

# Desjardins Trust Inc. Financial Information and Information on Risk Management (unaudited)

**For the period ended June 30, 2025**

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## NOTES TO THE READER

### USE OF THIS DOCUMENT

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The Financial Information and Information inherent on Risk Management (the document) is designed to support the transparency and disclosure of Desjardins Trust Inc.'s financial information and information inherent on risk management so that the various financial market participants can assess its risk profile. The information disclosed in this document is unaudited.

The information presented in the "Pillar 3 Disclosure" section has been prepared in accordance with the guidelines issued by the Office of the Superintendent of Financial Institutions (OSFI):

- *Pillar 3 Disclosure Guideline for Small and Medium-Sized Deposit-Taking Institutions (SMSBs)*;
- *Capital Disclosure Requirements*;
- *Leverage Ratio Disclosure Requirements*.

In accordance with the requirements of the *Small and Medium-Sized Deposit-Taking Institutions (SMSBs) Capital and Liquidity Requirements - Guideline*, they are classified into three categories. Based on the criteria set out in Section III of this guideline, Desjardins Trust Inc. is classified in Category II.

For more information, please refer to OSFI's financial data website at: <https://www.osfi-bsif.gc.ca>.

### DESJARDINS TRUST INC. PROFILE

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Desjardins Trust Inc. (the Company) is a trustee incorporated as a trust and loan company. It is registered under the *Trust and Loan Companies Act* (Canada) and provides a range of products and services, including asset custody and trust services to individuals and businesses. It is a wholly-owned subsidiary of Desjardins Financial Holding Inc., which in turn is wholly-owned by the *Fédération des caisses Desjardins du Québec* (the Federation). The address of its head office is 1 Complexe Desjardins, Montréal, Québec, Canada. Through a service and outsourcing agreement, the Company uses the services of the Federation and some of its subsidiaries to support its operations both in terms of managing staff as well as meeting its movable and immovable asset requirements. Under this agreement, the Federation and its subsidiaries agree to provide the Company with substantially all administrative and operating services. The Company is governed by the OSFI.

### BASIS OF PRESENTATION OF FINANCIAL INFORMATION

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The Annual Financial Statements have been prepared by the Company's management in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and the accounting requirements of the *Autorité des marchés financiers* (AMF) in Québec and OSFI, which do not differ from IFRS. IFRS represent Canadian generally accepted accounting principles (GAAP). The unaudited financial information presented in this document is mainly excerpted from the Annual and Interim Financial Statements of the Company. Unless indicated otherwise, amounts are in Canadian dollars.

## FINANCIAL INFORMATION

**Table 1 – Balance Sheets**

(in thousands of dollars)		As at June 30, 2025	As at December 31, 2024
<b>ASSETS</b>			
Cash	\$	24,121	\$ 30,839
Securities at fair value through other comprehensive income		993,155	945,135
Amounts receivable from clients		41,267	40,589
Interest receivable		4,739	4,665
Deferred tax assets		—	35
Other assets		19,459	31,595
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>1,082,741</b>	<b>\$ 1,052,858</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Deposits	\$	775,255	\$ 755,590
Deferred tax liabilities		23	—
Other liabilities		36,206	35,051
<b>TOTAL LIABILITIES</b>		<b>811,484</b>	<b>790,641</b>
<b>EQUITY</b>			
Share capital		59,972	59,972
Retained earnings		206,699	197,235
Accumulated other comprehensive income		4,586	5,010
<b>TOTAL EQUITY</b>		<b>271,257</b>	<b>262,217</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$</b>	<b>1,082,741</b>	<b>\$ 1,052,858</b>

Table 2 – Statements of Income

	For the three-month periods ended		For the six-month periods ended	
	June 30,		June 30,	
(in thousands of dollars)	2025	2024	2025	2024
<b>FEE INCOME AND OTHER INCOME</b>				
Securities administration and custodial services	\$ 22,591	\$ 14,683	\$ 46,448	\$ 34,846
Individual and business trust services	19,780	17,178	37,973	34,951
Other	1,288	1,906	2,600	3,203
	43,659	33,767	87,021	73,000
<b>NET INVESTMENT INCOME</b>				
<b>NET INTEREST INCOME</b>				
Interest income	8,751	37,239	18,157	74,558
Interest expense	(5,241)	(30,146)	(10,680)	(61,359)
	3,510	7,093	7,477	13,199
<b>OTHER NET INVESTMENT INCOME (LOSS)</b>				
Net realized gains on securities classified as at fair value through other comprehensive income	297	200	306	88
Foreign exchange income (loss)	(91)	(4)	(190)	38
	206	196	116	126
<b>NET INVESTMENT INCOME</b>	3,716	7,289	7,593	13,325
<b>TOTAL INCOME</b>	47,375	41,056	94,614	86,325
<b>PROVISION FOR (RECOVERY OF) CREDIT LOSSES<sup>(1)</sup></b>	(32)	(536)	15	(459)
<b>NON-INTEREST EXPENSE</b>				
Service agreements and outsourcing	25,261	21,510	50,076	43,015
Technologies	8,944	8,552	16,597	16,403
Fees	1,072	1,195	1,988	1,885
Custodian fees	3,540	3,970	6,276	6,698
Communications	301	122	2,766	1,700
Other	1,715	3,461	4,020	5,072
	40,833	38,810	81,723	74,773
<b>INCOME BEFORE INCOME TAXES</b>	6,574	2,782	12,876	12,011
Income taxes	1,742	761	3,412	3,250
<b>NET INCOME FOR THE PERIOD</b>	\$ 4,832	\$ 2,021	\$ 9,464	\$ 8,761

<sup>(1)</sup> Represents the provision for (recovery of) expected credit losses on securities classified as at fair value through other comprehensive income.

