

Fairstone Bank
Supplemental Regulatory Pillar 3 Disclosures
As at March 31, 2026

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 Annual 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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KM1: Key Metrics
As at March 31, 2026

	(000s)	a	b	c	d	e
		3/31/2026	12/31/2025	9/30/2025	6/30/2025	3/31/2025
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	2,329,645	2,323,582	2,398,632	2,344,928	2,326,355
2	Tier 1	2,329,645	2,323,582	2,398,632	2,344,928	2,326,355
3	Total capital	2,521,327	2,514,384	2,586,717	2,529,095	2,509,980
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	17,211,388	17,122,576	16,878,389	16,540,730	16,467,692
4a	Total risk-weighted assets (pre-floor)	17,211,388	17,122,576	16,878,389	16,540,730	16,467,692
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	13.54%	13.57%	14.21%	14.18%	14.13%
6	Tier 1 ratio (%)	13.54%	13.57%	14.21%	14.18%	14.13%
7	Total capital ratio (%)	14.65%	14.68%	15.33%	15.29%	15.24%
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 (%)	6.54%	6.57%	7.21%	7.18%	7.13%
Basel III Leverage ratio						
13	Total Basel III leverage ratio exposure measure	34,566,663	34,725,256	34,265,760	33,812,948	32,982,920
14	Basel III leverage ratio (row 2 / row 13)	6.74%	6.69%	7.00%	6.94%	7.05%

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Modified CC1 – Composition of Capital
As at March 31, 2026

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	101,533
3	Accumulated other comprehensive income (and other reserves)	(446)
6	Common Equity Tier 1 capital before regulatory adjustments	3,074,960
Common Equity Tier 1 capital: regulatory adjustments		
28	Total regulatory adjustments to Common Equity Tier 1	(745,315)
29	Common Equity Tier 1 capital (CET1)	2,329,645
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)	2,329,645
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	191,682
51	Tier 2 capital before regulatory adjustments	191,682
Tier 2 capital: regulatory adjustments		
57	Total regulatory adjustments to Tier 2 capital	0
58	Tier 2 capital (T2)	191,682
59	Total capital (TC = T1 + T2)	2,521,327
60	Total risk-weighted assets	17,211,388
Capital ratios		
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	13.54%
62	Tier 1 (as percentage of risk-weighted assets)	13.54%
63	Total capital (as percentage of risk-weighted assets)	14.65%
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, 2026

LEVERAGE RATIO FRAMEWORK		Q1 2026	Q4 2025
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	32,060,630	32,035,568
4	(Asset amounts deducted in determining Basel III “all-in” Tier 1 capital)	(751,768)	(752,814)
5	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 4)	31,308,862	31,282,754
Derivative exposures			
6	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	44,451	56,895
7	Add-on amounts for PFE associated with all derivative transactions	132,001	116,661
6	Gross up for derivatives collateral provided where deducted from the balance sheet		
7	(Deductions of receivables assets for cash variation margin provided in derivative transactions)		
8	(Exempted CCP-leg of client cleared trade exposures)		
9	Adjusted effective notional amount of written credit derivatives		
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
11	Total derivative exposures (sum of lines 4 to 10)	176,452	173,556
Securities financing transaction exposures			
12	Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	0	200,024
16	Total securities financing transaction exposures (sum of lines 12 to 15)	0	200,024
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	12,187,401	12,204,956
18	(Adjustments for conversion to credit equivalent amounts)	(9,106,052)	(9,136,034)
19	Off-balance sheet items (sum of lines 17 and 18)	3,081,349	3,068,922
Capital and total exposures			
20	Tier 1 capital	2,329,645	2,323,582
21	Total Exposures (sum of lines 5, 11, 16 and 19)	34,566,663	34,725,256
Leverage Ratio			
22	Basel III leverage ratio	6.74%	6.69%

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CR1: Credit quality of assets
As at March 31, 2026

	(000s)	a		b	c	d		e	f	g
		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	1,657,649	28,214,102	698,282	284,638	413,644	-	29,173,469		
2	Debt securities		788,492					788,492		
3	Off-balance sheet exposures		12,187,401					12,187,401		
4	Total	1,657,649	41,189,995	698,282	284,638	413,644	-	42,149,362		

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, 2026

		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	6,971,667	22,190,039	18,702,700	3,487,339	-
2	Debt securities	788,492	-	-	-	-
3	Total	7,760,159	22,190,039	18,702,700	3,487,339	-
4	Of which defaulted ⁶	439,630	933,381	923,633	9,748	-

