



Habib Canadian Bank

Basel II Pillar 3 Supplemental Disclosures

as of 2017 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, 2017 (*'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 2017 and 2016*.

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 – Q4, 2017 and the financial information in the *Bank's Annual Report (audited) for 2017*.

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 2017*, 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 2017 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 requirements

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 requirements

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, Switzerland, 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 in accordance with 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 disclosures refer to Section 5.5.

The table 1A below provides the regulatory capital and ratios for 2017, 2016, and Q4, 2015.

Table 1A: Regulatory capital ratios for Q1-Q4, 2017, and comparatives for 2016 and Q4, 2015 – Basel III

	December 31, 2017		
Capital structure:			
Common Equity Tier 1 (CET1) capital:			
Common shares		\$	30,000
Retained earnings			1,134
CET1 capital			31,134
Tier 1 capital			31,134
Tier 2 capital			-
Total (eligible) capital			31,134
Risk-weighted assets			128,471
Capital ratios:			
CET1 Ratio			24.23%
Tier 1 Ratio			24.23%
Total Ratio			24.23%
Leverage Ratio:			
Total Exposures		\$	207,971
Tier 1 capital			31,134
Leverage Ratio			14.97%
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	September 30, 2017	June 30, 2017	March 31, 2017
Capital structure:			
Common Equity Tier 1 (CET1) capital:			
Common shares	\$ 30,000	\$ 30,000	\$ 30,000
Retained earnings	459	610	767
CET1 capital	30,459	30,610	30,767
Tier 1 capital	30,459	30,610	30,767
Tier 2 capital		--	-
Total (eligible) capital	30,459	30,610	30,767
Risk-weighted assets	132,167	124,796	124,329
Capital ratios:			
CET1 Ratio	23.05%	24.53%	24.75%
Tier 1 Ratio	23.05%	24.53%	24.75%
Total Ratio	23.05%	24.53%	30.84%
Leverage Ratio:			
Total Exposures	\$ 212,971	\$ 206,025	\$ 201,199
Tier 1 capital	30,459	30,610	30,767
Leverage Ratio	14.30%	14.86%	15.29%

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
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Capital structure:

Common Equity Tier 1 (CET1) capital:

	\$	30,000	\$	30,000	\$	30,000
Common shares		1,475		1,611		1,713
Retained earnings		31,475		31,611		31,713
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%

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.

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

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.

Table 1C-Q4, 2017: Regulatory capital – Interim Disclosures for Q4, 2017 – 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	1,134	1,134
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	31,134	31,134
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)	31,134	31,134
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)	31,134	31,134
60	Total risk weighted-assets	128,471	128,471
Capital Ratios			
61	CET1	24.23%	24.23%
62	Tier 1	24.23%	24.23%
63	Total Capital	24.23%	24.23%
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, 2017: Regulatory capital – Interim Disclosures for Q3, 2017 – 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	459	459
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	30,459	30,459
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)	30,459	30,459
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)	30,459	30,459
60	Total risk weighted-assets	132,167	132,167
Capital Ratios			
61	CET1	23.05%	23.05%
62	Tier 1	23.05%	23.05%
63	Total Capital	23.05%	23.05%
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-Q2, 2017: Regulatory capital – Interim Disclosures for Q2, 2017 – 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	610	610
3	Accumulated Other Comprehensive Income	-	-
5	Common shares issued by subsidiaries and held by third parties	-	-

<i>In 000's CAD</i>		All-in Basis	Transitional Basis
28	Regulatory adjustments applied to Common Equity Tier 1 (CET1)	-	-
29	Common Equity Tier 1 Capital	30,610	30,610
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)	30,610	30,610
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)	30,610	30,610
60	Total risk weighted-assets	124,796	124,796
Capital Ratios			
61	CET1	24.53%	24.53%
62	Tier 1	24.53%	24.53%
63	Total Capital	24.53%	24.53%
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	-

Table1C-Q1, 2017: Regulatory capital – Interim Disclosures for Q1, 2017 – 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	767	767
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	30,767	30,767
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	-	-

<i>In 000's CAD</i>		All-in Basis	Transitional Basis
44	Additional Tier 1 Capital (AT1)	-	-
45	Tier 1 Capital (T1=CET1+ AT1)	30,767	30,767
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)	30,767	30,767
60	Total risk weighted-assets	124,329	124,329
Capital Ratios			
61	CET1	24.75%	24.75%
62	Tier 1	24.75%	24.75%
63	Total Capital	24.75%	24.75%
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, 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	-	-

<i>In 000's CAD</i>		All-in Basis	Transitional Basis
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	-

Table 1C-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%

<i>In 000's CAD</i>		All-in Basis	Transitional Basis
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 ATI 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

<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	1,611	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 ATI instruments subject to phase out arrangements	n/a	-

<i>In 000's CAD</i>		All-in Basis	Transitional Basis
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	-

5.4. Capital requirements for Risks

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

2017 Quarterly – Basel III:

	December 31, 2017		September 30, 2017	
	RWAs	Capital required	RWAs	Capital required
Credit risk	\$ 118,321	\$ 12,424	\$122,442	\$ 12,857
Market risk	\$ -	\$ -	\$ -	\$ -
Operational risk	\$ 10,150	\$ 1,066	\$ 9,725	\$ 1,021
Total	\$ 128,471	\$ 13,489	\$132,167	\$ 13,878
Total Capital		\$ 31,134		\$ 30,459
Surplus		\$ 17,645		\$ 16,581
Total Capital ratio		24.23%		23.05%

