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# President's Choice Bank

**BASEL III PILLAR 3 DISCLOSURES**

March 31, 2025

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## OVERVIEW & SCOPE OF APPLICATION

This document represents the Basel III Pillar 3 disclosures for President’s Choice Bank (“PC Bank” or the “the Bank”). These disclosures are made pursuant to OSFI’s Pillar 3 Disclosure Requirements for small and medium-sized deposit-taking institutions (SMSBs) issued in October 2023. SMSBs are segmented into three categories for the purposes of their capital and liquidity requirements where PC Bank is classified as a Category II SMSBs as the it reports less than \$10 billion in total assets and greater than \$100 million in total loans.

Basel III, is part of the Basel Committee's continuous effort to enhance the banking regulatory framework. It builds on the International Convergence of Capital Measurement and Capital Standards document (Basel II). Basel III is structured around 3 pillars:

- Pillar 1: Minimum Capital Requirements
- Pillar 2: The Supervisory Review Process
- Pillar 3: Market Discipline

Pillar 3 complements both Pillars 1 and 2, by setting disclosure requirements which will allow market participants to assess key pieces of information on the scope of application, capital, risk exposures, risk assessment processes, and hence the capital adequacy of PC Bank.

OSFI requires all institutions to implement the Basel III framework, and the new composition of capital disclosure requirements. This report is unaudited and is reported in thousands of Canadian dollars, unless otherwise disclosed. The report is available on-line at <https://www.loblaw.ca/en/investors-reports>.

### President’s Choice Bank Overview

PC Bank is a Schedule I Canadian chartered bank governed by the *Bank Act (Canada)* and is a wholly owned subsidiary of Loblaw Companies Limited (“LCL”). Waterford Reinsurance Inc. (“Waterford”), a wholly owned subsidiary of PC Bank, was incorporated under the laws of Barbados. Waterford is authorized to conduct in the business of insurance. For accounting purposes under International Financial Reporting Standards (“IFRS”), PC Bank consolidates the results of Waterford. For regulatory capital purposes, Waterford is not consolidated as insurance subsidiaries are outside the scope of regulatory consolidation.

In association with other financial institutions, PC Bank offers, under the President’s Choice Financial® brand, financial services products to individuals who reside in Canada. The key business lines of PC Bank are as follows:

#### Credit Cards

PC Bank launched its credit card program in 2001 and currently offers the *President’s Choice Financial MasterCard* (“PC MasterCard”) across Canada. The PC MasterCard product attributes include no annual fee and a competitive rewards program which allows customers to earn and redeem PC Optimum Points for free groceries and other products at participating stores within the LCL’s network, certain e-commerce sites, and at Esso and Mobil gas stations. PC Bank records the credit card receivables and associated funding on its balance sheet. In 2023, PC Bank introduced the *PC Insiders World Elite Mastercard* with the highest points earning potential across our products for an annual fee.

### GIC’s

PC Bank launched a broker originated GIC program in 2010. The GIC’s offered by PC Bank are eligible for deposit insurance from Canadian Deposit Insurance Corporation (“CDIC”). PC Bank issues nominee name GIC’s through a number of brokers in Canada.

### PC Money Account

In September 2020, PC Bank launched the PC Money Account as a no-fee bank account that offers PC Optimum loyalty points on everyday banking transactions. In Q4 2024, PC Bank introduced a new, interest-paying savings feature for the PC Money Account. Both accounts are eligible for deposit insurance from CDIC.

## Corporate Governance

The Bank maintains a rigorous corporate governance structure as follows:

