REGULATORY DISCLOSURES

December 31, 2021

SCOPE OF DISCLOSURE

This document is prepared in accordance with regulatory requirements of the Office of the Superintendent of Financial Institutions (OSFI). OSFI's public disclosure requirements are based on the Basel Committee of Banking Supervision (BCBS) Pillar 3 disclosure requirements. Additionally, OSFI has issued public disclosure requirements through Guideline B-20, Guideline B-6 and other guidelines.

The document contains information related to Bridgewater Bank's on-balance sheet items. Unless stated otherwise, all figures are in thousands of dollars except for percentages. The information contained in this document has not been audited.

CORPORATE PROFILE

Bridgewater Bank (the Bank) is a federally chartered bank regulated by OSFI. The Bank is owned by the Alberta Motor Association (AMA), the largest membership service organization in Alberta.

Specializing in residential mortgages and deposit products through a select network of brokers, the Bank serves customers across Canada. The Bank participates in the National Housing Act (NHA) mortgage-backed securities (MBS) and Canada Mortgage Bond (CMB) programs.

CAPITAL

Capital is a key factor in the safety and soundness of a financial institution. The Bank's Capital Management Policy governs the capital management of the Bank. The objective of the policy is to ensure that adequate capital exists to support the Bank's strategic and business objectives, absorb potential unexpected losses, and to meet minimum capital requirements. The Asset and Liability Committee (ALCO) monitors compliance with the policy on a regular basis, and the Board of Directors (the Board) reviews compliance with the policy on a quarterly basis.

The Bank manages its capital under guidelines established by OSFI which are based on the BCBS's framework. The regulatory capital guidelines measure capital in relation to credit, market and operational risks. The Bank qualifies to use the standardized approach for the measurement of credit risk and the basic indicator approach for the measurement of operational risk.

The Bank's strategic objectives related to capital management are:

- To ensure there is sufficient capital in order to meet regulatory restrictions.
- To allow for asset accumulation to manage cash flow commitments under normal operating environments.
- To develop and introduce new products and expand current offerings.

The Bank has various capital policies, procedures and controls which it utilizes to achieve these objectives. In March 2020, OSFI announced several relief measures to address COVID-19 impacts. One of these measures was the introduction of a transitional arrangement for ECL on capital. ECL allowances that would normally be included in Tier 2 capital were permitted to be included in CET1 capital. The adjustment to the capital ratios will be dynamically measured each quarter. The adjustment is equal to the increase in Stage 1 and Stage 2 allowances relative to December 31, 2019. This increase is tax-effected and subject to a scaling factor that will decrease over time. The scaling factor for the remaining period is set at 50% for 2021, 25% for 2022, and nil% thereafter.

	31-Dec-21	30-Sep-21	31-Dec-20
Capital:			
CET 1 capital	**$ 140,847**	$ 139,992	$ 132,450
Tier 1 capital	**140,847**	139,992	132,450
Total capital	**145,941**	144,712	132,450
Risk-weighted assets			
Credit risk	**407,215**	387,861	328,898
Operational risk	**61,588**	61,100	61,438
	$ 468,803	$ 448,961	$ 390,336
Capital ratios:			
CET 1	**30.0%**	31.2%	33.9%
Tier 1	**30.0%**	31.2%	33.9%
Total	**31.2%**	32.3%	33.9%
Leverage ratio	**9.5%**	9.7%	9.5%

CAPITAL STRUCTURE

The Bank's capital consists solely of common shares. Common shares have voting rights. They are considered CET1 capital for capital adequacy requirements (CAR) as per OSFI guidelines.

RISK MANAGEMENT

Risk management is an essential component of the Bank's operations. The Bank invests significantly in risk management practices and resources, and this investment contributes directly to the Bank's profitability.
The Enterprise Risk Management (ERM) Policy governs the risks within the Bank. The Chief Risk Officer (CRO) establishes this policy, and it is approved for use in the Bank by the Board of Governors of AMA and the Board. The ERM Policy outlines the approach and the strategy of the ERM Program and sets outs roles and responsibilities.