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

	June 30, 2017		March 31, 2017	
	RWAs	Capital required	RWAs	Capital required
Credit risk	\$ 115,309	\$ 12,107	\$115,004	\$ 12,075
Market risk	\$ -	\$ -	\$ -	\$ -
Operational risk	\$ 9,487	\$ 996	\$ 9,325	\$ 979
Total	124,796	\$ 13,103	\$124,329	\$ 13,054
Total Capital		\$ 30,610		\$ 30,767
Surplus		\$ 17,507		\$ 17,713
Total Capital ratio		24.53%		24.75%

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

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 ¹	RWAs	Capital required ¹
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%

¹Capital 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 ¹	RWAs	Capital required ¹
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%

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 2017 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, 2017: Leverage Ratio Disclosures for Q4 2017 (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)	201,908
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)	201,908
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	22
11	Total derivative exposures (sum of lines 4 to 10)	41
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	16,830
18	(Adjustments for conversion to credit equivalent amounts)	(10,808)
19	Off-balance sheet items (sum of lines 17 and 18)	6,022
Capital and Total Exposures		
20	Tier 1 capital	31,134
21	Total Exposures (sum of lines 3, 11, 16 and 19)	207,971
Leverage Ratios		
22	Basel III leverage ratio	14.97 %

Table 3LR-Q3, 2017: Leverage Ratio Disclosures for Q3 2017 (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)	205,680
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)	205,680
Derivative exposures		
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	7
5	Add-on amounts for PFE associated with all derivative transactions	14
11	Total derivative exposures (sum of lines 4 to 10)	21
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	17,877
18	(Adjustments for conversion to credit equivalent amounts)	(10,607)
19	Off-balance sheet items (sum of lines 17 and 18)	7,270
Capital and Total Exposures		
20	Tier 1 capital	30,459
21	Total Exposures (sum of lines 3, 11, 16 and 19)	212,971
Leverage Ratios		
22	Basel III leverage ratio	14.30 %

Table 3LR-Q2, 2017: Leverage Ratio Disclosures for Q2 2017 (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)	198,529
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)	198,529
Derivative exposures		
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	38
5	Add-on amounts for PFE associated with all derivative transactions	20

11	Total derivative exposures (sum of lines 4 to 10)	58
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	19,667
18	(Adjustments for conversion to credit equivalent amounts)	(12,229)
19	Off-balance sheet items (sum of lines 17 and 18)	7,438
Capital and Total Exposures		
20	Tier 1 capital	30,610
21	Total Exposures (sum of lines 3, 11, 16 and 19)	206,025
Leverage Ratios		
22	Basel III leverage ratio	14.86 %

Table 3LR-Q1, 2017: Leverage Ratio Disclosures for Q1, 2017 (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)	194,084
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)	194,084
Derivative exposures		
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	15
5	Add-on amounts for PFE associated with all derivative transactions	26
11	Total derivative exposures (sum of lines 4 to 10)	41
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	17,657
18	(Adjustments for conversion to credit equivalent amounts)	(10,583)
19	Off-balance sheet items (sum of lines 17 and 18)	7,074
Capital and Total Exposures		
20	Tier 1 capital	30,767
21	Total Exposures (sum of lines 3, 11, 16 and 19)	201,199
Leverage Ratios		
22	Basel III leverage ratio	15.29 %

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 %

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 2017 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 2017 and comparative data for 2016 year):

2017:

December 31, 2017

Standardized	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	RWAs
Bank	\$66,139	-	\$14	\$1,825	\$67,978	\$18,335
Sovereign	\$9,968	-	-	-	\$9,968	-
Corporate	\$82,170	\$6,509	\$5	\$3,466	\$92,150	\$81,797
Retail Residential Mortgages	\$42,160	\$4,983	-	-	\$47,143	\$15,069
Other Retail	\$210	\$47	-	-	\$257	\$133
Total Gross Credit Exposure	\$200,647	\$11,539	\$19	\$5,291	\$217,496	\$115,334

Reconciliation to Statements of Financial Position

Other Assets (not included in Standardized)	\$2,880					\$2,987
Total Assets subject to credit risk	\$203,527					
Less Allowance for impairment	\$700					
Less Collective Allowance	\$900					
Total Assets	\$201,927			Total RWAs		\$118,321

*includes replacement values

September 30, 2017

Standardized	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	RWAs
Bank	\$66,268	-	\$3	\$1,750	\$68,021	\$18,133
Sovereign	\$9,994	-	-	-	\$9,994	-
Corporate	\$85,760	\$6,535	\$4	\$4,954	\$97,253	\$85,613
Retail Residential Mortgages	\$42,444	\$4,594	-	-	\$47,038	\$15,139
Other Retail	\$218	\$44	-	-	\$262	\$135
Total Gross Credit Exposure	\$204,684	\$11,173	\$7	\$6,704	\$222,568	\$119,020

Reconciliation to Statements of Financial Position

Other Assets (not included in Standardized)	\$3,091					\$3,422
Total Assets subject to credit risk	\$207,775					
Less Allowance for impairment	\$1,200					
Less Collective Allowance	\$888					
Total Assets	\$205,687			Total RWAs		\$122,442

*includes replacement values

June 30, 2017

Standardized	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	RWAs
Bank	\$72,808	-	-	-	\$72,808	\$18,756
Sovereign	\$9,993	-	-	-	\$9,993	-
Corporate	\$80,930	\$10,339	38	\$4,416	\$95,723	\$81,101
Retail Residential Mortgages	\$33,770	\$4,873	-	-	\$38,643	\$12,121
Other Retail	\$227	\$39	-	-	\$266	\$139
Total Gross Credit Exposure	\$197,728	\$15,251	\$38	\$4,416	\$217,433	\$112,117
<u>Reconciliation to Statements of Financial Position</u>						
Other Assets (not included in Standardized)	\$2,853					\$3,192
Total Assets subject to credit risk	\$200,581					
Less Allowance for impairment	\$1,200					
Less Collective Allowance	\$814					
Total Assets	\$198,567			Total RWAs		\$115,309
<i>*includes replacement values</i>						