- Board of Director’s Oversight
  - Risk Committee
  - Audit Committee
  - Conduct Review Committee
  - Governance Committee
- Senior Management Oversight through the following:
  - **Enterprise Risk Management Committee (“ERMC”)** – provides stewardship over the identification, definition, assessment, management, control, measurement, monitoring and reporting of PC Bank’s enterprise risks.
    - **Asset Liability Committee (“ALCO”)** – assists the Risk Committee of the Board in
      - Overseeing PC Bank’s risk management activities by providing strategic direction on the management of liquidity risk, interest rate risk, investment risk, and other aspects of Asset Liability Management;
      - Ensuring that PC Bank has the appropriate quantity and quality of capital, considering its strategic direction & business plans, its risk profile, its emerging risks and stress tests; and
      - Proactively assessing the balance sheet dynamics, having regard to economic data and forecasts, PC Bank’s legal structure, market developments, accounting pronouncements, etc.
    - **Credit Risk and Fraud Management Committee (“CRFMC”)** – has the following key responsibilities:
      - Providing a governance structure that oversees the Credit Risk Management program, including the associated strategies, policies and procedures;
      - Ensuring that Credit Risk and Fraud Risk forecasts are appropriate giving consideration to PC Bank’s strategic directions, risk profile and appetite, emerging risks and stress tests;
      - Providing guidance on the methodology to continually identify, define, assess, manage, and report Credit Risk and Fraud Risk exposure.



## CAPITAL STRUCTURE AND ADEQUACY

### PC Bank Risk Management

PC Bank calculates its regulatory capital based on the following methodologies:

- PC Bank manages its credit risk using the standardized approach
- PC Bank does not maintain a trading portfolio, and has no market risk; and
- PC Bank’s operational risk is monitored using the Simplified Standardized Approach (SSA) which is equal to 15% of average annual Adjusted Gross Income (AGI) over the previous 12 fiscal quarters.

PC Bank has implemented a comprehensive Internal Capital Adequacy Assessment Process (“ICAAP”) to identify and assess the material risks that PC Bank faces to ensure that sufficient quality and quantity of capital is available. PC Bank is confident that the Pillar I and Pillar II calculations are appropriate given the PC Bank’s business model, inherent risks, internal controls and tools to manage risks and residual risks. The results of the ICAAP performed by PC Bank conclude that the Bank is strongly capitalized.

The guiding principles of ICAAP are summarized below:

- **Proportionality:** The design of the Bank’s ICAAP is proportionate to the risk level, complexity and scale of PC Bank’s activities.
- **Forward Looking:** In the process of ICAAP, PC Bank considers not only the existing risks faced but also the emerging risks and future business strategies.
- **Ongoing exercise:** PC Bank’s ICAAP is not a static one-time process but rather a dynamic and continuous exercise to ensure that the PC Bank has robust risk management systems and possesses sufficient capital at all times for risks.
- **Evolving-nature:** ICAAP is continuously monitored for improvement in accordance with changes to the risk profile and business plans of PC Bank.
- **Use test:** The methodology and risk limit structures used to measure and compute risk under ICAAP is integrated within the day-to-day risk practices of PC Bank through the ERM risk monitoring program. Specific limits and tolerances are monitored for capital & capital ratios on a monthly basis by the ERM to ensure that PC Bank stays within its risk appetite for all capital risks including those relating to ICAAP.

### Gross Common Equity Tier I Capital

The capital structure of PC Bank consists of the following which combine to form PC Bank’s Gross Common Equity Tier I Capital:

- Common Shares;
- Retained Earnings;
- Contributed Surplus; and
- Accumulated Other Comprehensive Income (“AOCI”)

The Bank is a wholly owned subsidiary of Loblaw Companies Limited. The Bank has authorized an unlimited number of common shares without par value. As at March 31, 2025, PC Bank had 42,002 common shares issued and outstanding. During 2025, the Bank declared and paid \$40 MM in dividends to its parent company Loblaws Inc., a wholly owned subsidiary of LCL.

