

Fairstone Bank
Supplemental Regulatory Pillar 3 Disclosures
As at March 31, 2025

Overview

Fairstone Bank is a Category 1 SMSB and all tables and information was prepared in accordance with the Pillar 3 Disclosure Guidelines.

The information disclosed within this document is supplementary to our 31st March 2025 Basel III Pillar 3 Disclosure Report and therefore should be read in conjunction with that document. This can be located on the Fairstone Bank webpage : <https://www.fairstonebank.ca/legal-regulatory/>

This document is unaudited and all amounts are in Canadian dollars

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Fairstone Bank
KM1: Key Metrics
As at March 31, 2025

	(000s)	a	b	c	d	e
		3/31/2025	12/31/2024	9/30/2024	6/30/2024	3/31/2024
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	2,326,355	997,397	1,032,470	987,764	986,023
2	Tier 1	2,326,355	997,397	1,032,470	987,764	986,023
3	Total capital	2,509,980	1,077,213	1,110,643	1,063,968	1,060,371
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	16,467,692	7,113,771	6,949,737	6,755,199	6,582,729
4a	Total risk-weighted assets (pre-floor)	16,467,692	7,113,771	6,949,737	6,755,199	6,582,729
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	14.13%	14.02%	14.86%	14.62%	14.98%
6	Tier 1 ratio (%)	14.13%	14.02%	14.86%	14.62%	14.98%
7	Total capital ratio (%)	15.24%	15.14%	900.00%	15.75%	16.11%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	7.13%	7.02%	7.86%	7.62%	7.98%
	Basel III Leverage ratio					
13	Total Basel III leverage ratio exposure measure	32,982,920	9,549,280	9,331,552	9,005,779	8,738,394
14	Basel III leverage ratio (row 2 / row 13)	7.05%	10.44%	11.06%	10.97%	11.28%

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Modified CC1 – Composition of Capital
As at March 31, 2025

Regulatory Capital and Ratios		
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	2,973,873
2	Retained earnings	153,451
3	Accumulated other comprehensive income (and other reserves)	3,593
6	Common Equity Tier 1 capital before regulatory adjustments	3,130,917
Common Equity Tier 1 capital: regulatory adjustments		
28	Total regulatory adjustments to Common Equity Tier 1	(804,562)
29	Common Equity Tier 1 capital (CET1)	2,326,355
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)	2,326,355
Tier 2 capital: instruments and allowances		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	
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	<i>of which: instruments issued by subsidiaries subject to phase out</i>	
50	Collective allowances	183,625
51	Tier 2 capital before regulatory adjustments	183,625
Tier 2 capital: regulatory adjustments		
57	Total regulatory adjustments to Tier 2 capital	0
58	Tier 2 capital (T2)	183,625
59	Total capital (TC = T1 + T2)	2,509,980
60	Total risk-weighted assets	16,467,692
Capital ratios		
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	14.13%
62	Tier 1 (as percentage of risk-weighted assets)	14.13%
63	Total capital (as percentage of risk-weighted assets)	15.24%
OSFI target		
69	Common Equity Tier 1 capital all-in target ratio	7.00%
70	Tier 1 capital all-in target ratio	8.50%
71	Total capital all-in target ratio	10.50%

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LR2 – Leverage Ratio Common Disclosure
As at March 31, 2025

LEVERAGE RATIO FRAMEWORK		Q1 2025	Q4 2024
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	30,901,015	8,011,904
4	(Asset amounts deducted in determining Basel III “all-in” Tier 1 capital)	(892,949)	(761,058)
5	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 4)	30,008,066	7,250,846
Derivative exposures			
6	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	119,732	48
7	Add-on amounts for PFE associated with all derivative transactions	84,094	6,965
11	Total derivative exposures (sum of lines 4 to 10)	203,826	7,013
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	11,192,802	9,187,448
18	(Adjustments for conversion to credit equivalent amounts)	(8,421,774)	(6,896,027)
19	Off-balance sheet items (sum of lines 17 and 18)	2,771,028	2,291,421
Capital and total exposures			
20	Tier 1 capital	2,326,355	997,397
21	Total Exposures (sum of lines 5, 11, 16 and 19)	32,982,920	9,549,280
Leverage Ratio			
22	Basel III leverage ratio	7.05%	10.44%

Fairstone Bank
CR1: Credit quality of assets
As at March 31, 2025

a									b		c		d		e		f		g	
	(000s)	Gross carrying values of ²		Allowances / impairments	Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures			Net values (a+b-c)										
		Defaulted exposures ¹	Non-defaulted exposures		Allocated in regulatory category of Specific ³	Allocated in regulatory category of General ³														
1	Loans	1,092,161	27,851,728	607,879	181,379	426,500	-			28,336,010										
2	Debt securities		349,547							349,547										
3	Off-balance sheet exposures		11,192,802							11,192,802										
4	Total	1,092,161	39,394,077	607,879	181,379	426,500	-			39,878,359										

¹ A defaulted exposure is defined as one that is past due for 90 days or more, or is an exposure to a defaulted borrower, as defined in CAR 2023 Chapter 4, Section 4.1.21, paragraph 140.