The ERM Framework explains the methodology for integrating ERM into all levels of the Bank. The Framework supports the ERM Policy and explains the risk approach. It also establishes the context in identifying, analyzing, evaluating and monitoring risk. The ERM Framework is embedded within the Bank's overall strategic and operational policies and procedures.

The Bank's business strategies and operations expose us to a wide range of risks that could adversely affect operations and financial condition, which in turn can significantly affect the Bank's profitability and growth objectives. When evaluating risks, management makes decisions about which risks it will accept, mitigate and avoid. These decisions are guided by the Bank's Risk Appetite Statement. The types of risk to which the Bank is subject to include: strategic, credit, interest rate, liquidity, operational, regulatory and reputation.

RISK MANAGEMENT GOVERNANCE STRUCTURE

The Bank takes a prudent approach to managing risk inherent in the business segments within which it operates and ensures that it understands and limits the overall amount of risk in the Bank. It achieves that by establishing a formal risk appetite statement. This statement is reviewed and adjusted annually.

The Board has overall responsibility for the establishment and oversight of the Bank's risk appetite. The risk appetite statement sets out the overall risk capacity and risk appetite for the Bank, establishes measures and limits on risks, and sets out the stress testing program. The Board reviews and approves key policies to enable effective monitoring of the Bank's significant risks. At least quarterly, a report on the key risks is presented to the Board and its committees for review and assessment.

The Bank employs the industry standard three lines of defence model which include risk management control functions, oversight committees and independent assurance. The Bank's risks include but are not limited to credit risk, interest rate risk, liquidity risk, operational risk and regulatory risk.

COVID-19 PANDEMIC RISK FACTORS

In March 2020, the World Health Organization declared COVID-19 as a global pandemic. As a result, risks to the Bank have increased. The pandemic continues to have disruptive impacts on the economic environment and businesses in Canada and around the world. Governments around the world have introduced containment measures to slow the spread, such as business closures, travel restrictions and quarantines. The spread of COVID-19 has resulted in a recession and elevated unemployment in Canada. The Government of Canada has released various relief measures to stem the impacts of the pandemic on individuals and businesses.

The ultimate impact of the pandemic on the Bank's business, liquidity, operations and prospects will depend on developments which are still uncertain. The Federal Government and Bank of Canada had introduced a range of liquidity programs and regulatory changes to support the financial sector. Relief measures and court closures required the Bank to either defer legal actions or conduct business related to foreclosures, repossessions and payments differently.

At the beginning of the pandemic, the Bank employed a work from home plan to ensure the safety of its employees. The Bank continues to operate with a significant portion of its workforce in a work from home environment. A work from home environment can increase operational risks such as increased cyberattacks and potential service interruptions. The Bank continues to monitor its pandemic plan and adjusts to manage the evolving requirements under the pandemic.

CREDIT RISK

Credit risk is the risk of loss resulting from the failure of a counterparty to honour its financial obligation. The Bank is exposed to credit risk through cash, restricted cash, amounts receivable, restricted investments, loans and derivative financial assets.

Credit risk management is a component of the risk appetite statement approved by the Board and the Risk Committee. The ALCO provides financial oversight over credit risk and ensures the Bank meets mortgage insurers' compliance standards. The ALCO reviews arrears and underwriting post assessment reporting, which is also communicated to the Risk Committee. Credit risk management over day-to-day operations is provided by the Credit Management Committee, including oversight of the geographic concentration. The lines of business are responsible for management of the Bank's credit risks in accordance with approved policies.

The Bank manages credit risk with respect to cash and restricted cash by holding cash with major Canadian banks. Mortgage receivables are all residential mortgages. Funded mortgages comply with the product and underwriting policies of the Bank and the mortgage insurers and property is held as collateral to mitigate the risk of loss. The Bank maintains an allowance for expected credit losses.

