assessment of counterparty's probability of default ('PD'), but subjects their quantified estimates of exposure at default ('EAD') and loss given default ('LGD') to standard supervisory parameters. Finally, the IRB advanced approach allows banks to use their own internal assessment in both determining PD and quantifying EAD and LGD.

The Bank applies the standardized ('Simpler') approach.

Market risk capital requirement

Market risk is the risk that movements in market risk factors, including foreign exchange, commodity prices, interest rates, credit spread and equity prices will reduce the income or the value of the portfolios. The market risk capital requirement is measured using internal models, where approved, or the standardized approach.

The Bank is subject to the standardized approach in determining its market risk capital requirement.

Operational risk capital requirement

Basel II includes capital requirements for operational risk, again utilizing three levels of sophistication. The capital required under the basic indicator approach is a simple percentage of gross revenues, whereas under the standardized approach, it is one of three different percentages of gross revenues allocated to each of eight defined business lines. Both these approaches use an average of the last three financial years' revenues. Finally, the advanced measurement approach uses banks' own statistical analysis and modeling of operational risk data to determine capital requirements.

The Bank has adopted the basic indicator approach in determining its operational risk capital requirement.

4. Forward Looking Statements

This document includes or may include certain forward looking statements with respect to the business, strategy and plans of Habib Canadian Bank ('HCB') and its current goals and expectations relating to its future financial condition and performance.

Statements that are not historical facts, including statements about HCB or its directors' and / or management's beliefs and expectations, are forward looking statements. Words such as 'believes', 'anticipates', 'estimates', 'expects', 'intends', 'aims', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'estimate' and variations of these words and similar future or conditional expressions are intended to identify forward looking statements but are not the exclusive means of identifying such statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future.

Examples of such forward looking statements include, but are not limited to, projections or expectations of the HCB's future financial position including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, expenditures or any other financial items or ratios; statements of plans, objectives or goals of the Bank or its management including in respect of certain synergy targets; statements about the future business and economic environments in Canada and elsewhere including future trends in interest rates, foreign exchange rates, credit and equity market levels and demographic developments; statements about, competition, regulation, disposals and consolidation or technological developments in the financial services industry; and statements of assumptions underlying such statements.

Factors that could cause actual business, strategy, plans and / or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements made by the Bank or on its behalf include, but are not limited to: general economic and business conditions in Canada and internationally; inflation, deflation, interest rates and policies of the Bank of Canada and other G7 central banks; fluctuations in exchange rates, stock markets and currencies; the ability to access sufficient funding to meet the Bank's liquidity needs; changes to the Bank's creditworthiness; the ability to derive cost savings and other benefits; changing demographic developments including mortality and changing customer behavior including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality; technological changes; natural and other disasters, adverse weather and similar contingencies outside the Bank's control; inadequate or failed internal or external processes, people and systems; terrorist acts and other acts of war or hostility and responses to those acts, geopolitical, pandemic or other such events; changes in laws, regulations, taxation, accounting standards or practices; regulatory capital or liquidity requirements and similar contingencies outside the Bank's control; the policies and actions of governmental or regulatory authorities in Canada, Swiss, or elsewhere; the ability to attract and retain senior management and other employees; requirements or limitations imposed on the Bank as a result of *Habib*

Bank AG Zurich investment in the Bank; the extent of any future impairment charges or write-offs caused by depressed asset valuations; market related trends and developments; exposure to regulatory scrutiny, legal proceedings or complaints; changes in competition and pricing environments; the inability to hedge certain risks economically; the adequacy of loss provisions / allowances; the actions of competitors; and the success of the Bank in managing the risks of the foregoing.

HCB may also make or disclose written and / or oral forward looking statements in reports filed with or furnished to Office of the Superintendent of Financial Institutions Canada ('OSFI'), Bank annual reviews, announcements, proxy statements, circulars, prospectuses, press releases and other written materials and in oral statements made by the directors, officers or employees of HCB to third parties, including financial analysts. Except as required by any applicable law or regulation, the forward looking statements contained in this document are made as of the date hereof, and HCB expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in HCB's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

5. Capital Adequacy

5.1. Capital management

The Bank's approach to capital management is driven by its strategic and organizational requirements, taking into account the regulatory, economic and business environment in which it operates. It is the Bank's objective to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. To achieve this, the Bank's policy is to hold an additional capital above the regulatory minimum as a buffer above the minimum capital required by OSFI (i.e. the HCB minimum BCAR level was 14%). This buffer may be re-examined in the future.

Since July, 2011, the HBZ Group's requirement with respect to the HCB's internal regulatory target minimum of BCAR is set to be not less than 11.2%.

The policy on capital management is underpinned by a capital management framework, which enables Bank to manage its capital in a consistent and aligned manner. The framework, which is approved by the Bank's Board of Directors, incorporates a number of different capital measures including capital requirements to support future business plans and risk appetite, allocated capital, ICAAP ('Internal Capital Adequacy Assessment Process') and regulatory capital.

Internal Capital Adequacy Process ("ICAAP"):

In October 2010, OSFI issued a Guideline E-19, Internal Capital Adequacy Assessment Process (ICAAP) for Deposit-Taking Institutions, to outline their expectations with respect to an institution's internal capital adequacy process as described in Part 3 of the Basel II Framework. It is OSFI's expectation that every federally regulated financial institution ("FRFI"), including Canadian subsidiaries of foreign banks, will put into place an ICAAP that covers the operations from the top level regulated entity in Canada. In all instances, the ICAAP should reflect the FRFI's own circumstances, and not just those of a related group.

The Bank developed its own detailed Internal Capital Adequacy Process document in accordance with OSFI expectations that covers the following six main components:

- (i) Board and senior management oversight;
- (ii) Sound capital assessment and planning;
- (iii) Comprehensive assessment of risks;

- (iv) Stress testing;
- (v) Monitoring and reporting; and
- (vi) Internal control review.

The responsibility for overall capital allocation principles and decisions rests with the Bank's Board of Directors. The Board of Directors monitors total capital against all material risks identified with respect to the Bank's business lines.

Through the internal governance processes, the Bank's senior management is responsible for the investment and capital allocation decisions and assessments, and ensures that returns on investment are adequate after taking account of capital (capital vs. risk) requirements. The strategy is to allocate capital to business lines on the basis of their economic profit generation, and regulatory and economic capital requirements.

The Bank prepares its business 'baseline' forecasts including capital forecasts within its Annual Budget and Capital planning process.

5.2. Regulatory capital structure and assessment

The three primary considerations for defining the consolidated capital of an institution for purposes of measuring capital adequacy are:

- its permanence
- its being free of mandatory fixed charges against earnings
- its subordinated legal position to the rights of depositors and other creditors of the institution

Basel III Capital structure in 2015 [effective Q1, 2013]:

Effective Q1, 2013, the OSFI's regulatory capital guidelines under Basel III allow for two tiers of capital. Common Equity Tier 1 ("CET1") capital includes common shares, retained earnings and accumulated other comprehensive income. The Bank currently does not hold any additional Tier 1 or Tier 2 capital instruments. Therefore, the Bank's CET1 is equal to its Tier 1 and Total regulatory capital, and were calculated and reported under IFRSs.

Regulatory ratios were calculated by dividing CET1, Tier 1 and Total capital by risk-weighted assets ("RWA").

The calculation of RWAs is determined by OSFI-prescribed rules relating to on-balance sheet and off-balance sheet exposures and included an amount for the market risk exposure associated with trading portfolios. In addition, OSFI formally established risk-based capital targets for deposit-taking institutions: a target CET1 ratio is of 7% and a target Total capital ratio of 10.5%.

Before January 2015, Canadian banks were required to ensure that their assets-to-capital multiple ('ACM'), which was calculated by dividing gross-adjusted assets by Total capital; the ACM did not exceed a prescribed level. The mentioned regulatory ACM was replaced by the Basel III Leverage Ratio effective January 2015; and, specifically for HCB, a new authorized minimum level of the Basel III Leverage Ratio was set by OSFI in 2014. For the Basel III Leverage Ratio disclosure refer to Section 5.5.

The table 1A below provides the regulatory capital and ratios for 2016, 2015, and Q4, 2014.

Table 1A: Regulatory capital ratios for Q1, Q2, Q3 and Q4, 2016, and comparatives for 2015 and Q4, 2014
 – Basel III

| | December 31, 2016 |
|--------------------------------------|----------------------|
| Capital structure: | |
| Common Equity Tier 1 (CET1) capital: | |
| Common shares | \$ 30,000 |
| Retained earnings | 978 |
| CET1 capital | 30,978 |
| Tier 1 capital | 30,978 |
| Tier 2 capital | - |
| Total (eligible) capital | 30,978 |
| Risk-weighted assets | 124,635 |
| Capital ratios: | |
| CET1 Ratio | 24.85% |
| Tier 1 Ratio | 24.85% |
| Total Ratio | 24.85% |
| Leverage Ratio: | |
| Total Exposures | \$ 201,653 |
| Tier 1 capital | 30,978 |
| Leverage Ratio | 15.36% |

| | September 30, 2016 | June 30, 2016 | March 31, 2016 |
|--------------------------------------|-----------------------|------------------|-------------------|
| Capital structure: | | | |
| Common Equity Tier 1 (CET1) capital: | | | |
| Common shares | \$ 30,000 | \$ 30,000 | \$ 30,000 |
| Retained earnings | 1,475 | 1,611 | 1,713 |
| CET1 capital | 31,475 | 31,611 | 31,713 |
| Tier 1 capital | 31,475 | 31,611 | 31,713 |
| Tier 2 capital | - | - | - |
| Total (eligible) capital | 31,475 | 31,611 | 31,713 |
| Risk-weighted assets | 107,068 | 106,773 | 102,828 |
| Capital ratios: | | | |
| CET1 Ratio | 27.10% | 29.61% | 30.84% |
| Tier 1 Ratio | 27.10% | 29.61% | 30.84% |
| Total Ratio | 27.10% | 29.61% | 30.84% |
| Leverage Ratio: | | | |
| Total Exposures | \$ 184,041 | \$ 186,062 | \$ 187,311 |
| Tier 1 capital | 31,475 | 31,611 | 31,713 |
| Leverage Ratio | 17.10% | 16.99% | 16.93% |

| | December 31, 2015 |
|--------------------------------------|----------------------|
| Capital structure: | |
| Common Equity Tier 1 (CET1) capital: | |
| Common shares | \$ 30,000 |
| Retained earnings | 1,835 |
| CET1 capital | 31,835 |
| Tier 1 capital | 31,835 |
| Tier 2 capital | - |
| Total (eligible) capital | 31,835 |
| Risk-weighted assets | 97,863 |
| Capital ratios: | |
| CET1 Ratio | 32.53% |
| Tier 1 Ratio | 32.53% |
| Total Ratio | 32.53% |
| Leverage Ratio: | |
| Total Exposures | \$ 186,535 |
| Tier 1 capital | 31,835 |
| Leverage Ratio | 17.07% |

| | September 30, 2015 | June 30, 2015 | March 31, 2015 |
|--------------------------------------|-----------------------|------------------|-------------------|
| Capital structure: | | | |
| Common Equity Tier 1 (CET1) capital: | | | |
| Common shares | \$ 30,000 | \$ 30,000 | \$ 30,000 |
| Retained earnings | 1,930 | 1,817 | 1,746 |
| CET1 capital | 31,930 | 31,817 | 31,746 |
| Tier 1 capital | 31,930 | 31,817 | 31,746 |
| Tier 2 capital | - | - | - |
| Total (eligible) capital | 31,930 | 31,817 | 31,746 |
| Risk-weighted assets | 95,800 | 101,070 | 98,118 |
| Capital ratios: | | | |
| CET1 Ratio | 33.33% | 31.48% | 32.35% |
| Tier 1 Ratio | 33.33% | 31.48% | 32.35% |
| Total Ratio | 33.33% | 31.48% | 32.35% |
| Leverage Ratio: | | | |
| Total Exposures | \$ 186,554 | \$ 167,115 | \$ 167,951 |
| Tier 1 capital | 31,930 | 31,817 | 31,746 |
| Leverage Ratio | 17.12% | 19.04% | 18.90% |

| | December 31, 2014 |
|--|----------------------|
| Capital structure and ratios: | |
| Common Equity Tier 1 (CET1) capital: | |
| Common shares | \$ 30,000 |
| Retained earnings | 1,751 |
| CET1 capital | 31,751 |
| Tier 1 capital: | 31,751 |
| Tier 2 capital: | - |
| Total (eligible) capital | 31,751 |
| Risk-weighted assets | 92,266 |
| Capital ratios: | |
| CET1 Ratio | 34.41% |
| Tier 1 Ratio | 34.41% |
| Total Ratio | 34.41% |
| Total assets (on- and off- balance sheet) | \$ 157,147 |
| Assets-to-capital multiple | 4.95 |

The Bank was in compliance with the imposed regulatory capital requirements to which it was subject.

5.3. Regulatory Capital - Interim transitional and all-in capital Basel III Pillar 3 disclosures

The Bank is required to disclose the components of its capital as required by the BCBS Disclosure Rules² during the transition of regulatory adjustments (i.e. from 1 January 2013 to 1 January 2018).

For this purpose the Bank uses a Transitional Template that was prescribed by the OSFI letter³ (dated October 10, 2012). This “OSFI Modified Transitional Template” required disclosure of regulatory adjustments from Common Equity Tier 1 (CET1), Additional Tier 1, and Tier 2 capital on a condensed basis, rather than individually as prescribed under the BCBS Transitional Template.

The Table 1C below presents the Bank's interim transitional and all-in capital Basel III Pillar 3 disclosures for each quarter-end with no variances for components of capital and capital ratios on an all-in basis and a transitional basis.

² BCBS June 26, 2012: *Composition of capital disclosure requirements – Rules text* <http://www.bis.org/publ/bcbs221.pdf>

³ *New Required Interim Public Capital Disclosure Requirements related to Basel III Pillar 3* http://www.osfi-bsif.gc.ca/Eng/Docs/cdr_let.pdf

Table1C-Q4, 2016: Regulatory capital – Interim Disclosures for Q4, 2016 – Basel III

| <i>In 000's CAD</i> | | All-in Basis | Transitional Basis |
|--|---|--------------|--------------------|
| Common Equity Tier 1 Capital: Instruments and Reserves and Regulatory Adjustments | | | |
| 1 | Common shares | 30,000 | 30,000 |
| 7 | Retained Earnings | 978 | 978 |
| 3 | Accumulated Other Comprehensive Income | - | - |
| 5 | Common shares issued by subsidiaries and held by third parties | - | - |
| 28 | Regulatory adjustments applied to Common Equity Tier 1 (CET1) | - | - |
| 29 | Common Equity Tier 1 Capital | 30,978 | 30,978 |
| Additional Tier 1 Capital: Instruments and Regulatory Adjustments | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments | - | - |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | - | - |
| 34 | Additional Tier 1 instruments issued by subsidiaries and held by third parties | - | - |
| 35 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 43 | Regulatory adjustments applied to Additional Tier 1 | - | - |
| 44 | Additional Tier 1 Capital (AT1) | - | - |
| 45 | Tier 1 Capital (T1=CET1+ AT1) | 30,978 | 30,978 |
| Tier 2 Capital: Instruments and Provisions and Regulatory Adjustments | | | |
| 46 | Directly issued qualifying Tier 2 instruments | - | - |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | - | - |
| 48 | Tier 2 instruments issued by subsidiaries and held by third parties | - | - |
| 49 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 50 | Provisions | - | - |
| 57 | Regulatory adjustments applied to Tier 2 | - | - |
| 58 | Tier 2 Capital (T2) | - | - |
| 59 | Total Capital (TC = T1 + T2) | 30,978 | 30,978 |
| 60 | Total risk weighted-assets | 124,635 | 124,635 |
| Capital Ratios | | | |
| 61 | CET1 | 24.85% | 24.85% |
| 62 | Tier 1 | 24.85% | 24.85% |
| 63 | Total Capital | 24.85% | 24.85% |
| OSFI Target Ratios | | | |
| 69 | CET1 | 7.0% | 3.5% |
| 70 | Tier 1 | n/a | 4.5% |
| 71 | Total Capital | n/a | 8.0% |
| Capital Instruments Subject To Phase Out Arrangements | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | n/a | - |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | n/a | - |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 84 | Current cap on T2 instruments subject to phase out arrangements | n/a | - |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | n/a | - |