March 31, 2017

Standardized	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	RWAs
Bank	\$79,368	-	\$15	-	\$79,383	\$21,516
Sovereign	\$9,980	-	-	-	\$9,980	-
Corporate	\$79,783	\$8,017	-	\$5,140	\$92,940	\$81,428
Retail Residential Mortgages	\$23,692	\$4,486	-	-	\$28,178	\$8,561
Other Retail	\$248	\$14	-	-	\$262	\$137
Total Gross Credit Exposure	\$193,071	\$12,517	\$15	\$5,140	\$210,743	\$111,642
<u>Reconciliation to Statements of Financial Position</u>						
Other Assets (not included in Standardized)	\$3,042					\$3,362
Total Assets subject to credit risk	\$196,113					
Less Allowance for impairment	\$1,200					
Less Collective Allowance	\$814					
Total Assets	\$194,099			Total RWAs		\$115,004
<i>*includes replacement values</i>						

2016:

December 31, 2016

Standardized	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	RWAs
Bank	\$80,276	-	\$6	\$152	\$80,434	\$21,825
Sovereign	\$9,995	-	-	-	\$9,995	-
Corporate	\$81,237	\$5,602	\$12	\$3,806	\$90,657	\$81,875
Retail Residential Mortgages	\$23,589	\$4,314	-	-	\$27,903	\$8,517
Other Retail	\$243	\$35	-	-	\$278	\$149
Total Gross Credit Exposure	\$195,340	\$9,951	\$18	\$3,958	\$209,267	\$112,366

Reconciliation to Statements of Financial Position

Other Assets (not included in Standardized)	\$2,728					\$3,106
Total Assets subject to credit risk	\$198,068					
Less Allowance for impairment	\$1,200					
Less Collective Allowance	\$821					
Total Assets	\$196,047			Total RWAs		\$115,472

*includes replacement values

September 30, 2016

Standardized	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	RWAs
Bank	\$66,960	-	\$9	\$1,035	\$68,004	\$19,733
Sovereign	\$9,982	-	-	-	\$9,982	-
Corporate	\$76,310	\$5,359	\$9	\$3,394	\$85,072	\$76,235
Retail Residential Mortgages	\$24,109	\$4,320	-	-	\$28,429	\$8,697
Other Retail	\$240	\$40	-	-	\$280	\$150
Total Gross Credit Exposure	\$177,601	\$9,719	\$18	\$4,429	\$191,767	\$104,815

Reconciliation to Statements of Financial Position

Other Assets (not included in Standardized)	\$2,310					\$2,253
Total Assets subject to credit risk	\$179,911					
Less Allowance for impairment	\$700					
Less Collective Allowance	\$783					
Total Assets	\$178,428			Total RWAs		\$107,068

*includes replacement values

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
<i>Bank</i>	\$94,711	-	\$10	\$1,393	\$96,114	\$23,863
<i>Sovereign</i>	\$9,996	-	-	-	\$9,996	-
<i>Corporate</i>	\$57,972	\$6,288	\$67	\$3,963	\$68,290	\$57,475
<i>Retail Residential Mortgages</i>	\$16,894	\$4,878	-	-	\$21,772	\$6,209
<i>Other Retail</i>	\$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>						
<i>Other Assets (not included in Standardized)</i>	\$1,558					\$1,400
Total Assets subject to credit risk	\$181,379					
<i>Less Allowance for impairment</i>	\$700					
<i>Less Collective Allowance</i>	\$610					
Total Assets	\$180,069			Total RWAs		\$89,113
<i>*includes replacement values</i>						

Note: Statements of Financial Position for September 30, June 30, and March 31 of 2017 and 2016 are not audited.

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

2017:

December 31, 2017

Geographic Distribution of Exposures	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	(%)
<i>Canada:</i>	\$186,921	\$11,539	\$19	\$3,466	\$201,945	92.85%
<i>Ontario</i>	\$186,465	\$11,539	\$19	\$3,442	\$201,465	92.63%
<i>Alberta</i>	-	-	-	\$24	\$24	0.01%
<i>British Columbia</i>	\$456	-	-	-	\$456	0.21%
<i>Quebec</i>	-	-	-	-	-	0.00%
<i>USA</i>	\$3,276	-	-	-	\$3,276	1.51%
<i>Other</i>	\$10,450	-	-	\$1,825	\$12,275	5.64%
Total Gross Credit Exposure	\$200,647	\$11,539	\$19	\$5,291	\$217,496	100%

*includes replacement values

September 30, 2017

Geographic Distribution of Exposures	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	(%)
<i>Canada:</i>	\$193,333	\$11,173	\$7	\$4,954	\$209,467	94.11%
<i>Ontario</i>	\$192,874	\$11,173	\$7	\$4,930	\$208,984	93.90%
<i>Alberta</i>	-	-	-	\$24	\$24	0.01%
<i>British Columbia</i>	\$459	-	-	-	\$459	0.21%
<i>Quebec</i>	-	-	-	-	-	0.00%
<i>USA</i>	\$1,796	-	-	-	\$1,796	0.81%
<i>Other</i>	\$9,555	-	-	\$1,750	\$11,305	5.08%
Total Gross Credit Exposure	\$204,684	\$11,173	\$7	\$6,704	\$222,568	100%