The Bank is also exposed to credit risk through contracts with third parties for mortgage insurance and derivatives utilized to manage interest rate risk. This counterparty credit risk is mitigated by contracting with reputable organizations that have investment-grade credit ratings and by utilizing a number of different organizations, where possible, to minimize the impact of the risk of any one counterparty defaulting on its contractual obligations.

The Bank's total maximum credit exposure without taking account of any collateral held or other credit enhancements such as mortgage insurance, is the carrying value of the financial assets recorded on the statement of financial position in addition to credit commitments.

Credit risk ratings

The credit quality of the Bank's financial assets is assessed based on mapping of the internal and external risk ratings. The Bank assigns a credit risk rating to its financial assets based on a variety of data such as beacon score, loan-to-value (LTV) on origination and regional employment rates that it determines to be predictive of the risk of default. The Bank uses these grades for the purposes of identifying significant increases in credit risk. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

Mortgages are assigned a credit risk grade at initial recognition based on available information about the borrower. Mortgages are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk rating.

Impairment - expected credit loss (ECL)

The ECL model applies to debt financial assets, including mortgages and debt securities, measured at amortized cost and loan commitments. It assesses changes in credit risk since initial recognition and estimates expected credit losses considering the relevant information available at the reporting date, including information about past events and current conditions, as well as reasonable and supportable forward-looking information about economic conditions. Allowances for credit losses are determined using the three-stage ECL model as follows:

- Stage 1: On initial recognition of a financial asset and for performing financial assets where there has been no significant increase in credit risk (SICR), a 12-month ECL allowance is recognized.
- Stage 2: When there has been a SICR relative to initial recognition for a financial asset, a loss allowance equal to lifetime ECL is recognized.
- Stage 3: When a financial asset is considered credit-impaired, a loss allowance equal to lifetime ECL is recognized and interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance.

Stage 1 and Stage 2 ECL allowances are established for performing financial assets, whereas Stage 3 allowances are established for non-performing or credit-impaired financial assets. Changes in the required allowance for credit losses, including the impact of movement between 12-month and lifetime ECL, are recorded in the statement of income.

Measurement of ECLs

The Bank measures ECL based on three probability-weighted forward-looking scenarios and considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that impact the Bank's credit risk assessment. The Bank measures expected life as the remaining contractual period the Bank is exposed to credit risk.

ECL is calculated based on the following factors updated at and discounted to the reporting date:

- Probability of default (PD): Estimates the likelihood of default over a given time period based on current and historical information. The probability of default for Stage 1 assets is established over the likelihood of default in the next 12 months, whereas Stage 2 and 3 financial assets establish default over the life of the asset.
- Loss given default (LGD): Estimates the loss when default occurs based on historical write-offs, recoveries, borrower specific information, direct costs and forward-looking information.
- Exposure at default (EAD): Estimates the exposure at the future default date

Assessment of significant increase in credit risk

Although the Bank primarily relies on its assessment of borrower specific and relevant forward-looking information to determine if there is a SICR, if the contractual payments are more than 30 days overdue the Bank considers a SICR has occurred.

Forward-looking information

The measurement of ECL and the assessment of SICR considers reasonable and supportable forward-looking information for forecasts of future events and economic conditions. Forward-looking information requires significant management judgement.

The Bank used available economic data as of December 31, 2021 to measure its ECL. Due to the dynamic nature of COVID-19 and the sensitivity of the model to forward-looking information this may cause increased volatility in the Bank's ECL on a go forward basis.

Default

The Bank considers a financial asset to be in default when:

- There is reason to believe that a portion of the principal or interest cannot be collected, without recourse action by the Bank such as realizing security.
- The principal or interest repayment is contractually 90 days or more past due.

Credit-impaired financial assets

Financial assets that are credit-impaired are evidenced when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as a default, bankruptcy of customer, or purchase of an asset at a deep discount that reflects the incurred credit losses.

Allowance for credit losses on mortgages receivable and mortgage commitments

The Bank establishes an allowance for credit losses on mortgages receivable and mortgage commitments based on the ECL model factors. For mortgage commitments, ECL estimates consider the portion of the mortgage commitments that are expected to fund.