**Template KM1: Key metrics (at consolidated group level)**

		a	b	c	d	e
		31-Mar-25	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	1,054,154	1,046,728	1,174,830	1,027,334	1,018,614
2	Tier 1	1,054,154	1,046,728	1,174,830	1,027,334	1,018,614
3	Total capital	1,092,378	1,085,672	1,212,912	1,061,334	1,054,393
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	4,572,500	4,617,432	4,532,701	4,178,523	4,284,599
4a	Total risk-weighted assets (pre-floor)	4,572,500	4,617,432	4,532,701	4,178,523	4,284,599
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	CET1 ratio (%)	23.05%	22.67%	25.92%	24.59%	23.77%
5a	CET1 ratio (%) (pre-floor ratio)	23.05%	22.67%	25.92%	24.59%	23.77%
6	Tier 1 ratio (%)	23.05%	22.67%	25.92%	24.59%	23.77%
6a	Tier 1 ratio (%) (pre-floor ratio)	23.05%	22.67%	25.92%	24.59%	23.77%
7	Total capital ratio (%)	23.89%	23.51%	26.76%	25.40%	24.61%
7a	Total capital ratio (%) (pre-floor ratio)	23.89%	23.51%	26.76%	25.40%	24.61%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
11	Total of bank CET1 specific buffer requirements (%)	2.5%	2.5%	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank’s minimum capital requirements (%)	15.05%	14.67%	17.92%	16.59%	15.77%
<b>Basel III Leverage ratio</b>						
13	Total Basel III leverage ratio exposure measure*	7,732,607	7,731,591	7,414,448	7,285,581	7,230,317
14	Basel III leverage ratio (row 2 / row 13)*	13.63%	13.54%	15.85%	14.10%	14.09%

\* Prior period numbers have been revised to reflect the updated credit conversion factor for undrawn commitment exposures.

**Modified CC1 – Composition of capital for SMSBs**

		a
		Amounts
<b>Common Equity Tier 1 capital: instruments and reserves</b>		
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	51,901
2	Retained earnings	1,074,724
3	Accumulated other comprehensive income (and other reserves)	6,581
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	1,133,206
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
28	<b>Total regulatory adjustments to Common Equity Tier 1</b>	(79,052)
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	1,054,154
<b>Tier 2 capital: instruments and provisions</b>		
50	Collective allowances	38,224
51	<b>Tier 2 capital before regulatory adjustments</b>	38,224
<b>Tier 2 capital: regulatory adjustments</b>		
58	<b>Tier 2 capital (T2)</b>	38,224
59	<b>Total capital (TC = T1 + T2)</b>	1,092,378
60	<b>Total risk-weighted assets</b>	4,572,500
<b>Capital ratios</b>		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	23.05%
62	Tier 1 (as a percentage of risk-weighted assets)	23.05%
63	Total capital (as a percentage of risk-weighted assets)	23.89%
<b>OSFI target</b>		
69	Common Equity Tier 1 target ratio	7.00%
70	Tier 1 capital target ratio	8.50%
71	Total capital target ratio	10.50%

\* PC Bank's financial information can be obtained via <https://www.osfi-bsif.gc.ca/Eng/wt-ow/Pages/FINDAT.aspx>



**Template LR2: Leverage ratio common disclosure template**

		a	b
		31-Mar-25	31-Dec-24
<b>On-balance sheet exposures</b>			
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	3,926,358	4,053,843
4	(Asset amounts deducted in determining Tier 1 capital)	(79,052)	(84,761)
5	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 4)</b>	<b>3,847,306</b>	<b>3,969,082</b>
<b>Derivative exposures</b>			
6	Replacement cost associated with all derivative transactions	435	452
7	Add-on amounts for potential future exposure associated with all derivative transactions	1,952	433
11	<b>Total derivative exposures (sum of lines 6 to 10)</b>	<b>2,387</b>	<b>885</b>
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	15,531,655	15,046,496
18	(Adjustments for conversion to credit equivalent amounts)	(11,648,741)	(11,284,872)
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>3,882,914</b>	<b>3,761,624</b>
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	1,054,154	1,046,728
21	<b>Total Exposures (sum of lines 5, 11, 16 and 19)</b>	<b>7,732,607</b>	<b>7,731,591</b>
<b>Leverage ratio</b>			
22	<b>Basel III leverage ratio</b>	13.63%	13.54%

**CREDIT RISK****Table CRA: General information about credit risk**

The credit risk associated with PC Bank’s portfolio is defined as the risk of financial loss resulting from the failure of a debtor, for any reason, to fully honour its financial or contractual obligations.

PC Bank is exposed to credit risk through:

- Acquisition strategies that grant credit to new clients; and
- Account management strategies that grant additional credit to existing clients.