Table1C-Q3, 2016: Regulatory capital – Interim Disclosures for Q3, 2016 – Basel III

| <i>In 000's CAD</i> | | All-in Basis | Transitional Basis |
|--|--|--------------|--------------------|
| Common Equity Tier 1 Capital: Instruments and Reserves and Regulatory Adjustments | | | |
| 1 | Common shares | 30,000 | 30,000 |
| 7 | Retained Earnings | 1,475 | 1,475 |
| 3 | Accumulated Other Comprehensive Income | - | - |
| 5 | Common shares issued by subsidiaries and held by third parties | - | - |

| | | | |
|--|---|---------|---------|
| 28 | Regulatory adjustments applied to Common Equity Tier 1 (CET1) | - | - |
| 29 | Common Equity Tier 1 Capital | 31,475 | 31,475 |
| Additional Tier 1 Capital: Instruments and Regulatory Adjustments | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments | - | - |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | - | - |
| 34 | Additional Tier 1 instruments issued by subsidiaries and held by third parties | - | - |
| 35 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 43 | Regulatory adjustments applied to Additional Tier 1 | - | - |
| 44 | Additional Tier 1 Capital (AT1) | - | - |
| 45 | Tier 1 Capital (T1=CET1+ AT1) | 31,475 | 31,475 |
| Tier 2 Capital: Instruments and Provisions and Regulatory Adjustments | | | |
| 46 | Directly issued qualifying Tier 2 instruments | - | - |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | - | - |
| 48 | Tier 2 instruments issued by subsidiaries and held by third parties | - | - |
| 49 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 50 | Provisions | - | - |
| 57 | Regulatory adjustments applied to Tier 2 | - | - |
| 58 | Tier 2 Capital (T2) | - | - |
| 59 | Total Capital (TC = T1 + T2) | 31,475 | 31,475 |
| 60 | Total risk weighted-assets | 107,068 | 107,068 |
| Capital Ratios | | | |
| 61 | CET1 | 27.10% | 27.10% |
| 62 | Tier 1 | 27.10% | 27.10% |
| 63 | Total Capital | 27.10% | 27.10% |
| OSFI Target Ratios | | | |
| 69 | CET1 | 7.0% | 3.5% |
| 70 | Tier 1 | n/a | 4.5% |
| 71 | Total Capital | n/a | 8.0% |
| Capital Instruments Subject To Phase Out Arrangements | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | n/a | - |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | n/a | - |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 84 | Current cap on T2 instruments subject to phase out arrangements | n/a | - |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | n/a | - |

Table 1C-Q2, 2016: Regulatory capital – Interim Disclosures for Q2, 2016 – Basel III

| In 000's CAD | | All-in Basis | Transitional Basis |
|--|---|--------------|--------------------|
| Common Equity Tier 1 Capital: Instruments and Reserves and Regulatory Adjustments | | | |
| 1 | Common shares | 30,000 | 30,000 |
| 7 | Retained Earnings | 1,611 | 1,611 |
| 3 | Accumulated Other Comprehensive Income | - | - |
| 5 | Common shares issued by subsidiaries and held by third parties | - | - |
| 28 | Regulatory adjustments applied to Common Equity Tier 1 (CET1) | - | - |
| 29 | Common Equity Tier 1 Capital | 31,611 | 31,611 |
| Additional Tier 1 Capital: Instruments and Regulatory Adjustments | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments | - | - |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | - | - |
| 34 | Additional Tier 1 instruments issued by subsidiaries and held by third parties | - | - |
| 35 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 43 | Regulatory adjustments applied to Additional Tier 1 | - | - |
| 44 | Additional Tier 1 Capital (AT1) | - | - |
| 45 | Tier 1 Capital (T1=CET1+ AT1) | 31,611 | 31,611 |

| Tier 2 Capital: Instruments and Provisions and Regulatory Adjustments | | | |
|--|---|---------|---------|
| 46 | Directly issued qualifying Tier 2 instruments | - | - |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | - | - |
| 48 | Tier 2 instruments issued by subsidiaries and held by third parties | - | - |
| 49 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 50 | Provisions | - | - |
| 57 | Regulatory adjustments applied to Tier 2 | - | - |
| 58 | Tier 2 Capital (T2) | - | - |
| 59 | Total Capital (TC = T1 + T2) | 31,611 | 31,611 |
| 60 | Total risk weighted-assets | 106,773 | 106,773 |
| Capital Ratios | | | |
| 61 | CET1 | 29.61% | 29.61% |
| 62 | Tier 1 | 29.61% | 29.61% |
| 63 | Total Capital | 29.61% | 29.61% |
| OSFI Target Ratios | | | |
| 69 | CET1 | 7.0% | 3.5% |
| 70 | Tier 1 | n/a | 4.5% |
| 71 | Total Capital | n/a | 8.0% |
| Capital Instruments Subject To Phase Out Arrangements | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | n/a | - |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | n/a | - |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 84 | Current cap on T2 instruments subject to phase out arrangements | n/a | - |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | n/a | - |

Table 1C-Q1, 2016: Regulatory capital – Interim Disclosures for Q1, 2016 – Basel III

| <i>In 000's CAD</i> | | All-in Basis | Transitional Basis |
|--|---|--------------|--------------------|
| Common Equity Tier 1 Capital: Instruments and Reserves and Regulatory Adjustments | | | |
| 1 | Common shares | 30,000 | 30,000 |
| 7 | Retained Earnings | 1,713 | 1,713 |
| 3 | Accumulated Other Comprehensive Income | - | - |
| 5 | Common shares issued by subsidiaries and held by third parties | - | - |
| 28 | Regulatory adjustments applied to Common Equity Tier 1 (CET1) | - | - |
| 29 | Common Equity Tier 1 Capital | 31,713 | 31,713 |
| Additional Tier 1 Capital: Instruments and Regulatory Adjustments | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments | - | - |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | - | - |
| 34 | Additional Tier 1 instruments issued by subsidiaries and held by third parties | - | - |
| 35 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 43 | Regulatory adjustments applied to Additional Tier 1 | - | - |
| 44 | Additional Tier 1 Capital (AT1) | - | - |
| 45 | Tier 1 Capital (T1=CET1+ AT1) | 31,713 | 31,713 |
| Tier 2 Capital: Instruments and Provisions and Regulatory Adjustments | | | |
| 46 | Directly issued qualifying Tier 2 instruments | - | - |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | - | - |
| 48 | Tier 2 instruments issued by subsidiaries and held by third parties | - | - |
| 49 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 50 | Provisions | - | - |
| 57 | Regulatory adjustments applied to Tier 2 | - | - |
| 58 | Tier 2 Capital (T2) | - | - |
| 59 | Total Capital (TC = T1 + T2) | 31,713 | 31,713 |
| 60 | Total risk weighted-assets | 102,828 | 102,828 |
| Capital Ratios | | | |

| | | | |
|--|---|--------|--------|
| 61 | CET1 | 30.84% | 30.84% |
| 62 | Tier 1 | 30.84% | 30.84% |
| 63 | Total Capital | 30.84% | 30.84% |
| OSFI Target Ratios | | | |
| 69 | CET1 | 7.0% | 3.5% |
| 70 | Tier 1 | n/a | 4.5% |
| 71 | Total Capital | n/a | 8.0% |
| Capital Instruments Subject To Phase Out Arrangements | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | n/a | - |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | n/a | - |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 84 | Current cap on T2 instruments subject to phase out arrangements | n/a | - |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | n/a | - |

Table 1C-Q4, 2015: Regulatory capital – Interim Disclosures for Q4, 2015– Basel III

| <i>In 000's CAD</i> | | All-in Basis | Transitional Basis |
|--|---|--------------|--------------------|
| Common Equity Tier 1 Capital: Instruments and Reserves and Regulatory Adjustments | | | |
| 1 | Common shares | 30,000 | 30,000 |
| 7 | Retained Earnings | 1,835 | 1,835 |
| 3 | Accumulated Other Comprehensive Income | - | - |
| 5 | Common shares issued by subsidiaries and held by third parties | - | - |
| 28 | Regulatory adjustments applied to Common Equity Tier 1 (CET1) | - | - |
| 29 | Common Equity Tier 1 Capital | 31,835 | 31,835 |
| Additional Tier 1 Capital: Instruments and Regulatory Adjustments | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments | - | - |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | - | - |
| 34 | Additional Tier 1 instruments issued by subsidiaries and held by third parties | - | - |
| 35 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 43 | Regulatory adjustments applied to Additional Tier 1 | - | - |
| 44 | Additional Tier 1 Capital (AT1) | - | - |
| 45 | Tier 1 Capital (T1=CET1+ AT1) | 31,835 | 31,835 |
| Tier 2 Capital: Instruments and Provisions and Regulatory Adjustments | | | |
| 46 | Directly issued qualifying Tier 2 instruments | - | - |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | - | - |
| 48 | Tier 2 instruments issued by subsidiaries and held by third parties | - | - |
| 49 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 50 | Provisions | - | - |
| 57 | Regulatory adjustments applied to Tier 2 | - | - |
| 58 | Tier 2 Capital (T2) | - | - |
| 59 | Total Capital (TC = T1 + T2) | 31,835 | 31,835 |
| 60 | Total risk weighted-assets | 97,863 | 97,863 |
| Capital Ratios | | | |
| 61 | CET1 | 32.53% | 32.53% |
| 62 | Tier 1 | 32.53% | 32.53% |
| 63 | Total Capital | 32.53% | 32.53% |
| OSFI Target Ratios | | | |
| 69 | CET1 | 7.0% | 3.5% |
| 70 | Tier 1 | n/a | 4.5% |
| 71 | Total Capital | n/a | 8.0% |
| Capital Instruments Subject To Phase Out Arrangements | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | n/a | - |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | n/a | - |

| | | | |
|----|--|-----|---|
| 82 | Current cap on AT1 instruments subject to phase out arrangements | n/a | - |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 84 | Current cap on T2 instruments subject to phase out arrangements | n/a | - |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | n/a | - |

Table 1C-Q3, 2015: Regulatory capital – Interim Disclosures for Q3, 2015– Basel III

| <i>In 000's CAD</i> | | All-in Basis | Transitional Basis |
|--|---|--------------|--------------------|
| Common Equity Tier 1 Capital: Instruments and Reserves and Regulatory Adjustments | | | |
| 1 | Common shares | 30,000 | 30,000 |
| 7 | Retained Earnings | 1,930 | 1,930 |
| 3 | Accumulated Other Comprehensive Income | - | - |
| 5 | Common shares issued by subsidiaries and held by third parties | - | - |
| 28 | Regulatory adjustments applied to Common Equity Tier 1 (CET1) | - | - |
| 29 | Common Equity Tier 1 Capital | 31,930 | 31,930 |
| Additional Tier 1 Capital: Instruments and Regulatory Adjustments | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments | - | - |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | - | - |
| 34 | Additional Tier 1 instruments issued by subsidiaries and held by third parties | - | - |
| 35 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 43 | Regulatory adjustments applied to Additional Tier 1 | - | - |
| 44 | Additional Tier 1 Capital (AT1) | - | - |
| 45 | Tier 1 Capital (T1=CET1+ AT1) | 31,930 | 31,930 |
| Tier 2 Capital: Instruments and Provisions and Regulatory Adjustments | | | |
| 46 | Directly issued qualifying Tier 2 instruments | - | - |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | - | - |
| 48 | Tier 2 instruments issued by subsidiaries and held by third parties | - | - |
| 49 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 50 | Provisions | - | - |
| 57 | Regulatory adjustments applied to Tier 2 | - | - |
| 58 | Tier 2 Capital (T2) | - | - |
| 59 | Total Capital (TC = T1 + T2) | 31,930 | 31,930 |
| 60 | Total risk weighted-assets | 95,800 | 95,800 |
| Capital Ratios | | | |
| 61 | CET1 | 33.33% | 33.33% |
| 62 | Tier 1 | 33.33% | 33.33% |
| 63 | Total Capital | 33.33% | 33.33% |
| OSFI Target Ratios | | | |
| 69 | CET1 | 7.0% | 3.5% |
| 70 | Tier 1 | n/a | 4.5% |
| 71 | Total Capital | n/a | 8.0% |
| Capital Instruments Subject To Phase Out Arrangements | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | n/a | - |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | n/a | - |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 84 | Current cap on T2 instruments subject to phase out arrangements | n/a | - |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | n/a | - |

Table 1C-Q2, 2015: Regulatory capital – Interim Disclosures for Q2, 2015– Basel III

| <i>In 000's CAD</i> | | All-in Basis | Transitional Basis |
|--|---|----------------|--------------------|
| Common Equity Tier 1 Capital: Instruments and Reserves and Regulatory Adjustments | | | |
| 1 | Common shares | 30,000 | 30,000 |
| 7 | Retained Earnings | 1,817 | 1,817 |
| 3 | Accumulated Other Comprehensive Income | - | - |
| 5 | Common shares issued by subsidiaries and held by third parties | - | - |
| 28 | Regulatory adjustments applied to Common Equity Tier 1 (CET1) | - | - |
| 29 | Common Equity Tier 1 Capital | 31,817 | 31,817 |
| Additional Tier 1 Capital: Instruments and Regulatory Adjustments | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments | - | - |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | - | - |
| 34 | Additional Tier 1 instruments issued by subsidiaries and held by third parties | - | - |
| 35 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 43 | Regulatory adjustments applied to Additional Tier 1 | - | - |
| 44 | Additional Tier 1 Capital (AT1) | - | - |
| 45 | Tier 1 Capital (T1=CET1+ AT1) | 31,817 | 31,817 |
| Tier 2 Capital: Instruments and Provisions and Regulatory Adjustments | | | |
| 46 | Directly issued qualifying Tier 2 instruments | - | - |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | - | - |
| 48 | Tier 2 instruments issued by subsidiaries and held by third parties | - | - |
| 49 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 50 | Provisions | - | - |
| 57 | Regulatory adjustments applied to Tier 2 | - | - |
| 58 | Tier 2 Capital (T2) | - | - |
| 59 | Total Capital (TC = T1 + T2) | 31,817 | 31,817 |
| 60 | Total risk weighted-assets | 101,070 | 101,070 |
| Capital Ratios | | | |
| 61 | CET1 | 31.48% | 31.48% |
| 62 | Tier 1 | 31.48% | 31.48% |
| 63 | Total Capital | 31.48% | 31.48% |
| OSFI Target Ratios | | | |
| 69 | CET1 | 7.0% | 3.5% |
| 70 | Tier 1 | n/a | 4.5% |
| 71 | Total Capital | n/a | 8.0% |
| Capital Instruments Subject To Phase Out Arrangements | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | n/a | - |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | n/a | - |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 84 | Current cap on T2 instruments subject to phase out arrangements | n/a | - |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | n/a | - |

Table 1C-Q1, 2015: Regulatory capital – Interim Disclosures for Q1, 2015– Basel III

| <i>In 000's CAD</i> | | All-in Basis | Transitional Basis |
|--|---|---------------|--------------------|
| Common Equity Tier 1 Capital: Instruments and Reserves and Regulatory Adjustments | | | |
| 1 | Common shares | 30,000 | 30,000 |
| 7 | Retained Earnings | 1,746 | 1,746 |
| 3 | Accumulated Other Comprehensive Income | - | - |
| 5 | Common shares issued by subsidiaries and held by third parties | - | - |
| 28 | Regulatory adjustments applied to Common Equity Tier 1 (CET1) | - | - |
| 29 | Common Equity Tier 1 Capital | 31,746 | 31,746 |
| Additional Tier 1 Capital: Instruments and Regulatory Adjustments | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments | - | - |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | - | - |
| 34 | Additional Tier 1 instruments issued by subsidiaries and held by third parties | - | - |
| 35 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 43 | Regulatory adjustments applied to Additional Tier 1 | - | - |
| 44 | Additional Tier 1 Capital (AT1) | - | - |
| 45 | Tier 1 Capital (T1=CET1+ AT1) | 31,746 | 31,746 |
| Tier 2 Capital: Instruments and Provisions and Regulatory Adjustments | | | |
| 46 | Directly issued qualifying Tier 2 instruments | - | - |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | - | - |
| 48 | Tier 2 instruments issued by subsidiaries and held by third parties | - | - |
| 49 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 50 | Provisions | - | - |
| 57 | Regulatory adjustments applied to Tier 2 | - | - |
| 58 | Tier 2 Capital (T2) | - | - |
| 59 | Total Capital (TC = T1 + T2) | 31,746 | 31,746 |
| 60 | Total risk weighted-assets | 98,118 | 98,118 |
| Capital Ratios | | | |
| 61 | CET1 | 32.35% | 32.35% |
| 62 | Tier 1 | 32.35% | 32.35% |
| 63 | Total Capital | 32.35% | 32.35% |
| OSFI Target Ratios | | | |
| 69 | CET1 | 7.0% | 3.5% |
| 70 | Tier 1 | n/a | 4.5% |
| 71 | Total Capital | n/a | 8.0% |
| Capital Instruments Subject To Phase Out Arrangements | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | n/a | - |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | n/a | - |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 84 | Current cap on T2 instruments subject to phase out arrangements | n/a | - |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | n/a | - |

Table 1C-Q4, 2014: Regulatory capital – Interim Disclosures for Q4, 2014– Basel III

| <i>In 000's CAD</i> | | All-in Basis | Transitional Basis |
|--|---|--------------|--------------------|
| Common Equity Tier 1 Capital: Instruments and Reserves and Regulatory Adjustments | | | |
| 1 | Common shares | 30,000 | 30,000 |
| 7 | Retained Earnings | 1,751 | 1,751 |
| 3 | Accumulated Other Comprehensive Income | - | - |
| 5 | Common shares issued by subsidiaries and held by third parties | - | - |
| 28 | Regulatory adjustments applied to Common Equity Tier 1 (CET1) | - | - |
| 29 | Common Equity Tier 1 Capital | 31,751 | 31,751 |
| Additional Tier 1 Capital: Instruments and Regulatory Adjustments | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments | - | - |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | - | - |
| 34 | Additional Tier 1 instruments issued by subsidiaries and held by third parties | - | - |
| 35 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 43 | Regulatory adjustments applied to Additional Tier 1 | - | - |
| 44 | Additional Tier 1 Capital (AT1) | - | - |
| 45 | Tier 1 Capital (T1=CET1+ AT1) | 31,751 | 31,751 |
| Tier 2 Capital: Instruments and Provisions and Regulatory Adjustments | | | |
| 46 | Directly issued qualifying Tier 2 instruments | - | - |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | - | - |
| 48 | Tier 2 instruments issued by subsidiaries and held by third parties | - | - |
| 49 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - | - |
| 50 | Provisions | - | - |
| 57 | Regulatory adjustments applied to Tier 2 | - | - |
| 58 | Tier 2 Capital (T2) | - | - |
| 59 | Total Capital (TC = T1 + T2) | 31,751 | 31,751 |
| 60 | Total risk weighted-assets | 92,266 | 92,266 |
| Capital Ratios | | | |
| 61 | CET1 | 34.41% | 34.41% |
| 62 | Tier 1 | 34.41% | 34.41% |
| 63 | Total Capital | 34.41% | 34.41% |
| OSFI Target Ratios | | | |
| 69 | CET1 | 7.0% | 3.5% |
| 70 | Tier 1 | n/a | 4.5% |
| 71 | Total Capital | n/a | 8.0% |
| Capital Instruments Subject To Phase Out Arrangements | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | n/a | - |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | n/a | - |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | n/a | - |
| 84 | Current cap on T2 instruments subject to phase out arrangements | n/a | - |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | n/a | - |