The Bank establishes collective allowances on the mortgage portfolio on the basis of similar credit risk characteristics, such as loan type, past due status and other relevant factors. Individual allowances are established for loans in Stage 3 when there is reasonable and relevant data.

The allowance account is adjusted by provisions for credit losses for originated assets, loan liquidations, loan repayments and remeasurements for changes in ECL stages which is charged to income and reduced by write-offs net of recoveries.

The Bank's ECL model inputs for forward-looking scenarios reflected significant impacts to the economic information as a result of COVID-19. This resulted in an increase to the Bank's ECL allowances.

The following details the allowance for credit losses:

				31-Dec-21
	Stage 1	Stage 2	Stage 3	Total
Opening balance	$ 3,982	$ 1,508	$ 2,553	$ 8,043
Provision for credit losses	1,016	(1,402)	(251)	(637)
Write-offs, net of recoveries	-	-	(253)	(253)
Ending balance	$ 4,998	$ 105	$ 2,050	$ 7,153

				31-Dec-20
	Stage 1	Stage 2	Stage 3	Total
Opening balance	$ 3,801	$ 1,017	$ 3,194	$ 8,012
Provision for credit losses	181	491	(335)	337
Write-offs, net of recoveries	-	-	(306)	(306)
Ending balance	$ 3,982	$ 1,508	$ 2,553	$ 8,043

Write-offs

The Bank writes off loans, either partially or in full, when there is no realistic prospect of recovery against the allowance for credit losses. Where the loan is secured, the write-off is net of the expected proceeds from realization of collateral. Subsequent recoveries of written off loans are charged against the allowance.

Past due but not impaired

The following details the mortgages past due but not impaired and the impaired mortgages:

Residential mortgages	31-Dec-21	30-Sep-21	31-Dec-20
Past due but not impaired			
1-29 days	$ 10,957	$ 5,616	$ 11,788
30-59 days	5,836	4,096	7,350
60-89 days	1,135	1,927	3,676
Total past due	$ 17,928	$ 11,639	$ 22,814
Impaired loans	$ 8,550	$ 7,483	$ 10,501

Geographic breakdown

Single-family residential mortgages

The table below details the geographic break down of the Bank's single-family residential mortgages:

	31-Dec-21			30-Sep-21			31-Dec-20		
Insured mortgages									
British Columbia	**$**	**31,384**	**2.4%**	$	32,156	2.6%	$	39,590	3.5%
Alberta		**165,456**	**12.8%**		169,393	13.8%		193,125	17.1%
Ontario		**71,679**	**5.5%**		74,937	6.1%		90,161	8.0%
Atlantic provinces		**84,698**	**6.6%**		87,896	7.2%		101,963	9.0%
Other		**33,508**	**2.6%**		33,932	2.8%		39,830	3.5%
Total	**$**	**386,725**	**29.9%**	$	398,314	32.5%	$	464,669	41.1%
Uninsured mortgages									
British Columbia	**$**	**189,300**	**14.7%**	$	178,402	14.5%	$	145,212	12.8%
Alberta		**192,829**	**14.9%**		177,007	14.4%		136,408	12.1%
Ontario		**482,980**	**37.4%**		438,531	35.7%		347,585	30.7%
Atlantic provinces		**3,729**	**0.3%**		4,223	0.3%		4,862	0.4%
Other		**36,121**	**2.8%**		32,021	2.6%		33,030	2.9%
Total	**$**	**904,959**	**70.1%**	$	830,184	67.5%	$	667,097	58.9%
Total portfolio	**$**	**1,291,684**	**100.0%**	$	1,228,498	100.0%	$	1,131,766	100.0%

Insured or high-ratio mortgages are mortgages with less than 20% down payment on the lesser value of either the purchase price of a home or the appraised value. Below that threshold, the Bank Act requires that mortgage default insurance must be obtained for a fee by a mortgage loan insurance provider. Uninsured or conventional mortgages are mortgage loans that do not exceed 80% of the lesser value of either the purchase price of a home or the appraised value.