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, 2026

		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	1,038,677	-	4,297,754	333,675	-	0.00%						
2	Public sector entities (PSEs)	-	-	-	-	-	0.00%						
3	Multilateral development banks	-	-	-	-	-	0.00%						
4	Banks	421,743	-	659,066	52	131,823	0.86%						
	Of which: securities firms and other financial institu	-	-	-	-	-	0.00%						
5	Covered bonds	-	-	-	-	-	0.00%						
6	Corporates	2,504	-	2,504	-	501	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	6,539,163	10,505,828	6,532,037	2,623,757	5,882,754	38.54%						
9	Real estate	21,663,176	1,681,573	18,183,648	123,865	7,350,059	48.15%						
	Of which: general RRE	14,978,251	463,358	12,338,922	45,294	3,827,488	25.08%						
	Of which: IPRRE	4,488,668	-	4,428,762	-	2,079,694	13.62%						
	Of which: other RRE	-	-	-	-	-	0.00%						
	Of which: general CRE	293,553	31,582	293,553	13,596	219,501	1.44%						
	Of which: IPCRE	471,994	-	418,284	-	337,711	2.21%						
	Of which: land acquisition, development and constr	1,430,710	1,186,633	704,127	64,975	885,665	5.80%						
10	Reverse mortgages	11,763	-	11,763	-	5,600	0.04%						
11	Mortgage-backed securities	-	-	-	-	-	0.00%						
12	Defaulted exposures	1,373,011	-	1,363,263	-	1,411,779	9.25%						
13	Other assets	1,218,690	-	1,228,783	-	481,442	3.15%						
14	Total	32,268,727	12,187,401	32,278,818	3,081,349	15,263,958	100.00%						

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CR5: Standardised approach – exposures by asset classes and risk weights
As at March 31, 2026

		Risk weights																							Total credit exposure amount			
	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	
1	Sovereigns and their central banks	4,631,429		-						-									-								-	4,631,429
2	Public sector entities (PSEs)																											-
3	Multilateral development banks																											-
4	Banks			659,118																								659,118
	Of which: securities firms and other financial institutions treated as banks			237,375																								
5	Covered bonds																											-
6	Corporates			2,504																								2,504
	Of which: securities firms and other financial institutions treated as corporates																											
	Of which: specialised lending																											
7	Subordinated debt, equity and other capital																											-
8	Retail		1,919,076													7,236,718												9,155,794
9	Real estate			1,499,425	1,593,218	3,049,500	6,581,266	180,081	952,338	2,864,528	243,106	215,967	1,018	123,793	222,468	546,635		1,045	233,125									18,307,513
	Of which: general RRE			1,499,425	1,593,218	2,809,524	6,272,170	180,081		8,574																		12,384,216
	Of which: IPRRE			9		239,976	309,096		952,338	2,855,954	70,408					990												4,428,771
	Of which: other RRE			10																								10
	Of which: general CRE			11								172,698					123,793		10,658								307,160	
	Of which: IPCRE												194,771					222,468		1,045							418,284	
	Of which: land acquisition, development and construction																		535,977				233,125				769,102	
10	Reverse mortgages					1,048	1,267		5,504		3,944																	11,763
11	Mortgage-backed securities																											-
12	Defaulted exposures																		931,524				431,739				1,363,263	
13	Other assets	839,417																	327,982							61,384	1,228,783	
14	Total	5,470,846	1,919,076	2,161,047	1,593,218	3,049,500	6,582,533	180,081	952,338	2,864,528	-	243,106	-	215,967	7,237,736	-	123,793	222,468	1,806,141	-	1,045	-	664,864	-	-	-	61,384	35,360,167

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%	18,865,391	7,611,169	25.1%	20,777,268
2 40-70%	4,464,269	11,219	10.7%	4,465,468
3 75-80%	6,147,758	4,359,915	25.0%	7,237,736
4 85%	121,128	8,309	32.1%	123,793
5 90-100%	1,952,976	196,789	38.4%	2,028,609
6 105-130%	1,045		0.0%	1,045
7 150%	664,864	-	0.0%	664,864
8 250%	61,384		0.0%	61,384
9 400%	-		-	
10 1250%	-		-	
11 Total exposures	32,278,815	12,187,401		35,360,167

* 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, 2026

		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)	44,451	81,587		1.4	176,452	35,290
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						35,290

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 exposures is described in CAR 2023, Chapter 7.

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 described in CAR 2023, Chapter 7.

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 2023, Chapter 7]).

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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CCR5: Composition of collateral for CCR exposure

As at March 31, 2026

(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	-	-	-	48,210	-	-
Cash – other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	48,210	-	-