EXCHANGE BANK OF CANADA

BASEL III PILLAR 3 DISCLOSURES REPORT

For the Quarter Ended January 31, 2025

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Nature of Operations

Exchange Bank of Canada (the Bank, EBC) was originally incorporated as Currency Exchange International of Canada Corp. (CXIC) under the Canadian Business Corporations Act on October 6, 2011. The Bank submitted its application in November of 2012 to continue as a Schedule I bank and in September of 2016, the Office of the Superintendent of Financial Institutions (OSFI) and the minister of finance issued letters patent for the Bank. The Bank is a non-deposit-taking, non-lending financial institution engaged in the service of providing currency exchange services to domestic and foreign banks, corporations, and other financial institutions.

The Bank is a wholly owned subsidiary of Currency Exchange International, Corp (CXI). CXI is a public corporation whose shares are listed and posted for trading on the Toronto Stock Exchange (TSX) under the symbol "CXI", and the Over-the-Counter Market (OTC) under the symbol “CURN.”

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Capital Framework

The Basel Committee on Banking Supervision ("BCBS") is an international forum for regular cooperation on banking supervisory matters. Basel III is a global regulatory capital and liquidity framework developed by the BCBS and is composed of the following three pillars:

1. Pillar 1 addresses capital and liquidity adequacy and provides minimum requirements;
2. Pillar 2 outlines supervisory monitoring and review standards; and
3. Pillar 3 promotes market discipline through prescribed public disclosures.

In Canada, the Office of the Superintendent of Financial Institutions ("OSFI") implements the Basel III framework through the (i) Capital Adequacy Requirements ("CAR"); (ii) Leverage Requirements ("LR"); (iii) Liquidity Adequacy Requirements ("LAR"); (iv) Small and Medium-Sized Deposit-Taking Institution ("SMSB") Capital and Liquidity Requirements; and (v) Pillar 3 Disclosure Guideline for SMSBs Capital and Liquidity Requirements.

The Bank is a non-deposit taking and non-lending Schedule 1 Bank, regulated by OSFI. For capital adequacy and liquidity purposes, the Bank is classified as a Category 2 SMSB. Based on CAR, LR, LAR, and the SMSBs Capital and Liquidity Requirements, the Bank applies the standardized approach to credit risk, Simplified Standardized Approach ("SSA") to operational risk, and the Standardized Approach to Counterparty Credit Risk ("SACCR"), to calculate Risk Weighted Assets ("RWA"). The Pillar 3 Disclosure Guideline for SMSB's Capital and Liquidity Requirements requires the Bank to publicly disclose relevant disclosures to ensure stakeholders have access to key risk information that would enable them to gain a fundamental understanding and knowledge of the Bank's activities.

Unless otherwise noted, all amounts are in Canadian Dollar ("CAD").

Additional information is available here:

1. OSFI's financial Data website: https://www.osfi-bsif.gc.ca/Eng/wt-ow/Pages/fd-df.aspx

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Key metrics

	(Amounts in thousands of Canadian Dollars)	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
	Available Capital (amounts					
1	Common Equity Tier 1 (CET1)	9,823	6,027	11,401	7,955	9,097
2	Tier 1 Capital	9,823	6,027	11,401	7,955	9,097
3	Total Capital	9,823	6,027	11,401	12,955	14,097
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	56,214	55,922	58,628	60,263	57,285
4a	Total risk-weighted assets (pre-floor)					
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	17.5%	10.8%	19.4%	13.2%	15.9%
5a	CET1 ratio (%) (pre-floor ratio)	-	-	-	-	-
6	Tier 1 ratio (%)	17.5%	10.8%	19.4%	13.2%	15.9%
6a	Tier 1 ratio (%) (pre-floor ratio)	-	-	-	-	-
7	Total capital ratio (%)	17.5%	10.8%	19.4%	21.5%	24.6%
7a	Total capital ratio (%) (pre-floor ratio)	-	-	-	-	-
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	-	-	-	-	-
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank G-SIB and/or D-SIB additional requirements (%) [Not applicable for SMSBs]	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	-	-	-	-	-
12	CET1 available after meeting the bank's minimum capital requirements (%)	3.0%	(3.7%)	4.9%	2.7%	5.4%
	Basel III Leverage ratio					
13	Total Basel III leverage ratio exposure measure	72,989	72,517	89,599	65,319	78,796
14	Basel III leverage ratio (row 2 / row 13)	13.5%	8.3%	12.7%	12.2%	10.3%