Table 3 – Statements of Comprehensive Income

	For the three-month periods ended		For the six-month periods ended	
	June 30,		June 30,	
(in thousands of dollars)	2025	2024	2025	2024
<b>Net income for the period</b>	\$ 4,832	\$ 2,021	\$ 9,464	\$ 8,761
<b>Other comprehensive income, net of income taxes</b>				
<b>Items that will be reclassified subsequently to the Statements of Income</b>				
Net change in unrealized gains and losses on debt securities classified as at fair value through other comprehensive income				
Net unrealized gains (losses)	(1,117)	505	(210)	903
Provision for (recovery of) credit losses	(24)	(409)	11	(352)
Reclassification of net (gains) losses to the Statements of Income	(218)	(35)	(225)	48
<b>Total other comprehensive income, net of income taxes</b>	(1,359)	61	(424)	599
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	\$ 3,473	\$ 2,082	\$ 9,040	\$ 9,360

**Table 4 – Statements of Changes in Equity**

For the six-month periods ended June 30,

	Share capital	Retained earnings	Accumulated other comprehensive income	Total equity
(in thousands of dollars)				
<b>BALANCE AS AT DECEMBER 31, 2024</b>	\$ 59,972	\$ 197,235	\$ 5,010	\$ 262,217
Net income for the period	—	9,464	—	9,464
Other comprehensive income for the period	—	—	(424)	(424)
Comprehensive income for the period	—	9,464	(424)	9,040
<b>BALANCE AS AT JUNE 30, 2025</b>	\$ 59,972	\$ 206,699	\$ 4,586	\$ 271,257
<b>BALANCE AS AT DECEMBER 31, 2023</b>	\$ 59,972	\$ 174,006	\$ 378	\$ 234,356
Net income for the period	—	8,761	—	8,761
Other comprehensive income for the period	—	—	599	599
Comprehensive income for the period	—	8,761	599	9,360
<b>BALANCE AS AT JUNE 30, 2024</b>	\$ 59,972	\$ 182,767	\$ 977	\$ 243,716

**Table 5 – Securities**

As at June 30, 2025

	Terms to maturity		
	Under 1 year	Over 1 year	Total
(in thousands of dollars)			
<b>Securities issued or guaranteed by:</b>			
Canadian government entities	\$ 296,320	\$ 3,626	\$ 299,946
Provincial government entities and municipal corporations in Canada	202,031	62,269	264,300
<b>Other securities:</b>			
Financial institutions and other issuers	219,656	209,253	428,909
<b>Total securities</b>	\$ 718,007	\$ 275,148	\$ 993,155

As at December 31, 2024

	Terms to maturity		
	Under 1 year	Over 1 year	Total
(in thousands of dollars)			
<b>Securities issued or guaranteed by:</b>			
Canadian government entities	\$ 247,576	\$ 13,276	\$ 260,852
Provincial government entities and municipal corporations in Canada	292,850	38,450	331,300
<b>Other securities:</b>			
Financial institutions and other issuers	160,007	192,976	352,983
<b>Total securities</b>	\$ 700,433	\$ 244,702	\$ 945,135

As at June 30, 2025

	Distribution by province (excluding securities issued or guaranteed by Canadian government entities)									
	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Québec	Newfoundland and Labrador	Nova Scotia	New Brunswick	Total
(in thousands of dollars)										
Securities issued or guaranteed <sup>(1)</sup>	\$ 74,933	\$ 39,561	\$ 4,984	\$ 9,942	\$ 104,496	\$ 16,992	\$ 4,968	\$ 5,807	\$ 2,617	\$ 264,300
Other securities <sup>(2)</sup>	3,427	16,370	—	—	226,520	182,592	—	—	—	428,909
	\$ 78,360	\$ 55,931	\$ 4,984	\$ 9,942	\$ 331,016	\$ 199,584	\$ 4,968	\$ 5,807	\$ 2,617	\$ 693,209

As at December 31, 2024

	Distribution by province (excluding securities issued or guaranteed by Canadian government entities)									
	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Québec	Newfoundland and Labrador	Nova Scotia	New Brunswick	Total
(in thousands of dollars)										
Securities issued or guaranteed <sup>(1)</sup>	\$ 73,807	\$ 99,273	\$ 4,927	\$ 4,986	\$ 128,288	\$ 11,604	\$ —	\$ 5,796	\$ 2,619	\$ 331,300
Other securities <sup>(2)</sup>	920	38,918	—	—	177,330	135,815	—	—	—	352,983
	\$ 74,727	\$ 138,191	\$ 4,927	\$ 4,986	\$ 305,618	\$ 147,419	\$ —	\$ 5,796	\$ 2,619	\$ 684,283

<sup>(1)</sup> Provincial government entities and municipal corporations in Canada.<sup>(2)</sup> Financial institutions and other issuers.

**Table 6 – Allowance for credit losses on securities**

(in thousands of dollars)	As at June 30, 2025	As at December 31, 2024
On securities at fair value through other comprehensive income	\$ 132	\$ 117

**Table 7 – Deposits**

(in thousands of dollars)	As at June 30, 2025	As at December 31, 2024
<b>Type</b>		
Payable on demand	\$ 304,121	\$ 302,050
Payable on a fixed date	471,134	453,540
<b>Total</b>	\$ 775,255	\$ 755,590

(in thousands of dollars)	As at June 30, 2025	As at December 31, 2024
<b>Distribution by province</b>		
Québec	\$ 748,063	\$ 728,961
Ontario	27,142	26,578
New Brunswick	50	51
<b>Total</b>	\$ 775,255	\$ 755,590

**Table 8 – Interest rate sensitivity and maturity matching**

As at June 30, 2025	Terms to maturity							Non-interest-sensitive and provisions	Total
(in thousands of dollars)	Floating rate	Under 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years			
<b>Assets</b>									
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 24,121	\$ 24,121	
Securities at fair value through other comprehensive income	—	189,501	238,601	289,905	46,940	228,208	—	993,155	
Interest receivable	—	—	—	—	—	—	4,739	4,739	
Other assets	—	—	—	—	—	—	60,726	60,726	
<b>Total assets</b>	\$ —	\$ 189,501	\$ 238,601	\$ 289,905	\$ 46,940	\$ 228,208	\$ 89,586	\$ 1,082,741	
<b>Liabilities and equity</b>									
Deposits	\$ 304,121	\$ 55,697	\$ 66,331	\$ 100,735	\$ 96,765	\$ 151,606	\$ —	\$ 775,255	
Other liabilities	—	—	—	—	—	—	36,229	36,229	
Equity	—	—	—	—	—	—	271,257	271,257	
<b>Total liabilities and equity</b>	\$ 304,121	\$ 55,697	\$ 66,331	\$ 100,735	\$ 96,765	\$ 151,606	\$ 307,486	\$ 1,082,741	
<b>Sensitivity gap – Balance Sheet items</b>	\$ (304,121)	\$ 133,804	\$ 172,270	\$ 189,170	\$ (49,825)	\$ 76,602	\$ (217,900)	\$ —	