5.4. Capital requirements for Risks

Table2: Risk-weighted assets - by risk type and regulatory capital requirements

2016 Quarterly – Basel III:

| | December 31, 2016 | | September 30, 2016 | |
|---------------------|-------------------|------------------|--------------------|------------------|
| | RWAs | Capital required | RWAs | Capital required |
| Credit risk | \$ 115,472 | \$ 12,125 | \$107,068 | \$ 11,242 |
| Market risk | \$ - | \$ - | \$ - | \$ - |
| Operational risk | \$ 9,163 | \$ 962 | \$ 9,063 | \$ 952 |
| Total | \$ 124,635 | \$ 13,087 | \$116,131 | \$ 12,194 |
| Total Capital | | \$ 30,978 | | \$ 31,475 |
| Surplus | | \$ 17,891 | | \$ 19,281 |
| Total Capital ratio | | 24.85% | | 33.33% |

*Capital required for risk is the regulatory capital charge, calculated as 10,5% of RWAs

| | June 30, 2016 | | March 31, 2016 | |
|---------------------|-------------------|------------------|------------------|------------------|
| | RWAs | Capital required | RWAs | Capital required |
| Credit risk | \$ 97,898 | \$ 10,279 | \$ 94,040 | \$ 9,874 |
| Market risk | \$ - | \$ - | \$ - | \$ - |
| Operational risk | \$ 8,875 | \$ 932 | \$ 8,788 | \$ 923 |
| Total | \$ 106,773 | \$ 11,211 | \$102,828 | \$ 10,797 |
| Total Capital | | \$ 31,611 | | \$ 31,713 |
| Surplus | | \$ 20,400 | | \$ 20,916 |
| Total Capital ratio | | 29.61% | | 30.84% |

*Capital required for risk is the regulatory capital charge, calculated as 10,5% of RWAs

2015 Quarterly – Basel III:

| | December 31, 2015 | | September 30, 2015 | |
|---------------------|-------------------|------------------|--------------------|------------------|
| | RWAs | Capital required | RWAs | Capital required |
| Credit risk | \$ 89,113 | \$ 9,357 | \$ 87,137 | \$ 9,149 |
| Market risk | \$ - | \$ - | \$ - | \$ - |
| Operational risk | \$ 8,750 | \$ 919 | \$ 8,663 | \$ 910 |
| Total | \$ 97,863 | \$ 10,276 | \$ 95,800 | \$ 10,059 |
| Total Capital | | \$ 31,835 | | \$ 31,930 |
| Surplus | | \$ 21,559 | | \$ 21,871 |
| Total Capital ratio | | 32.53% | | 33.33% |

*Capital required for risk is the regulatory capital charge, calculated as 10,5% of RWAs

| | June 30, 2015 | | March 31, 2015 | |
|---------------------|---------------|-------------------------------|----------------|-------------------------------|
| | RWAs | Capital required ¹ | RWAs | Capital required ¹ |
| Credit risk | \$ 92,457 | \$ 9,708 | \$ 89,543 | \$ 9,402 |
| Market risk | \$ - | \$ - | \$ - | \$ - |
| Operational risk | \$ 8,613 | \$ 904 | \$ 8,575 | \$ 900 |
| Total | \$ 101,070 | \$ 10,612 | \$ 98,118 | \$ 10,302 |
| Total Capital | | \$ 31,817 | | \$ 31,746 |
| Surplus | | \$ 21,205 | | \$ 21,444 |
| Total Capital ratio | | 31.48% | | 32.35% |

¹Capital required for risk is the regulatory capital charge, calculated as 10.5% of RWAs

2014 Quarterly – Basel III:

| | December 31, 2014 | | September 30, 2014 | |
|---------------------|-------------------|-------------------------------|--------------------|-------------------------------|
| | RWAs | Capital required ¹ | RWAs | Capital required ¹ |
| Credit risk | \$ 83,691 | \$ 8,788 | \$ 83,386 | \$ 8,756 |
| Market risk | \$ - | \$ - | \$ - | \$ - |
| Operational risk | \$ 8,575 | \$ 900 | \$ 8,538 | \$ 896 |
| Total | \$ 92,226 | \$ 9,688 | \$ 91,924 | \$ 9,652 |
| Total Capital | | \$ 31,751 | | \$ 32,031** |
| Surplus | | \$ 22,063 | | \$ 22,379 |
| Total Capital ratio | | 34.41% | | 34.85%** |

¹Capital required for risk is the regulatory capital charge, calculated as 10.5% of RWAs

Note: Capital requirements for credit and market risk are subject only to standardized approach; capital requirements for operational risk are subject to basic indicator approach.

Note: Additional information regarding Bank's Risk management framework and processes can be found in the *Bank's Annual Report (audited) for 2016 fiscal year*, Note 3 "Nature and extent of risk arising from financial instruments".

5.5. Public Disclosure related to Basel III Leverage Ratio

Effective 2015, the Bank is required to disclose its Leverage Ratio (LR) in accordance with the BCBS LR Framework, OSFI's Leverage Requirement Guideline and Guideline "Public Disclosure Requirements related to Basel III Leverage Ratio" using the prescribed reporting table template "Leverage ratio common disclosure template for non-D-SIBs on an "all-in basis".

Note that the table has been extracted from and should be read in conjunction with the BCBS LR Framework and OSFI's Leverage Requirements guideline.

Table 3LR-Q4, 2016: Leverage Ratio Disclosures for Q4, 2016 (in 000's CAD)

| | Item | Leverage Ratio Framework |
|--|--|--------------------------|
| On-balance sheet exposures | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral) | 196,029 |
| 2 | (Asset amounts deducted in determining Basel III "all-in" Tier 1 capital) | - |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 196,029 |
| Derivative exposures | | |
| 4 | Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin) | 18 |
| 5 | Add-on amounts for PFE associated with all derivative transactions | 54 |
| 11 | Total derivative exposures (sum of lines 4 to 10) | 72 |
| Securities financing 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 | 13,909 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (8,375) |
| 19 | Off-balance sheet items (sum of lines 17 and 18) | 5,552 |
| Capital and Total Exposures | | |
| 20 | Tier 1 capital | 30,978 |
| 21 | Total Exposures (sum of lines 3, 11, 16 and 19) | 201,653 |
| Leverage Ratios | | |
| 22 | Basel III leverage ratio | 15.36 % |

Table 3LR-Q3, 2016: Leverage Ratio Disclosures for Q3, 2016 (in 000's CAD)

| | Item | Leverage Ratio Framework |
|--|--|--------------------------|
| On-balance sheet exposures | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral) | 178,410 |
| 2 | (Asset amounts deducted in determining Basel III "all-in" Tier 1 capital) | - |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 178,410 |
| Derivative exposures | | |
| 4 | Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin) | 18 |
| 5 | Add-on amounts for PFE associated with all derivative transactions | 67 |
| 11 | Total derivative exposures (sum of lines 4 to 10) | 85 |
| Securities financing 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 | 14,148 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (8,602) |
| 19 | Off-balance sheet items (sum of lines 17 and 18) | 5,546 |
| Capital and Total Exposures | | |
| 20 | Tier 1 capital | 31,475 |
| 21 | Total Exposures (sum of lines 3, 11, 16 and 19) | 184,041 |
| Leverage Ratios | | |
| 22 | Basel III leverage ratio | 17.10 % |

Table 3LR-Q2, 2016: Leverage Ratio Disclosures for Q2, 2016 (in 000's CAD)

| | Item | Leverage Ratio Framework |
|----------------------------|--|--------------------------|
| On-balance sheet exposures | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral) | 179,864 |
| 2 | (Asset amounts deducted in determining Basel III "all-in" Tier 1 capital) | - |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 179,894 |
| Derivative exposures | | |
| 4 | Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin) | 61 |
| 5 | Add-on amounts for PFE associated with all derivative transactions | 62 |

| | | |
|--|---|----------|
| 11 | Total derivative exposures (sum of lines 4 to 10) | 123 |
| Securities financing 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 | 16,499 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (10,454) |
| 19 | Off-balance sheet items (sum of lines 17 and 18) | 6,045 |
| Capital and Total Exposures | | |
| 20 | Tier 1 capital | 31,611 |
| 21 | Total Exposures (sum of lines 3, 11, 16 and 19) | 186,062 |
| Leverage Ratios | | |
| 22 | Basel III leverage ratio | 16.99 % |

Table 3LR-Q1, 2016: Leverage Ratio Disclosures for Q1, 2016 (in 000's CAD)

| | Item | Leverage Ratio Framework |
|--|--|--------------------------|
| On-balance sheet exposures | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral) | 180,639 |
| 2 | (Asset amounts deducted in determining Basel III "all-in" Tier 1 capital) | - |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 180,639 |
| Derivative exposures | | |
| 4 | Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin) | 216 |
| 5 | Add-on amounts for PFE associated with all derivative transactions | 77 |
| 11 | Total derivative exposures (sum of lines 4 to 10) | 293 |
| Securities financing 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 | 17,996 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (11,617) |
| 19 | Off-balance sheet items (sum of lines 17 and 18) | 6,379 |
| Capital and Total Exposures | | |
| 20 | Tier 1 capital | 31,713 |
| 21 | Total Exposures (sum of lines 3, 11, 16 and 19) | 187,311 |
| Leverage Ratios | | |
| 22 | Basel III leverage ratio | 16.93 % |

Table 3LR-Q4, 2015: Leverage Ratio Disclosures for Q4, 2015 (in 000's CAD)

| | Item | Leverage Ratio Framework |
|--|--|--------------------------|
| On-balance sheet exposures | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral) | 179,992 |
| 2 | (Asset amounts deducted in determining Basel III "all-in" Tier 1 capital) | - |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 179,992 |
| Derivative exposures | | |
| 4 | Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin) | 77 |
| 5 | Add-on amounts for PFE associated with all derivative transactions | 88 |
| 11 | Total derivative exposures (sum of lines 4 to 10) | 165 |
| Securities financing 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 | 16,548 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (10,170) |
| 19 | Off-balance sheet items (sum of lines 17 and 18) | 6,378 |
| Capital and Total Exposures | | |
| 20 | Tier 1 capital | 31,835 |
| 21 | Total Exposures (sum of lines 3, 11, 16 and 19) | 186,535 |
| Leverage Ratios | | |
| 22 | Basel III leverage ratio | 17.07 % |

Table 3LR-Q3, 2015: Leverage Ratio Disclosures for Q3, 2015 (in 000's CAD)

| | Item | Leverage Ratio Framework |
|----------------------------|--|--------------------------|
| On-balance sheet exposures | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral) | 181,365 |
| 2 | (Asset amounts deducted in determining Basel III "all-in" Tier 1 capital) | - |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 181,365 |
| Derivative exposures | | |
| 4 | Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin) | 118 |
| 5 | Add-on amounts for PFE associated with all derivative transactions | 92 |

| | | |
|--|---|---------|
| 11 | Total derivative exposures (sum of lines 4 to 10) | 210 |
| Securities financing 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 | 13,426 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (8,447) |
| 19 | Off-balance sheet items (sum of lines 17 and 18) | 4,979 |
| Capital and Total Exposures | | |
| 20 | Tier 1 capital | 31,930 |
| 21 | Total Exposures (sum of lines 3, 11, 16 and 19) | 186,554 |
| Leverage Ratios | | |
| 22 | Basel III leverage ratio | 17.12 % |

Table 3LR-Q2, 2015: Leverage Ratio Disclosures for Q2, 2015 (in 000's CAD)

| | Item | Leverage Ratio Framework |
|--|--|--------------------------|
| On-balance sheet exposures | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral) | 161,687 |
| 2 | (Asset amounts deducted in determining Basel III "all-in" Tier 1 capital) | - |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 161,687 |
| Derivative exposures | | |
| 4 | Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin) | 3 |
| 5 | Add-on amounts for PFE associated with all derivative transactions | 10 |
| 11 | Total derivative exposures (sum of lines 4 to 10) | 13 |
| Securities financing 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 | 15,325 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (9,910) |
| 19 | Off-balance sheet items (sum of lines 17 and 18) | 5,415 |
| Capital and Total Exposures | | |
| 20 | Tier 1 capital | 31,817 |
| 21 | Total Exposures (sum of lines 3, 11, 16 and 19) | 167,115 |
| Leverage Ratios | | |
| 22 | Basel III leverage ratio | 19.04 % |

Table 3LR-Q1, 2015: Leverage Ratio Disclosures for Q1, 2015 (in 000's CAD)

| | Item | Leverage Ratio Framework |
|--|--|--------------------------|
| On-balance sheet exposures | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral) | 162,040 |
| 2 | (Asset amounts deducted in determining Basel III "all-in" Tier 1 capital) | - |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 162,040 |
| Derivative exposures | | |
| 4 | Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin) | 19 |
| 5 | Add-on amounts for PFE associated with all derivative transactions | 32 |
| 11 | Total derivative exposures (sum of lines 4 to 10) | 51 |
| Securities financing 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 | 17,517 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (11,657) |
| 19 | Off-balance sheet items (sum of lines 17 and 18) | 5,860 |
| Capital and Total Exposures | | |
| 20 | Tier 1 capital | 31,746 |
| 21 | Total Exposures (sum of lines 3, 11, 16 and 19) | 167,951 |
| Leverage Ratios | | |
| 22 | Basel III leverage ratio | 18.90 % |

6. Credit risk: general disclosures

6.1. General qualitative disclosures

Qualitative disclosures with respect to definitions of past due and impaired (for accounting purposes), description of approaches followed for specific and general allowances, and discussion of the credit risk management policy are present in the *Bank's Annual Report (audited) for 2016 fiscal year*, Notes 1a (vii) "Identification and measurement of impairment", 1c "Loans and advances", 3a "Credit risk", and 5 "Past due and impaired assets and allowance for impairment".

6.2. Quantative disclosures

Quantitative disclosures with respect to

- total gross credit risk exposures* broken down by major types of credit exposure,
- geographic distribution of exposures of exposures broken down in significant areas by major types of credit exposure,
- industry distribution broken down by major types of credit exposure,
- disclosure on amount of impaired loans and past due loans, specific and collective allowances, charges for specific allowances and charge-offs during the period, and reconciliation of charges in the allowances for loan impairment are presented below.

*Exposure represents gross exposure at default before allowances and credit risk mitigation.