Multi-unit residential mortgages

The table below details the geographic break down of the Bank's multi-unit residential mortgages:

	31-Dec-21			30-Sep-21			31-Dec-20		
Insured mortgages									
British Columbia	**$**	**-**	**0.0%**	$	-	0.0%	$	18,725	95.6%
Alberta		**-**	**0.0%**		-	0.0%		-	0.0%
Ontario		**3,424**	**100.0%**		-	0.0%		-	0.0%
Atlantic provinces		**-**	**0.0%**		2,113	100.0%		-	0.0%
Other		**-**	**0.0%**		-	0.0%		857	4.4%
Total portfolio	**$**	**3,424**	**100.0%**	$	2,113	100.0%	$	19,582	100.0%

Loan maturities

The following table provides a breakdown of loan maturities for single-family residential mortgages:

	Insured			Uninsured		
	31-Dec-21	30-Sep-21	31-Dec-20	**31-Dec-21**	30-Sep-21	31-Dec-20
Within 1 year	**$ 147,076**	$ 164,546	$ 149,189	**$ 592,913**	$ 553,954	$ 456,056
Over 1 to 3 years	**128,242**	127,191	209,854	**312,046**	276,051	211,041
Over 3 to 5 years	**111,407**	106,577	105,316	**-**	179	-
Over 5 years	**-**	-	310	**-**	-	-
Total	**$ 386,725**	$ 398,314	$ 464,669	**$ 904,959**	$ 830,184	$ 667,097

Uninsured single-family residential loan origination

The following table provides a breakdown on the average LTV for uninsured single-family residential loans originated in the quarter:

	31-Dec-21	30-Sep-21	31-Dec-20
British Columbia	**66.9%**	69.3%	72.9%
Alberta	**73.8%**	74.7%	73.8%
Ontario	**66.7%**	66.6%	70.1%
Other	**75.3%**	74.7%	72.7%
Total	**68.5%**	68.7%	71.4%

Loan amortization

The following table provides a breakdown of single-family residential mortgages outstanding based on original amortization:

	31-Dec-21		30-Sep-21		31-Dec-20	
25 years or less	**$ 583,109**	**45.1%**	$ 614,052	50.0%	$ 653,270	57.7%
25-30 years	**705,955**	**54.7%**	613,571	49.9%	474,477	41.9%
30-35 years	**2,620**	**0.2%**	875	0.1%	4,019	0.4%
Total	**$ 1,291,684**	**100.0%**	$ 1,228,498	100.0%	$ 1,131,766	100.0%

INTEREST RATE RISK

Interest rate risk is the risk of loss from future changes in the prevailing level of interest rates. The Bank is exposed to interest rate risk as a result of a difference, or gap, between the maturity or repricing date of interest rate-sensitive assets and liabilities, as well as on unsold mortgage commitments. Certain economic hedges are used to manage the interest rate risk, including synthetic bond shorts and interest rate swaps. The Bank uses two interest rate risk sensitivity models to measure the impact of changing interest rates on its equity position and net interest income for the 12 months following the measurement date. The objective is to measure the interest rate risk within Board approved guidelines.

The Bank's interest rate risk management policies are approved by the Board and the ALCO. The ALCO establishes and recommends to the Board interest rate risk tolerances, which the Board approves. The ALCO oversees stress testing of interest rate risk and the monitoring of risk mitigation strategies. The finance department is responsible for managing the Bank's interest rate risk positions in accordance with approved policies and assesses the impact of market events on the Bank's net interest income and equity at risk on an ongoing basis.