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Composition of Capital – January 31, 2025

	(Amounts in thousands of Canadian Dollars)	Amounts
	Common Equity Tier 1 capital: instruments and reserves	
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	26,200
2	Retained earnings	(16,377)
3	Accumulated other comprehensive income (and other reserves)	
4	*Directly issued capital subject to phase out from CET1 (only applicable to Federal Credit Unions)*	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-
6	**Common Equity Tier 1 capital before regulatory adjustments**	**9,823**
	Common Equity Tier 1 capital: regulatory adjustments	
28	**Total regulatory adjustments to Common Equity Tier 1**	**-**
29	**Common Equity Tier 1 capital (CET1)**	**9,823**
	Additional Tier 1 capital: instruments	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-
31	of which: classified as equity under applicable accounting standards	-
32	of which: classified as liabilities under applicable accounting standards	-
33	*Directly issued capital instruments subject to phase out from Additional Tier 1 (applicable only to Federal Credit Unions)*	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
35	of which: instruments issued by subsidiaries subject to phase out (applicable only to Federal Credit Unions)	-
36	**Additional Tier 1 capital before regulatory adjustments**	**-**
	Additional Tier 1 capital: regulatory adjustments	
43	**Total regulatory adjustments to additional Tier 1 capital**	-
44	**Additional Tier 1 capital (AT1)**	-
45	**Tier 1 capital (T1 = CET1 + AT1)**	**9,823**
	Tier 2 capital: instruments and provisions	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
47	*Directly issued capital instruments subject to phase out from Tier 2 (applicable only to Federal Credit Unions)*	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-
49	of which: instruments issued by subsidiaries subject to phase out (applicable only to Federal Credit Unions)	-
50	Collective allowances	-
51	**Tier 2 capital before regulatory adjustments**	-
	Tier 2 capital: regulatory adjustments	
57	Total regulatory adjustments to Tier 2 capital	
58	Tier 2 capital (T2)	-
59	Total capital (TC = T1 + T2)	9,823
60	Total risk-weighted assets	56,214

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	Capital ratios	
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	17.5%
62	Tier 1 (as a percentage of risk-weighted assets)	17.5%
63	Total capital (as a percentage of risk-weighted assets)	17.5%
	OSFI target	
69	Common Equity Tier 1 target ratio	7%
70	Tier 1 capital target ratio	8.5%
71	Total capital target ratio	10.5%
	Capital instruments subject to phase-out arrangements (For Federal Credit Unions only)	
80	Current cap on CET1 instruments subject to phase-out arrangements	-
81	Amount excluded from CET1 capital due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase-out arrangements	-
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on Tier 2 instruments subject to phase-out arrangements	-
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	-

Summary of Results

In the three-month period ended January 31, 2025, revenue increased by 19% compared to the same quarter in the prior year, as revenue in Banknotes and Payments businesses increased by 25% and 8%, respectively. The increase in revenue from the Banknotes business was driven by increased volumes across all segments coupled with the impact of spread increases on domestic CAD banknote volumes. Increased revenue in the Payments business was primarily driven by increased volumes from key clients.

The Bank’s operating expenses increased by 14% as compared to the same quarter in the prior year primarily due to non-recurring charges, partially offset by cost management initiatives in other areas.