² The gross carrying values are gross of credit conversion factor (CCF) and credit risk mitigant (CRM) techniques, but after considering write-offs.

³ Specific allowances are defined as Stage 3 allowances, and General allowances are defined as Stage 1 and Stage 2 allowances under IFRS 9.

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CR3: Credit risk mitigation techniques – overview

As at March 31, 2025

		a	b	c	d	e
	(000s)	Exposures unsecured: carrying amount ¹	Exposures to be secured ²	Exposures secured by collateral ³	Exposures secured by financial guarantees ⁴	Exposures secured by credit derivatives ⁵
1	Loans	6,853,499	21,482,511	17,774,701	3,707,810	-
2	Debt securities	349,547	-	-	-	-
3	Total	7,203,046	21,482,511	17,774,701	3,707,810	-
4	Of which defaulted ⁶	307,463	603,319	599,642	3,677	-

¹ Exposures unsecured- carrying amount: carrying amount of on-balance sheet exposures (net of allowances/impairments) that do not benefit from a credit risk mitigation technique.

² Exposures to be secured: carrying amount of on-balance sheet exposures which have at least one credit risk mitigation mechanism (collateral, financial guarantees, credit derivatives) associated with them.

³ Exposures secured by collateral: carrying amount of on-balance sheet exposures (net of allowances/impairments) partly or totally secured by collateral.

⁴ Exposures secured by financial guarantees: carrying amount of on-balance sheet exposures (net of allowances/impairments) partly or totally secured by financial guarantees.

⁵ Exposures secured by credit derivatives: carrying amount of exposures (net of allowances/impairments) partly or totally secured by credit derivatives.

⁶ A defaulted exposure is defined as one that is past due for 90 days or more, or is an exposure to a defaulted borrower, as defined in CAR 2023 Chapter 4, Section 4.1.21, paragraph 140.

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CR4: Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects
As at March 31, 2025

		a	b	c	d	e	f
	(000s)	Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	889,477	-	4,321,025	111,035	-	0.00%
2	Public sector entities (PSEs)	-	-	-	-	-	0.00%
3	Multilateral development banks	-	-	-	-	-	0.00%
4	Banks	393,469	-	680,744	5	136,151	0.93%
	Of which: securities firms and other financial institu	-	-	-	-	-	0.00%
5	Covered bonds	-	-	-	-	-	0.00%
6	Corporates	-	-	-	-	-	0.00%
	Of which: securities firms and other financial institu	-	-	-	-	-	0.00%
	Of which: specialised lending	-	-	-	-	-	0.00%
7	Subordinated debt, equity and other capital	-	-	-	-	-	0.00%
8	Retail	6,555,424	9,948,192	6,546,036	2,484,182	5,831,891	39.92%
9	Real estate	21,296,304	1,244,610	9	175,810	7,288,731	49.89%
	Of which: general RRE	14,722,807	483,842	10	48,332	3,491,154	23.90%
	Of which: IPRRE	4,358,180	-	11	-	1,999,233	13.69%
	Of which: other RRE	-	-	-	-	-	0.00%
	Of which: general CRE	385,175	31,253	385,175	11,498	287,465	1.97%
	Of which: IPCRE	727,131	-	664,464	-	536,987	3.68%
	Of which: land acquisition, development and constr	1,103,011	729,515	830,503	115,980	973,892	6.67%
10	Reverse mortgages	-	-	-	-	-	0.00%
11	Mortgage-backed securities	-	-	-	-	-	0.00%
12	Defaulted exposures	910,782	-	906,846	-	929,886	6.37%
13	Other assets	1,259,985	-	1,274,065	-	421,790	2.89%
14	Total	31,305,441	11,192,802	31,319,521	2,771,032	14,608,449	100.00%

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CR5: Standardised approach – exposures by asset classes and risk weights
As at March 31, 2025

