Fairstone Bank
Supplemental Regulatory Pillar 3 Disclosures
As at September 30, 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 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 September 30, 2025

	(000s)	a	b	c	d	e
		9/30/2025	6/30/2025	3/31/2025	12/31/2024	9/30/2024
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	2,398,632	2,344,928	2,326,355	997,397	1,032,470
2	Tier 1	2,398,632	2,344,928	2,326,355	997,397	1,032,470
3	Total capital	2,586,717	2,529,095	2,509,980	1,077,213	1,110,643
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	16,878,389	16,540,730	16,467,692	7,113,771	6,949,737
4a	Total risk-weighted assets (pre-floor)	16,878,389	16,540,730	16,467,692	7,113,771	6,949,737
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	14.21%	14.18%	14.13%	14.02%	14.86%
6	Tier 1 ratio (%)	14.21%	14.18%	14.13%	14.02%	14.86%
7	Total capital ratio (%)	15.33%	15.29%	15.24%	15.14%	15.98%
	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 (%)	7.21%	7.18%	7.13%	7.02%	7.86%
	Basel III Leverage ratio					
13	Total Basel III leverage ratio exposure measure	34,265,760	33,812,948	32,982,920	9,549,280	9,331,552
14	Basel III leverage ratio (row 2 / row 13)	7.00%	6.94%	7.05%	10.44%	11.06%

Fairstone Bank
Modified CC1 – Composition of Capital
As at September 30, 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	184,477
3	Accumulated other comprehensive income (and other reserves)	(358)
6	**Common Equity Tier 1 capital before regulatory adjustments**	**3,157,992**
Common Equity Tier 1 capital: regulatory adjustments		
28	Total regulatory adjustments to Common Equity Tier 1	(759,360)
29	**Common Equity Tier 1 capital (CET1)**	**2,398,632**
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)**	**2,398,632**
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	188,085
51	**Tier 2 capital before regulatory adjustments**	188,085
Tier 2 capital: regulatory adjustments		
57	**Total regulatory adjustments to Tier 2 capital**	0
58	**Tier 2 capital (T2)**	188,085
59	**Total capital (TC = T1 + T2)**	2,586,717
60	**Total risk-weighted assets**	16,878,389
Capital ratios		
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	14.21%
62	Tier 1 (as percentage of risk-weighted assets)	14.21%
63	Total capital (as percentage of risk-weighted assets)	15.33%
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 September 30, 2025

LEVERAGE RATIO FRAMEWORK		Q3 2025	Q2 2025
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	31,693,063	31,324,489
4	(Asset amounts deducted in determining Basel III "all-in" Tier 1 capital)	(764,919)	(807,877)
5	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 4)**	**30,928,144**	**30,516,612**
Derivative exposures			
6	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	75,099	69,277
7	Add-on amounts for PFE associated with all derivative transactions	120,712	113,047
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)	**195,811**	**182,324**
Securities financing transaction exposures			
12	Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	180,045	200,013
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**180,045**	**200,013**
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	11,859,380	11,558,787
18	(Adjustments for conversion to credit equivalent amounts)	(8,897,620)	(8,644,788)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**2,961,760**	**2,913,999**
Capital and total exposures			
20	**Tier 1 capital**	**2,398,632**	**2,344,928**
21	**Total Exposures (sum of lines 5, 11, 16 and 19)**	**34,265,760**	**33,812,948**
Leverage Ratio			
22	**Basel III leverage ratio**	**7.00%**	**6.94%**

Fairstone Bank
CR1: Credit quality of assets
As at September 30, 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	1,290,715	28,126,617	637,563	212,104	425,459	-	28,779,769
2	Debt securities	-	944,480	-	-	-	-	944,480
3	Off-balance sheet exposures	-	11,859,380	-	-	-	-	11,859,380
4	**Total**	**1,290,715**	**40,930,477**	**637,563**	**212,104**	**425,459**	**-**	**41,583,629**

[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.

Fairstone Bank
CR3: Credit risk mitigation techniques – overview
As at September 30, 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	6,868,438	21,911,331	18,472,713	3,438,618	-
2	Debt securities	944,480	-	-	-	-
3	**Total**	**7,812,918**	**21,911,331**	**18,472,713**	**3,438,618**	**-**
4	Of which defaulted[6]	359,500	719,111	711,464	7,647	-

[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.