- Total Gross Credit Exposure - Counterparty type distribution broken down by major types of credit exposure (for each quarter-end for 2016 and comparative data for 2015 year):

2016:

December 31, 2016

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|------------------|--------------------------|---------------------|-------------------------------------|------------------|------------------|
| <i>Bank</i> | \$80,276 | - | \$6 | \$152 | \$80,434 | \$21,825 |
| <i>Sovereign</i> | \$9,995 | - | - | - | \$9,995 | - |
| <i>Corporate</i> | \$81,237 | \$5,602 | \$12 | \$3,806 | \$90,657 | \$81,875 |
| <i>Retail Residential Mortgages</i> | \$23,589 | \$4,314 | - | - | \$27,903 | \$8,517 |
| <i>Other Retail</i> | \$243 | \$35 | - | - | \$278 | \$149 |
| Total Gross Credit Exposure | \$195,340 | \$9,951 | \$18 | \$3,958 | \$209,267 | \$112,366 |
| <i>Reconciliation to Statements of Financial Position</i> | | | | | | |
| <i>Other Assets (not included in Standardized)</i> | \$2,728 | | | | | \$3,106 |
| Total Assets subject to credit risk | \$198,068 | | | | | |
| <i>Less Allowance for impairment</i> | \$1,200 | | | | | |
| <i>Less Collective Allowance</i> | \$821 | | | | | |
| Total Assets | \$196,047 | | | Total RWAs | | \$115,472 |
| <i>*includes replacement values</i> | | | | | | |

September 30, 2016

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|------------------|--------------------------|---------------------|-------------------------------------|------------------|------------------|
| <i>Bank</i> | \$66,960 | - | \$9 | \$1,035 | \$68,004 | \$19,733 |
| <i>Sovereign</i> | \$9,982 | - | - | - | \$9,982 | - |
| <i>Corporate</i> | \$76,310 | \$5,359 | \$9 | \$3,394 | \$85,072 | \$76,235 |
| <i>Retail Residential Mortgages</i> | \$24,109 | \$4,320 | - | - | \$28,429 | \$8,697 |
| <i>Other Retail</i> | \$240 | \$40 | - | - | \$280 | \$150 |
| Total Gross Credit Exposure | \$177,601 | \$9,719 | \$18 | \$4,429 | \$191,767 | \$104,815 |
| <i>Reconciliation to Statements of Financial Position</i> | | | | | | |
| <i>Other Assets (not included in Standardized)</i> | \$2,310 | | | | | \$2,253 |
| Total Assets subject to credit risk | \$179,911 | | | | | |
| <i>Less Allowance for impairment</i> | \$700 | | | | | |
| <i>Less Collective Allowance</i> | \$783 | | | | | |
| Total Assets | \$178,428 | | | Total RWAs | | \$107,068 |
| <i>*includes replacement values</i> | | | | | | |

June 30, 2016

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|------------------|--------------------------|---------------------|-------------------------------------|------------------|-----------------|
| Bank | \$75,897 | - | \$41 | \$517 | \$76,455 | \$19,766 |
| Sovereign | \$9,995 | - | - | - | \$9,995 | - |
| Corporate | \$69,645 | \$7,457 | \$20 | \$3,887 | \$81,009 | \$67,378 |
| Retail Residential Mortgages | \$23,320 | \$4,613 | - | - | \$27,933 | \$8,441 |
| Other Retail | \$207 | \$25 | - | - | \$232 | \$148 |
| Total Gross Credit Exposure | \$179,064 | \$12,095 | \$61 | \$4,404 | \$195,624 | \$95,733 |
| <i>Reconciliation to Statements of Financial Position</i> | | | | | | |
| Other Assets (not included in Standardized) | \$2,292 | | | | | \$2,165 |
| Total Assets subject to credit risk | \$181,356 | | | | | |
| Less Allowance for impairment | \$700 | | | | | |
| Less Collective Allowance | \$701 | | | | | |
| Total Assets | \$179,955 | | | Total RWAs | | \$97,898 |
| <i>*includes replacement values</i> | | | | | | |

March 31, 2016

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|------------------|--------------------------|------------------|-------------------------------------|------------------|-----------------|
| Bank | \$88,312 | - | \$136 | \$1,813 | \$90,261 | \$22,748 |
| Sovereign | \$9,985 | - | - | - | \$9,985 | - |
| Corporate | \$64,074 | \$7,931 | \$80 | \$4,118 | \$76,203 | \$62,873 |
| Retail Residential Mortgages | \$17,604 | \$4,108 | - | - | \$21,712 | \$6,405 |
| Other Retail | \$205 | \$26 | - | - | \$231 | \$145 |
| Total Gross Credit Exposure | \$180,180 | \$12,065 | \$216 | \$5,931 | \$198,392 | \$92,171 |
| <i>Reconciliation to Statements of Financial Position</i> | | | | | | |
| Other Assets (not included in Standardized) | \$2,015 | | | | | \$1,869 |
| Total Assets subject to credit risk | \$182,195 | | | | | |
| Less Allowance for impairment | \$700 | | | | | |
| Less Collective Allowance | \$640 | | | | | |
| Total Assets | \$180,855 | | | Total RWAs | | \$94,040 |
| <i>*includes replacement values</i> | | | | | | |

2015:

| December 31, 2015 | | | | | | |
|---|------------------|-----------------------|------------------|-------------------------------|------------------|-----------------|
| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
| Bank | \$94,711 | - | \$10 | \$1,393 | \$96,114 | \$23,863 |
| Sovereign | \$9,996 | - | - | - | \$9,996 | - |
| Corporate | \$57,972 | \$6,288 | \$67 | \$3,963 | \$68,290 | \$57,475 |
| Retail Residential Mortgages | \$16,894 | \$4,878 | - | - | \$21,772 | \$6,209 |
| Other Retail | \$248 | \$26 | - | - | \$274 | \$166 |
| Total Gross Credit Exposure | \$179,821 | \$11,192 | \$77 | \$5,356 | \$196,446 | \$87,713 |
| <i>Reconciliation to Statements of Financial Position</i> | | | | | | |
| Other Assets (not included in Standardized) | \$1,558 | | | | | \$1,400 |
| Total Assets subject to credit risk | \$181,379 | | | | | |
| Less Allowance for impairment | \$700 | | | | | |
| Less Collective Allowance | \$610 | | | | | |
| Total Assets | \$180,069 | | | Total RWAs | | \$89,113 |
| *includes replacement values | | | | | | |

| September 30, 2015 | | | | | | |
|---|------------------|-----------------------|------------------|-------------------------------|------------------|-----------------|
| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
| Bank | \$98,437 | - | \$5 | \$734 | \$99,176 | \$25,084 |
| Sovereign | \$9,987 | - | - | - | \$9,987 | - |
| Corporate | \$53,766 | \$6,181 | \$113 | \$2,903 | \$62,963 | \$53,723 |
| Retail Residential Mortgages | \$18,809 | \$3,577 | - | - | \$22,386 | \$6,788 |
| Other Retail | \$252 | \$31 | - | - | \$283 | \$165 |
| Total Gross Credit Exposure | \$181,251 | \$9,789 | \$118 | \$3,637 | \$194,795 | \$85,760 |
| <i>Reconciliation to Statements of Financial Position</i> | | | | | | |
| Other Assets (not included in Standardized) | \$1,519 | | | | | \$1,377 |
| Total Assets subject to credit risk | \$182,770 | | | | | |
| Less Allowance for impairment | \$700 | | | | | |
| Less Collective Allowance | \$587 | | | | | |
| Total Assets | \$181,483 | | | Total RWAs | | \$87,137 |
| *includes replacement values | | | | | | |

June 30, 2015

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|------------------|-----------------------|------------------|-------------------------------|-------------------|-----------------|
| Bank | \$70,173 | - | - | \$62 | \$70,235 | \$20,178 |
| Sovereign | \$9,984 | - | - | - | \$9,984 | - |
| Corporate | \$61,847 | \$9,292 | \$3 | \$3,110 | \$74,252 | \$63,547 |
| Retail Residential Mortgages | \$19,046 | \$2,821 | - | - | \$21,867 | \$6,816 |
| Other Retail | \$239 | \$40 | - | - | \$279 | \$155 |
| Total Gross Credit Exposure | \$161,289 | \$12,153 | \$3 | \$3,172 | \$176,617 | \$90,696 |
| <u>Reconciliation to Statements of Financial Position</u> | | | | | | |
| Other Assets (not included in Standardized) | \$1,758 | | | | | \$1,761 |
| Total Assets subject to credit risk | \$163,047 | | | | | |
| Less Allowance for impairment | \$700 | | | | | |
| Less Collective Allowance | \$657 | | | | | |
| Total Assets | \$161,690 | | | | Total RWAs | \$92,457 |
| *includes replacement values | | | | | | |

March 31, 2015

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|------------------|-----------------------|------------------|-------------------------------|-------------------|-----------------|
| Bank | \$74,113 | - | \$8 | \$63 | \$74,184 | \$20,908 |
| Sovereign | \$9,960 | - | - | - | \$9,960 | - |
| Corporate | \$59,085 | \$10,762 | \$11 | \$3,050 | \$72,908 | \$60,480 |
| Retail Residential Mortgages | \$18,645 | \$3,623 | - | - | \$22,268 | \$6,730 |
| Other Retail | \$247 | \$19 | - | - | \$266 | \$144 |
| Total Gross Credit Exposure | \$162,050 | \$14,404 | \$19 | \$3,113 | \$179,586 | \$88,262 |
| <u>Reconciliation to Statements of Financial Position</u> | | | | | | |
| Other Assets (not included in Standardized) | \$1,354 | | | | | \$1,281 |
| Total Assets subject to credit risk | \$163,404 | | | | | |
| Less Allowance for impairment | \$700 | | | | | |
| Less Collective Allowance | \$645 | | | | | |
| Total Assets | \$162,059 | | | | Total RWAs | \$89,543 |
| *includes replacement values | | | | | | |

2014:

December 31, 2014

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|------------------|-----------------------|------------------|-------------------------------|-------------------|-----------------|
| Bank | \$72,367 | - | - | \$58 | \$72,425 | \$21,536 |
| Sovereign | \$9,936 | - | - | - | \$9,936 | - |
| Corporate | \$56,868 | \$7,205 | \$27 | \$3,408 | \$67,508 | \$55,351 |
| Retail Residential Mortgages | \$14,333 | \$3,698 | - | - | \$18,031 | \$5,238 |
| Other Retail | \$194 | \$27 | - | - | \$221 | \$110 |
| Total Gross Credit Exposure | \$153,698 | \$10,930 | \$27 | \$3,466 | \$168,121 | \$82,235 |
| <u>Reconciliation to Statements of Financial Position</u> | | | | | | |
| Other Assets (not included in Standardized) | \$1,283 | | | | | \$1,456 |
| Total Assets subject to credit risk | \$154,981 | | | | | |
| Less Allowance for impairment | \$700 | | | | | |
| Less Collective Allowance | \$600 | | | | | |
| Total Assets | \$153,681 | | | | Total RWAs | \$83,691 |
| *includes replacement values | | | | | | |

Note: Statements of Financial Position for September 30, June 30, and March 31 of 2016 and 2015 are not audited.

- Geographic distribution of exposures broken down by major types of credit exposure:

2016:

December 31, 2016

| Geographic Distribution of Exposures | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) |
|--------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|
| <i>Canada:</i> | \$173,186 | \$9,951 | \$15 | \$3,806 | \$186,958 | 89.34% |
| <i>Ontario</i> | \$172,717 | \$9,951 | \$15 | \$3,806 | \$186,489 | 89.12% |
| <i>Alberta</i> | - | - | - | - | \$0 | 0.00% |
| <i>British Columbia</i> | \$469 | - | - | - | \$469 | 0.22% |
| <i>Quebec</i> | - | - | - | - | \$0 | 0.00% |
| <i>USA</i> | \$10,395 | - | - | - | \$10,395 | 4.97% |
| <i>Other</i> | \$11,759 | - | \$3 | \$152 | \$11,914 | 5.69% |
| Total Gross Credit Exposure | \$195,340 | \$9,951 | \$18 | \$3,958 | \$209,267 | 100% |

*includes replacement values

September 30, 2016

| Geographic Distribution of Exposures | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) |
|--------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|
| <i>Canada:</i> | \$156,715 | \$9,719 | \$9 | \$3,394 | \$169,837 | 88.56% |
| <i>Ontario</i> | \$156,243 | \$9,719 | \$8 | \$3,394 | \$169,364 | 88.32% |
| <i>Alberta</i> | - | - | 1 | - | \$1 | 0.00% |
| <i>British Columbia</i> | \$472 | - | - | - | \$472 | 0.25% |
| <i>Quebec</i> | - | - | - | - | \$0 | 0.00% |
| <i>USA</i> | \$10,187 | - | - | - | \$10,187 | 5.31% |
| <i>Other</i> | \$10,699 | - | \$9 | \$1,035 | \$11,743 | 6.12% |
| Total Gross Credit Exposure | \$177,601 | \$9,719 | \$18 | \$4,429 | \$191,767 | 100% |

*includes replacement values

June 30, 2016

| Geographic Distribution of Exposures | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) |
|--------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|
| <i>Canada:</i> | \$155,206 | \$12,095 | \$20 | \$3,887 | \$171,208 | 87.52% |
| <i>Ontario</i> | \$154,731 | \$12,095 | \$20 | \$3,887 | \$170,733 | 87.28% |
| <i>Alberta</i> | - | - | - | - | \$0 | 0.00% |
| <i>British Columbia</i> | \$475 | - | - | - | \$475 | 0.24% |
| <i>Quebec</i> | - | - | - | - | \$0 | 0.00% |
| <i>USA</i> | \$16,028 | - | - | - | \$16,028 | 8.19% |
| <i>Other</i> | \$7,830 | - | \$41 | \$517 | \$8,388 | 4.29% |
| Total Gross Credit Exposure | \$179,064 | \$12,095 | \$61 | \$4,404 | \$195,624 | 100% |

*includes replacement values

March 31, 2016

| Geographic Distribution of Exposures | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) |
|--------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|
| Canada: | \$154,802 | \$12,065 | \$80 | \$4,118 | \$171,065 | 86.23% |
| Ontario | \$154,310 | \$12,065 | \$48 | \$4,118 | \$170,541 | 85.96% |
| Alberta | - | - | \$32 | - | \$32 | 0.02% |
| British Columbia | \$479 | - | - | - | \$479 | 0.24% |
| Quebec | \$13 | - | - | - | \$13 | 0.01% |
| USA | \$16,715 | - | - | - | \$16,715 | 8.43% |
| Other | \$8,663 | - | \$136 | \$1,813 | \$10,612 | 5.35% |
| Total Gross Credit Exposure | \$180,180 | \$12,065 | \$216 | \$5,931 | \$198,392 | 100% |

*includes replacement values

2015:

December 31, 2015

| Geographic Distribution of Exposures | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) |
|--------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|
| Canada: | \$159,490 | \$11,192 | \$67 | \$3,963 | \$174,712 | 88.94% |
| Ontario | \$158,999 | \$11,192 | \$63 | \$3,686 | \$173,940 | 88.54% |
| Alberta | - | - | 4 | \$277 | \$281 | 0.14% |
| British Columbia | \$482 | - | - | - | \$482 | 0.25% |
| Quebec | \$9 | - | - | - | \$9 | 0.00% |
| USA | \$11,461 | - | - | - | \$11,461 | 5.83% |
| Other | \$8,870 | - | 10 | \$1,393 | \$10,273 | 5.23% |
| Total Gross Credit Exposure | \$179,821 | \$11,192 | \$77 | \$5,356 | \$196,446 | 100% |

*includes replacement values

September 30, 2015

| Geographic Distribution of Exposures | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) |
|--------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|
| Canada: | \$162,177 | \$9,789 | \$118 | \$2,903 | \$174,987 | 89.83% |
| Ontario | \$161,680 | \$9,789 | \$118 | \$2,636 | \$174,223 | 89.44% |
| Alberta | - | - | - | \$267 | \$267 | 0.14% |
| British Columbia | \$485 | - | - | - | \$485 | 0.25% |
| Quebec | \$12 | - | - | - | \$12 | 0.01% |
| USA | \$9,626 | - | - | - | \$9,626 | 4.94% |
| Other | \$9,448 | - | - | \$734 | \$10,182 | 5.23% |
| Total Gross Credit Exposure | \$181,251 | \$9,789 | \$118 | \$3,637 | \$194,795 | 100% |

*includes replacement values

June 30, 2015

| Geographic Distribution of Exposures | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) |
|--------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|
| Canada: | \$147,302 | \$12,153 | \$3 | \$3,110 | \$162,568 | 92.05% |
| Ontario | \$143,975 | \$12,136 | \$3 | \$2,860 | \$158,974 | 90.01% |
| Alberta | - | - | - | \$250 | \$250 | 0.14% |
| British Columbia | \$488 | - | - | - | \$488 | 0.28% |
| Quebec | \$2,839 | 17 | - | - | \$2,856 | 1.62% |
| USA | \$3,362 | - | - | - | \$3,362 | 1.90% |
| Other | \$10,625 | - | - | \$62 | \$10,687 | 6.05% |
| Total Gross Credit Exposure | \$161,289 | \$12,153 | \$3 | \$3,172 | \$176,617 | 100% |

*includes replacement values

March 31, 2015

| Geographic Distribution of Exposures | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) |
|--------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|
| <i>Canada:</i> | \$141,420 | \$14,404 | \$19 | \$3,050 | \$158,893 | 88.48% |
| <i>Ontario</i> | \$137,869 | \$14,404 | \$19 | \$2,797 | \$155,089 | 86.36% |
| <i>Alberta</i> | - | - | - | 253 | \$253 | 0.14% |
| <i>British Columbia</i> | 490 | - | - | - | \$490 | 0.27% |
| <i>Quebec</i> | \$3,061 | - | - | - | \$3,061 | 1.70% |
| <i>USA</i> | \$8,628 | - | - | - | \$8,628 | 4.80% |
| <i>Other</i> | \$12,002 | - | - | \$63 | \$12,065 | 6.72% |
| Total Gross Credit Exposure | \$162,050 | \$14,404 | \$19 | \$3,113 | \$179,586 | 100% |

*includes replacement values

2014:

December 31, 2014

| Geographic Distribution of Exposures | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) |
|--------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|
| <i>Canada:</i> | \$135,322 | \$10,930 | \$27 | \$3,408 | \$149,687 | 89.04% |
| <i>Ontario</i> | \$131,810 | \$10,762 | \$27 | \$3,176 | \$145,775 | 86.71% |
| <i>Alberta</i> | - | - | - | 232 | \$232 | 0.14% |
| <i>British Columbia</i> | 582 | \$168 | - | - | \$750 | 0.45% |
| <i>Quebec</i> | \$2,930 | - | - | - | \$2,930 | 1.74% |
| <i>USA</i> | \$5,959 | - | - | - | \$5,959 | 3.54% |
| <i>Other</i> | \$12,417 | - | \$0 | \$58 | \$12,475 | 7.42% |
| Total Gross Credit Exposure | \$153,698 | \$10,930 | \$27 | \$3,466 | \$168,121 | 100% |

*includes replacement values

- Industry (and Collective allowance) distribution of exposures broken down by major types of credit exposure:

Reconciliation of changes in the allowances for impairment is presented in the Bank's Annual Report (audited) for 2016 fiscal year, Notes 3 "Nature and extent of risk arising from financial instruments", 4 "Exposure to credit risk", and 5 "Past due and impaired assets and allowance for impairment".

