Fairstone Bank
Supplemental Regulatory Pillar 3 Disclosures
As at June 30, 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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Fairstone Bank
KM1: Key Metrics
As at June 30, 2026

	(000s)	a	b	c	d	e
		6/30/2026	3/31/2026	12/31/2025	9/30/2025	6/30/2025
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	2,347,096	2,329,645	2,323,582	2,398,632	2,344,928
2	Tier 1	2,347,096	2,329,645	2,323,582	2,398,632	2,344,928
3	Total capital	2,537,180	2,521,327	2,514,384	2,586,717	2,529,095
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	17,110,608	17,211,388	17,122,576	16,878,389	16,540,730
4a	Total risk-weighted assets (pre-floor)	17,110,608	17,211,388	17,122,576	16,878,389	16,540,730
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	13.72%	13.54%	13.57%	14.21%	14.18%
6	Tier 1 ratio (%)	13.72%	13.54%	13.57%	14.21%	14.18%
7	Total capital ratio (%)	14.83%	14.65%	14.68%	15.33%	15.29%
	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 (%)	6.72%	6.54%	6.57%	7.21%	7.18%
	Basel III Leverage ratio					
13	Total Basel III leverage ratio exposure measure	35,025,861	34,566,663	34,725,256	34,265,760	33,812,948
14	Basel III leverage ratio (row 2 / row 13)	6.70%	6.74%	6.69%	7.00%	6.94%

Fairstone Bank
Modified CC1 – Composition of Capital
As at June 30, 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	117,869
3	Accumulated other comprehensive income (and other reserves)	(77)
6	**Common Equity Tier 1 capital before regulatory adjustments**	**3,091,665**
	Common Equity Tier 1 capital: regulatory adjustments	
28	Total regulatory adjustments to Common Equity Tier 1	(744,569)
29	**Common Equity Tier 1 capital (CET1)**	**2,347,096**
	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)**	**2,347,096**
	Tier 2 capital: instruments and allowances	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	
47	*Directly issued capital instruments subject to phase out from Tier 2*	
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*	
50	Collective allowances	190,084
51	**Tier 2 capital before regulatory adjustments**	**190,084**
	Tier 2 capital: regulatory adjustments	
57	Total regulatory adjustments to Tier 2 capital	0
58	Tier 2 capital (T2)	190,084
59	**Total capital (TC = T1 + T2)**	**2,537,180**
60	**Total risk-weighted assets**	**17,110,608**
	Capital ratios	
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	13.72%
62	Tier 1 (as percentage of risk-weighted assets)	13.72%
63	Total capital (as percentage of risk-weighted assets)	14.83%
	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%

Fairstone Bank
LR2 – Leverage Ratio Common Disclosure
As at June 30, 2026

LEVERAGE RATIO FRAMEWORK		Q2 2026	Q1 2026
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	32,467,764	32,060,630
4	(Asset amounts deducted in determining Basel III "all-in" Tier 1 capital)	(749,872)	(751,768)
5	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 4)**	**31,717,892**	**31,308,862**
Derivative exposures			
6	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	42,651	44,451
7	Add-on amounts for PFE associated with all derivative transactions	143,963	132,001
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)	**186,614**	**176,452**
Securities financing transaction exposures			
12	Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	0	0
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**0**	**0**
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	12,248,372	12,187,401
18	(Adjustments for conversion to credit equivalent amounts)	(9,127,017)	(9,106,052)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**3,121,355**	**3,081,349**
Capital and total exposures			
20	**Tier 1 capital**	**2,347,096**	**2,329,645**
21	**Total Exposures (sum of lines 5, 11, 16 and 19)**	**35,025,861**	**34,566,663**
Leverage Ratio			
22	**Basel III leverage ratio**	**6.70%**	**6.74%**

Fairstone Bank
CR1: Credit quality of assets
As at June 30, 2026

		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	1,763,042	28,199,039	727,252	322,740	404,512	-	29,234,829
2	Debt securities		888,338					888,338
3	Off-balance sheet exposures		12,248,372					12,248,372
4	**Total**	**1,763,042**	**41,335,749**	**727,252**	**322,740**	**404,512**	**-**	**42,371,539**

[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 2026 Chapter 4, Section 4.1.21, paragraph 141.

[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.

Fairstone Bank
CR3: Credit risk mitigation techniques – overview
As at June 30, 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	6,890,870	22,323,604	18,712,765	3,610,839	-
2	Debt securities	888,338	-	-	-	-
3	**Total**	**7,779,208**	**22,323,604**	**18,712,765**	**3,610,839**	**-**
4	Of which defaulted[6]	461,729	978,573	966,741	11,832	-

[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 2026 Chapter 4, Section 4.1.21, paragraph 141.