**Table 8 – Interest rate sensitivity and maturity matching (continued)**

As at December 31, 2024

Terms to maturity

(in thousands of dollars)	Floating rate	Under 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	Non-interest- sensitive and provisions	Total
<b>Assets</b>								
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 30,839	\$ 30,839
Securities at fair value through other comprehensive income	—	216,575	179,526	304,332	49,066	195,636	—	945,135
Interest receivable	—	—	—	—	—	—	4,665	4,665
Other assets	—	—	—	—	—	—	72,219	72,219
<b>Total assets</b>	\$ —	\$ 216,575	\$ 179,526	\$ 304,332	\$ 49,066	\$ 195,636	\$ 107,723	\$ 1,052,858
<b>Liabilities and equity</b>								
Deposits	\$ 302,050	\$ 51,683	\$ 49,297	\$ 122,162	\$ 83,697	\$ 146,701	—	\$ 755,590
Other liabilities	—	—	—	—	—	—	35,051	35,051
Equity	—	—	—	—	—	—	262,217	262,217
<b>Total liabilities and equity</b>	\$ 302,050	\$ 51,683	\$ 49,297	\$ 122,162	\$ 83,697	\$ 146,701	\$ 297,268	\$ 1,052,858
<b>Sensitivity gap – Balance Sheet Items</b>	\$ (302,050)	\$ 164,892	\$ 130,229	\$ 182,170	\$ (34,631)	\$ 48,935	\$ (189,545)	\$ —

## CAPITAL

### BASEL III

The Company's capital ratios are calculated according to the *Capital Adequacy Requirements Guideline* issued by OSFI.

Capital ratios are expressed as a percentage of regulatory capital to risk-weighted assets. The minimum Common Equity Tier 1 capital ratio that the Company must maintain to meet regulatory requirements is 7%. In addition, the Tier 1 capital ratio and total capital ratio must exceed 8.5% and 10.5%, respectively. These minimum ratios include a 2.5% capital conservation buffer.

OSFI also requires that the Company maintains a leverage ratio greater than 3%. This ratio is defined as the capital measure (namely Tier 1 capital) divided by the exposure measure. The exposure measure includes on-balance sheet assets and securities financing transaction exposures.

**Table 9 – Statement of capital**

(in thousands of dollars and as a percentage)	As at June 30, 2025	As at December 31, 2024
<b>Common Equity Tier 1 capital</b>		
Common shares	\$ 59,972	\$ 59,972
Retained earnings	206,699	197,235
Accumulated other comprehensive income	4,586	5,010
<b>Total Common Equity Tier 1 capital</b>	\$ 271,257	\$ 262,217
<b>Total risk-weighted assets</b>	\$ 558,302	\$ 532,341
<b>Total leverage ratio exposure</b>	\$ 1,082,741	\$ 1,052,858
<b>Ratios</b>		
Common Equity Tier 1 capital ratio	48.6%	49.3%
Tier 1 capital ratio	48.6	49.3
Total capital ratio	48.6	49.3
Leverage	25.1	24.9

## RISK MANAGEMENT

### STRUCTURE AND ORGANIZATION OF THE RISK MANAGEMENT FUNCTION

The Company is exposed to different types of risks in its normal course of operations, including credit risk, market risk, liquidity risk, operational risk, strategic risk, reputation risk, environmental, social and governance risks and regulatory risks. Strict and effective management of these risks is a priority for the Company, its purpose being to support its major orientations, particularly regarding its financial soundness as well as its sustained and profitable growth, while complying with regulatory requirements. The Company considers risk an inextricable part of its development and consequently strives to promote a proactive approach in which everyone in the organization is responsible for risk management.

### INTEGRATED RISK MANAGEMENT FRAMEWORK

The Company's objective in risk management is to optimize the risk-return trade-off by developing and applying integrated risk management strategies, frameworks, practices and procedures to all its operations. To this end, the Company developed an Integrated Risk Management Framework consistent with the organization's business strategies and risk-taking philosophy, which is designed, among other things, to give senior management and the Board of Directors an appropriate level of confidence and comfort regarding the understanding and management of risks associated with the achievement of its objectives, including risks arising from external factors, notably climate change.

This Integrated Risk Management Framework is consistent with that of Desjardins Group (hereinafter also referred to as Desjardins) and covers all of the Company's activities. Like Desjardins Group, the Company uses an overall, coordinated approach to manage its risks in an integrated manner, i.e., by taking into account the interrelationships and interdependencies between the various risks.

As a significant component of the Integrated Risk Management Framework, risk appetite makes it possible to determine the risk type and level that the Company wishes to take to meet its business and strategic objectives. Risk appetite forms an integral part of strategic planning, which makes it possible to guide risk-taking in order to ensure the Company's stability and sustainability in the case of unfavourable future events that could affect reputation, the volatility of profitability, capital adequacy or liquidities. As a result, risk appetite provides a basis for integrated risk by promoting a better understanding of the effect of principal risks and emerging risk factors on the Company's results.

The Risk Appetite Framework reflects the Company's risk-taking philosophy, mission and values and is based on:

- Ensuring the Company's sustainability by safeguarding against unfavourable events that may affect the volatility of profitability, capital adequacy or liquidity, while preserving its reputation and supporting its goal of being everyone's #1 choice.
- Guiding business decisions by defining the type and level of risk the Company wishes to assume to meet its strategic objectives.
- Understanding the risks arising from the Company's operations and engaging in only new activities for which the risks are defined, assessed and understood.
- Ensuring the Company's financial sustainability for the benefit of its clients by preserving a capitalization level that meets market expectations and complies with regulatory requirements.
- Limiting risk taking so that the capitalization level is sufficient to face a severe shock having a low probability of occurrence.
- Ensuring the Company's sustainability through adequate profitability in light of risk exposure to meet its financial commitments.
- Managing the Company's liquidities and funding activities through stable and diversified sources of funding in order to guard against liquidity risk and to maintain, with highly liquid assets, greater flexibility at the required regulatory level.
- Ensuring credit risk and long-term returns remain suitable for the Company's clients to support them and communities throughout the relationship.
- Avoiding excessively large risk concentration on certain at-risk groups or entities.
- Managing the exposure to interest rate risk arising from strategies and, through managing this risk, limiting the impact of interest rate changes and ensuring the Company's sustainability.
- Always doing what's best for clients by giving them the support they need to be financially empowered, while contributing to community development, in keeping with our values.
- Through our decisions, communications, and actions, protecting the Company's reputation with its clients, communities, regulatory authorities and other stakeholders, while respecting the Company's values.
- Anticipating and gradually mitigating the Company's exposure to climate change risks by acting as a socio-economic leader in the development of a low greenhouse gas emission economy, while contributing to the resilience of clients and other stakeholders by supporting them in the energy transition.
- Maintaining an effective control environment and promoting sound management of operational and regulatory risks for technological, information security, data, third-party, business continuity, model, legal and regulatory, fraud and financial crime, privacy, employment practices, execution, personal and asset damage, and external disclosure risks.