*includes replacement values

June 30, 2017

Geographic Distribution of Exposures	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	(%)
<i>Canada:</i>	\$184,621	\$15,251	\$38	\$4,416	\$204,326	93.97%
<i>Ontario</i>	\$184,159	\$15,251	\$24	\$4,391	\$203,825	93.74%
<i>Alberta</i>	-	-	\$14	\$25	\$39	0.02%
<i>British Columbia</i>	\$462	-	-	-	\$462	0.21%
<i>Quebec</i>	-	-	-	-	-	0.00%
<i>USA</i>	\$5,008	-	-	-	\$5,008	2.30%
<i>Other</i>	\$8,099	-	-	-	\$8,099	3.72%
Total Gross Credit Exposure	\$197,728	\$15,251	\$38	\$4,416	\$217,433	100%

*includes replacement values

March 31, 2017

Geographic Distribution of Exposures	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	(%)
<i>Canada:</i>	\$177,816	\$12,517	\$15	\$5,140	\$195,488	92.76%
<i>Ontario</i>	\$177,350	\$12,517	\$15	\$5,140	\$195,022	92.54%
<i>Alberta</i>	-	-	-	-	\$0	0.00%
<i>British Columbia</i>	\$466	-	-	-	\$466	0.22%
<i>Quebec</i>	-	-	-	-	\$0	0.00%
<i>USA</i>	\$4,864	-	-	-	\$4,864	2.31%
<i>Other</i>	\$10,391	-	-	-	\$10,391	4.93%
Total Gross Credit Exposure	\$193,071	\$12,517	\$15	\$5,140	\$210,743	100%

*includes replacement values

2016:

December 31, 2016

Geographic Distribution of Exposures	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	(%)
Canada:	\$173,186	\$9,951	\$15	\$3,806	\$186,958	89.34%
Ontario	\$172,717	\$9,951	\$15	\$3,806	\$186,489	89.12%
Alberta	-	-	-	-	\$0	0.00%
British Columbia	\$469	-	-	-	\$469	0.22%
Quebec	-	-	-	-	\$0	0.00%
USA	\$10,395	-	-	-	\$10,395	4.97%
Other	\$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	(%)
Canada:	\$156,715	\$9,719	\$9	\$3,394	\$169,837	88.56%
Ontario	\$156,243	\$9,719	\$8	\$3,394	\$169,364	88.32%
Alberta	-	-	1	-	\$1	0.00%
British Columbia	\$472	-	-	-	\$472	0.25%
Quebec	-	-	-	-	\$0	0.00%
USA	\$10,187	-	-	-	\$10,187	5.31%
Other	\$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	(%)
Canada:	\$155,206	\$12,095	\$20	\$3,887	\$171,208	87.52%
Ontario	\$154,731	\$12,095	\$20	\$3,887	\$170,733	87.28%
Alberta	-	-	-	-	\$0	0.00%
British Columbia	\$475	-	-	-	\$475	0.24%
Quebec	-	-	-	-	\$0	0.00%
USA	\$16,028	-	-	-	\$16,028	8.19%
Other	\$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

- 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 2017 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".

2017:

December 31, 2017								
Standardized exposure by Industry	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	(%)	Collective Allowance	Specific Allowance
Sovereign	\$9,968	-	-	-	\$9,968	4.58%	-	-
Bank	\$66,139	-	\$14	\$1,825	\$67,978	31.25%	\$49	-
Financial Services	\$66,139	-	\$14	\$1,825	\$67,978	31.25%	\$49	-
Corporate	\$82,171	\$6,509	\$5	\$3,466	\$92,151	42.37%	\$627	\$700
Capital Goods	\$67	\$8	-	-	\$75	0.03%	\$1	-
Communications	-	-	-	-	-	-	-	-
Manufacturing	\$1,595	-	-	-	\$1,595	0.73%	\$14	-
Metal & Mining	\$10,343	\$1,328	\$5	\$0	\$11,676	5.37%	\$85	-
Real Estate	\$47,628	\$685	-	\$2,823	\$51,136	23.51%	\$401	-
Resources & Basic Materials	\$951	\$304	-	-	\$1,255	0.58%	\$8	-
Retail & Wholesale	\$9,187	\$3,361	-	\$170	\$12,718	5.85%	\$48	-
Services	\$9,940	\$124	-	\$473	\$10,537	4.84%	\$54	\$700
Transportation	-	-	-	-	-	-	-	-
Other	\$2,460	699	-	\$0	\$3,159	1.45%	\$16	-
Retail Residential Mortgages	\$42,160	\$4,983	-	-	\$47,143	21.68%	\$224	-
Other Retail	\$209	\$47	-	-	\$256	0.12%	-	-
Total Gross Credit Exposure	\$200,647	\$11,539	\$19	\$5,291	\$217,496	100%	\$900	\$700