PC Bank acts as an unsecured lender with the objective of managing a portfolio of receivables within the Board approved credit risk appetite and in accordance with the Credit Risk Management & Fraud Policy.

The Credit Risk and Fraud Management Department (“CRFM”) is mandated to manage the portfolio and ensure that its concentrations and risk metrics are within the limits prescribed by the risk appetite. To achieve this, CRFM must develop effective credit granting, portfolio management, collection and fraud detection policies and procedures which control the nature, characteristics, diversity and quality of the credit card portfolio.

CRFM must effectively measure and report on key risk indicators at a department level as well as to external and internal oversight personnel. In addition to regular audit and regulatory oversight activities, the Board has established CRFMC which is responsible to assess, review and monitor credit and fraud risks to the Bank. This includes oversight of the key indicators, strategy changes, model validation and policy/process change management activities that have been deemed material. All committee activities are regularly reported to the Board via the committee report and the Enterprise Risk Management Committee Report of the Bank.

#### **Allowance for Credit Card Losses**

The measurement of the allowance for credit card losses is contained within the Board of Directors’ approved Allowance for Credit Risk policy. As at January 1, 2018, the Bank adopted IFRS 9 “Financial Instruments” to measure the expected credit losses (“ECL”) for the credit card portfolio. The allowance for credit card losses is established for impaired loans on the PC Bank’s loan portfolio using an ECL model. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs and incorporating the use of probability weighted macroeconomic factors. The allowance for credit card losses is reviewed by the SVP, Credit Risk, the Chief Financial Officer (“CFO”) and the Chief Risk Officer and recommended by the SVP, Credit Risk and the CFO to the Board of Directors for ultimate approval.

For accounting purposes, credit card loans are stated at their amortized cost, which is net of an allowance for credit card losses. Any credit card loan with a payment that is contractually 180 days in arrears, or where likelihood of collection is considered remote, is written off.

### **DISCLOSURE FOR EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK (CCR)**

#### **Table CCRA: Qualitative disclosure related to CCR**

PC Bank does not have large counterparty exposure to financial guarantors, investment banks or derivative counterparties. PC Bank conservatively manages its counterparty credit risk exposures by setting internal limits on total exposure, tenor and ratings for each of the counterparties.

From time to time, PC Bank enters into foreign exchange forward agreements to hedge its exposure on certain USD payables. In 2025, PC Bank entered into USD foreign exchange forward agreements which mature on various dates up to December 2025.

From time to time, PC Bank enters into interest rate forward agreements and interest rate swaps to manage its interest rate exposures. In 2025, PC Bank entered into bond forward agreements with various maturity dates up to September 2025 to hedge its exposure to interest rate changes prior to future debt issuance.

The Bank used the Standardized Approach to calculate counterparty credit risk exposures summarized as follows:

	As at March 31, 2025		
	Exposure Amount	Risk Weight %	Risk Weighted Assets
SA-CCR (for derivatives)	\$ 2,387	40%	955

**SECURITIZATION**

**Table SECA: Qualitative disclosure requirements related to securitization exposures**

Securitization Risk is defined as the inability to secure suitable securitization arrangements for funding purposes and PC Bank’s failure to meet the securitization covenant requirements. PC Bank acts as the originator and sponsor of its securitization program. PC Bank does not invest in its own asset backed securities or provide liquidity facilities for asset backed commercial paper.

PC Bank is dependent on its securitization program to finance a portion of its credit card receivables. The securitization program includes following two key channels.

- In Q3 2020, Eagle issued 2020-1 \$300 million of senior and subordinated term notes with a maturity date of July 17, 2025 at a weighted average interest rate of 1.34%. In Q2 2021, Eagle issued 2021-1 \$300 million of senior and subordinated term notes with a maturity date of June 17, 2026 at a weighted average interest rate of 1.61%. In Q3 2022, Eagle issued \$250 million of senior and subordinated term notes with a maturity date of July 17, 2027 at a weighted average interest rate of 4.89%. In Q2 2023, Eagle issued \$250 million of senior and subordinated term notes with a maturity date of June 17, 2028, at a weighted average interest rate of 5.25%. In Q2 2024, Eagle issued \$350 million of senior and subordinated term notes with a maturity date of June 17, 2029, at a weighted-average interest rate of 5.03%.
- The agreements between PC Bank and Other Independent Securitization Trusts with respect to Asset Backed Commercial Paper issued at variable rates, mature through 2026.