The Company's Board of Directors approves the Risk Appetite Framework and ensures that the organization's financial and strategic objectives are in line with its risk appetite. The Risk Appetite Framework is reviewed regularly and submitted to the Board of Directors for approval. The Risk Management Executive Division relays the main guidelines for risk appetite to the business segments and components, and supports them in implementing these concepts by ensuring consistency in all the indicators, their targets, their levels and their limits with the Desjardins Group Risk Appetite Framework.

The risk management function ensures that the Company's risk profile is in line with its risk appetite. Quarterly, it reports to senior management and the Board of Directors on the compliance with the risk appetite statements and indicators. In the event a threshold or limit for a risk appetite indicator is exceeded, the investigation into the situation and the corrective measures, as applicable, are brought to the attention of the authorities concerned.



The Company's structure and governance principles comply with the regulatory criteria applicable to a federal trust company. The Company's Board of Directors is responsible for directing, planning, coordinating and monitoring all its activities. In particular, it is responsible for overseeing risk management, examining internal control systems as well as adopting and properly implementing relevant risk management frameworks. The Board of Directors is supported in its specific risk management responsibilities by the Risk Management Committee, the Management Committee, the Audit Committee and the Review Committee. All of these committees benefit from Desjardins Group's support.

The Company's management is responsible for ensuring that sound risk management practices are complied with. In particular, it ensures that appropriate frameworks are developed, implemented, monitored and reviewed. It also ensures that the Company can identify all significant risks, assess their potential impact and implement practices, procedures and control measures to effectively manage them.

The risk management approach of Desjardins Group and the Company is based on principles promoting the accountability of business units. The risk management function of Desjardins Group and the Company ensures that these units successfully manage and control on a daily basis the risks associated with their activities.

### **Risk management frameworks and practices**

The Company uses risk management frameworks to support its business development and meet its strategic objectives. It takes the necessary measures to ensure that they are implemented, applied and maintained in order to meet the regulatory requirements to which it is subject.

The main risk management frameworks address in particular the following:

- Integrated risk management approach;
- Risk appetite, including statements and indicators;
- Strategic and reputation risk management;
- Environmental, social and governance risk management;
- Risk modelling governance;
- Stress testing;
- Internal capital adequacy assessment;
- Operational and regulatory risk management;
- Liquidity risk management;
- Market risk management;
- Credit, counterparty and issuer risk management;
- Securities lending;
- Investments.

## **RISK FACTOR THAT COULD IMPACT FUTURE RESULTS**

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### **Economic and geopolitical uncertainty**

U.S. trade policy remains in flux, with new rate hikes. While the impact on Canada remains uncertain, any free trade agreement carve-out could soften the blow. The trade war and its raft of tariffs will inevitably push up prices for multiple imported goods, yet the economic and inflationary ripple effects are hard to gauge. Meanwhile, geopolitical tensions, particularly with the U.S. administration's latest ultimatum to Russia, Iran and the Middle East, are fuelling global instability, which could weigh on markets. In these circumstances, Desjardins Group, including the Company, is monitoring and assessing developments to identify appropriate measures to mitigate any potential impact on its operations, members and clients.

## **CREDIT RISK**

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### **Counterparty and issuer risk**

*Counterparty and issuer risk is a credit risk relating to various types of transactions involving securities, financial derivative instruments and securities loans.*

Limits by commitments, issuers and counterparties, borrowers, groups of borrowers and industries are prescribed by policies. They are reviewed by management, which recommends them to the Board of Directors for approval.

### **Mitigating credit risk**

In its securities lending transactions, which were carried out until June 30, 2024, and included repurchase and reverse repurchase agreements and securities borrowing and lending, the Company used various techniques to reduce its counterparty credit risk. Since June 30, 2024, the securities lending program offered to clients no longer generates risks for the Company's balance sheet.

Securities lending transactions were governed by standard industry agreements. To mitigate its credit risk exposure, the Company also required financial collateral (pledge) on these transactions.

The Company accepts from its counterparties only financial collateral that complies with the eligibility criteria set out in its policies. These criteria allow for the timely realization of collateral, if necessary, in the event of default.

## MARKET RISK

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*Market risk refers to the risk of loss arising from changes in the fair value of financial instruments as a result of fluctuations in the parameters affecting this value, in particular, interest rates, exchange rates, credit spreads, stock prices and their volatility.*

The Company is exposed to market risk primarily through its financial intermediation activities and, until June 30, 2024, its securities lending activities. The Company has adopted policies that set out the principles, limits and procedures to use in managing market risk.

Interest rate risk is the main component of market risk to which the Company is exposed. Sound and prudent management is applied to optimize net interest income while minimizing the negative incidence of interest rate movements. The established policies describe the principles, limits and procedures that apply to interest rate risk management. The Company's Management Committee is responsible for analyzing and approving the various interest rate matching strategies while respecting the parameters defined in the policies.

Additional information of the Company's position with respect to interest rate sensitivity and maturity matching is provided in Table 8, "Interest rate sensitivity and maturity matching," in this document.

## LIQUIDITY RISK

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*Liquidity risk refers to the Company's capacity to raise the necessary funds (by increasing liabilities or converting assets) to meet a financial obligation, whether or not it appears on the Balance Sheets.*

The Company manages liquidity risk in order to ensure that it has timely and cost-effective access to the funds needed to meet its financial obligations as they become due, in both routine and crisis situations. Managing this risk involves maintaining a sufficient level of liquid securities. In addition, the Company ensures, through Desjardins Group, that there are stable and diversified sources of funding, that indicators are monitored and a contingency plan to implement in the event of a liquidity crisis.

Liquidity risk management is a key component of the overall risk management strategy. The Company has established a policy describing the principles, limits, risk appetite thresholds as well as the procedures that apply to liquidity risk management. The policy is reviewed on a regular basis to ensure that it is appropriate for the operating environment, prevailing market conditions and regulatory requirements. It incorporates, in particular, the requirements of OSFI's *Guideline B-6, Liquidity Principles*, as well as monitoring and compliance with the standards for the short term liquidity coverage ratio (LCR) and net cumulative cash flow (NCCF) under Basel III. This policy has been approved by the Board of Directors and is monitored by the Risk Management Committee. During the quarter, the Company filed with OSFI the monthly reports on LCR and NCCF.