In the three-month period ended January 31, 2025, the Bank generated a net loss of $1.2 million, 25% lower than the same quarter in the prior year. The Bank maintains adequate capital in adherence to its regulatory requirements. The Bank manages its capital position through ongoing assessments as part of its capital management framework.

Risk Management Objectives, Structure, and Policies

The Bank’s activities expose it to a variety of financial and non-financial risks such as, but not limited to, credit risk, foreign currency risk, interest rate risk, and liquidity risk. The Bank’s risk management policies are designed to minimize the potential adverse effects on the Bank's financial performance. Risk management oversight is carried out by the Chief Risk Officer (“CRO”) under policies approved by Senior Management and the Board of Directors. Information regarding the Bank’s exposure to material risks and the Bank's objectives, policies, and processes for measuring and managing these risks is outlined below.

The Bank’s activities expose it to the following risks:

- Regulatory Compliance risk
- Concentration risk
- Counterparty Credit risk
- Credit risk
- Cybersecurity Risk
- Foreign currency risk
- Interest rate risk

- Liquidity risk
- Operational risk, including fraud risk

Regulatory Compliance Risk

Regulatory compliance risk is the risk of potential non-compliance with laws, regulations, and prescribed practices in the jurisdictions in which the Bank operates. Issues regarding compliance with laws and regulations can be associated with privacy, market conduct, consumer protection, business conduct and money laundering. In conducting its business, the Bank is subject to regulatory examinations and inquiries and may, at any given time, be subject to the payment of additional charges as a resolution of matters arising from these examinations or other non-compliance matters.

Compliance policies and procedures have been developed to enable the Bank to manage regulatory compliance risk. The Bank has an established regulatory compliance management framework which outlines how it manages and mitigates the regulatory compliance risks associated with potential non-compliance with regulatory requirements and changing laws and regulations as applicable.

Concentration Risk

Concentration risk for EBC is the risk of concentrated dependency or non-performance by a relationship bank, third-party service providers, vendors, or clients. Should EBC lose any of these relationships, it could cause a material decline in revenue and potentially disrupt the business model. The following are the concentration risk categories that EBC defines and monitors on a periodic basis:

1. Foreign Currency Payments: EBC has several providers offering liquidity and payment services for foreign currency transactions and is not reliant on a single provider.
2. Banknote Sourcing: EBC has some redundancy for the procuring and offloading of foreign banknotes.
3. Concentration Risk related to vendors: The risk of high exposure to a few third-party service providers or vendors.
4. Concentration Risk related to customers: The risk of high exposure to a few customers.
5. Concentration Risk related to relationship banking partners: EBC has a reliance on certain financial institutions for its primary banking services.

For the period ended January 31, 2025, three customers comprised 30% of the Bank's revenues (2024, 32%).

Counterparty Credit Risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows, resulting in an economic loss to EBC. Unlike the one-sided exposure to CR, CCR introduces a two-sided exposure to potential losses. This is due to the market value component of derivative transactions, which can fluctuate positively or negatively for either counterparty of the transaction. The market value is uncertain and can vary over time with the movement of underlying market factors.

EBC applies SACCR for Over the Counter ("OTC") foreign exchange derivatives to compute the RWA calculation for counterparty credit risk.

The details are illustrated in the table below:

		a	b	b	d	E	f
In thousands of Canadian dollars		Replacement cost	Potential future exposure	Effective EPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	5,622	4,507	-	1.4	14,180	2,836
2	Internal Model Method (for derivatives and SFTs)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
5	Value-at-risk (VaR) for SFTs	-	-	-	-	-	-
6	**Total**	5,622	4,507	-	-	14,180	2,836

	a	b	c	d	e	f	g	h	i	j	k	l	m	n
Risk weight→	**0%**	**10%**	**20%**	**30%**	**40%**	**50%**	**75%**	**80%**	**85%**	**100%**	**130%**	**150%**	**Others**	**Total credit exposure**
Regulatory portfolio↓														
Sovereigns	-	-	-											
Public sector entities (PSEs)	-	-	-											
Multilateral development banks	-	-	-											
Banks	-	-	14,180											2,836
Corporates	-	-	-											
Of which: specialised lending	-	-	-											
Securities firms and other financial institutions treated as Corporate	-	-	-											
Regulatory retail portfolios	-	-	-											
Other assets	-	-	-											
Total	-	-	-											