*includes replacement values

September 30, 2017

Standardized exposure by Industry	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	(%)	Collective Allowance	Specific Allowance
Sovereign	\$9,994	-	-	-	\$9,994	4.49%	-	-
Bank	\$66,268	-	\$3	\$1,750	\$68,021	30.56%	\$43	-
Financial Services	\$66,268	-	\$3	\$1,750	\$68,021	30.56%	\$43	-
Corporate	\$85,760	\$6,535	\$4	\$4,954	\$97,253	43.70%	\$622	\$1,200
Capital Goods	\$65	\$10	-	-	\$75	0.03%	\$1	-
Communications	-	-	-	-	-	-	-	-
Metal & Mining	\$10,385	\$1,945	\$4	\$623	\$12,957	5.82%	\$85	-
Real Estate	\$49,334	\$701	-	\$2,823	\$52,858	23.75%	\$408	-
Resources & Basic Materials	\$699	\$549	-	-	\$1,248	0.56%	\$6	-
Retail & Wholesale	\$9,271	\$3,212	-	\$37	\$12,520	5.63%	\$53	-
Services	\$12,933	\$118	-	\$471	\$13,522	6.08%	\$54	\$1,200
Transportation	-	-	-	-	-	-	-	-
Other	\$3,073	-	-	\$1,000	\$4,073	1.83%	\$15	-
Retail Residential Mortgages	\$42,444	\$4,594	-	-	\$47,038	21.13%	\$223	-
Other Retail	\$218	\$44	-	-	\$262	0.12%	-	-
Total Gross Credit Exposure	\$204,684	\$11,173	\$7	\$6,704	\$222,568	100%	\$888	\$1,200

*Includes replacement values

June 30, 2017

Standardized exposure by Industry	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	(%)	Collective Allowance	Specific Allowance
Sovereign	\$9,993	-	-	-	\$9,993	4.60%	-	-
Bank	\$72,808	-	-	-	\$72,808	33.49%	\$39	-
Financial Services	\$72,808	-	-	-	\$72,808	33.49%	\$39	-
Corporate	\$80,931	\$10,339	\$38	\$4,416	\$95,724	44.02%	\$598	\$1,200
Capital Goods	\$60	\$15	-	-	\$75	0.03%	-	-
Communications	-	-	-	-	-	-	-	-
Metal & Mining	\$7,546	\$3,944	-	\$95	\$11,585	5.33%	\$62	-
Real Estate	\$47,720	\$1,449	-	\$2,773	\$51,942	23.89%	\$417	-
Resources & Basic Materials	\$655	\$642	-	-	\$1,297	0.60%	\$5	-
Retail & Wholesale	\$8,323	\$4,204	-	\$136	\$12,663	5.82%	\$44	-
Services	\$12,405	\$85	-	\$413	\$12,903	5.93%	\$54	\$1,200
Transportation	-	-	-	-	-	-	-	-
Other	\$4,222	-	\$38	\$999	\$5,259	2.42%	\$16	-
Retail Residential Mortgages	\$33,769	\$4,873	-	-	\$38,642	17.77%	\$176	-
Other Retail	\$227	\$39	-	-	\$266	0.12%	\$1	-
Total Gross Credit Exposure	\$197,728	\$15,251	\$38	\$4,416	\$217,433	100%	\$814	\$1,200

*Includes replacement values

March 31, 2017

Standardized exposure by Industry	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	(%)	Collective Allowance	Specific Allowance
Sovereign	\$9,980	-	-	-	\$9,980	4.74%	-	-
Bank	\$79,368	-	\$15	-	\$79,383	37.67%	\$53	-
Financial Services	\$79,368	-	\$15	-	\$79,383	37.67%	\$53	-
Corporate	\$79,783	\$8,017	-	\$5,140	\$92,940	44.10%	\$634	\$1,200
Capital Goods	\$60	\$15	-	\$8	\$83	0.04%	\$1	-
Communications	-	-	-	-	-	-	-	-
Metal & Mining	\$10,374	\$2,968	-	\$635	\$13,977	6.63%	\$85	-
Real Estate	\$44,650	\$900	-	\$2,877	\$48,427	22.98%	\$374	-
Resources & Basic Materials	\$840	\$490	-	-	\$1,330	0.63%	\$7	-
Retail & Wholesale	\$6,803	\$3,533	-	\$202	\$10,538	5.00%	\$45	-
Services	\$12,497	\$72	-	\$418	\$12,987	6.16%	\$104	\$1,200
Transportation	-	-	-	-	-	-	-	-
Other	\$4,559	\$39	-	\$1,000	\$5,598	2.66%	\$18	-
Retail Residential Mortgages	\$23,692	\$4,486	-	-	\$28,178	13.37%	\$125	-
Other Retail	\$248	\$14	-	-	\$262	0.12%	\$2	-
Total Gross Credit Exposure	\$193,071	\$12,517	\$15	\$5,140	\$210,743	100%	\$814	\$1,200

*Includes replacement values

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".

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

2017:

December 31, 2017

Residual Contractual Maturity Breakdown	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total
<i>Within 1 year</i>	\$114,951	\$11,539	\$19	\$5,291	\$131,800
<i>1 - 5 year</i>	\$85,696	-	-	-	\$85,696
<i>Greater than 5 year</i>	-	-	-	-	-
<i>No specific maturity</i>	-	-	-	-	-
Total Gross Credit Exposure	\$200,647	\$11,539	\$19	\$5,291	\$217,496

**includes replacement values*

September 30, 2017

Residual Contractual Maturity Breakdown	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total
<i>Within 1 year</i>	\$112,978	\$11,173	\$7	\$6,704	\$130,862
<i>1 - 5 year</i>	\$91,706	-	-	-	\$91,706
<i>Greater than 5 year</i>	-	-	-	-	-
<i>No specific maturity</i>	-	-	-	-	-
Total Gross Credit Exposure	\$204,684	\$11,173	\$7	\$6,704	\$222,568

**includes replacement values*

June 30, 2017

Residual Contractual Maturity Breakdown	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total
<i>Within 1 year</i>	\$114,625	\$15,251	\$38	\$4,416	\$134,330
<i>1 - 5 year</i>	\$83,103	-	-	-	\$83,103
<i>Greater than 5 year</i>	-	-	-	-	-
<i>No specific maturity</i>	-	-	-	-	-
Total Gross Credit Exposure	\$197,728	\$15,251	\$38	\$4,416	\$217,433