## OPERATIONAL RISK

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*Operational risk is the risk of inadequacy or failure attributable to processes, people, internal systems or external events resulting in losses or failure to achieve objectives and takes into account the impact of failures on the achievement of the strategic objectives of the relevant component or Desjardins Group, as the case may be.*

Operational risk is inherent to all of the activities of Desjardins Group and the Company, including management and control activities in other risk areas such as credit risk, market risk, liquidity risk, etc., as well as activities performed by a third party. Among other things, this risk may lead to losses or the non-achievement of objectives, mainly resulting from theft, fraud, damage to tangible assets, non-compliance with legislation or regulations, systems failures, unauthorized access to computer systems, cyber threats, or problems or errors in process management. To maintain this risk at an acceptable level, an Operational Risk Management Framework has been developed and deployed throughout the organization. This Framework includes the usual practices for sound management of operations and is based on the three lines of defence model, clearly defining the roles and responsibilities in risk and operations management.

On May 1, 2024, the revised *Guideline B-10, Third-Party Risk Management*, became effective. This prudential guideline applies to federal financial institutions governed by OSFI, including the Company. This guideline implements mechanisms to effectively manage the risks associated with any agreement with a third party throughout the business relationship lifecycle. The Desjardins Group third-party risk management frameworks, which are also applicable to the Company, meet the principles and expectations reflected in the new version of the Guideline.

Furthermore, on August 22, 2024, OSFI issued the final version of *Guideline E-21, Operational Risk Management and Resilience*, which enhances expectations for operational risk management and establishes new ones related to operational resilience, business continuity risk management, crisis management, change management, and data risk management. This guideline applies to federally-regulated financial institutions as well as to certain Desjardins Group entities. The guideline's expectations will be subject to a phased implementation at Desjardins Group and the Company, which should lead to full adherence by September 1, 2026, the deadline by which OSFI expects entities to be in full compliance.

On June 18, 2025, the federal Minister of Public Security tabled Bill C-8, *An Act respecting cyber security, amending the Telecommunications Act and making consequential amendments to other Acts* (Bill C-8), which largely mirrors the provisions of Bill C-26, *An Act respecting cyber security, amending the Telecommunications Act and making consequential amendments to other Acts*, introduced in 2022, but abandoned when Parliament was prorogued in January 2025. The purpose of this Bill is to amend the *Telecommunications Act* and to enact the *Critical Cyber Systems Protection Act* (CCSPA). Bill C-8 proposes a regulatory framework aimed at proactively strengthening the cyber security of critical infrastructure in federally regulated sectors such as telecommunications, energy, transportation, and banking, clearing and insurance systems. In particular, it provides for identifying critical systems, establishing a cybersecurity program and communicating it to regulatory bodies, implementing measures to mitigate supply chain risks, reporting any incidents involving a critical cyber system to federal authorities and regulatory bodies within the required time frame, and introducing significant penalties. Even though Desjardins Group, as a Québec financial cooperative, is primarily subject to provincial regulations, some of its entities, including Desjardins Trust and certain insurers, are federally regulated financial institutions and could be subject to CCSPA requirements if they are designated as critical cyber system operators. Desjardins Group, including the Company, is closely monitoring developments in the federal legislative framework and continues to proactively integrate cybersecurity best practices into its risk management framework.

### Operational Risk Management Framework

The purpose of the Operational Risk Management Framework is to identify, measure, mitigate and monitor operational risk as well as make interventions and disclosures in accordance with operational risk appetite and the frameworks adopted by the Board of Directors. It is supported by guidelines setting out operational risk management foundations. At the same time, the Operational Risk Management Framework connects with the other areas of risk.

This Framework is continuously reviewed to ensure its adequacy and its relevance based on developments in industry practices and new regulations.

### Governance

Operational risk management governance emphasizes accountability and effective risk oversight. Operational risk is governed by frameworks, which are reviewed periodically to ensure consistency with the Integrated Risk Management Framework approved by the Board of Directors.

Reporting is done on a regular basis to the committees that provide risk management oversight so that their members can assess the operational risk exposure of Desjardins Group and the Company.

In addition, the main mandate of the Desjardins Group Operational Risk Committee, which is composed of the owners of the operational and regulatory risks categories, is to monitor these two risk categories to which Desjardins Group and the Company are exposed. Its governance is described in the "Integrated Risk Management Framework" section of this document.

### Approaches to identifying, measuring and monitoring operational risk

With respect to the Operational Risk Management Framework, the following table illustrates the tools and methods used to identify, measure and monitor operational risk.

	Description
<b>Risk disclosures</b>	The nature and levels of operational risks are frequently disclosed to senior management as well as the various committees overseeing risk management. This promotes an effective management of operational risk that enables taking action quickly when required and establish the various priorities based on the importance of the risks involved.
<b>Mitigation measures</b>	Desjardins Group and the Company have a structure to ensure sound management of operational risks by overseeing the design and applying robust controls that contribute to risk mitigation. Once risks have been identified and assessed, Desjardins Group and the Company ensure they are maintained at an acceptable level, based on risk appetite, to promote achieving its goals and must continuously ensure the effectiveness of the various existing internal control mechanisms. Accordingly, in the event that established tolerance thresholds are exceeded, action plans are put in place to ensure that risk-taking is always consistent with the Risk Appetite Framework and goals of Desjardins Group and the Company.
<b>Risk-sharing and insurance programs</b>	Desjardins Group and the Company have developed insurance programs to give themselves additional protection against material operational losses. These programs offer protection based on the business segment's needs, the risk tolerance of Desjardins Group and the Company, as well as emerging risks on the market.
<b>Calculation of capital exposed to operational risk</b>	Since April 1, 2023, regulatory capital has been calculated using the new Simplified Standardized Approach. To comply with these changes, the capital requirement calculations have been updated in accordance with the <i>Capital Adequacy Requirements Guideline</i> issued by OSFI. The new approach involves an adjusted gross income component derived from the financial statements of Desjardins Group and the Company. Lastly, this component is combined with a multiplier to obtain the capital requirements for operational risk.