Fairstone Bank
CR4: Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects
As at September 30, 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	983,526	-	4,357,232	245,340	-	0.00%
2	Public sector entities (PSEs)	-	-	-	-	-	0.00%
3	Multilateral development banks	-	-	-	-	-	0.00%
4	Banks	665,050	-	739,939	-	147,988	0.99%
	Of which: securities firms and other financial institu	-	-	-	-	-	0.00%
5	Covered bonds	-	-	-	-	-	0.00%
6	Corporates	9,243	-	9,243	-	1,849	0.01%
	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	6,516,945	10,326,539	6,508,938	2,578,861	5,842,536	39.03%
9	Real estate	21,609,672	1,532,841	18,176,990	137,562	7,402,935	49.46%
	Of which: general RRE	14,898,957	489,572	12,024,262	48,959	3,715,199	24.82%
	Of which: IPRRE	4,489,380	-	4,424,219	-	2,077,482	13.88%
	Of which: other RRE	-	-	-	-	-	0.00%
	Of which: general CRE	324,763	27,457	322,915	11,727	238,834	1.60%
	Of which: IPCRE	556,545	-	553,132	-	439,257	2.93%
	Of which: land acquisition, development and constr	1,340,027	1,015,812	852,462	76,876	932,163	6.23%
10	Reverse mortgages	-	-	-	-	-	0.00%
11	Mortgage-backed securities	-	-	-	-	-	0.00%
12	Defaulted exposures	1,078,611	-	1,070,705	-	1,078,852	7.21%
13	Other assets	1,260,619	-	1,306,401	-	494,329	3.30%
14	**Total**	**32,123,666**	**11,859,380**	**32,169,448**	**2,961,763**	**14,968,489**	**100.00%**

Fairstone Bank
CR5: Standardised approach – exposures by asset classes and risk weights
As at September 30, 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	4,602,572		-						-									-				-				-	4,602,572
2	Public sector entities (PSEs)																											-
3	Multilateral development banks	-		-		-				-									-				-				-	-
4	Banks			739,939																								739,939
	Of which: securities firms and other financial institutions treated as banks			254,934				-		-					-													
5	Covered bonds																											-
6	Corporates			9,243																								9,243
	Of which: securities firms and other financial institutions treated as corporates																											
	Of which: specialised lending																											
7	Subordinated debt, equity and other capital																							-				-
8	Retail		1,830,289												7,257,510													9,087,799
9	Real estate			1,506,775	1,597,348	3,108,966	6,193,427	193,589	983,034	2,791,528		287,339		316,015	1,025		138,053	258,233	932,527		1,044		5,649					18,314,552
	Of which: general RRE			1,506,775	1,597,348	2,870,467	5,873,528	193,589		9,323				22,160	31													12,073,221
	Of which: IPRRE			9		238,499	319,899		983,034	2,782,205		99,588			994													4,424,228
	Of which: other RRE			10																								10
	Of which: general CRE			11								187,751					138,053		8,838									334,653
	Of which: IPCRE													293,855				258,233			1,044							553,132
	Of which: land acquisition, development and construction																		923,689				5,649					929,338
10	Reverse mortgages																											-
11	Mortgage-backed securities																											-
12	Defaulted exposures									-									804,696				266,009					1,070,705
13	Other assets	893,588																	358,469								54,344	1,306,401
14	**Total**	**5,496,160**	**1,830,289**	**2,255,957**	**1,597,348**	**3,108,966**	**6,193,427**	**193,589**	**983,034**	**2,791,528**	**-**	**287,339**	**-**	**316,015**	**7,258,535**	**-**	**138,053**	**258,233**	**2,095,692**	**-**	**1,044**	**-**	**271,658**	**-**	**-**	**-**	**54,344**	**35,131,211**

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%*	18,985,980	7,056,879	21.2%	20,482,147
2	*40–70%*	4,570,685	7,431	11.0%	4,571,505
3	*75-80%*	6,124,614	4,538,419	25.0%	7,258,535
4	*85%*	135,479	7,406	34.8%	138,053
5	*90–100%*	2,268,211	249,235	34.4%	2,353,925
6	*105–130%*	1,044			1,044
7	*150%*	271,658	-	0.0%	271,658
8	*250%*	54,344			54,344
9	*400%*				
10	*1250%*				
11	***Total exposures***	**32,412,015**	**11,859,370**		**35,131,211**

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

Fairstone Bank
CCR1: Analysis of counterparty credit risk (CCR) exposures by approach
As at September 30, 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)	75,099	64,766		1.4	195,811	39,162
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**						**39,162**

[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 2023, 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 2023, 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 2023, 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 2023, Chapter 7, Section 7.1.3, paragraph 12] and specific wrong-way adjustments (see [CAR 2023, Chapter 7]).

Fairstone Bank
CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights
As at September 30, 2025

	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			195,811											195,811
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	**-**	**-**	**195,811**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**195,811**

Fairstone Bank
CCR5: Composition of collateral for CCR exposure
As at September 30, 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			
	Segregated	Unsegregaed	Segregated	Unsegregated	Fair value of collateral received	Fair value of post collateral
Cash – domestic currency	-	-	-	35,928	-	-
Cash – other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**-**	**35,928**	**-**	**-**