Fairstone Bank
CR4: Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects
As at June 30, 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	1,141,620	-	4,531,505	360,649	-	0.00%
2	Public sector entities (PSEs)	-	-	-	-	-	0.00%
3	Multilateral development banks	-	-	-	-	-	0.00%
4	Banks	372,244	-	602,061	113	120,435	0.80%
	Of which: securities firms and other financial institu	-	-	-	-	-	0.00%
5	Covered bonds	-	-	-	-	-	0.00%
6	Corporates	36,193	7,833	36,193	3,133	34,045	0.22%
	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	6,406,630	10,608,745	6,399,549	2,649,549	5,806,954	38.38%
9	Real estate	21,742,462	1,631,794	18,141,673	107,911	7,284,188	48.14%
	Of which: general RRE	14,965,527	460,862	12,392,396	44,955	3,848,247	25.43%
	Of which: IPRRE	4,467,780	-	4,412,034	-	2,070,814	13.69%
	Of which: other RRE	-	-	-	-	-	0.00%
	Of which: general CRE	250,563	33,524	250,563	11,084	189,189	1.25%
	Of which: IPCRE	476,313	-	413,576	-	333,248	2.20%
	Of which: land acquisition, development and constr	1,582,279	1,137,408	673,104	51,872	842,690	5.57%
10	Reverse mortgages	20,355	-	20,355	-	10,215	0.07%
11	Mortgage-backed securities	-	-	-	-	-	0.00%
12	Defaulted exposures	1,440,302	-	1,428,470	-	1,415,284	9.35%
13	Other assets	1,205,121	-	1,213,607	-	460,722	3.04%
14	**Total**	**32,364,927**	**12,248,372**	**32,373,413**	**3,121,355**	**15,131,843**	**100%**

Fairstone Bank
CR5: Standardised approach – exposures by asset classes and risk weights
As at June 30, 2026

		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	4,892,154		-						-									-				-				-	4,892,154
2	Public sector entities (PSEs)																											-
3	Multilateral development banks	-		-		-				-									-				-				-	-
4	Banks			602,174																								602,174
	Of which: securities firms and other financial institutions treated as banks			229,930				-		-					-													
5	Covered bonds																											-
6	Corporates			6,601															32,725									39,326
	Of which: securities firms and other financial institutions treated as corporates																											
	Of which: specialised lending																											
7	Subordinated debt, equity and other capital																							-				-
8	Retail		1,935,661												7,113,437													9,049,098
9	Real estate			1,501,863	1,568,123	3,022,696	6,714,200	146,902	947,331	2,864,371		198,974		218,121	1,058		116,473	214,855	497,257		1,934		235,426					18,249,584
	Of which: general RRE			1,501,863	1,568,123	2,777,990	6,412,253	146,902		8,813				21,334	73													12,437,351
	Of which: IPRRE			9		244,706	301,947		947,331	2,855,558		61,507			985													4,412,043
	Of which: other RRE			10																								10
	Of which: general CRE			11								137,467					116,473		7,707									261,658
	Of which: IPCRE													196,787				214,855			1,934							413,576
	Of which: land acquisition, development and construction																		489,550				235,426					724,976
10	Reverse mortgages					1,513	1,527		7,743			9,572																20,355
11	Mortgage-backed securities																											-
12	Defaulted exposures									-									1,091,790				336,680					1,428,470
13	Other assets	835,196																	323,537								54,874	1,213,607
14	**Total**	**5,727,350**	**1,935,661**	**2,110,638**	**1,568,123**	**3,024,209**	**6,715,727**	**146,902**	**955,074**	**2,864,371**	**-**	**208,546**	**-**	**218,121**	**7,114,495**	**-**	**116,473**	**214,855**	**1,945,309**	**-**	**1,934**	**-**	**572,106**	**-**	**-**	**-**	**54,874**	**35,494,768**

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%*	19,115,742	7,699,761	25.5%	21,081,708
2	*40–70%*	4,391,148	25,923	7.2%	4,393,014
3	*75-80%*	6,025,673	4,357,629	25.0%	7,114,495
4	*85%*	114,488	4,962	40.0%	116,473
5	*90–100%*	2,100,945	151,341	39.1%	2,160,164
6	*105–130%*	1,934	-	0.0%	1,934
7	*150%*	568,613	8,733	40.0%	572,106
8	*250%*	54,874	-	0.0%	54,874
9	*400%*	-		-	
10	*1250%*	-		-	
11	***Total exposures***	**32,373,417**	**12,248,349**		**35,494,768**

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

Fairstone Bank
CCR1: Analysis of counterparty credit risk (CCR) exposures by approach
As at June 30, 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)	42,651	90,645		1.4	186,614	37,291
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**						**37,291**

[1]Replacement 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 2026, Chapter 7.

[2]Potential 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 2026, Chapter 7.

[3]Effective 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 2026, Chapter 7]).

[4]EAD 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 2026, Chapter 7, Section 7.1.3] and specific wrong-way adjustments (see [CAR 2026, Chapter 7]).

Fairstone Bank
CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights
As at June 30, 2026

	a	b	c	d	e	f	g	h	i	j	k	l	m	n
Risk weight → / *Regulatory portfolio ↓ (000s)*	**0%**	**10%**	**20%**	**30%**	**40%**	**50%**	**75%**	**80%**	**85%**	**100%**	**130%**	**150%**	**Others**	**Total credit exposure**
Sovereigns														
Public sector entities (PSEs)														
Multilateral development banks														
Banks			186,614											186,614
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	**-**	**-**	**186,614**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**186,614**

Fairstone Bank
CCR5: Composition of collateral for CCR exposure
As at June 30, 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	-	-	-	55,030	-	-
Cash – other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**-**	**55,030**	**-**	**-**