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Credit Risk

Credit risk is the risk of financial loss associated with counterparty's inability to fulfill its payment obligations. The Bank's credit risk is primarily attributable to cash in bank accounts, accounts receivable, and forward contracts from hedging counterparties.

The credit risk associated with accounts receivable is limited, as the Bank's receivables consist primarily of bulk currency trades and foreign exchange contracts with a settlement cycle of 24 to 48 hours. There is minimal counterparty risk, as the majority of the Bank's receivables reside with banks and other financial institutions.

For the purpose of risk management, customers are grouped as follows: domestic and international financial institutions, money service businesses, and other. Credit limits are established for each customer, whereby the credit limit represents the maximum amount that the Bank will risk for non-settlement. The Bank also establishes limits for the waiver of margin collateral on forward exchange contracts. All customers without credit limits are required to make payments in advance. Limits are reviewed periodically and subject to change based on current information. The Bank has longstanding relationships with most of its money-service business customers and has a strong repayment history.

Cybersecurity Risk

This is the risk of the potential harm or damage that can occur due to vulnerabilities or threats to EBC's information technology systems, networks, and data. It encompasses the possibility of unauthorized access, disruption, alteration, or destruction of digital assets, including sensitive customer information, financial data, intellectual property, and operational systems.

Foreign Exchange Risk

The volatility of the Bank's foreign currency holdings may increase as a result of the political and financial environment of the corresponding issuing country. Management mitigates its exposure to foreign currency fluctuations through a layered risk management strategy that includes forward hedges and selective use of purchased options. Due to their nature, some exotic currencies cannot be hedged or are too cost prohibitive to hedge. These exposures are managed to acceptable risk appetite levels using a historical Value-at-Risk (VaR) methodology. Foreign currency exposure, in the form of exchange gains and losses arising from normal trading activities and business operations, are included in operating expenses for the period.

Foreign exchange losses (gains) represent the net result after considering hedging and risk management strategies designed to reduce the inherent risks in the Bank's exposure to foreign exchange, thereby minimizing volatility in earnings. Due to the unpredictable nature of foreign exchange markets, Management cannot reliably predict future movements in foreign currency valuations, and therefore hedges the Bank's exposures in a consistent and prudent manner in alignment with the Bank's FX Policy. As a result, Management employs a layered approach to managing its exposure to foreign exchange in major currencies through a combination of foreign currency forward contracts and a selective use of purchased put option contracts. Results after hedging vary each period and are largely driven by the magnitude of banknote holdings in certain currencies. Net results are seldom neutral because of the costs linked to hedging, which include forward point differentials on forward contracts and premiums on purchased options. The Bank does not hedge its exposure to exotic currencies as there is generally no established hedging market or the cost of hedging those currencies is prohibitively high. Variations in these unhedged exposures may lead to fluctuations in results each period.

In order to mitigate the risks associated with holding these foreign currencies, the Bank assigns wider bid/ask spreads and maintains specific inventory targets to minimize the impact of exchange rate fluctuations. These targets are reviewed regularly and are increased or decreased to accommodate demand within acceptable risk tolerances. The amount of unhedged inventory held on consignment, in vaults, and in transit on January 31, 2025, was $2,673,547 (2024, $1,938,879). A 2% increase/reduction in the market price for the aggregate of the Bank's unhedged foreign currencies would result in an exchange gain/loss of approximately +$53,000/-$53,000 (2024, gain/loss of approximately +$39,000/-$39,000).