During 2025, PC Bank recorded a net decrease of \$300 million of co-ownership interests in the securitized receivables held by the Other Independent Securitization Trusts.

**Eagle Credit Card Trust - Ratings Information**

	As at March 31, 2025	
	DBRS	Fitch
Eagle Series 2020-1 Class A Notes	AAA (sf)	AAA (sf)
Eagle Series 2020-1 Class B Notes	A (sf)	A (sf)
Eagle Series 2020-1 Class C Notes	BBB (sf)	BBB (sf)
Eagle Series 2021-1 Class A Notes	AAA (sf)	AAA (sf)
Eagle Series 2021-1 Class B Notes	A (sf)	A (sf)
Eagle Series 2021-1 Class C Notes	BBB (sf)	BBB (sf)
Eagle Series 2022-1 Class A Notes	AAA (sf)	AAA (sf)
Eagle Series 2022-1 Class B Notes	A (sf)	A (sf)
Eagle Series 2022-1 Class C Notes	BBB (sf)	BBB (sf)
Eagle Series 2023-1 Class A Notes	AAA (sf)	AAA (sf)
Eagle Series 2023-1 Class B Notes	A (sf)	A (sf)
Eagle Series 2023-1 Class C Notes	BBB (sf)	BBB (sf)
Eagle Series 2024-1 Class A Notes	AAA (sf)	AAA (sf)
Eagle Series 2024-1 Class B Notes	A (sf)	A (sf)
Eagle Series 2024-1 Class C Notes	BBB (sf)	BBB (sf)

(In Millions of Canadian Dollars)

	March 31, 2025	
<b>Credit card receivables, net of allowance for impairment</b>	<b>\$</b>	<b>3,857</b>
Securitized to Eagle Credit Card Trust	\$	1,450
Securitized to Other Independent Securitization Trusts	\$	500

**OPERATIONAL RISK**

PC Bank has implemented a robust framework for management of operational risk. The framework includes key policies such as Internal Control Policy, Third Party Risk Management Policy, Business Continuity Policy, and Information Security Policy. PC Bank has established ORMC which is responsible for is responsible for planning, directing, monitoring, and controlling the impact of PC Bank’s risks arising from its operations. Its key responsibilities include:

- Overseeing other operational risks;

- Ensuring PC Bank’s compliance with operational mandates, policies and procedures, and governing legislation;
- Overseeing risk appetite, business continuity management, information security, internal control, outsourcing, social media, legal and regulatory risks management

PC Bank has implemented “three lines of defence” model and specify the roles and responsibilities of the various groups within the bank for management and reporting of operational risk.

As the first line of defence, the business groups own and manage the risks from their day-to-day activities and are accountable for managing the risks in accordance with risk appetite framework.

PC Bank has a dedicated second line Operational Risk Management (ORM) team to independently monitor and report on operational risks. This team directly reports to the Chief Risk Officer (CRO). The ORM team mandate includes: (1) Third Party Risk Management, (2) Business Continuity and (3) Risk and Control Assessments (RCAs) for all key processes across PC Bank.

Internal Audit, as the third line of defence, examines the approach and effectiveness of the operational risk management program.

PC Bank’s operational risk capital is determined using the Basel III Simplified Standardized Approach. Under this approach, the Bank holds capital for operational risk equal to 15% of average annual Adjusted Gross Income (AGI) over the previous 12 fiscal quarters. The underlying data used for the calculation AGI is derived from the Bank’s general ledger system.