Based on the Bank's interest rate positions, an immediate and sustained change in interest rates would impact equity as follows:

	31-Dec-21	30-Sep-21	31-Dec-20
Increase of 100 basis points	**$ 1,001**	$ 1,799	$ 1,026
Decrease of 100 basis points	**$ (2,525)**	$ (3,272)	$ (1,556)

LIQUIDITY RISK

Liquidity risk is the risk that cash demands or funding obligations cannot be met as they come due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The Bank is exposed to liquidity risk due to the mismatching of the duration of assets, particularly the maturity of mortgages, and liabilities, particularly term deposits. The Bank is also exposed to liquidity risk to the extent that the Bank's unfunded mortgage and repurchase commitments outstanding and trade obligations committed but not yet paid exceed available cash or ability to raise deposits.

The Bank's liquidity and funding policies are approved by the Board and the ALCO. The ALCO establishes and recommends to the Board liquidity risk tolerances, which the Board approves. The Bank's policies address the minimum level of liquid assets, the composition of liquid assets, the stress tests to be completed and the frequency of assessments. The ALCO reviews the composition and terms of assets and liabilities, reviews liquidity and funding policies, and regularly monitors compliance with these policies. The ALCO also oversees stress testing of liquidity and funding risk and the monitoring of the Bank's contingency funding plan. The finance department is responsible for managing the Bank's liquidity and funding positions in accordance with approved policies and assesses the impact of market events on liquidity requirements on an ongoing basis.

The Bank evaluates total liquid assets against funding requirements and stress test scenarios to ensure liquid assets are available to cover current needs and during periods of market stress. Quarterly, standard stress tests are performed in addition to scenarios dependent upon the risks existing at the time testing is performed. The results are reported to the ALCO and the Board. The Bank's liquid assets are made up of cash with large institutions and unencumbered, high quality liquid assets. The Bank's liquidity coverage is 7.1.

Liquidity is managed by selling or securitizing funded mortgages to investors and via the management of the amount and term of outstanding deposits. The Bank monitors its exposure to funding sources and sets limits to reduce the Bank's reliance on any, one funding source. Investors include whole loan investors, MBS investors and the Canadian Housing Trust (CHT) through the CMB program. As the Bank is not rated by a recognized credit agency, a rated intermediary is required to act on its behalf in dealings with the CHT. The Bank continues to maintain liquidity through issuing MBS and raising deposits through deposit brokers and security dealers. Although the Bank has deposits maturing within one year, liquidity is expected to be maintained through continued mortgage sales or securitizations, renewal of a portion of these deposits and raising new deposits.

The Bank also manages its liquidity to comply with OSFI's Liquidity Adequacy Requirements (LAR). The LAR provides guidance on liquidity measures, the liquidity coverage ratio (LCR) and the net cumulative cash flow (NCCF). The LCR is a BCBS designed liquidity measure that requires the Bank to maintain a sufficient stock of high-quality liquid assets to cover a minimum of 30 days of net cash outflows in a stressed environment. The OSFI-designed NCCF measures funding mismatches over and up to a 12-month time horizon.

OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events and includes legal risk. The Bank through the Operational Risk Management framework establishes and tests operational processes to ensure appropriate controls are in place and are effective in the prevention, detection and mitigation of operational risk exposure. Each business unit is required to identify and assess its operational risks and ensure that they are managed effectively.

REMUNERATION

Key management personnel include executive management and board directors as these groups have the authority and responsibility for planning, directing and controlling the activities of the Bank. The Bank reports its compensation costs annually:

	31-Dec-21	31-Dec-20
Salaries	$ 1,151	$ 1,116
Benefits	204	212
Total	$ 1,355	$ 1,328

Variable compensation is negligible and is not based on performance objectives. Variable compensation to executive management is equivalent to the variable compensation offered to all staff. Board directors receive no other compensation apart from board of director fees.