## STRATEGIC RISK

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*Strategic risk refers to a possible loss in value attributable to the occurrence of external and internal events or the implementation of inadequate strategies or actions that might prevent Desjardins Group and the Company from achieving their strategic objectives, including the interests of members and clients.*

This risk forms an integral part of the Integrated Risk Management Framework of Desjardins Group and the Company and is the subject of the Strategic Risk Management Policy. It is first up to senior management and the Board of Directors to address and monitor the development of the strategic orientations of Desjardins Group and the Company, taking into account risk appetite, according to the consultation processes specific to Desjardins. Events that could compromise the achievement of the strategic objectives of Desjardins Group and the Company are systematically and regularly monitored. To this end, Desjardins Group and the Company have implemented an annual process to update the strategic plan, including a risk analysis and an objective review, to factor in market developments, in particular major industry trends and emerging risks, such as those related to the geopolitical context.

Business segments and support functions periodically identify and assess events and risks that could prevent the achievement of strategic objectives, and report thereon to the appropriate bodies. In addition, strategic positions, business acquisitions, new products and services, projects financed by the investment plan, major initiatives and transactions are subject to a risk analysis, including an objective review, if required, before being implemented.

## REPUTATION RISK

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*Reputation risk is the risk that a negative perception by the stakeholders, whether or not justified, of the Company's practices, actions or lack of action could have an material unfavourable impact on its income and equity, or may significantly affect the confidence of its members and clients or, more broadly, public opinion.*

A reputation is of critical importance, and reputation risk cannot be managed separately from other risks. Therefore, managing reputation risk in all their operating segments is a constant concern for Desjardins Group and the Company. In that regard, Desjardins Group and the Company seek to ensure that all employees are constantly aware of the potential repercussions of their actions on the reputation and image of Desjardins Group, including the Company. Desjardins Group and the Company consider it essential to foster a proactive approach to risk management in which integrity and ethics are fundamental values.

Desjardins Group has defined a Management Framework, and roles and responsibilities with regard to reputation risk. This framework is in addition to various processes already in place to identify, measure and govern this risk, such as the previously mentioned operational risk management initiatives, the regulatory compliance program, ethical requirements, and reputation risk assessment as part of new initiatives and the introduction of new products. All these aspects are aimed to promote sound reputation risk management. In addition, the President and Chief Executive Officer of Desjardins Group is the main person responsible for the culture change process. The aim of this process is to effect a profound change in behaviour in order to always work in the best interests of members and clients. This approach also contributes to managing reputational risks.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS

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*ESG risks are linked to an environmental, social or governance event or issue, which materializes as part of the operations, financing, investing and insurance activities or commitments of Desjardins Group, including the Company, the consequences of which could generate financial losses or reputational harm.*

The Company is increasingly focusing on integrating ESG considerations into its operations. These cross-sectional risks may also materialize indirectly through business relations with other entities whose operations could involve Environmental, Social or Governance issues.

Regarding environmental risks, also including climate change risk, potential financial losses may be related to:

- an internal risk, namely a risk generated by the Company and leading to a negative impact on the environment;
- an external risk, namely an event caused by the environment and having a detrimental effect on the Company.

Climate change risks are defined as an entity's vulnerability or impact related to climate change. They include both:

- physical risks resulting from climate change that may be due to extreme events (acute) or longer term changes (chronic);
- transition risks resulting from the transition to an economy with low greenhouse gas emissions. These can be regulatory, legal, technology, market or reputational factors.

Due to the nature of its operations, the Company has a low exposure to climate-related risks. Through the Integrated Risk Management Framework and the ESG Policy, the Company ensures that those risks are managed at all levels.

## REGULATORY RISKS

The financial services industry is one of the most strictly regulated and monitored sectors. For several years, the regulations governing the industry have been expanding significantly, notably in terms of the extent and the complexity of applicable regulations. The pressure exerted by regulatory authorities is mounting and their oversight powers are increasing, and this exposes Desjardins Group, including the Company, to monetary sanctions and greater reputation risk.

### Regulatory authorities and bodies

This evolution is in response to numerous socio-economic phenomena such as the development of new, increasingly complex financial products, the continuing volatility in the securities industry, increasingly complex financial fraud, the fight against money laundering and terrorist financing, and the fight against tax evasion, to mention but a few. In addition to federal (Canada and the U.S.) and provincial government requirements, due consideration must be given to the requirements of the AMF, the Canadian Securities Administrators, OSFI, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and the Canadian Investment Regulatory Organization. Complying with legislative and regulatory provisions, such as those on the protection of personal information, laws and regulations governing insurance, the *Foreign Account Tax Compliance Act*, the *Standard for Automatic Exchange of Financial Account Information in Tax Matters*, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* or the Basel accords, requires considerable technical, human and financial resources and also affects the way the Company manages its current operations and implements its business strategies.

### Compliance Management Framework

Fulfilling an independent supervisory function, the Vice-President and Chief Compliance and Privacy Officer of Desjardins Group fosters a proactive approach to compliance by fully integrating compliance into the Company's current operations.

The Management Framework applies to legal and regulatory risks, including the fight against financial crimes and corruption as well as fraud and privacy risks. It is based on identifying and monitoring regulatory obligations and overseeing the functional units subject to them. The compliance Management Framework provides for the following:

- developing frameworks and documentation to comply with the regulatory requirements in effect;
- implementing training programs and coaching initiatives (advisory role);
- deploying operations oversight and inspection programs;
- reporting on the compliance status to the Company's Board of Directors and senior management.

To maintain its reputation for integrity as well as the confidence of its members and clients, the market and the general public, Desjardins Group, including the Company, has also adopted a code of professional conduct applicable to the officers and employees of all its components.

This Compliance Management Framework provides reasonable assurance that the Company's operations are carried out in compliance with applicable regulations. Despite all these efforts, the Company may not be able to predict the exact impact of regulatory developments and appropriately implement strategies to respond. It could then sustain an adverse impact on its financial performance, its operations and its reputation.

### Compliance organizational structure

The Vice-President and Chief Compliance and Privacy Officer of Desjardins Group reports to the Executive Vice-President, Risk Management of Desjardins Group. The Chief Compliance Officers of all the components, including the Company, report to the Vice-President and Chief Compliance and Privacy Officer.