Interest Rate Risk

At January 31, 2025, the Bank had access to interest-bearing financial instruments in cash and lines of credit. A significant amount of the Bank's cash is held as foreign currency bank notes on consignment and in its own vaults. These amounts are not subject to interest-rate risk. Cash held in some of the Bank's accounts are interest bearing. The Bank is subject to a small amount of cash-flow interest-rate risk from the borrowings on its lines of credit; however, as borrowings have remained steady and within policy limits, this risk is low. Borrowings bear interest at variable rates. Currently the interest-rate exposure is un-hedged. For the interest-rate profile of the Bank's interest-bearing financial liabilities, refer to Note 14.

If interest rates had been 50 basis points higher/lower with all other variables held constant, after-tax profit for the year ended January 31, 2025, would have been approximately +$2,000/-$2,000 higher/lower as a result of credit lines held at variable interest rates.

Liquidity Risk

Liquidity risk is the risk of the Bank incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. To manage liquidity risk effectively, the Bank has implemented preventative measures, including setting a Liquidity Coverage Ratio target of 120% or greater, which measures the proportion of unencumbered highly liquid assets to short-term net cash outflows, and setting a minimum liquidity balance requirement of total available cash or undrawn lines of credit to be greater than $3,200,000 notional daily. As required, the Treasurer and CFO report any liquidity issues to the CEO, CRO, and the audit, conduct and review committee in accordance with established policies and guidelines. Management has assessed the Bank's cash position at January 31, 2025, and determined that it is sufficient to meet its financial obligations.

Operational Risk

Operational risk is the risk of loss resulting from ineffective or failed internal processes, people, systems, or external events that can disrupt the flow of business operations. Operational risk can be divided into risks from internal or external factors or events.

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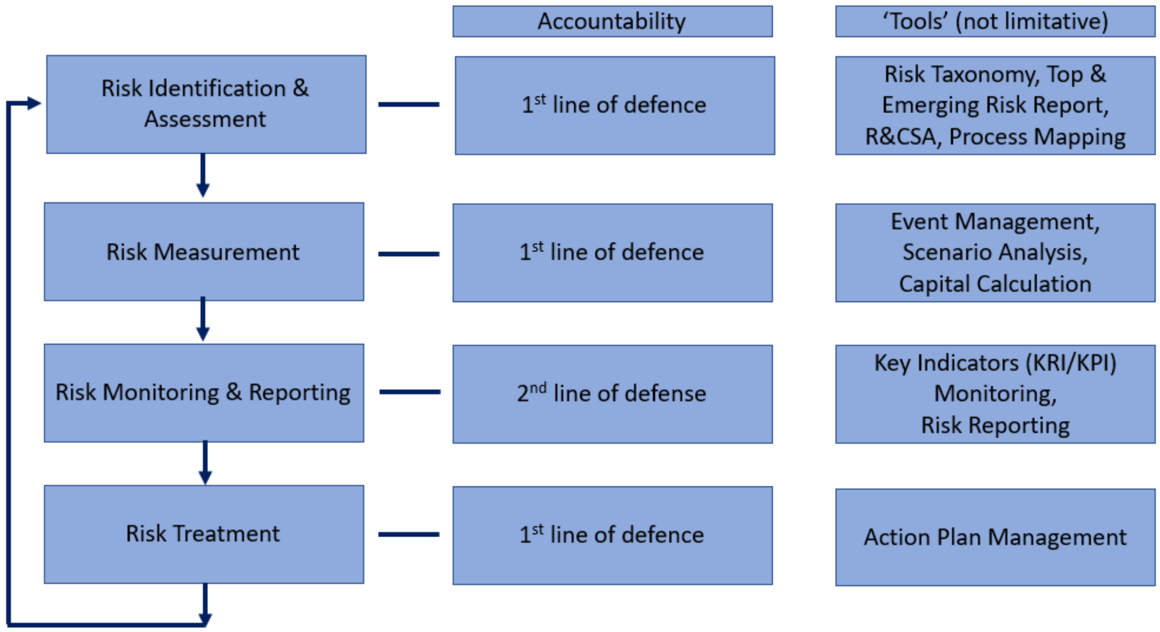
EBC's Operational Risk Management Program is a continuous assessment of its risk and control environment as described in the following diagram below:



Additionally, the 3rd line of defense, the internal audit function, provides an objective review and testing of the Bank's operational risk management controls, processes, systems, and of the effectiveness of the first and second line of defense functions.

Risk Identification and Assessment

The purpose of Risk Identification and Assessment is to identify current and emerging operational risks and evaluate their impact on EBC's operations. The following tools are used for this process:

1. Risk Taxonomy: Risk maintains a Risk Taxonomy for financial and non-financial risks relevant to the Bank.
2. Top Risk and Emerging Risk Report: Risk, in conjunction with Senior Management, identifies key risks for the Bank, on an ongoing basis.
3. Risk and Control Self-Assessment (R&CSA): The Business (or First Line of Defense) conducts risk and control self-assessments to identify all risks inherent in their operations and all Change Management initiatives ("CMIs")
4. Business Process Mapping: Departments maintain business operating procedures detailing activities performed by operations as narratives or/and flowcharts, which are useful for identifying operational risks and mitigating controls in business processes.

Risk Measurement

EBC uses the following risk measurement tools to document and or quantify its risks:

1. Event Management: All operational risk events (including gain events and near misses) and industry relevant external events are identified by managers and recorded in a centralized repository. The information gathered is systematically tracked and analyzed including cause, control failure, lessons learned, preventative action plans to objectively understand the Bank's exposure to operational risk.
2. Capital Calculation: On a quarterly basis, the RWA calculation applies the SSA to calculate the RWA for operational risk.
3. Scenario Analysis: The Internal Capital Adequacy Assessment Process ("ICAAP") includes assessment of various scenarios significantly impacting the Bank's capital and its ability to successfully execute its strategy.

Risk Monitoring and Reporting

EBC monitors and reports on risks on a regular basis against the RAS. Risk reports to the MRC monthly or ad hoc (significant changes in the risk profile) to its members, as required. The CRO reports to the Risk Committee on a quarterly basis or ad hoc, as required.

1. Risk Reporting: The CRO monitors risk levels to ensure a timely review of risk positions and exceptions.

2. The key components (not limited to) of these reports will include:
    - Top risks in the operating environment
    - Emerging risks for the Bank
    - Risks accepted outside EBC's RAS
    - Operational risk events (including near misses)
    - Key Risk Indicators ("KRIs")
    - Scenarios
    - Change management initiatives
    - Credit risks and exceptions
    - Regulatory environment issues
    - Other relevant business matters

All risks must be managed and can be optimized within the RAS approved by the Board. Treatment of risk can also include insurance of risk or acceptance of risk, as avoiding risk is not an option.

Policies, Framework, Guidelines

The CRO of the Bank has developed an Operational Risk Management ("ORM") Policy to provide a framework and approach for managing operational risks, including processes and control activities, for the various sources of risk present in the operations of the Bank. The Bank's Risk Management Framework ("RMF") includes:

- Board of Directors' approved Risk Appetite Statement ("RAS");
- Policies and procedures implemented to provide reasonable assurance that all material operational risks are identified, measured, monitored, reported, and supported by adequate capital;
- Utilization of operational risk management tools such as risk assessments, operational risks event analysis, scenario analysis etc. to mitigate operational risks for the Bank;
- Centralized repository to report, monitor, and manage operational risk events;
- Periodic risk reporting to appropriate stakeholders;
- Continuous oversight through risk focused committees and governance structure; and
- Implementation of the three lines of defense model to clearly articulate the roles and responsibilities of each line of defense stakeholders.