ANNEX 1 – CAPITAL DISCLOSURES

Modified Capital Disclosure Template		31-Dec-21	30-Sep-21	31-Dec-20
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	**$ 138,000**	$ 138,000	$ 138,000
2	Retained earnings	**3,409**	2,604	(4,818)
6	**Common Equity Tier 1 capital before regulatory adjustments**	**$ 141,409**	$ 140,604	$ 133,182
Common Equity Tier 1 capital: regulatory adjustments				
26	Other deductions or regulatory adjustments to CET1 as determined by OSFI	**-**	-	181
28	Total regulatory adjustments to Common Equity Tier 1	**(562)**	(612)	(913)
29	**Common Equity Tier 1 capital (CET1)**	**$ 140,847**	$ 139,992	$ 132,450
29a	**Common Equity Tier 1 capital (CET1)** with transitional arrangements for ECL provisioning not applied	**$ 140,847**	$ 139,992	$ 132,269
Additional Tier 1 capital: regulatory adjustments				
44	Additional Tier 1 capital (AT1)	**-**	-	-
45	**Tier 1 capital (T1 = CET1 + AT1)**	**$ 140,847**	$ 139,992	$ 132,450
45a	**Tier 1 capital** with transitional arrangements for ECL provisioning not applied	**$ 140,847**	$ 139,992	$ 132,269
Tier 2 capital: instruments and allowances				
50	Collective allowances	**5,094**	4,720	-
51	**Tier 2 capital before regulatory adjustments**	**$ 5,094**	$ 4,720	$ -
Tier 2 capital: regulatory adjustments				
58	Tier 2 capital (T2)	**5,094**	4,720	-
59	**Total capital (TC = T1 + T2)**	**$ 145,941**	$ 144,712	$ 132,450
59a	**Total capital** with transitional arrangements for ECL provisioning not applied	**$ 145,941**	$ 144,712	$ 132,269
60	**Total risk-weighted assets**	**$ 468,803**	$ 448,961	$ 390,336
Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	**30.0%**	31.2%	33.9%
61a	CET1 ratio with transitional arrangements for ECL provisioning not applied	**30.0%**	31.2%	33.9%
62	Tier 1 (as a percentage of risk-weighted assets)	**30.0%**	31.2%	33.9%
62a	Tier 1 capital ratio with transitional arrangements for ECL provisioning not applied	**30.0%**	31.2%	33.9%
63	Total capital (as a percentage of risk-weighted assets)	**31.2%**	32.3%	33.9%
63a	Total capital ratio with transitional arrangements for ECL provisioning not applied	**31.1%**	32.2%	33.9%
OSFI target				
69	Common Equity Tier 1 target ratio	**7.0%**	7.0%	7.0%
70	Tier 1 target ratio	**8.5%**	8.5%	8.5%
71	Total target ratio	**10.5%**	10.5%	10.5%

ANNEX 2 – LEVERAGE RATIO DISCLOSURES

		31-Dec-21	30-Sep-21	31-Dec-20
On-balance sheet exposures				
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	**$1,477,518**	$1,440,264	$1,383,539
4	(Asset amounts deducted in determining Tier 1 capital)	**(562)**	(612)	(913)
5	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 4)**	**$1,476,956**	$1,439,652	$1,382,626
Derivative exposures				
6	Replacement cost associated with all derivative transactions	**-**	-	-
7	Add-on amounts for potential future exposure associated with all derivative transactions	**-**	-	-
11	**Total derivative exposures (sum of lines 6 to 10)**	**$ -**	$ -	$ -
Other off-balance sheet exposures				
17	Off-balance sheet exposure at gross notional amount	**51,142**	19,388	28,386
18	(Adjustments for conversion to credit equivalent amounts)	**(40,914)**	(15,510)	(22,709)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**$ 10,228**	$ 3,878	$ 5,677
Capital and Total Exposures				
20	Tier 1 capital	**140,847**	139,992	132,450
20a	Tier 1 capital with transitional arrangements for ECL provisioning not applied	**140,847**	139,992	132,269
21	Total exposures (sum of lines 5, 11 and 19)	**1,487,184**	1,443,530	1,388,303
Leverage ratios				
22	Basel III leverage ratio	**9.5%**	9.7%	9.5%
22a	Basel III leverage ratio with transitional arrangements for ECL provisioning not applied	**9.5%**	9.7%	9.5%

Notes:

Securities Financing Transactions (SFTs)