**includes replacement values*

March 31, 2017

Residual Contractual Maturity Breakdown	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total
Within 1 year	\$123,616	\$12,517	\$15	\$5,140	\$141,288
1 - 5 year	\$69,455	-	-	-	\$69,455
Greater than 5 year	-	-	-	-	-
No specific maturity	-	-	-	-	-
Total Gross Credit Exposure	\$193,071	\$12,517	\$15	\$5,140	\$210,743

*includes replacement values

2016:

December 31, 2016

Residual Contractual Maturity Breakdown	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total
Within 1 year	\$118,596	\$9,951	\$18	\$3,958	\$132,523
1 - 5 year	\$76,744	-	-	-	\$76,744
Greater than 5 year	-	-	-	-	-
No specific maturity	-	-	-	-	-
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
Within 1 year	\$103,444	\$9,719	\$18	\$4,429	\$117,610
1 - 5 year	\$74,157	-	-	-	\$74,157
Greater than 5 year	-	-	-	-	-
No specific maturity	-	-	-	-	-
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
Within 1 year	\$115,349	\$12,095	\$61	\$4,404	\$131,909
1 - 5 year	\$63,715	-	-	-	\$63,715
Greater than 5 year	-	-	-	-	-
No specific maturity	-	-	-	-	-
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
<i>Within 1 year</i>	\$132,021	\$11,192	\$77	\$5,356	\$148,646
<i>1 - 5 year</i>	\$47,800	-	-	-	\$47,800
<i>Greater than 5 year</i>	-	-	-	-	-
<i>No specific maturity</i>	-	-	-	-	-
Total Gross Credit Exposure	\$179,821	\$11,192	\$77	\$5,356	\$196,446

*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.

2017:

December 31, 2017

Standardized - Bank's Outstandings	Risk Weight	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	RWAs
<i>Sovereign</i>	0%	\$9,968	-	-	-	\$9,968	-
<i>Bank</i>							
<i>Sovereign Credit quality step 1 plus notch</i>	20%	\$60,218	-	\$14	-	\$60,232	\$12,049
<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%	\$5,921	-	-	\$1,825	\$7,746	\$6,286
Total Bank exposure		\$66,139	-	\$14	\$1,825	\$67,978	\$18,335
<i>Corporate</i>							
<i>Corporate - all unrated</i>	100%	\$78,488	\$6,509	\$5	\$3,466	\$92,150	\$77,324
<i>Corporate - all unrated past due</i>	150%	\$3,682	-	-	-	-	\$4,473
Total Corporate exposure		\$82,170	\$6,509	\$5	\$3,466	\$92,150	\$81,797
<i>Retail Residential Mortgages - all unrated</i>	35%	\$42,160	\$4,983	-	-	\$47,143	\$15,069
<i>Other Retail - all unrated</i>	75%	\$210	\$47	-	-	\$257	\$133
Total Gross Credit Exposure		\$200,647	\$11,539	\$19	\$5,291	\$217,496	\$115,334

*includes replacement values

September 30, 2017

Standardized - Bank's Outstandings	Risk Weight	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	RWAs
<i>Sovereign</i>	0%	\$9,994	-	-	-	\$9,994	-
<i>Bank</i>							
<i>Sovereign Credit quality step 1 plus notch</i>	20%	\$60,609	-	\$3	-	\$60,612	\$12,124
<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%	\$5,659	-	-	\$1,750	\$7,409	\$6,009
Total Bank exposure		\$66,268	-	\$3	\$1,750	\$68,021	\$18,133
<i>Corporate</i>							
<i>Corporate - all unrated</i>	100%	\$79,151	\$6,535	\$4	\$4,954	\$97,253	\$77,499
<i>Corporate - all unrated past due</i>	150%	\$6,609	-	-	-	-	\$8,114
Total Corporate exposure		\$85,760	\$6,535	\$4	\$4,954	\$97,253	\$85,613
<i>Retail Residential Mortgages - all unrated</i>	35%	\$42,444	\$4,594	-	-	\$47,038	\$15,139
<i>Other Retail - all unrated</i>	75%	\$218	\$44	-	-	\$262	\$135
Total Gross Credit Exposure		\$204,684	\$11,173	\$7	\$6,704	\$222,568	\$119,020

*includes replacement values

June 30, 2017

Standardized - Bank's Outstandings	Risk Weight	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	RWAs
<i>Sovereign</i>	0%	\$9,993	-	-	-	\$9,993	-
<i>Bank</i>							
<i>Sovereign Credit quality step 1 plus notch</i>	20%	\$67,568	-	-	-	\$67,568	\$13,516
<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%	\$5,240	-	-	-	\$5,240	\$5,240
Total Bank exposure		\$72,808	-	-	-	\$72,808	\$18,756
<i>Corporate</i>							
<i>Corporate - all unrated</i>	100%	\$74,354	\$10,339	\$38	\$4,416	\$95,723	\$73,037
<i>Corporate - all unrated past due</i>	150%	\$6,576	-	-	-	-	\$8,064
Total Corporate exposure		\$80,930	\$10,339	\$38	\$4,416	\$95,723	\$81,101
<i>Retail Residential Mortgages - all unrated</i>	35%	\$33,770	\$4,873	-	-	\$38,643	\$12,121
<i>Other Retail - all unrated</i>	75%	\$227	\$39	-	-	\$266	\$139
Total Gross Credit Exposure		\$197,728	\$15,251	\$38	\$4,416	\$217,433	\$112,117