### Legal and regulatory

*Legal and regulatory risk is the risk associated with the non-compliance by Desjardins Group, including the Company, with obligations arising from the anticipation, interpretation or application of a legislative or regulatory provision or a contractual commitment, which could have an impact on the conduct of its operations, its reputation, its strategies and its financial objectives.*

Legal and regulatory risk entails, inter alia, effectively preventing and handling possible disputes and claims that may lead in particular to judgments or decisions by a court of law or regulatory body that could result in orders to pay damages, financial penalties or sanctions. Moreover, the legal and regulatory environment is evolving quickly and could increase the Company's exposure to new types of litigation. In addition, some lawsuits against the Company may be very complex and be based on legal theories that are new or have never been verified. The outcome of such lawsuits may be difficult to predict or estimate until the proceedings have reached an advanced stage, which may take several years. Class action lawsuits or multi-party litigation may feature an additional risk of judgments with substantial monetary, non-monetary or punitive damages. Plaintiffs who bring a class action or other lawsuit sometimes claim very large amounts, and it is impossible to determine the Company's liability, if any, for some time. Legal liability or an important regulatory measure could have an adverse effect on the current activities of the Company, its results of operations and its financial position, in addition to damaging its reputation. Even if the Company won its court case or was no longer the subject of measures imposed by regulatory bodies, these situations could harm its reputation and have an adverse impact on its financial position, due in particular to the costs associated with such proceedings, and its brand image.

## Complaint processing

The *Regulation respecting complaint processing and dispute resolution in the financial sector* came into force on July 1, 2025. The aim of this new regulation is to reduce the response time faced by Québec consumers when filing their complaints with financial institutions and insurers, as well as to harmonize the complaint handling process within the various organizations regulated by the AMF. The new requirements particularly reduce complaint handling time from 90 to 60 days, and the Regulation provides for administrative penalties in the event of default. With the harmonization and streamlining work done over the past few months and the implementation of a new complaint management tool, Desjardins Group, including the Company, now complies with the new requirements.

## Bill 92, An Act to amend various provisions mainly with respect to the financial sector

Bill 92, *An Act to amend various provisions mainly with respect to the financial sector*, which was assented to on June 4, 2025, aims to promote integrity in the financial sector and maintain public trust. It introduces a new penalty system for financial institutions of up to \$2 million for each day of non-compliance. It also allows anyone to apply to the Financial Markets Administrative Tribunal to obtain such a penalty. Bill 92 has also provided for the creation of the *Chambre de l'assurance* as a result of the amalgamation of the *Chambre de la sécurité financière* and the *Chambre de l'assurance de dommages*. The new penalties that can be imposed on anyone who contravenes or aids in contravening any provision of the *Insurers Act*, the *Act respecting financial services cooperatives* and the *Trust Companies and Savings Companies Act*, therefore directly affect Desjardins Group's operations, including the Company.

## Privacy

*Privacy risk is the risk associated with inadequate handling of personal information (theft or breach, loss, collection, consent management, use, disclosure, retention, destruction or infringement of the rights of individuals related to their personal information) through intentional or unintentional actions (internal threat, error, negligence or omission). The key consequences of privacy risk deal with the Company's reputation, compliance and potential financial losses.*

After the Québec privacy regulatory reform, which occurred between 2021 and 2024, the adoption of federal bill C-27, *An Act to enact the Consumer Privacy Protection Act, the Personal Information and Data Protection Tribunal Act and the Artificial Intelligence and Data Act and to make consequential and related amendments to other Acts*, was highly awaited. However, it died on the Order Paper following the prorogation of Parliament declared on January 6, 2025. Desjardins Group and the Company continue to carefully monitor the intentions of the federal government with respect to privacy laws reform.

In Québec, the provincial government adopted on May 15, 2024, the *Regulation respecting the anonymization of personal information*, which governs the anonymization process in Québec. The new requirements confirm the criteria to be met by organizations when anonymizing personal information. These criteria will be met by Desjardins Group and the Company in the event the use of anonymized data be required.

## Fraud and financial crime

*Fraud and financial crime risk is the risk associated with acts conducted illegally by internal or external parties with the intent to cause harm, benefit from them or misappropriate assets belonging to Desjardins Group, members or clients, or the risk associated with non-compliance by Desjardins Group, including the Company, with obligations arising from the anticipation, interpretation or application of a legislative or regulatory provision regarding financial crimes.*

To protect members and clients as well as the organization, Desjardins Group, including the Company, continually improves its processes and solutions to adequately prevent, detect and deal with fraud. To do so, fraud risks are identified on an ongoing basis and effective and robust mitigation measures are constantly evolving. With respect to the fight against money laundering and terrorist financing, FINTRAC imposing monetary sanctions to four Canadian financial institutions since December 2023 confirms that this regulator is willing to impose more severe sanctions for non-compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

Desjardins Group, including the Company, also has a Financial Crime Governance Framework, which it is continuously improving. In past months, the Department of Finance adopted regulatory changes to expand the obligations of reporting entities, such as Desjardins Group, including the Company, in particular with respect to suspicious transaction reports upon a circumvention of economic sanctions offence, listed person or entity property reports, information sharing between reporting entities and beneficial ownership information. Desjardins Group continues to carry out the work to meet these new requirements.

## PILLAR 3 DISCLOSURES

### Template KM1 – Key metrics (at consolidated group level - Trust)

	a	b	c	d	e
	As at June 30, 2025	As at March 31, 2025	As at December 31, 2024	As at September 30, 2024	As at June 30, 2024
(in thousands of dollars and as a percentage)					
<b>Available capital (amounts)</b>					
1 Common Equity Tier 1 (CET1)	\$ 271,257	\$ 267,784	\$ 262,217	\$ 257,195	\$ 243,716
2 Tier 1 capital	271,257	267,784	262,217	257,195	243,716
3 Total capital	271,257	267,784	262,217	257,195	243,716
<b>Risk-weighted assets (amounts)</b>					
4 Total risk-weighted assets (RWA)	\$ 558,302	\$ 542,212	\$ 532,341	\$ 523,330	\$ 476,571
<b>Risk-based capital ratios as a percentage of RWA</b>					
5 CET1 ratio	48.6%	49.4%	49.3%	49.1%	51.1%
6 Tier 1 ratio	48.6%	49.4%	49.3%	49.1%	51.1%
7 Total capital ratio	48.6%	49.4%	49.3%	49.1%	51.1%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8 Capital conservation buffer requirement	2.5%	2.5%	2.5%	2.5%	2.5%
9 Countercyclical buffer requirement	—	—	—	—	—
10 Global Systemically Important Bank (G-SIB) additional requirements	—	—	—	—	—
11 Total of bank CET1 specific buffer requirements (row 8 + 9 + 10)	2.5%	2.5%	2.5%	2.5%	2.5%
12 CET1 available after meeting the bank's minimum capital requirements	40.6%	41.4%	41.3%	41.1%	43.1%
<b>Basel III Leverage ratio</b>					
13 Total Basel III leverage ratio exposure measure	\$ 1,082,741	\$ 1,073,203	\$ 1,052,858	\$ 1,055,962	\$ 1,037,655
14 Basel III leverage ratio (row 2 / row 13)	25.1%	25.0%	24.9%	24.4%	23.5%