2016:

December 31, 2016

| Standardized exposure by Industry | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) | Collective Allowance | Specific Allowance |
|------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|----------------------|--------------------|
| Sovereign | \$9,995 | - | - | - | \$9,995 | 4.78% | - | - |
| Bank | \$80,276 | - | \$6 | \$152 | \$80,434 | 38.44% | \$54 | - |
| Financial Services | \$80,276 | - | \$6 | \$152 | \$80,434 | 38.44% | \$54 | - |
| Corporate | \$81,237 | \$5,602 | \$12 | \$3,806 | \$90,657 | 43.32% | \$646 | \$1,200 |
| Capital Goods | \$57 | \$18 | - | \$0 | \$75 | 0.04% | - | - |
| Communications | - | - | - | - | - | - | - | - |
| Metal & Mining | \$10,902 | \$919 | \$12 | \$211 | \$12,044 | 5.76% | \$88 | - |
| Real Estate | \$41,749 | \$929 | - | \$2,877 | \$45,555 | 21.77% | \$349 | - |
| Resources & Basic Materials | \$863 | \$0 | - | - | \$863 | 0.41% | \$5 | - |
| Retail & Wholesale | \$6,699 | \$3,306 | - | \$332 | \$10,337 | 4.94% | \$45 | - |
| Services | \$15,752 | \$239 | - | \$386 | \$16,377 | 7.83% | \$132 | \$1,200 |
| Transportation | - | - | - | - | - | - | - | - |
| Other | \$5,215 | \$191 | - | - | \$5,406 | 2.58% | \$27 | - |
| Retail Residential Mortgages | \$23,589 | \$4,314 | - | - | \$27,903 | 13.33% | \$119 | - |
| Other Retail | \$243 | \$35 | - | - | \$278 | 0.13% | \$2 | - |
| Total Gross Credit Exposure | \$195,340 | \$9,951 | \$18 | \$3,958 | \$209,267 | 100% | \$821 | \$1,200 |

*includes replacement values

Note: At December 31, 2016, the Bank had past due and individually impaired assets. For more details refer to the Bank's Annual Report (audited) for 2016 fiscal year, Notes 3 "Nature and extent of risk arising from financial instruments", 4 "Exposure to credit risk", and 5 "Past due and impaired assets and allowance for impairment".

September 30, 2016

| Standardized exposure by Industry | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) | Collective Allowance | Specific Allowance |
|------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|----------------------|--------------------|
| Sovereign | \$9,982 | - | - | - | \$9,982 | 5.21% | - | - |
| Bank | \$66,959 | - | \$9 | \$1,035 | \$68,003 | 35.46% | \$54 | - |
| Financial Services | \$66,959 | - | \$9 | \$1,035 | \$68,003 | 35.46% | \$54 | - |
| Corporate | \$76,311 | \$5,359 | \$9 | \$3,394 | \$85,073 | 44.36% | \$601 | \$700 |
| Capital Goods | \$44 | \$31 | - | \$9 | \$84 | 0.04% | - | - |
| Communications | - | - | - | - | - | - | - | - |
| Metal & Mining | \$11,187 | \$832 | \$6 | \$0 | \$12,025 | 6.27% | \$95 | - |
| Real Estate | \$41,041 | \$567 | - | \$2,983 | \$44,591 | 23.25% | \$343 | - |
| Resources & Basic Materials | \$898 | \$0 | - | - | \$898 | 0.47% | \$7 | - |
| Retail & Wholesale | \$5,342 | \$3,609 | - | \$162 | \$9,113 | 4.75% | \$30 | - |
| Services | \$13,956 | \$221 | - | \$240 | \$14,417 | 7.52% | \$120 | \$700 |
| Transportation | - | - | - | - | - | - | - | - |
| Other | \$3,843 | \$99 | \$3 | - | \$3,945 | 2.06% | \$6 | - |
| Retail Residential Mortgages | \$24,109 | \$4,320 | - | - | \$28,429 | 14.82% | \$126 | - |
| Other Retail | \$240 | \$40 | - | - | \$280 | 0.15% | \$2 | - |
| Total Gross Credit Exposure | \$177,601 | \$9,719 | \$18 | \$4,429 | \$191,767 | 100% | \$783 | \$700 |

*includes replacement values

June 30, 2016

| Standardized exposure by Industry | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) | Collective Allowance | Specific Allowance |
|------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|----------------------|--------------------|
| Sovereign | \$9,995 | - | - | - | \$9,995 | 5.11% | - | - |
| Bank | \$75,897 | - | \$41 | \$517 | \$76,455 | 39.08% | \$42 | - |
| Financial Services | \$75,897 | - | \$41 | \$517 | \$76,455 | 39.08% | \$42 | - |
| Corporate | \$69,645 | \$7,457 | \$20 | \$3,887 | \$81,009 | 41.41% | \$536 | \$700 |
| Capital Goods | \$310 | \$39 | - | \$16 | \$365 | 0.19% | - | - |
| Communications | - | - | - | - | - | - | - | - |
| Metal & Mining | \$8,668 | \$773 | \$19 | \$210 | \$9,670 | 4.94% | \$71 | - |
| Real Estate | \$36,224 | \$798 | - | \$2,953 | \$39,975 | 20.43% | \$303 | - |
| Resources & Basic Materials | \$355 | \$291 | - | - | \$646 | 0.33% | \$3 | - |
| Retail & Wholesale | \$5,761 | \$5,270 | - | \$399 | \$11,430 | 5.84% | \$35 | - |
| Services | \$13,777 | \$238 | - | \$309 | \$14,324 | 7.32% | \$117 | \$700 |
| Transportation | - | - | - | - | - | - | - | - |
| Other | \$4,550 | \$48 | \$1 | - | \$4,599 | 2.35% | \$7 | - |
| Retail Residential Mortgages | \$23,320 | \$4,613 | - | - | \$27,933 | 14.28% | \$121 | - |
| Other Retail | \$207 | \$25 | - | - | \$232 | 0.12% | \$2 | - |
| Total Gross Credit Exposure | \$179,064 | \$12,095 | \$61 | \$4,404 | \$195,624 | 100% | \$701 | \$700 |

*includes replacement values

March 31, 2016

| Standardized exposure by Industry | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) | Collective Allowance | Specific Allowance |
|------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|----------------------|--------------------|
| Sovereign | \$9,985 | - | - | - | \$9,985 | 5.03% | - | - |
| Bank | \$88,312 | - | \$136 | \$1,813 | \$90,261 | 45.50% | \$42 | - |
| Financial Services | \$88,312 | - | \$136 | \$1,813 | \$90,261 | 45.50% | \$42 | - |
| Corporate | \$64,074 | \$7,931 | \$80 | \$4,118 | \$76,203 | 38.41% | \$503 | \$700 |
| Capital Goods | \$418 | - | - | - | \$418 | 0.21% | \$2 | - |
| Communications | - | - | - | - | - | - | - | - |
| Metal & Mining | \$9,276 | \$104 | - | - | \$9,380 | 4.73% | \$75 | - |
| Real Estate | \$30,912 | \$821 | - | \$2,953 | \$34,686 | 17.48% | \$258 | - |
| Resources & Basic Materials | \$288 | \$386 | - | - | \$674 | 0.34% | \$2 | - |
| Retail & Wholesale | \$5,332 | \$5,805 | - | \$822 | \$11,959 | 6.03% | \$38 | - |
| Services | \$13,894 | \$203 | - | \$343 | \$14,440 | 7.28% | \$118 | \$700 |
| Transportation | - | - | - | - | - | - | - | - |
| Other | \$3,954 | \$612 | \$80 | - | \$4,646 | 2.34% | \$10 | - |
| Retail Residential Mortgages | \$17,604 | \$4,108 | - | - | \$21,712 | 10.94% | \$92 | - |
| Other Retail | \$205 | \$26 | - | - | \$231 | 0.12% | \$3 | - |
| Total Gross Credit Exposure | \$180,180 | \$12,065 | \$216 | \$5,931 | \$198,392 | 100% | \$640 | \$700 |

*includes replacement values

2015:

December 31, 2015

| Standardized exposure by Industry | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) | Collective Allowance | Specific Allowance |
|------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|----------------------|--------------------|
| Sovereign | \$9,996 | - | - | - | \$9,996 | 5.09% | - | - |
| Bank | \$94,711 | - | \$10 | \$1,393 | \$96,114 | 48.93% | \$43 | - |
| Financial Services | \$94,711 | - | \$10 | \$1,393 | \$96,114 | 48.93% | \$43 | - |
| Corporate | \$57,972 | \$6,288 | \$67 | \$3,963 | \$68,290 | 34.76% | \$474 | \$700 |
| Capital Goods | \$407 | \$10 | - | - | \$417 | 0.21% | \$2 | - |
| Communications | - | - | - | - | - | - | - | - |
| Metal & Mining | \$8,939 | \$635 | 33 | \$197 | \$9,804 | 4.99% | \$73 | - |
| Real Estate | \$26,589 | \$548 | - | \$2,873 | \$30,010 | 15.28% | \$223 | - |
| Resources & Basic Materials | \$628 | \$64 | - | - | \$692 | 0.35% | \$5 | - |
| Retail & Wholesale | \$4,605 | \$5,002 | - | \$115 | \$9,722 | 4.95% | \$32 | - |
| Services | \$13,574 | \$29 | - | \$502 | \$14,105 | 7.18% | \$116 | \$700 |
| Transportation | - | - | - | - | - | - | - | - |
| Other | \$3,230 | \$0 | \$34 | \$276 | \$3,540 | 1.80% | \$23 | - |
| Retail Residential Mortgages | \$16,894 | \$4,878 | - | - | \$21,772 | 11.08% | \$88 | - |
| Other Retail | \$248 | \$26 | - | - | \$274 | 0.14% | \$5 | - |
| Total Gross Credit Exposure | \$179,821 | \$11,192 | \$77 | \$5,356 | \$196,446 | 100% | \$610 | \$700 |

*includes replacement values

Note: At December 31, 2015, the Bank had past due and individually impaired assets. For more details refer to the Bank's Annual Report (audited) for 2015 fiscal year, Notes 3 "Nature and extent of risk arising from financial instruments", 4 "Exposure to credit risk", and 5 "Past due and impaired assets and allowance for impairment".

September 30, 2015

| Standardized exposure by Industry | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) | Collective Allowance | Specific Allowance |
|--|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|----------------------|--------------------|
| <i>Sovereign</i> | \$9,987 | - | - | - | \$9,987 | 5.13% | - | - |
| <i>Bank</i> | \$98,437 | - | \$5 | \$734 | \$99,176 | 50.91% | \$49 | - |
| <i>Financial Services</i> | \$98,437 | - | \$5 | 734 | \$99,176 | 50.91% | \$49 | - |
| <i>Corporate</i> | \$53,765 | \$6,181 | \$113 | \$2,903 | \$62,962 | 32.32% | \$438 | \$700 |
| <i>Capital Goods</i> | \$402 | \$16 | - | \$0 | \$418 | 0.21% | \$2 | - |
| <i>Communications</i> | - | - | - | - | - | - | - | - |
| <i>Metal & Mining</i> | \$8,898 | \$82 | 31 | \$103 | \$9,114 | 4.68% | \$73 | - |
| <i>Real Estate</i> | \$25,376 | \$760 | - | \$1,853 | \$27,989 | 14.37% | \$212 | - |
| <i>Resources & Basic Materials</i> | \$512 | \$156 | - | - | \$668 | 0.34% | \$4 | - |
| <i>Retail & Wholesale</i> | \$4,018 | \$4,970 | \$60 | \$109 | \$9,157 | 4.70% | \$26 | - |
| <i>Services</i> | \$13,340 | \$20 | - | \$493 | \$13,853 | 7.11% | \$114 | \$700 |
| <i>Transportation</i> | \$0 | - | - | - | \$0 | 0.00% | - | - |
| <i>Other</i> | \$1,219 | \$177 | \$22 | \$345 | \$1,763 | 0.91% | \$7 | - |
| <i>Retail Residential Mortgages</i> | \$18,809 | \$3,577 | - | - | \$22,386 | 11.49% | \$98 | - |
| <i>Other Retail</i> | \$253 | \$31 | - | - | \$284 | 0.15% | \$2 | - |
| Total Gross Credit Exposure | \$181,251 | \$9,789 | \$118 | \$3,637 | \$194,795 | 100% | \$587 | \$700 |

*Includes replacement values

June 30, 2015

| Standardized exposure by Industry | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) | Collective Allowance | Specific Allowance |
|--|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|----------------------|--------------------|
| <i>Sovereign</i> | \$9,984 | - | - | - | \$9,984 | 5.65% | - | - |
| <i>Bank</i> | \$70,173 | - | \$0 | \$62 | \$70,235 | 39.77% | \$63 | - |
| <i>Financial Services</i> | \$70,173 | - | \$0 | \$62 | \$70,235 | 39.77% | \$63 | - |
| <i>Corporate</i> | \$61,847 | \$9,292 | \$3 | \$3,110 | \$74,252 | 42.04% | \$492 | \$700 |
| <i>Capital Goods</i> | \$403 | \$20 | - | \$82 | \$505 | 0.29% | \$1 | - |
| <i>Communications</i> | - | - | - | - | - | - | - | - |
| <i>Metal & Mining</i> | \$8,764 | \$1,255 | - | \$0 | \$10,019 | 5.67% | \$70 | - |
| <i>Real Estate</i> | \$24,583 | \$751 | - | \$1,923 | \$27,257 | 15.43% | \$207 | - |
| <i>Resources & Basic Materials</i> | \$249 | \$376 | - | - | \$625 | 0.35% | \$2 | - |
| <i>Retail & Wholesale</i> | \$11,272 | \$6,277 | \$3 | \$251 | \$17,803 | 10.08% | \$74 | - |
| <i>Services</i> | \$15,216 | \$520 | - | \$602 | \$16,338 | 9.25% | \$128 | \$700 |
| <i>Transportation</i> | \$72 | \$78 | - | - | \$150 | 0.08% | - | - |
| <i>Other</i> | \$1,288 | \$15 | - | \$252 | \$1,555 | 0.88% | \$10 | - |
| <i>Retail Residential Mortgages</i> | \$19,046 | \$2,821 | - | - | \$21,867 | 12.38% | \$100 | - |
| <i>Other Retail</i> | \$239 | \$40 | - | - | \$279 | 0.16% | \$2 | - |
| Total Gross Credit Exposure | \$161,289 | \$12,153 | \$3 | \$3,172 | \$176,617 | 100% | \$657 | \$700 |

*Includes replacement values

March 31, 2015

| Standardized exposure by Industry | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) | Collective Allowance | Specific Allowance |
|------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|----------------------|--------------------|
| Sovereign | \$9,960 | - | - | - | \$9,960 | 5.55% | - | - |
| Bank | \$74,112 | - | \$8 | \$63 | \$74,183 | 41.31% | \$69 | - |
| Financial Services | \$74,112 | - | \$8 | \$63 | \$74,183 | 41.31% | \$69 | - |
| Corporate | \$59,086 | \$10,762 | \$11 | \$3,050 | \$72,909 | 40.60% | \$473 | \$700 |
| Capital Goods | \$411 | - | - | \$20 | \$431 | 0.24% | 2 | - |
| Communications | - | - | - | - | - | - | - | - |
| Metal & Mining | \$6,457 | \$1,589 | - | \$0 | \$8,046 | 4.48% | \$54 | - |
| Real Estate | \$24,858 | \$810 | - | \$1,923 | \$27,591 | 15.36% | \$211 | - |
| Resources & Basic Materials | - | \$633 | - | - | \$633 | 0.35% | - | - |
| Retail & Wholesale | \$10,483 | \$7,194 | \$11 | 251 | \$17,939 | 9.99% | \$68 | - |
| Services | \$15,116 | \$429 | - | \$603 | \$16,148 | 8.99% | \$129 | \$700 |
| Transportation | \$83 | 67 | - | - | \$150 | 0.08% | - | - |
| Other | \$1,678 | \$40 | - | \$253 | \$1,971 | 1.10% | \$9 | - |
| Retail Residential Mortgages | \$18,645 | \$3,623 | - | - | \$22,268 | 12.40% | \$101 | - |
| Other Retail | \$247 | \$19 | - | - | \$266 | 0.15% | \$2 | - |
| Total Gross Credit Exposure | \$162,050 | \$14,404 | \$19 | \$3,113 | \$179,586 | 100% | \$645 | \$700 |

*includes replacement values

2014:

December 31, 2014

| Standardized exposure by Industry | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | (%) | Collective Allowance | Specific Allowance |
|------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|-------------|----------------------|--------------------|
| Sovereign | \$9,936 | - | - | - | \$9,936 | 5.91% | - | - |
| Bank | \$72,367 | - | - | \$58 | \$72,425 | 43.08% | \$72 | - |
| Financial Services | \$72,367 | - | - | \$58 | \$72,425 | 43.08% | \$72 | - |
| Corporate | \$56,868 | \$7,205 | \$27 | \$3,408 | \$67,508 | 40.15% | \$453 | \$700 |
| Capital Goods | \$302 | - | - | 40 | \$342 | 0.20% | - | - |
| Communications | - | - | - | - | - | - | - | - |
| Metal & Mining | \$6,443 | \$200 | - | 330 | \$6,973 | 4.15% | \$53 | - |
| Real Estate | \$22,761 | \$502 | - | \$1,923 | \$25,186 | 14.98% | \$191 | - |
| Resources & Basic Materials | 105 | - | - | - | \$105 | 0.06% | 1 | - |
| Retail & Wholesale | \$13,465 | \$5,217 | - | 394 | \$19,076 | 11.35% | \$101 | - |
| Services | \$11,586 | \$11 | - | \$489 | \$12,086 | 7.19% | \$97 | \$700 |
| Transportation | 107 | 43 | - | - | \$150 | 0.09% | - | - |
| Other | \$2,099 | \$1,232 | \$27 | 232 | \$3,590 | 2.14% | \$10 | - |
| Retail Residential Mortgages | \$14,333 | \$3,698 | - | - | \$18,031 | 10.73% | \$74 | - |
| Other Retail | \$194 | \$27 | - | - | \$221 | 0.13% | \$1 | - |
| Total Gross Credit Exposure | \$153,698 | \$10,930 | \$27 | \$3,466 | \$168,121 | 100% | \$600 | \$700 |

*includes replacement values

Note: At December 31, 2014, the Bank had past due and individually impaired assets. For more details refer to the Bank's Annual Report (audited) for 2014 fiscal year, Notes 3 "Nature and extent of risk arising from financial instruments", 4 "Exposure to credit risk", and 5 "Past due and impaired assets and allowance for impairment".