PC Bank’s ORM team reports on a monthly basis to the ORMC and ERM, comprised of senior management, and ultimately up to the Risk Committee of the Board of Directors. ORM reporting includes risk dashboards across key risk areas, risk appetite metrics, results of risk and control assessments, issue management status, operational loss event(s) if applicable, and annual program updates

PC Bank manages and mitigates the operational risk with strong governance program, risk appetite framework, periodic risk and control testing and third-party assessments. PC Bank and key third parties have insurance coverage to mitigate impacts of certain operational risks.

## INTEREST RATE RISK

### QUALITATIVE DISCLOSURES

Interest Rate Risk is defined as the risk of loss resulting from changes in interest rates or in the volatility of interest rates; this includes the rising cost of funds and lower margins experienced as interest rates rise.

To mitigate this risk, the Bank undertakes the following mitigation steps:

- The Interest Rate Risk Management Policy is the key Board policy that governs Interest Rate risk at PC Bank. Key principles of the Interest Rate Risk Management Policy are:
  - Preserving the long-term value of the spread income generated by its business, regardless of changes in interest rates

- Managing asset and liability cash flows in a way that maximizes earnings within approved risk appetite levels
- Management is responsible for monitoring, managing and reporting interest rate risk in accordance with Board approved policies. ALCO meets on a monthly basis and reviews the cost of funds by channel, the funding plan, the fixed floating mix, the sensitivity of Net Interest Income of PC Bank and regulatory capital to parallel and non-parallel movement in interest rates. ALCO reports to the Risk Committee of the Board on a quarterly basis. On an annual basis, the Risk Committee of the Board approves the Interest Rate Risk Management plan.

From time to time, PC Bank may enter into derivative contracts to manage interest rate risk.

## QUANTITATIVE ANALYSIS

Limit Structure - PC Bank monitors the following limits to ensure adherence to the above listed policies

### Fixed Floating Mix

- The bank minimizes its exposure to floating rates in order to immunize its income from interest-rate fluctuations. The maximum net floating position is 20% of assets.
- As of March 31, 2025, PC Bank had a 6.7% floating net-asset exposure.

### Net Interest Income (“NII”) Sensitivity

(All measured in Canadian Dollars)

- For a  $\pm 200$  basis points (bps) parallel upward and downward shift in interest rates, the impact was not more than 6.0% of the 12-month forward Net Interest Income.
- As of March 31, 2025, Net Interest Income sensitivity ratio of PC Bank was -0.6% for a 200bps upward movement in interest rates, and 0.6% for a 200bps downward movement in interest rates.

### Market Value Sensitivity

(All measured in Canadian Dollars)

- For  $\pm 200$  bps parallel movement the impact on regulatory capital is not more than 8.0%.
- As of March 31, 2025, Market Value sensitivity of PC Bank was -0.5% for a 200bps upward movement in interest rates, and 0.5% for a 200bps downward movement in interest rates.

## LIQUIDITY RISK

Liquidity refers to the capacity of PC Bank to generate or obtain sufficient cash or its equivalent in a timely manner at a reasonable price to meet its commitments as they fall due and to fund new business opportunities as part of going-concern operations. Liquidity risk is the potential for losses to be incurred from holding insufficient liquidity to survive a contingent stress event.

In accordance with OSFI’s guideline on “Liquidity Adequacy Requirements” (“LAR”), the Bank is required to comply with a minimum Liquidity Coverage Ratio (“LCR”). During 2025, PC Bank was in compliance with the LCR requirements.

PC Bank holds liquid assets in the form of balances with banks and high-quality securities sufficient to meet its regulatory and operational needs as well as expected and unexpected outflows. Liquid assets are also monitored daily and supported by a range of early warning indicators. As at March 31, 2025, liquid assets were \$1,133 million.

PC Bank has a comprehensive liquidity risk framework guided by:

- Board approved policies reviewed at least annually;
- Board approved funding plan that provides effective diversification in the sources and tenor of funding;
- Sensitivity analysis and stress testing on a regular basis for a variety of scenarios; and
- Ensuring Treasury operations are supported by appropriate expertise and capabilities.

## CURRENCY RISK

PC Bank is exposed to immaterial currency risk as the Bank carries insignificant assets in foreign currency. From time to time, PC Bank may enter into derivative contracts to manage currency risk related to expenses paid to the US vendors.