## Template CC1 - Composition of regulatory capital

	<sup>a</sup>				
	As at June 30, 2025	As at March 31, 2025	As at December 31, 2024	As at September 30, 2024	As at June 30, 2024
(in thousands of dollars and as a percentage)					
<b>Tier 1A capital: Instruments and reserves</b>					
1 Directly issued qualifying common share capital plus related stock surplus	\$ 59,972	\$ 59,972	\$ 59,972	\$ 59,972	\$ 59,972
2 Retained earnings	206,699	201,867	197,235	191,833	182,767
3 Accumulated other comprehensive income (and other reserves)	4,586	5,945	5,010	5,390	977
4 Directly issued capital subject to phase out from Common Equity Tier 1 regulatory capital	N/A	N/A	N/A	N/A	N/A
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in Common Equity Tier 1 capital)	—	—	—	—	—
6 <b>Gross Common Equity Tier 1 capital</b>	\$ 271,257	\$ 267,784	\$ 262,217	\$ 257,195	\$ 243,716
28 <b>Total deductions from adjusted Common Equity Tier 1 capital after allocated and individual threshold deductions</b>	\$ —	\$ —	\$ —	\$ —	\$ —
29 <b>Net Common Equity Tier 1 capital (Common Equity Tier 1 capital after all deductions)</b>	\$ 271,257	\$ 267,784	\$ 262,217	\$ 257,195	\$ 243,716
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	N/A	N/A	N/A	N/A	N/A
34 Additional Tier 1 capital 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	N/A	N/A	N/A	N/A	N/A
36 <b>Gross additional Tier 1 capital</b>	—	—	—	—	—
43 <b>Total regulatory adjustments to Additional Tier 1 capital</b>	\$ —	\$ —	\$ —	\$ —	\$ —
44 <b>Additional Tier 1 capital</b>	—	—	—	—	—
45 <b>Tier 1 capital</b>	\$ 271,257	\$ 267,784	\$ 262,217	\$ 257,195	\$ 243,716
<b>Tier 2 capital</b>					
46 Directly issued qualifying Tier 2 instruments	—	—	—	—	—
47 Directly issued non-qualifying Tier 2 instruments (subject to phase-out from 2013 to 2022)	N/A	N/A	N/A	N/A	N/A
48 Capital instruments issued by consolidated subsidiaries to third parties (portion recognized as Tier 2 capital of the parent company)	—	—	—	—	—
49 of which: instruments issued by subsidiaries that will be phased out	N/A	N/A	N/A	N/A	N/A
50 Allowances	—	—	—	—	—
51 <b>Gross Tier 2 capital</b>	\$ —	\$ —	\$ —	\$ —	\$ —
57 <b>Total regulatory adjustments to Tier 2 capital</b>	\$ —	\$ —	\$ —	\$ —	\$ —
58 <b>Tier 2 capital</b>	—	—	—	—	—
59 <b>Total capital</b>	\$ 271,257	\$ 267,784	\$ 262,217	\$ 257,195	\$ 243,716
60 <b>Total risk-weighted assets</b>	\$ 558,302	\$ 542,212	\$ 532,341	\$ 523,330	\$ 476,571
60a <b>Credit Valuation Adjustment (CVA) risk-weighted assets</b>	\$ —	\$ —	\$ —	\$ —	\$ —



## Template CC1 - Composition of regulatory capital (continued)

		a				
		As at June 30, 2025	As at March 31, 2025	As at December 31, 2024	As at September 30, 2024	As at June 30, 2024
(in thousands of dollars and as a percentage)						
Capital ratios and buffers						
61	Common Equity Tier 1 (as % of risk-weighted assets)	48.6%	49.4%	49.3%	49.1%	51.1%
62	Tier 1 (as % of risk-weighted assets)	48.6%	49.4%	49.3%	49.1%	51.1%
63	Total capital (as % of risk-weighted assets)	48.6%	49.4%	49.3%	49.1%	51.1%
OSFI target						
69	Common Equity Tier 1 target ratio	7.0%	7.0%	7.0%	7.0%	7.0%
70	Tier 1 capital target ratio	8.5%	8.5%	8.5%	8.5%	8.5%
71	Total capital target ratio	10.5%	10.5%	10.5%	10.5%	10.5%
Applicable caps on the inclusion of allowances in Tier 2						
76	Allowances eligible for inclusion in Tier 2 capital in respect of exposures subject to the Standardized Approach (prior to application of cap)	\$ —	\$ —	\$ —	\$ —	\$ —
77	Cap on inclusion of allowances in Tier 2 capital under the Standardized Approach	—	—	—	—	—

## Template LR2 - Leverage ratio common disclosure template

	a	b			
	As at June 30, 2025	As at March 31, 2025	As at December 31, 2024	As at September 30, 2024	As at June 30, 2024
(in thousands of dollars and as a percentage)					
<b>On-balance sheet exposures</b>					
1 On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures, but including collateral)	\$ 1,082,741	\$ 1,073,203	\$ 1,052,858	\$ 1,055,962	\$ 1,037,655
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 <b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 4)</b>	<b>\$ 1,082,741</b>	<b>\$ 1,073,203</b>	<b>\$ 1,052,858</b>	<b>\$ 1,055,962</b>	<b>\$ 1,037,655</b>
<b>Derivative exposures</b>					
6 Replacement cost associated with all derivative transactions	—	—	—	—	—
7 Add-on amounts for potential future exposure associated with all derivative transactions	—	—	—	—	—
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 form written credit derivatives)	—	—	—	—	—
11 <b>Total derivative exposures (sum of lines 6 to 10)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Securities financing transaction exposures</b>					
12 Gross SFT assets recognized 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 <b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Other off-balance sheet exposures</b>					
17 Off-balance sheet exposure at gross notional amount	—	—	—	—	—
18 (Adjustments for conversion to credit equivalent amounts)	—	—	—	—	—
19 <b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Capital and total exposures</b>					
20 Tier 1 capital	271,257	267,784	262,217	257,195	243,716
21 <b>Total exposures (sum of lines 5, 11, 16 and 19)</b>	<b>\$ 1,082,741</b>	<b>\$ 1,073,203</b>	<b>\$ 1,052,858</b>	<b>\$ 1,055,962</b>	<b>\$ 1,037,655</b>
<b>Leverage ratio</b>					
22 Basel III leverage ratio	25.1%	25.0%	24.9%	24.4%	23.5%