Risk weights																												
	Asset classes (\$000s)	0%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	75%	80%	85%	90%	100%	105%	110%	130%	150%	250%	400%	1250%	Other	Total credit exposure amount
1	Sovereigns and their central banks	4,432,060		-						-									-				-				-	4,432,060
2	Public sector entities (PSEs)																											-
3	Multilateral development banks	-		-		-				-									-				-				-	-
4	Banks			680,749																								680,749
	Of which: securities firms and other financial institutions treated as banks			287,280				-		-					-													
5	Covered bonds																											-
6	Corporates																											-
	Of which: securities firms and other financial institutions treated as corporates																											
	Of which: specialised lending																											
7	Subordinated debt, equity and other capital																							-				-
8	Retail		1,705,889												7,324,329													9,030,218
9	Real estate			1,541,032	1,620,839	3,086,672	5,716,633	26,511	1,008,166	2,722,600		213,484		348,457	1,489	187,754	321,068	897,971		19,121		54,818						17,766,615
	Of which: general RRE			1,541,032	1,620,839	2,858,911	5,393,348	26,511		9,679				24,182	28													11,474,530
	Of which: IPRRE			9		227,761	323,285		1,008,166	2,712,921		10,871		1,461														4,284,474
	Of which: other RRE			10																								10
	Of which: general CRE			11								202,613				187,754		6,306										396,684
	Of which: IPCRE												324,275				321,068		19,121									664,464
	Of which: land acquisition, development and construction																	891,665				54,818						946,483
10	Reverse mortgages																											-
11	Mortgage-backed securities																											-
12	Defaulted exposures									-									695,247				211,599					906,846
13	Other assets	929,614																	292,892								51,559	1,274,065
14	Total	5,361,674	1,705,889	2,221,781	1,620,839	3,086,672	5,716,633	26,511	1,008,166	2,722,600	-	213,484	-	348,457	7,325,818	-	187,754	321,068	1,886,110	-	19,121	-	266,417	-	-	-	51,559	34,090,553

Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures				
Risk weight	a	b	c	d
	On-balance sheet exposure	Off-balance sheet exposure	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1 Less than 40%	18,326,415	771,194	179.9%	19,713,488
2 40-70%	4,317,131	11,252	18.5%	4,319,218
3 75-80%	6,177,865	79,005	1453.0%	7,325,818
4 85%	184,290	10,679	32.4%	187,754
5 90-100%	2,084,892	742,127	16.5%	2,207,178
6 105-130%	19,121			19,121
7 150%	266,417	-	0.0%	266,417
8 250%	51,559			51,559
9 400%				
10 1250%				
11 Total exposures	31,427,690	1,614,257		34,090,553

* Weighting is based on off-balance sheet exposure (pre-CCF).

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CCR1: Analysis of counterparty credit risk (CCR) exposures by approach

As at March 31, 2025

		a	b	c	d	e	f
	(000s)	Replacement cost ¹	Potential Future Exposure ²	Effective EPE ³	Alpha used for computing regulatory EAD	EAD post-CRM ⁴	RWA
1	SA-CCR (for derivatives)	85,523	60,067		1.4	203,826	40,765
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						40,765

¹Replacement Cost (RC): For trades that are not subject to margining requirements, the RC is the loss that would occur if a counterparty were to default and was closed out of its transactions immediately. For margined trades, it is the loss that would occur if a counterparty were to default at present or at a future date, assuming that the closeout and replacement of transactions occur instantaneously. However, closeout of a trade upon a counterparty default may not be instantaneous. The replacement cost under the standardised approach for measuring counterparty credit risk

²Potential Future Exposure is any potential increase in exposure between the present and up to the end of the margin period of risk. The potential future exposure for the standardised approach is

³Effective Expected Positive Exposure (EPE) is the weighted average over time of the effective expected exposure over the first year, or, if all the contracts in the netting set mature before one year, over the time period of the longest-maturity contract in the netting set where the weights are the proportion that an individual expected exposure represents of the entire time interval (see [CAR

⁴EAD post-CRM: exposure at default. This refers to the amount relevant for the capital requirements calculation having applied CRM techniques, credit valuation adjustments according to [CAR 2023, Chapter 7, Section 7.1.3, paragraph 12] and specific wrong-way adjustments (see [CAR 2023, Chapter 7]).

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CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights

As at March 31, 2025

	a	b	c	d	e	f	g	h	i	j	k	l	m	n
<i>Risk weight →</i>	0%	10%	20%	30%	40%	50%	75%	80%	85%	100%	130%	150%	Others	Total credit exposure
<i>Regulatory portfolio ↓ (000s)</i>														
Sovereigns														
Public sector entities (PSEs)														
Multilateral development banks														
Banks			203,826											203,826
Securities firms and other financial institutions treated as Banks														
Corporates														
Of which: specialised lending														
Securities firms and other financial institutions treated as Corporate														
Regulatory retail portfolios														
Other assets														
Total	-	-	203,826	-	-	-	-	-	-	-	-	-	-	203,826

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CCR5: Composition of collateral for CCR exposure
As at March 31, 2025

(000s)	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of post collateral
	Segregated	Unsegregaed	Segregated	Unsegregated		
Cash – domestic currency	-	-	-	29,339	-	-
Cash – other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	29,339	-	-