Governance

The Board of Directors is responsible for the oversight of the Bank's risk management, delegating the primary responsibility to the CRO. The Bank's Senior Management, with oversight from the Board of Directors, is focused on ensuring best practices are implemented in both operations and compliance with a strong focus on risk, business planning, and capital management.

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Operational Risk Mitigation and Controls

The Bank's appetite and tolerance for operational risk is low. Therefore, all appropriate measures are taken towards achieving a high level of operational risk awareness and establishing a rigorous operational risk management system. To ensure that all applicable risks are identified, assessed, monitored, and reported:

- The CRO, in consultation with Senior Management, designs, implements and manages the Bank's ORM strategy and framework;
- The Bank uses various tools, as detailed in OSFI's Guideline E-21: Operational Risk Management, to recognize and understand existing risks and consider risks that may arise from new business initiatives, external market forces, or regulatory or statutory changes;
- A common taxonomy is used to promote consistent risk identification and assessment activities across the Bank;
- Centralized repository is used to report, monitor, and manage operational risk events;
- The first line of defense designs and implements controls, regularly performs operational risk monitoring activities, promptly detect and report deficiencies in the policies, procedures, and processes, and propose corrective actions;
- The CRO monitors risk thresholds to review risk positions and exceptions, in a timely manner;
- Risk Assessments are undertaken by the first line of defense, to identify key risks relevant to the Bank and control assessments provide reasonable assurance on the design and operating effectiveness of the controls currently in place to mitigate those risks; and
- The CRO periodically reports on the risk environment, detailing all material risks and compliance with the ORM Policy, to the MRC, the Board of Directors, and the Risk Committee of the Board of Directors.

Operational Risk Charge

For capital adequacy purposes, the Bank uses the SSA to calculate the operational risk charge for the RWA calculation.

In thousands of Canadian dollars	**Year A***	**Year B***	**Year C** *Latest 4 Quarters*	
Total Interest Earning Assets	47,1138	30,190	53,814	
2.25% of Interest Earning Assets	*1,061*	*679*	*1,211*	
Absolute Value of Net Interest Income ("NII")	*145*	*331*	*413*	
Min of 2.25% of Interest Earning Assets and Absolute Value of NII	145	331	413	
Absolute Value of Fee and Commission Income	21,671	20,178	22,402	
Absolute Value of Other Income	64	49	0	
Absolute Value of Net Profit/Loss (Banking Book)	3,334	1,547	867	
Adjusted Gross Income (pre-M&A Adjustment)	25,214	22,105	23,682	
Adjusted Gross Income (after M&A Adjustment)	25,214	22,105	23,682	
Three-Year Average				23,667
Capital Charge (15%)			*15%*	3,550
Operational RWA			*12.5 β factor*	**43,375**

Leverage Ratio

	In thousands of Canadian dollars	**Q1 2025**	**Q1 2024**
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	58,809	77,593
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework (IFRS)	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Asset amounts deducted in determining Tier 1 capital)	-	5,213
5	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 4)**	58,809	72,380
6	Replacement cost associated with all derivative transactions	5,622	2,168
7	Add-on amounts for potential future exposure associated with all derivative transactions	4,507	9,449
8	(Exempted central counterparty-leg of client cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	**Total derivative exposures (sum of lines 6 to 10)**	14,180	16,264
12	Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	Counterparty credit risk (CCR) exposure for SFTs	-	-
15	Agent transaction exposures	-	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	-	-
17	Off-balance sheet exposure at gross notional amount	-	-
18	(Adjustments for conversion to credit equivalent amounts)	-	-
19	**Off-balance sheet items (sum of rows 17 to 18)**	-	-
20	**Tier 1 capital**	9,823	9,097
21	**Total Exposures (sum of lines 5, 11, 16 and 19)**	72,989	88,644
22	**Basel III leverage ratio**	13.5%	10.3%

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