

Peace Hills Trust Company

All-in Capital Disclosure

December 31, 2019

Dollars in thousands

| | | Interim Financial Statements | Audited Financial Statements | |
|---|--|---------------------------------|---------------------------------|---------------------------------|
| | | 2019-12-31 | 2018-12-31 | |
| Common Equity Tier 1 capital: instruments and reserves | | | | |
| 1 | Directly issue qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus | 33,833 | 33,833 | Statement of Financial Position |
| 2 | Retained earnings | 43,603 | 39,110 | Statement of Financial Position |
| 3 | Accumulated other comprehensive income (and other reserves) | | 61 | Statement of Financial Position |
| 4 | Directly issued capital subject to phase out from CET 1 (only applicable to non-joint stock companies) | | | |
| 5 | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET 1) | | | |
| 6 | Common Equity Tier 1 capital before regulatory adjustments | 77,436 | 73,004 | |
| Common Equity Tier 1 capital: regulatory adjustments | | | | |
| 28 | Total regulatory adjustments to Common Equity Tier 1 | | | |
| 29 | Common Equity Tier 1 capital (CET1) | 77,436 | 73,004 | |
| Common Equity Tier 1 capital: instruments | | | | |
| 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 | | | |
| 34 | Additional Tier 1 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 | | | |
| 36 | Additional Tier 1 capital before regulatory adjustments | | | |
| 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) | 77,436 | 73,004 | |
| Tier 2 capital: instruments and provisions | | | | |
| 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 | Expected Credit Loss - Category 1 | 2,039 | 1,965 | Note 8 |
| 51 | Tier 2 capital before regulatory adjustments | 2,039 | 1,965 | |

| Tier 2 capital: regulatory adjustments | | | | |
|--|---|---------|---------|---------------------------------|
| 52 | Investments in own Tier 2 instruments | | | |
| 53 | Reciprocal cross holdings in Tier 2 instruments | | | |
| 54 | Non-significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) | | | |
| 55 | Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions | | | |
| 56 | Other deductions from Tier 2 capital | | | |
| 57 | Total regulatory adjustments to Tier 2 capital | | | |
| 58 | Tier 2 capital (T2) | 2,039 | 1,965 | |
| 59 | Total capital (TC = T1 + T2) | 79,475 | 74,969 | |
| 60 | Total risk-weighted assets | 467,527 | 466,791 | |
| Capital Ratios | | | | |
| 61 | Common Equity Tier 1 (as percentage of risk-weighted assets) | 16.6% | 15.6% | |
| 62 | Tier 1 (as percentage of risk-weighted assets) | 16.6% | 15.6% | |
| 63 | Total capital (as percentage of risk-weighted assets) | 17.0% | 16.1% | |
| 64 | Institution-specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus G-SIB buffer requirement plus D-SIB buffer requirement expressed as a percentage of risk-weighted assets) | 7.0% | 7.0% | |
| 65 | of which: capital conservation buffer requirement | | | |
| 66 | Not applicable | | | |
| 67 | of which: G-SIB buffer requirement | | | |
| 68 | Common Equity Tier 1 available to meet buffers (as percentage of risk-weighted assets) | 9.6% | 8.6% | |
| OSFI all-in target | | | | |
| 69 | Common Equity Tier 1 all-in target ratio | 7.0% | 7.0% | |
| 70 | Tier 1 capital all-in target ratio | 8.5% | 8.5% | |
| 71 | Total capital all-in target ratio | 10.5% | 10.5% | |
| Amounts below the thresholds for deduction (before risk weighting) | | | | |
| 72 | Non-significant investments in the capital of other financials | | | |
| 73 | Significant investments in the common stock of financials | | | |
| 74 | Mortgage servicing rights (net of related tax liability) | | | |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | 761 | 931 | Statement of Financial Position |
| Applicable caps on the inclusion of provisions in Tier 2 | | | | |
| 76 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap) | | | |
| 77 | Cap on inclusion of provisions in Tier 2 under standardised approach | | | |
| 78 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | | | |
| 79 | Cap on inclusion of provisions in Tier 2 under internal ratings-based approach | | | |
| Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022) | | | | |
| 80 | <i>Current cap on CET1 instruments subject to phase out arrangements</i> | | | |
| 81 | <i>Amounts excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i> | | | |
| 82 | <i>Current cap on AT1 instruments subject to phase out arrangements</i> | | | |
| 83 | <i>Amounts excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i> | | | |
| 84 | <i>Current cap on T2 instruments subject to phase out arrangements</i> | | | |

| | | | | |
|----|---|--|--|--|
| 85 | <i>Amounts excluded from T2 due to cap (excess over cap after redemptions and maturities)</i> | | | |
|----|---|--|--|--|

| Abbreviated Capital Disclosure | | |
|---------------------------------------|--|---------|
| 29 | Common Equity Tier 1 capital: instruments | 77,436 |
| 45 | Tier 1 capital (T1 = CET1 + AT1) | 77,436 |
| 59 | Total capital (TC = T1 + T2) | 79,475 |
| 60 | Total risk-weighted assets | 467,527 |
| 61 | Common Equity Tier 1 (as percentage of risk-weighted assets) | 16.6% |
| 62 | Tier 1 (as percentage of risk-weighted assets) | 16.6% |
| 63 | Total capital (as percentage of risk-weighted assets) | 17.0% |