*includes replacement values

March 31, 2017

Standardized - Bank's Outstandings	Risk Weight	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	RWAs
<i>Sovereign</i>	0%	\$9,980	-	-	-	\$9,980	-
<i>Bank</i>							
<i>Sovereign Credit quality step 1 plus notch</i>	20%	\$72,322	-	\$15	-	\$72,337	\$14,470
<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%	\$7,046	-	-	-	-	\$7,046
Total Bank exposure		\$79,368	-	\$15	-	\$79,383	\$21,516
<i>Corporate</i>							
<i>Corporate - all unrated</i>	100%	\$73,183	\$8,017	-	\$5,140	\$92,940	\$73,328
<i>Corporate - all unrated past due</i>	150%	\$6,600	-	-	-	-	\$8,100
Total Corporate exposure		\$79,783	\$8,017	-	\$5,140	\$92,940	\$81,428
<i>Retail Residential Mortgages - all unrated</i>	35%	\$23,692	\$4,486	-	-	\$28,178	\$8,561
<i>Other Retail - all unrated</i>	75%	\$248	\$14	-	-	\$262	\$137
Total Gross Credit Exposure		\$193,071	\$12,517	\$15	\$5,140	\$210,743	\$111,642

*includes replacement values

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

Note: All corporate exposures are unrated that receive a risk weight of 100% and a risk weight 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 2017 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 lines of credit, business lines of credit, personal loans, business loans and facilities, commercial mortgage loans, and residential mortgage loans and home equity lines of credit) 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, 2017, the credit facilities secured against industrial buildings were of 11.02% (2016 - 13.6%) of the credit risk portfolio. In addition, these credit facilities are 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).

2017:

December 31, 2017

Standardized	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	Eligible Financial Collateral**	Credit Derivatives / Guarantees**
<i>Bank</i>	\$66,139	-	\$14	\$1,825	\$67,978	-	-
<i>Sovereign</i>	\$9,968	-	-	-	\$9,968	-	-
<i>Corporate</i>	\$82,170	\$6,509	\$5	\$3,466	\$92,150	\$5,984	-
<i>Retail Residential Mortgages</i>	\$42,160	\$4,983	-	-	\$47,143	\$103	-
<i>Other Retail</i>	\$210	\$47	-	-	\$257	\$53	-
Total Gross Credit Exposure	\$200,647	\$11,539	\$19	\$5,291	\$217,496	\$6,140	-

*Includes replacement values

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

September 30, 2017

Standardized	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	Eligible Financial Collateral**	Credit Derivatives / Guarantees**
Bank	\$66,268	-	\$3	\$1,750	\$68,021	-	-
Sovereign	\$9,994	-	-	-	\$9,994	-	-
Corporate	\$85,760	\$6,535	\$4	\$4,954	\$97,253	\$7,807	-
Retail Residential Mortgages	\$42,444	\$4,594	-	-	\$47,038	\$109	-
Other Retail	\$218	\$44	-	-	\$262	\$58	-
Total Gross Credit Exposure	\$204,684	\$11,173	\$7	\$6,704	\$222,568	\$7,974	-

*includes replacement values

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

June 30, 2017

Standardized	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	Eligible Financial Collateral**	Credit Derivatives / Guarantees**
Bank	\$72,808	-	-	-	\$72,808	-	-
Sovereign	\$9,993	-	-	-	\$9,993	-	-
Corporate	\$80,930	\$10,339	\$38	\$4,416	\$95,723	\$8,184	-
Retail Residential Mortgages	\$33,770	\$4,873	-	-	\$38,643	\$111	-
Other Retail	\$227	\$39	-	-	\$266	\$61	-
Total Gross Credit Exposure	\$197,728	\$15,251	\$38	\$4,416	\$217,433	\$8,356	-

*includes replacement values

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

March 31, 2017

Standardized	Drawn Exposure	Commitments (Undrawn)	OTC Derivatives*	Other Off Balance Sheet Items	Total	Eligible Financial Collateral**	Credit Derivatives / Guarantees**
Bank	\$79,368	-	\$15	\$0	\$79,383	-	-
Sovereign	\$9,980	-	-	-	\$9,980	-	-
Corporate	\$79,783	\$8,017	\$0	\$5,140	\$92,940	\$6,622	-
Retail Residential Mortgages	\$23,692	\$4,486	-	-	\$28,178	\$120	-
Other Retail	\$248	\$14	-	-	\$262	\$82	-
Total Gross Credit Exposure	\$193,071	\$12,517	\$15	\$5,140	\$210,743	\$6,824	-

*includes replacement values

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

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)

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:

2017:

(a) Fair value of derivative financial instruments:

	December 31, 2017		September 30, 2017	
	Favourable	Unfavourable	Favourable	Unfavourable
Foreign exchange forward contracts	\$ 19	\$ 17	\$ 7	\$ 6

	June 30, 2017		March 31, 2017	
	Favourable	Unfavourable	Favourable	Unfavourable
Foreign exchange forward contracts	\$ 38	\$ 38	\$ 15	\$ 14

(b) Notional principal and credit exposure:

Foreign exchange forward contracts			
	December 31, 2017	September 30, 2017	
Notional amount*	\$ 2,280	\$ 1,249	
Current replacement cost**	19	7	
Credit risk equivalent***	41	21	
RWAs****	21	13	

Foreign exchange forward contracts			
		June 30, 2017	March 31, 2017
Notional amount*	\$	2,153	\$ 2,372
Current replacement cost**		38	15
Credit risk equivalent***		20	41
RWAs****		50	19

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

(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

*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 2017 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, 2017 and 2016, 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 2017 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 of 2017 and March 31, June 30, September 30 of 2016, unaudited).