- Residual contractual maturity breakdown of the whole portfolio broken down by major types of credit exposure:

2016:

December 31, 2016

| Residual Contractual Maturity Breakdown | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total |
|---|------------------|-----------------------|------------------|-------------------------------|------------------|
| <i>Within 1 year</i> | \$118,596 | \$9,951 | \$18 | \$3,958 | \$132,523 |
| <i>1 - 5 year</i> | \$76,744 | - | - | - | \$76,744 |
| <i>Greater than 5 year</i> | - | - | - | - | - |
| <i>No specific maturity</i> | - | - | - | - | - |
| Total Gross Credit Exposure | \$195,340 | \$9,951 | \$18 | \$3,958 | \$209,267 |

**includes replacement values*

September 30, 2016

| Residual Contractual Maturity Breakdown | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total |
|---|------------------|-----------------------|------------------|-------------------------------|------------------|
| <i>Within 1 year</i> | \$103,444 | \$9,719 | \$18 | \$4,429 | \$117,610 |
| <i>1 - 5 year</i> | \$74,157 | - | - | - | \$74,157 |
| <i>Greater than 5 year</i> | - | - | - | - | - |
| <i>No specific maturity</i> | - | - | - | - | - |
| Total Gross Credit Exposure | \$177,601 | \$9,719 | \$18 | \$4,429 | \$191,767 |

**includes replacement values*

June 30, 2016

| Residual Contractual Maturity Breakdown | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total |
|---|------------------|-----------------------|------------------|-------------------------------|------------------|
| <i>Within 1 year</i> | \$115,349 | \$12,095 | \$61 | \$4,404 | \$131,909 |
| <i>1 - 5 year</i> | \$63,715 | - | - | - | \$63,715 |
| <i>Greater than 5 year</i> | - | - | - | - | - |
| <i>No specific maturity</i> | - | - | - | - | - |
| Total Gross Credit Exposure | \$179,064 | \$12,095 | \$61 | \$4,404 | \$195,624 |

**includes replacement values*

March 31, 2016

| Residual Contractual Maturity Breakdown | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total |
|---|------------------|-----------------------|------------------|-------------------------------|------------------|
| <i>Within 1 year</i> | \$127,421 | \$12,065 | \$216 | \$5,931 | \$145,633 |
| <i>1 - 5 year</i> | \$52,759 | - | - | - | \$52,759 |
| <i>Greater than 5 year</i> | - | - | - | - | - |
| <i>No specific maturity</i> | - | - | - | - | - |
| Total Gross Credit Exposure | \$180,180 | \$12,065 | \$216 | \$5,931 | \$198,392 |

**includes replacement values*

2015:

December 31, 2015

| Residual Contractual Maturity Breakdown | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total |
|---|------------------|-----------------------|------------------|-------------------------------|------------------|
| Within 1 year | \$132,021 | \$11,192 | \$77 | \$5,356 | \$148,646 |
| 1 - 5 year | \$47,800 | - | - | - | \$47,800 |
| Greater than 5 year | - | - | - | - | - |
| No specific maturity | - | - | - | - | - |
| Total Gross Credit Exposure | \$179,821 | \$11,192 | \$77 | \$5,356 | \$196,446 |

*includes replacement values

September 30, 2015

| Residual Contractual Maturity Breakdown | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total |
|---|------------------|-----------------------|------------------|-------------------------------|------------------|
| Within 1 year | \$126,299 | \$9,789 | \$118 | \$3,637 | \$139,843 |
| 1 - 5 year | \$54,952 | - | - | - | \$54,952 |
| Greater than 5 year | - | - | - | - | - |
| No specific maturity | - | - | - | - | - |
| Total Gross Credit Exposure | \$181,251 | \$9,789 | \$118 | \$3,637 | \$194,795 |

*includes replacement values

June 30, 2015

| Residual Contractual Maturity Breakdown | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total |
|---|------------------|-----------------------|------------------|-------------------------------|------------------|
| Within 1 year | \$106,710 | \$12,153 | \$3 | \$3,172 | \$122,038 |
| 1 - 5 year | \$54,579 | - | - | - | \$54,579 |
| Greater than 5 year | - | - | - | - | - |
| No specific maturity | - | - | - | - | - |
| Total Gross Credit Exposure | \$161,289 | \$12,153 | \$3 | \$3,172 | \$176,617 |

*includes replacement values

March 31, 2015

| Residual Contractual Maturity Breakdown | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total |
|---|------------------|-----------------------|------------------|-------------------------------|------------------|
| Within 1 year | \$106,428 | \$14,404 | \$19 | \$3,113 | \$123,964 |
| 1 - 5 year | \$55,622 | - | - | - | \$55,622 |
| Greater than 5 year | - | - | - | - | - |
| No specific maturity | - | - | - | - | - |
| Total Gross Credit Exposure | \$162,050 | \$14,404 | \$19 | \$3,113 | \$179,586 |

*includes replacement values

2014:

December 31, 2014

| Residual Contractual Maturity Breakdown | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total |
|---|------------------|-----------------------|------------------|-------------------------------|------------------|
| Within 1 year | \$106,393 | \$10,930 | \$27 | \$3,466 | \$120,816 |
| 1 - 5 year | \$47,305 | - | - | - | \$47,305 |
| Greater than 5 year | - | - | - | - | - |
| No specific maturity | - | - | - | - | - |
| Total Gross Credit Exposure | \$153,698 | \$10,930 | \$27 | \$3,466 | \$168,121 |

*includes replacement values

7. Credit risk: Disclosures for Portfolios subject to the Standardized Approach

Eligible External Credit Assessment Institution (ECAI) ratings are used to assess the credit quality of all exposure classes, where applicable, using the credit quality assessment scale set by OSFI in its Guideline on Capital Adequacy Requirements (CAR) – Chapter 3 – Credit Risk – Standardized Approach.

The Bank rates exposure classes (claims) for claims on sovereigns and rating changes are used to update existing ratings as appropriate. All corporate credit exposures are unrated.

Claims on sovereigns and their central banks are risk weighted as follows:

| Credit Assessment ⁴ | AAA to AA- | A+ to A- | BBB+ to BBB- | BB+ to B- | Below B- | Unrated |
|--------------------------------|------------|----------|--------------|-----------|----------|---------|
| Risk Weight | 0% | 20% | 50% | 100% | 150% | 100% |

In accordance with the OSFI CAR Guideline, a risk weight applied to a claim on a bank (a deposit taking institution, DTI) is dependent on the credit assessment of a sovereign in the bank's country of incorporation. The bank risk weight is one notch less favorable than that which applies to its sovereign of incorporation. The following risk weights apply to claims on DTIs and banks:

| Credit assessment of Sovereign | AAA to AA- | A+ to A- | BBB+ to BBB- | BB+ to B- | Below B- | Unrated |
|--|------------|----------|--------------|-----------|----------|---------|
| DTI / Bank Risk Weight (Sovereign Credit quality step 1 plus notch) | 20% | 50% | 100% | 100% | 150% | 100% |

The information below sets out the distribution of standardized exposures (bank's outstandings after risk mitigation subject to standardized approach) across credit quality steps for exposure classes (claims) for DTIs and banks.

⁴ This notation refers to section 3.6.2.1. of the CAR Guideline to determine the applicable risk weight for rating agency methodologies.

2016:

December 31, 2016

| Standardized - Bank's Outstandings | Risk Weight | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|-------------|------------------|-----------------------|------------------|-------------------------------|------------------|------------------|
| <i>Sovereign</i> | 0% | \$9,995 | - | - | - | \$9,995 | - |
| <i>Bank</i> | | | | | | | |
| <i>Sovereign Credit quality step 1 plus notch</i> | 20% | \$73,177 | - | \$6 | - | \$73,183 | \$14,642 |
| <i>Sovereign Credit quality step 1 plus notch</i> | 50% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 100% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 150% | - | - | - | - | - | - |
| <i>Unrated</i> | 100% | \$7,099 | - | - | \$152 | - | \$7,183 |
| Total Bank exposure | | \$80,276 | - | 6 | \$152 | \$80,434 | \$21,825 |
| <i>Corporate</i> | | | | | | | |
| <i>Corporate - all unrated</i> | 100% | \$74,598 | \$5,602 | \$12 | \$3,806 | \$90,657 | \$73,716 |
| <i>Corporate - all unrated past due</i> | 150% | \$6,639 | - | - | - | - | \$8,159 |
| Total Corporate exposure | | \$81,237 | \$5,602 | \$12 | \$3,806 | \$90,657 | \$81,875 |
| <i>Retail Residential Mortgages - all unrated</i> | 35% | \$23,589 | \$4,314 | - | - | \$27,903 | \$8,517 |
| <i>Other Retail - all unrated</i> | 75% | \$243 | \$35 | - | - | \$278 | \$149 |
| Total Gross Credit Exposure | | \$195,340 | \$9,951 | \$18 | \$3,958 | \$209,267 | \$112,366 |

*includes replacement values

September 30, 2016

| Standardized - Bank's Outstandings | Risk Weight | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|-------------|------------------|-----------------------|------------------|-------------------------------|------------------|------------------|
| <i>Sovereign</i> | 0% | \$9,982 | - | - | - | \$9,982 | - |
| <i>Bank</i> | | | | | | | |
| <i>Sovereign Credit quality step 1 plus notch</i> | 20% | \$59,369 | - | \$9 | - | \$59,378 | \$11,882 |
| <i>Sovereign Credit quality step 1 plus notch</i> | 50% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 100% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 150% | - | - | - | - | - | - |
| <i>Unrated</i> | 100% | \$7,591 | - | - | \$1,035 | - | \$7,851 |
| Total Bank exposure | | \$66,960 | - | 9 | \$1,035 | \$68,004 | \$19,733 |
| <i>Corporate</i> | | | | | | | |
| <i>Corporate - all unrated</i> | 100% | \$71,527 | \$5,359 | \$9 | \$3,394 | \$85,072 | \$70,110 |
| <i>Corporate - all unrated past due</i> | 150% | \$4,783 | - | - | - | - | \$6,125 |
| Total Corporate exposure | | \$76,310 | \$5,359 | \$9 | \$3,394 | \$85,072 | \$76,235 |
| <i>Retail Residential Mortgages - all unrated</i> | 35% | \$24,109 | \$4,320 | - | - | \$28,429 | \$8,697 |
| <i>Other Retail - all unrated</i> | 75% | \$240 | \$40 | - | - | \$280 | \$150 |
| Total Gross Credit Exposure | | \$177,601 | \$9,719 | \$18 | \$4,429 | \$191,767 | \$104,815 |

*includes replacement values

June 30, 2016

| Standardized - Bank's Outstandings | Risk Weight | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|-------------|------------------|-----------------------|------------------|-------------------------------|------------------|-----------------|
| <i>Sovereign</i> | 0% | \$9,995 | - | - | - | \$9,995 | - |
| <i>Bank</i> | | | | | | | |
| <i>Sovereign Credit quality step 1 plus notch</i> | 20% | \$70,376 | - | \$41 | - | \$70,417 | \$14,090 |
| <i>Sovereign Credit quality step 1 plus notch</i> | 50% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 100% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 150% | - | - | - | - | - | - |
| <i>Unrated</i> | 100% | \$5,521 | - | - | \$517 | - | \$5,676 |
| Total Bank exposure | | \$75,897 | - | 41 | \$517 | \$76,455 | \$19,766 |
| <i>Corporate</i> | | | | | | | |
| <i>Corporate - all unrated</i> | 100% | \$69,645 | \$7,457 | \$20 | \$3,887 | \$81,009 | \$67,378 |
| <i>Corporate - all unrated past due</i> | 150% | - | - | - | - | - | - |
| Total Corporate exposure | | \$69,645 | \$7,457 | \$20 | \$3,887 | \$81,009 | \$67,378 |
| <i>Retail Residential Mortgages - all unrated</i> | 35% | \$23,320 | \$4,613 | - | - | \$27,933 | \$8,441 |
| <i>Other Retail - all unrated</i> | 75% | \$207 | \$25 | - | - | \$232 | \$148 |
| Total Gross Credit Exposure | | \$179,064 | \$12,095 | \$61 | \$4,404 | \$195,624 | \$95,733 |

*includes replacement values

March 31, 2016

| Standardized - Bank's Outstandings | Risk Weight | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|-------------|------------------|-----------------------|------------------|-------------------------------|------------------|-----------------|
| <i>Sovereign</i> | 0% | \$9,985 | - | - | - | \$9,985 | - |
| <i>Bank</i> | | | | | | | |
| <i>Sovereign Credit quality step 1 plus notch</i> | 20% | \$82,518 | - | \$136 | - | \$82,654 | \$16,539 |
| <i>Sovereign Credit quality step 1 plus notch</i> | 50% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 100% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 150% | - | - | - | - | - | - |
| <i>Unrated</i> | 100% | \$5,794 | - | - | \$1,813 | - | \$6,209 |
| Total Bank exposure | | \$88,312 | - | 136 | \$1,813 | \$90,261 | \$22,748 |
| <i>Corporate</i> | | | | | | | |
| <i>Corporate - all unrated</i> | 100% | \$64,074 | \$7,931 | \$80 | \$4,118 | \$76,203 | \$62,873 |
| <i>Corporate - all unrated past due</i> | 150% | - | - | - | - | - | - |
| Total Corporate exposure | | \$64,074 | \$7,931 | \$80 | \$4,118 | \$76,203 | \$62,873 |
| <i>Retail Residential Mortgages - all unrated</i> | 35% | \$17,604 | \$4,108 | - | - | \$21,712 | \$6,405 |
| <i>Other Retail - all unrated</i> | 75% | \$205 | \$26 | - | - | \$231 | \$145 |
| Total Gross Credit Exposure | | \$180,180 | \$12,065 | \$216 | \$5,931 | \$198,392 | \$92,171 |

*includes replacement values

2015:

December 31, 2015

| Standardized - Bank's Outstandings | Risk Weight | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|-------------|------------------|-----------------------|------------------|-------------------------------|------------------|-----------------|
| <i>Sovereign</i> | 0% | \$9,996 | - | - | - | \$9,996 | - |
| <i>Bank</i> | | | | | | | |
| <i>Sovereign Credit quality step 1 plus notch</i> | 20% | \$88,992 | - | \$10 | - | \$89,002 | \$17,810 |
| <i>Sovereign Credit quality step 1 plus notch</i> | 50% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 100% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 150% | - | - | - | - | - | - |
| <i>Unrated</i> | 100% | \$5,719 | - | - | \$1,393 | - | \$6,053 |
| Total Bank exposure | | \$94,711 | - | 10 | \$1,393 | \$96,114 | \$23,863 |
| <i>Corporate</i> | | | | | | | |
| <i>Corporate - all unrated</i> | 100% | \$57,972 | \$6,288 | \$67 | \$3,963 | \$68,290 | \$57,475 |
| <i>Corporate - all unrated past due</i> | 150% | - | - | - | - | - | - |
| Total Corporate exposure | | \$57,972 | \$6,288 | \$67 | \$3,963 | \$68,290 | \$57,475 |
| <i>Retail Residential Mortgages - all unrated</i> | 35% | \$16,894 | \$4,878 | - | - | \$21,772 | \$6,209 |
| <i>Other Retail - all unrated</i> | 75% | \$248 | \$26 | - | - | \$274 | \$166 |
| Total Gross Credit Exposure | | \$179,821 | \$11,192 | \$77 | \$5,356 | \$196,446 | \$87,713 |

*includes replacement values

September 30, 2015

| Standardized - Bank's Outstandings | Risk Weight | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|-------------|------------------|-----------------------|------------------|-------------------------------|------------------|-----------------|
| <i>Sovereign</i> | 0% | \$9,987 | - | - | - | \$9,987 | - |
| <i>Bank</i> | | | | | | | |
| <i>Sovereign Credit quality step 1 plus notch</i> | 20% | \$91,954 | - | \$5 | - | \$91,959 | \$18,401 |
| <i>Sovereign Credit quality step 1 plus notch</i> | 50% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 100% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 150% | - | - | - | - | - | - |
| <i>Unrated</i> | 100% | \$6,483 | - | - | \$734 | - | \$6,683 |
| Total Bank exposure | | \$98,437 | - | 5 | \$734 | \$99,176 | \$25,084 |
| <i>Corporate</i> | | | | | | | |
| <i>Corporate - all unrated</i> | 100% | \$53,766 | \$6,181 | \$113 | \$2,903 | \$62,963 | \$53,723 |
| <i>Corporate - all unrated past due</i> | 150% | - | - | - | - | - | - |
| Total Corporate exposure | | \$53,766 | \$6,181 | \$113 | \$2,903 | \$62,963 | \$53,723 |
| <i>Retail Residential Mortgages - all unrated</i> | 35% | \$18,809 | \$3,577 | - | - | \$22,386 | \$6,788 |
| <i>Other Retail - all unrated</i> | 75% | \$252 | \$31 | - | - | \$283 | \$165 |
| Total Gross Credit Exposure | | \$181,251 | \$9,789 | \$118 | \$3,637 | \$194,795 | \$85,760 |

*includes replacement values

June 30, 2015

| Standardized - Bank's Outstandings | Risk Weight | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|-------------|------------------|-----------------------|------------------|-------------------------------|------------------|-----------------|
| <i>Sovereign</i> | 0% | \$9,984 | - | - | - | \$9,984 | - |
| <i>Bank</i> | | | | | | | |
| <i>Sovereign Credit quality step 1 plus notch</i> | 20% | \$62,573 | - | - | - | \$62,573 | \$12,516 |
| <i>Sovereign Credit quality step 1 plus notch</i> | 50% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 100% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 150% | - | - | - | - | - | - |
| <i>Unrated</i> | 100% | \$7,600 | - | - | \$62 | - | \$7,662 |
| Total Bank exposure | | \$70,173 | - | - | \$62 | \$70,235 | \$20,178 |
| <i>Corporate</i> | | | | | | | |
| <i>Corporate - all unrated</i> | 100% | \$57,515 | \$9,292 | \$3 | \$3,110 | \$74,252 | \$58,099 |
| <i>Corporate - all unrated past due</i> | 150% | \$4,332 | - | - | - | - | \$5,448 |
| Total Corporate exposure | | \$61,847 | \$9,292 | \$3 | \$3,110 | \$74,252 | \$63,547 |
| <i>Retail Residential Mortgages - all unrated</i> | 35% | \$19,046 | \$2,821 | - | - | \$21,867 | \$6,816 |
| <i>Other Retail - all unrated</i> | 75% | \$239 | \$40 | - | - | \$279 | \$155 |
| Total Gross Credit Exposure | | \$161,289 | \$12,153 | \$3 | \$3,172 | \$176,617 | \$90,696 |

*includes replacement values

March 31, 2015

| Standardized - Bank's Outstandings | Risk Weight | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|-------------|------------------|-----------------------|------------------|-------------------------------|------------------|-----------------|
| <i>Sovereign</i> | 0% | \$9,960 | - | - | - | \$9,960 | - |
| <i>Bank</i> | | | | | | | |
| <i>Sovereign Credit quality step 1 plus notch</i> | 20% | \$66,592 | - | \$8 | - | \$66,600 | \$13,324 |
| <i>Sovereign Credit quality step 1 plus notch</i> | 50% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 100% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 150% | - | - | - | - | - | - |
| <i>Unrated</i> | 100% | \$7,521 | - | - | \$63 | - | \$7,584 |
| Total Bank exposure | | \$74,113 | - | \$8 | \$63 | \$74,184 | \$20,908 |
| <i>Corporate</i> | | | | | | | |
| <i>Corporate - all unrated</i> | 100% | \$54,744 | \$10,762 | \$11 | \$3,050 | \$72,908 | \$55,018 |
| <i>Corporate - all unrated past due</i> | 150% | \$4,341 | - | - | - | - | \$5,462 |
| Total Corporate exposure | | \$59,085 | \$10,762 | \$11 | \$3,050 | \$72,908 | \$60,480 |
| <i>Retail Residential Mortgages - all unrated</i> | 35% | \$18,645 | \$3,623 | - | - | \$22,268 | \$6,730 |
| <i>Other Retail - all unrated</i> | 75% | \$247 | \$19 | - | - | \$266 | \$144 |
| Total Gross Credit Exposure | | \$162,050 | \$14,404 | \$19 | \$3,113 | \$179,586 | \$88,262 |

*includes replacement values

2014:

December 31, 2014

| Standardized - Bank's Outstandings | Risk Weight | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | RWAs |
|---|-------------|------------------|-----------------------|------------------|-------------------------------|------------------|-----------------|
| <i>Sovereign</i> | 0% | \$9,936 | - | - | - | \$9,936 | - |
| <i>Bank</i> | | | | | | | |
| <i>Sovereign Credit quality step 1 plus notch</i> | 20% | \$63,615 | - | - | - | \$63,615 | \$12,726 |
| <i>Sovereign Credit quality step 1 plus notch</i> | 50% | - | - | - | - | - | - |
| <i>Sovereign Credit quality step 1 plus notch</i> | 100% | \$8,752 | - | - | \$58 | \$8,810 | \$8,810 |
| <i>Sovereign Credit quality step 1 plus notch</i> | 150% | - | - | - | - | - | - |
| <i>Unrated</i> | 100% | - | - | - | - | - | - |
| Total Bank exposure | | \$72,367 | | | \$58 | \$72,425 | \$21,536 |
| <i>Corporate - all unrated</i> | 100% | \$56,868 | \$7,205 | \$27 | \$3,408 | \$67,508 | \$55,351 |
| <i>Retail Residential Mortgages - all unrated</i> | 35% | \$14,333 | \$3,698 | - | - | \$18,031 | \$5,238 |
| <i>Other Retail - all unrated</i> | 75% | \$194 | \$27 | - | - | \$221 | \$110 |
| Total Gross Credit Exposure | | \$153,698 | \$10,930 | \$27 | \$3,466 | \$168,121 | \$82,235 |

*includes replacement values

Note: All corporate exposures are unrated that receive a risk weight of 100% and a risk weigh of 150% for past due exposures. Residential mortgages and other retail items are unrated because the credit quality step methodology does not apply.

8. Credit Risk Mitigation

Risk mitigation:

The Bank's approach when granting credit facilities is to do so on the basis of capacity to repay rather than place primary reliance on credit risk mitigants. Depending on a customer's standing and the type of product, facilities may be provided unsecured.

Mitigation of credit risk is nevertheless a key aspect of effective risk management and takes many forms.

The Bank's general policy is to promote the use of credit risk mitigation, justified by commercial prudence and good practice as well as capital efficiency. Specific, detailed policies cover the acceptability, structuring and terms of various types of business with regard to the availability of credit risk mitigation, for example in the form of collateral security. These policies, together with the determination of suitable valuation parameters, are subject to regular review to ensure that they are supported by empirical evidence and continue to fulfill their intended purpose.

The most common method of mitigating credit risk is to take collateral.

Collateral and other security enhancements:

The Bank holds collateral against business and personal loans in the form of mortgage interest over property, cash and term deposits, other security over assets, and guarantees. Guarantees from third parties can arise where the Bank extends facilities without the benefit of any alternative form of security.

Policies and procedures administer the protection of the Bank's position from the start of a customer relationship, for instance in requiring standard terms and conditions or specifically agreed documentation permitting the offset of credit balances against debt obligations, and through controls over the integrity, current valuation and, if necessary, realization of collateral security.

Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated, except when a loan is renewed or individually assessed as impaired.

An estimate of the fair value of collateral (main types) and other security enhancements held against business and personal loans is presented in the *Bank's Annual Report (audited) for 2016 fiscal year*, Note 4 "Exposure to credit risk".

Risk concentrations within the mitigation taken:

The Bank follows prudent practices to mitigate risk concentrations under the collateral obtained. The Bank's loan portfolio (consisting of personal line of credit, business line of credit, personal loan, business loan, commercial mortgage loan facility, and residential mortgage loan facility) is primarily secured by tangible securities.

Tangible securities consist of bank's first charge on commercial and / or residential property to the maximum of loan to value of 75%, bank guarantees, and cash collateral. The bank further mitigates the concentration risk by obtaining first charge on borrowers' assets (commercial loans), subordination and postponement of shareholders and related party claims (commercial loans), personal guarantees of borrowers / directors (commercial and personal loans and residential mortgages), and through comprehensive insurance on properties with the Bank noted as loss payee (commercial and residential mortgages).

As at December 31, 2016, the Bank's credit facilities secured against industrial buildings concluded to 13.6% (2015 - 15.3%) of the grand total of primary collateral of the credit risk portfolio. However, this collateral concentration is mitigated by additional securities such as first charge on borrowers' (corporate) assets, personal guarantees of beneficial shareholders, subordination and postponement of shareholders and related party loans, and comprehensive insurance of properties with the Bank noted as loss payee.

Overall risk concentrations within the mitigations taken are considered as low given the tangible and intangible securities obtained by the Bank.

The **following information** gives details of the exposure (on- and / or off-balance sheet netting is not applicable) covered by eligible financial collateral and by guarantees / credit derivatives (as per Basel II / III requirements, the tables exclude other types of collateral mentioned above).

2016:

| December 31, 2016 | | | | | | | |
|------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|---------------------------------|-----------------------------------|
| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | Eligible Financial Collateral** | Credit Derivatives / Guarantees** |
| Bank | \$80,276 | - | \$6 | \$152 | \$80,434 | - | - |
| Sovereign | \$9,995 | - | - | - | \$9,995 | - | - |
| Corporate | \$81,237 | \$5,602 | \$12 | \$3,806 | \$90,657 | \$6,204 | - |
| Retail Residential Mortgages | \$23,589 | \$4,314 | - | - | \$27,903 | \$116 | - |
| Other Retail | \$243 | \$35 | - | - | \$278 | \$65 | - |
| Total Gross Credit Exposure | \$195,340 | \$9,951 | \$18 | \$3,958 | \$209,267 | \$6,385 | - |

*includes replacement values

**Exposures covered under Standardized (Simple) Approach (by cash and bank guarantees)

September 30, 2016

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | Eligible Financial Collateral** | Credit Derivatives / Guarantees** |
|------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|---------------------------------|-----------------------------------|
| Bank | \$66,960 - | | \$9 | \$1,035 | \$68,004 | - | - |
| Sovereign | \$9,982 - | | - | | \$9,982 | - | - |
| Corporate | \$76,310 | \$5,359 | \$9 | \$3,394 | \$85,072 | \$6,569 | - |
| Retail Residential Mortgages | \$24,109 | \$4,320 - | - | | \$28,429 | \$125 | - |
| Other Retail | \$240 | \$40 - | - | | \$280 | \$60 | - |
| Total Gross Credit Exposure | \$177,601 | \$9,719 | \$18 | \$4,429 | \$191,767 | \$6,754 | - |

*includes replacement values

**Exposures covered under Standardized (Simple) Approach (by cash and bank guarantees)

June 30, 2016

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | Eligible Financial Collateral** | Credit Derivatives / Guarantees** |
|------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|---------------------------------|-----------------------------------|
| Bank | \$75,897 - | | \$41 | \$517 | \$76,455 | - | - |
| Sovereign | \$9,995 - | | - | | \$9,995 | - | - |
| Corporate | \$69,645 | \$7,457 | \$20 | \$3,887 | \$81,009 | \$7,416 | - |
| Retail Residential Mortgages | \$23,320 | \$4,613 - | - | | \$27,933 | \$125 | - |
| Other Retail | \$207 | \$25 - | - | | \$232 | \$15 | - |
| Total Gross Credit Exposure | \$179,064 | \$12,095 | \$61 | \$4,404 | \$195,624 | \$7,556 | - |

*includes replacement values

**Exposures covered under Standardized (Simple) Approach (by cash and bank guarantees)

March 31, 2016

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | Eligible Financial Collateral** | Credit Derivatives / Guarantees** |
|------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|---------------------------------|-----------------------------------|
| Bank | \$88,312 - | | \$136 | \$1,813 | \$90,261 | - | - |
| Sovereign | \$9,985 - | | - | | \$9,985 | - | - |
| Corporate | \$64,074 | \$7,931 | \$80 | \$4,118 | \$76,203 | \$6,519 | - |
| Retail Residential Mortgages | \$17,604 | \$4,108 - | - | | \$21,712 | \$125 | - |
| Other Retail | \$205 | \$26 - | - | | \$231 | \$18 | - |
| Total Gross Credit Exposure | \$180,180 | \$12,065 | \$216 | \$5,931 | \$198,392 | \$6,662 | - |

*includes replacement values

**Exposures covered under Standardized (Simple) Approach (by cash and bank guarantees)

2015:

December 31, 2015

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives* | Other Off Balance Sheet Items | Total | Eligible Financial Collateral** | Credit Derivatives / Guarantees** |
|------------------------------------|------------------|-----------------------|------------------|-------------------------------|------------------|---------------------------------|-----------------------------------|
| Bank | \$94,711 - | | \$10 | \$1,393 | \$96,114 | - | - |
| Sovereign | \$9,996 - | | - | | \$9,996 | - | - |
| Corporate | \$57,972 | \$6,288 | \$67 | \$3,963 | \$68,290 | \$5,583 | - |
| Retail Residential Mortgages | \$16,894 | \$4,878 - | - | | \$21,772 | \$129 | - |
| Other Retail | \$248 | \$26 - | - | | \$274 | \$32 | - |
| Total Gross Credit Exposure | \$179,821 | \$11,192 | \$77 | \$5,356 | \$196,446 | \$5,744 | - |

*includes replacement values

**Exposures covered under Standardized (Simple) Approach (by cash and bank guarantees)

September 30, 2015

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives * | Other Off Balance Sheet Items | Total | Eligible Financial Collateral** | Credit Derivatives / Guarantees** |
|------------------------------------|------------------|-----------------------|-------------------|-------------------------------|------------------|---------------------------------|-----------------------------------|
| Bank | \$98,437 - | | \$5 | \$734 | \$99,176 | - | - |
| Sovereign | \$9,987 - | | - | - | \$9,987 | - | - |
| Corporate | \$53,766 | \$6,181 | \$113 | \$2,903 | \$62,963 | \$3,739 | - |
| Retail Residential Mortgages | \$18,809 | \$3,577 - | - | - | \$22,386 | \$131 | - |
| Other Retail | \$252 | \$31 - | - | - | \$283 | \$38 | - |
| Total Gross Credit Exposure | \$181,251 | \$9,789 | \$118 | \$3,637 | \$194,795 | \$3,908 | - |

*includes replacement values

**Exposures covered under Standardized (Simple) Approach (by cash and bank guarantees)

June 30, 2015

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives * | Other Off Balance Sheet Items | Total | Eligible Financial Collateral** | Credit Derivatives / Guarantees** |
|------------------------------------|------------------|-----------------------|-------------------|-------------------------------|------------------|---------------------------------|-----------------------------------|
| Bank | \$70,173 - | | - | \$62 | \$70,235 | - | - |
| Sovereign | \$9,984 - | | - | - | \$9,984 | - | - |
| Corporate | \$61,847 | \$9,292 | \$3 | \$3,110 | \$74,252 | \$4,479 | - |
| Retail Residential Mortgages | \$19,046 | \$2,821 - | - | - | \$21,867 | \$136 | - |
| Other Retail | \$239 | \$40 - | - | - | \$279 | \$42 | - |
| Total Gross Credit Exposure | \$161,289 | \$12,153 | \$3 | \$3,172 | \$176,617 | \$4,657 | - |

*includes replacement values

**Exposures covered under Standardized (Simple) Approach (by cash and bank guarantees)

March 31, 2015

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives * | Other Off Balance Sheet Items | Total | Eligible Financial Collateral** | Credit Derivatives / Guarantees** |
|------------------------------------|------------------|-----------------------|-------------------|-------------------------------|------------------|---------------------------------|-----------------------------------|
| Bank | \$74,113 - | | \$8 | \$63 | \$74,184 | - | - |
| Sovereign | \$9,960 - | | - | - | \$9,960 | - | - |
| Corporate | \$59,085 | \$10,762 | \$11 | \$3,050 | \$72,908 | \$5,024 | - |
| Retail Residential Mortgages | \$18,645 | \$3,623 - | - | - | \$22,268 | \$140 | - |
| Other Retail | \$247 | \$19 - | - | - | \$266 | \$58 | - |
| Total Gross Credit Exposure | \$162,050 | \$14,404 | \$19 | \$3,113 | \$179,586 | \$5,222 | - |

*includes replacement values

**Exposures covered under Standardized (Simple) Approach (by cash and bank guarantees)

2014:

December 31, 2014

| Standardized | Drawn Exposure | Commitments (Undrawn) | OTC Derivatives * | Other Off Balance Sheet Items | Total | Eligible Financial Collateral** | Credit Derivatives / Guarantees** |
|------------------------------------|------------------|-----------------------|-------------------|-------------------------------|------------------|---------------------------------|-----------------------------------|
| Bank | \$72,367 - | | - | \$58 | \$72,425 | - | - |
| Sovereign | \$9,936 - | | - | - | \$9,936 | - | - |
| Corporate | \$56,868 | \$7,205 | \$27 | \$3,408 | \$67,508 | \$5,318 | - |
| Retail Residential Mortgages | \$14,333 | \$3,698 - | - | - | \$18,031 | \$107 | - |
| Other Retail | \$194 | \$27 - | - | - | \$221 | \$53 | - |
| Total Gross Credit Exposure | \$153,698 | \$10,930 | \$27 | \$3,466 | \$168,121 | \$5,478 | - |

*includes replacement values

**Exposures covered under Standardized (Simple) Approach (by cash and bank guarantees)

9. Derivatives

All of the Bank's derivative contracts are OTC foreign exchange forward transactions that are privately negotiated between the Bank and the counterparty to the contract.