2017:

September 30, 2017						
	Floating Rate	Within 3 months	3 months to 1 year	1 to 5 years	Non-rate sensitive	Total
Assets						
Cash resources	\$58,018	\$1,597	-	-	\$3,102	\$62,717
Securities		\$0	\$9,994			\$9,994
Loans	\$128,415	\$0	\$1,482	\$2,338	(\$2,077)	\$130,158
Other assets	-	-	-	-	\$2,818	\$2,818
Total	\$186,433	\$1,597	\$11,476	\$2,338	\$3,843	\$205,687
Liabilities & Shareholder's Equity						
Deposits	\$83,093	\$36,709	\$17,544	\$23,989	\$9,939	\$171,274
Other Liabilities	-	-	-	-	\$3,954	\$3,954
Shareholder's Equity	-	-	-	-	\$30,459	\$30,459
Total	\$83,093	\$36,709	\$17,544	\$23,989	\$44,352	\$205,687
Total gap	\$103,340	(\$35,112)	(\$6,068)	(\$21,651)	(\$40,509)	\$0

As of September 30, 2017, a one percentage point change in the market interest rate over a one-year period would have an impact of approximately \$340 on net interest income over the next year.

June 30, 2017

	<i>Floating</i>	<i>Within 3</i>	<i>3 months</i>	<i>1 to 5</i>	<i>Non-rate</i>	
	<i>Rate</i>	<i>months</i>	<i>to 1 year</i>	<i>years</i>	<i>sensitive</i>	<i>Total</i>
Assets						
<i>Cash resources</i>	\$65,985	\$1,609	-	-	\$1,989	\$69,583
<i>Securities</i>		\$9,993	\$0			\$9,993
<i>Loans</i>	\$114,509	\$0	\$1,493	\$2,371	(\$2,003)	\$116,370
<i>Other assets</i>	-	-	-	-	\$2,621	\$2,621
Total	\$180,494	\$11,602	\$1,493	\$2,371	\$2,607	\$198,567
Liabilities & Shareholder's Equity						
<i>Deposits</i>	\$84,503	\$21,908	\$27,651	\$22,972	\$8,462	\$165,496
<i>Other Liabilities</i>	-	-	-	-	\$2,461	\$2,461
Shareholder's Equity	-	-	-	-	\$30,610	\$30,610
Total	\$84,503	\$21,908	\$27,651	\$22,972	\$41,533	\$198,567
Total gap	\$95,991	(\$10,306)	(\$26,158)	(\$20,601)	(\$38,926)	\$0

As of June 30, 2017, a one percentage point change in the market interest rate over a one-year period would have an impact of approximately \$406 on net interest income over the next year.

March 31, 2017

	<i>Floating</i>	<i>Within 3</i>	<i>3 months</i>	<i>1 to 5</i>	<i>Non-rate</i>	
	<i>Rate</i>	<i>months</i>	<i>to 1 year</i>	<i>years</i>	<i>sensitive</i>	<i>Total</i>
Assets						
<i>Cash resources</i>	\$72,141	\$1,589	-	-	\$2,553	\$76,283
<i>Securities</i>		-	\$9,980			\$9,980
<i>Loans</i>	\$103,146	-	-	\$3,910	(\$1,988)	\$105,068
<i>Other assets</i>	-	-	-	-	\$2,768	\$2,768
Total	\$175,287	\$1,589	\$9,980	\$3,910	\$3,333	\$194,099
Liabilities & Shareholder's Equity						
<i>Deposits</i>	\$84,410	\$13,615	\$30,806	\$22,775	\$9,563	\$161,169
<i>Other Liabilities</i>	-	-	-	-	\$2,163	\$2,163
Shareholder's Equity	-	-	-	-	\$30,767	\$30,767
Total	\$84,410	\$13,615	\$30,806	\$22,775	\$42,493	\$194,099
Total gap	\$90,877	(\$12,026)	(\$20,826)	(\$18,865)	(\$39,160)	\$0

As of March 31, 2017, a one percentage point change in the market interest rate over a one-year period would have an impact of approximately \$403 on net interest income over the next year.

2016:

September 30, 2016						
	<i>Floating</i>	<i>Within 3</i>	<i>3 months</i>	<i>1 to 5</i>	<i>Non-rate</i>	
	<i>Rate</i>	<i>months</i>	<i>to 1 year</i>	<i>years</i>	<i>sensitive</i>	<i>Total</i>
Assets						
<i>Cash resources</i>	\$58,566	\$2,059	-	-	\$1,954	\$62,579
<i>Securities</i>		\$0	\$9,982			\$9,982
<i>Loans</i>	\$100,442	\$2,892	\$0	\$2,041	(\$1,464)	\$103,911
<i>Other assets</i>	-	-	-	-	\$1,957	\$1,957
Total	\$159,008	\$4,951	\$9,982	\$2,041	\$2,447	\$178,429
Liabilities & Shareholder's Equity						
<i>Deposits</i>	\$82,958	\$21,322	\$15,831	\$14,718	\$10,117	\$144,946
<i>Other Liabilities</i>	-	-	-	-	\$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</i>	<i>Within 3</i>	<i>3 months</i>	<i>1 to 5</i>	<i>Non-rate</i>	
	<i>Rate</i>	<i>months</i>	<i>to 1 year</i>	<i>years</i>	<i>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.

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 2017 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 2017 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 2017 was \$1,333 (2016 - \$1,334). This includes all short- and long-term wages and benefits, including directors' fees and the amount allocated to the Bank by the Parent bank (HBZ).

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March, 2018