Foreign exchange forwards are contracts in which one party contracts with another to exchange a specified amount of one currency for a specified amount of a second currency at a future date or range of dates.

All derivative instruments were originated in Canada with maturities of six months or less.

The Bank does not engage in other types of derivative products.

The tables below provide an analysis of the Bank's derivative portfolio and related credit exposure:

2016:

(a) Fair value of derivative financial instruments:

| | December 31, 2016 | |
|------------------------------------|-------------------|--------------|
| | Favourable | Unfavourable |
| Foreign exchange forward contracts | \$ 18 | \$ 14 |

| | September 30, 2016 | | June 30, 2016 | | March 31, 2016 | |
|------------------------------------|--------------------|--------------|---------------|--------------|----------------|--------------|
| | Favourable | Unfavourable | Favourable | Unfavourable | Favourable | Unfavourable |
| Foreign exchange forward contracts | \$ 18 | \$ 15 | \$ 61 | \$ 59 | \$ 216 | \$ 210 |

(b) Notional principal and credit exposure:

| Foreign exchange forward contracts | |
|------------------------------------|-------------------|
| | December 31, 2016 |
| Notional amount* | \$ 5,994 |
| Current replacement cost** | 18 |
| Credit risk equivalent*** | 72 |
| Risk-adjusted balance**** | 46 |

| Foreign exchange forward contracts | | | |
|------------------------------------|-----------------------|------------------|-------------------|
| | September 30, 2016 | June 30, 2016 | March 31, 2016 |
| Notional amount* | \$ 6,784 | \$ 6,526 | \$ 8,000 |
| Current replacement cost** | 18 | 61 | 216 |
| Credit risk equivalent*** | 85 | 123 | 293 |
| RWAs**** | 51 | 64 | 154 |

2015:

(a) Fair value of derivative financial instruments:

| | December 31, 2015 | |
|------------------------------------|-------------------|--------------|
| | Favourable | Unfavourable |
| Foreign exchange forward contracts | \$ 77 | \$ 75 |

| | September 30, 2015 | | June 30, 2015 | | March 31, 2015 | |
|------------------------------------|--------------------|--------------|---------------|--------------|----------------|--------------|
| | Favourable | Unfavourable | Favourable | Unfavourable | Favourable | Unfavourable |
| Foreign exchange forward contracts | \$ 118 | \$ 112 | \$ 3 | \$ 2 | \$ 19 | \$ 18 |

(b) Notional principal and credit exposure:

| Foreign exchange forward contracts | |
|------------------------------------|-------------------|
| | December 31, 2015 |
| Notional amount* | \$ 8,842 |
| Current replacement cost** | 77 |
| Credit risk equivalent*** | 165 |
| Risk-adjusted balance**** | 116 |

| Foreign exchange forward contracts | | | |
|------------------------------------|-----------------------|------------------|-------------------|
| | September 30, 2015 | June 30, 2015 | March 31, 2015 |
| Notional amount* | \$ 6,205 | \$ 988 | \$ 3,125 |
| Current replacement cost** | 118 | 3 | 19 |
| Credit risk equivalent*** | 92 | 13 | 51 |
| RWAs**** | 169 | 9 | 27 |

2014:

(a) Fair value of derivative financial instruments:

| | December 31, 2014 | | December 31, 2013 | |
|------------------------------------|-------------------|--------------|-------------------|--------------|
| | Favourable | Unfavourable | Favourable | Unfavourable |
| Foreign exchange forward contracts | \$ 27 | \$ 25 | \$ 46 | \$ 40 |

(b) Notional principal and credit exposure:

| | Foreign exchange forward contracts | |
|----------------------------|------------------------------------|-------------------|
| | December 31, 2014 | December 31, 2013 |
| Notional amount* | \$ 2,992 | \$ 7,527 |
| Current replacement cost** | 27 | 46 |
| Credit risk equivalent*** | 59 | 120 |
| Risk-adjusted balance**** | 46 | 45 |

*The *Notional amount* is not recorded as an asset or liability as it represents the face amount of the contract to which a rate or price is applied to determine the amount of cash flows to be exchanged. Notional principal amounts do not represent the potential gain or loss associated with market risk and are not indicative of the credit risk associated with derivative financial instruments.

***Current replacement cost* represents the cost of replacing all contracts that have a favourable fair value, using current market rates. It represents in effect the unrealized gains on the Bank's derivative instruments. Replacement cost disclosed in the table above represents the net amount of the asset and liability to a specific counterparty where the Bank has a legally enforceable right to offset the amount owed to the Bank with the amount owed by the Bank and the Bank intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

****Credit risk equivalent* represents the total replacement cost plus an amount representing the potential future credit exposure, as outlined in the Capital Adequacy Guideline of the Superintendent.

**** *RWAs ('risk-adjusted balance')* represents the credit risk equivalent, weighted based on the creditworthiness of the counterparty, as prescribed by the Superintendent.

For qualitative and quantitative disclosures refer to the *Bank's Annual Report (audited) for 2016 fiscal year*, Note 1(n) "Derivative instruments – accounting policy", Note 3 "Nature and extent of risk arising from financial instruments", Note 4 "Exposure to credit risk", Note 13 "Fair value of financial instruments", and Note 14 "Derivative financial instruments".

10. Market Risk and Interest Rate Risk in the Banking Book

Market risk is a risk of loss due to changes in interest and foreign currency rates. The Bank manages these risks through specific policies that are approved by the Board.

In determining its market risk capital requirements, the Bank has adopted the standardized approach. At December 31, 2016 and 2015, the Bank had immaterial levels of its open currency position and its capital requirements were nil.

For qualitative and quantitative disclosures refer to the *Bank's Annual Report (audited) for 2016 fiscal year*, Note 1(a) "Financial assets and liabilities", Note 1 (f) Foreign currency transactions, Note 3 "Nature and extent of risk arising from financial instruments", and Note 12 "Interest rate sensitivity".

The following tables summarize balance sheet assets, liabilities and shareholder's equity to arrive at the Bank's interest rate gap based on the earlier of contractual repricing and maturity dates (as of March 31, June 30, September 30 of 2016 and 2015, unaudited).

2016:

| | September 30, 2016 | | | | | Total |
|---|--------------------|--------------------|-----------------------|-------------------|-----------------------|------------|
| | Floating Rate | Within 3 months | 3 months to 1 year | 1 to 5 years | Non-rate sensitive | |
| Assets | | | | | | |
| Cash resources | \$58,566 | \$2,059 | - | - | \$1,954 | \$62,579 |
| Securities | | \$0 | \$9,982 | | | \$9,982 |
| Loans | \$100,442 | \$2,892 | \$0 | \$2,041 | (\$1,464) | \$103,911 |
| Other assets | - | - | - | - | \$1,957 | \$1,957 |
| Total | \$159,008 | \$4,951 | \$9,982 | \$2,041 | \$2,447 | \$178,429 |
| Liabilities & Shareholder's Equity | | | | | | |
| Deposits | \$82,958 | \$21,322 | \$15,831 | \$14,718 | \$10,117 | \$144,946 |
| Other Liabilities | - | - | - | - | \$2,008 | \$2,008 |
| Shareholder's Equity | - | - | - | - | \$31,475 | \$31,475 |
| Total | \$82,958 | \$21,322 | \$15,831 | \$14,718 | \$43,600 | \$178,429 |
| Total gap | \$76,050 | (\$16,371) | (\$5,849) | (\$12,677) | (\$41,153) | \$0 |

As of September 30, 2016, a one percentage point change in the market interest rate over a one-year period would have an impact of approximately \$158 on net interest income over the next year.

June 30, 2016

| | <i>Floating Rate</i> | <i>Within 3 months</i> | <i>3 months to 1 year</i> | <i>1 to 5 years</i> | <i>Non-rate sensitive</i> | <i>Total</i> |
|---|--------------------------|----------------------------|-------------------------------|-------------------------|-------------------------------|------------------|
| Assets | | | | | | |
| <i>Cash resources</i> | \$70,016 | \$1,211 | - | - | \$2,000 | \$73,227 |
| <i>Securities</i> | | \$9,995 | \$0 | | | \$9,995 |
| <i>Loans</i> | \$91,409 | \$2,725 | \$0 | \$2,073 | (\$1,385) | \$94,822 |
| <i>Other assets</i> | - | - | - | - | \$1,912 | \$1,912 |
| Total | \$161,425 | \$13,931 | \$0 | \$2,073 | \$2,527 | \$179,956 |
| Liabilities & Shareholder's Equity | | | | | | |
| <i>Deposits</i> | \$76,991 | \$24,570 | \$23,722 | \$13,173 | \$8,174 | \$146,630 |
| <i>Other Liabilities</i> | - | - | - | - | \$1,715 | \$1,715 |
| Shareholder's Equity | - | - | - | - | \$31,611 | \$31,611 |
| Total | \$76,991 | \$24,570 | \$23,722 | \$13,173 | \$41,500 | \$179,956 |
| Total gap | \$84,434 | (\$10,639) | (\$23,722) | (\$11,100) | (\$38,973) | \$0 |

As of June 30, 2016, a one percentage point change in the market interest rate over a one-year period would have an impact of approximately \$157 on net interest income over the next year.

March 31, 2016

| | <i>Floating Rate</i> | <i>Within 3 months</i> | <i>3 months to 1 year</i> | <i>1 to 5 years</i> | <i>Non-rate sensitive</i> | <i>Total</i> |
|---|--------------------------|----------------------------|-------------------------------|-------------------------|-------------------------------|------------------|
| Assets | | | | | | |
| <i>Cash resources</i> | \$81,876 | \$1,773 | - | - | \$1,860 | \$85,509 |
| <i>Securities</i> | | | \$9,985 | | | \$9,985 |
| <i>Loans</i> | \$80,647 | \$1,556 | \$605 | \$2,104 | (\$1,322) | \$83,590 |
| <i>Other assets</i> | - | - | - | - | \$1,771 | \$1,771 |
| Total | \$162,523 | \$3,329 | \$10,590 | \$2,104 | \$2,309 | \$180,855 |
| Liabilities & Shareholder's Equity | | | | | | |
| <i>Deposits</i> | \$73,545 | \$26,654 | \$26,451 | \$12,008 | \$8,581 | \$147,239 |
| <i>Other Liabilities</i> | - | - | - | - | \$1,903 | \$1,903 |
| Shareholder's Equity | - | - | - | - | \$31,713 | \$31,713 |
| Total | \$73,545 | \$26,654 | \$26,451 | \$12,008 | \$42,197 | \$180,855 |
| Total gap | \$88,978 | (\$23,325) | (\$15,861) | (\$9,904) | (\$39,888) | \$0 |

As of March 31, 2016, a one percentage point change in the market interest rate over a one-year period would have an impact of approximately \$246 on net interest income over the next year.

2015:

| September 30, 2015 | | | | | | |
|---|--------------------------|----------------------------|-------------------------------|-------------------------|-------------------------------|------------------|
| | <i>Floating Rate</i> | <i>Within 3 months</i> | <i>3 months to 1 year</i> | <i>1 to 5 years</i> | <i>Non-rate sensitive</i> | <i>Total</i> |
| Assets | | | | | | |
| <i>Cash resources</i> | \$90,419 | \$2,136 | - | - | \$1,786 | \$94,341 |
| <i>Securities</i> | | | \$9,987 | | | \$9,987 |
| <i>Loans</i> | \$73,867 | \$0 | \$1,183 | \$2,165 | (\$1,275) | \$75,940 |
| <i>Other assets</i> | - | - | - | - | \$1,215 | \$1,215 |
| Total | \$164,286 | \$2,136 | \$11,170 | \$2,165 | \$1,726 | \$181,483 |
| Liabilities & Shareholder's Equity | | | | | | |
| <i>Deposits</i> | \$34,560 | \$32,764 | \$25,973 | \$12,292 | \$41,893 | \$147,482 |
| <i>Other Liabilities</i> | - | - | - | - | \$2,071 | \$2,071 |
| Shareholder's Equity | - | - | - | - | \$31,930 | \$31,930 |
| Total | \$34,560 | \$32,764 | \$25,973 | \$12,292 | \$75,894 | \$181,483 |
| Total gap | \$129,726 | (\$30,628) | (\$14,803) | (\$10,127) | (\$74,168) | \$0 |

As of September 30, 2015, a one percentage point change in the market interest rate over a one-year period would have an impact of approximately \$246 on net interest income over the next year.

| June 30, 2015 | | | | | | |
|---|--------------------------|----------------------------|-------------------------------|-------------------------|-------------------------------|------------------|
| | <i>Floating Rate</i> | <i>Within 3 months</i> | <i>3 months to 1 year</i> | <i>1 to 5 years</i> | <i>Non-rate sensitive</i> | <i>Total</i> |
| Assets | | | | | | |
| <i>Cash resources</i> | \$61,520 | \$12,058 | \$ - | \$ - | \$1,829 | \$75,407 |
| <i>Securities</i> | | | \$0 | | | \$0 |
| <i>Loans</i> | \$84,212 | \$0 | \$1,596 | \$331 | (\$1,341) | \$84,798 |
| <i>Other assets</i> | \$ - | \$ - | \$ - | \$ - | \$ 1,485 | \$1,485 |
| Total | \$145,732 | \$12,058 | \$1,596 | \$331 | \$1,973 | \$161,690 |
| Liabilities & Shareholder's Equity | | | | | | |
| <i>Deposits</i> | \$36,203 | \$23,612 | \$19,644 | \$10,753 | \$37,892 | \$128,104 |
| <i>Other Liabilities</i> | \$ - | \$ - | \$ - | \$ - | \$ 1,769 | \$1,769 |
| Shareholder's Equity | \$ - | \$ - | \$ - | \$ - | \$ 31,817 | \$31,817 |
| Total | \$36,203 | \$23,612 | \$19,644 | \$10,753 | \$71,478 | \$161,690 |
| Total gap | \$109,529 | (\$11,554) | (\$18,048) | (\$10,422) | (\$69,505) | \$0 |

As of June 30, 2015, a one percentage point change in the market interest rate over a one-year period would have an impact of approximately \$336 on net interest income over the next year.

| March 31, 2015 | | | | | | |
|---|--------------------------|----------------------------|-------------------------------|-------------------------|-------------------------------|------------------|
| | <i>Floating Rate</i> | <i>Within 3 months</i> | <i>3 months to 1 year</i> | <i>1 to 5 years</i> | <i>Non-rate sensitive</i> | <i>Total</i> |
| Assets | | | | | | |
| <i>Cash resources</i> | \$64,360 | \$1,439 | \$ - | \$ - | \$3,436 | \$69,235 |
| <i>Securities</i> | | | \$9,960 | | | \$9,960 |
| <i>Loans</i> | \$80,846 | \$400 | \$1,574 | \$348 | (\$1,325) | \$81,843 |
| <i>Other assets</i> | \$ - | \$ - | \$ - | \$ - | \$ 1,021 | \$1,021 |
| Total | \$145,206 | \$1,839 | \$11,534 | \$348 | \$3,132 | \$162,059 |
| Liabilities & Shareholder's Equity | | | | | | |
| <i>Deposits</i> | \$34,186 | \$28,461 | \$14,474 | \$8,781 | \$43,242 | \$129,144 |
| <i>Other Liabilities</i> | \$ - | \$ - | \$ - | \$ - | \$ 1,169 | \$1,169 |
| Shareholder's Equity | \$ - | \$ - | \$ - | \$ - | \$ 31,746 | \$31,746 |
| Total | \$34,186 | \$28,461 | \$14,474 | \$8,781 | \$76,157 | \$162,059 |
| Total gap | \$111,020 | (\$26,622) | (\$2,940) | (\$8,433) | (\$73,025) | \$0 |

As of March 31, 2015, a one percentage point change in the market interest rate over a one-year period would have an impact of approximately \$270 on net interest income over the next year.

11. Operational Risk

The Bank has adopted the basic indicator approach in determining its operational risk capital requirement.

For qualitative and quantitative disclosures refer to the Bank's Annual Report (audited) for 2016 fiscal year, Note 3(d) "Operational risk", and **Table 2** (Section 5.3) "Risk-weighted assets - by risk type and regulatory capital requirements" above.

12. Remuneration

The Bank's remuneration policy and compensation structure for senior management including salaries and annual performance objective assessments is overseen by the Bank's Board of Directors (the "Board") who meets at least four times annually and in 2016 met four times.

Senior management includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer and Vice President – Marketing and Business Development. The Bank has no other material risk takers.

Salaries vary by seniority and level of staff. Pay levels, based on market rates in Canada, and annual increases, effective from January 1, and are approved by Habib Bank AG Zurich (the Parent").

The Board establishes performance assessment criteria annually for senior management based on specific performance objectives that are structured to incentivize senior management to meet strategic business objectives in a manner that is compliant with the Board's approved risk appetite and applicable governing legislation.

Senior management's performance against the established criteria is assessed, and a weighting applied, on the extent of the achievement or non-achievement of the objectives.

The senior management (and all employees) of the Bank participate in the Bank's group benefit plan (which provides certain health care, life insurance and other benefits) as well as the Bank's pension plan.

Key management personnel compensation for the year 2016 was \$1,334 (2015 - \$1,315). This includes all short- and long-term wages and benefits, including directors' fees and the amount allocated to the Bank by the Parent (HBZ).

[End of the document]

March, 2017