

Public Disclosures (Basel III Pillar 3 and Leverage Ratio)

For the year ended December 31, 2025

December 31, 2025 |

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Objective and background

This document presents the Basel III Pillar 3 and Leverage Ratio consolidated disclosures for Peoples Trust Company and its subsidiaries, including Peoples Bank of Canada, Peoples Card Services LP, and Peoples Payment Solutions Ltd (collectively “Peoples” or “PTC”). These disclosures are made pursuant to the Pillar 3 Disclosure Guideline for Small and Medium-Sized Deposit-Taking Institutions (“SMSBs”) Capital and Liquidity Requirements of the Office of the Superintendent of Financial Institutions (“OSFI”). Peoples is classified as Category II SMSB with total assets less than the \$10 billion threshold.

Basis of presentation

Information reported in this Public Disclosure Report (Report) is prepared in accordance with the above guideline and Pillar 3 disclosure requirements pertaining to Category II SMSBs.

Full qualitative disclosures are provided annually, at the company’s fiscal year end.

Location and verification

This Report is published under the Regulatory Disclosures section of Peoples’ website.

This Report is subject to internal review and has not been audited by PTC’s external auditors

All numbers in this Report are Canadian dollars.

Use of this document

Additional financial data published on OSFI website can also be accessed through the link below.

https://www.osfi-bsif.gc.ca/en/data-forms/financial_data

Peoples Trust Company
 Fourth Quarter 2025
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Note 1: PTC is not an internationally active institution and is not mandated to calculate market risk for regulatory capital purpose, as stated in Capital Adequacy Requirements (CAR) 2024, Chapter 9, paragraph 2 & 3.

Note 2: PTC is eligible and has elected to use the alternative treatment as specified in CAR 2024, Chapter 8, paragraph 9.

KM1 – Key metrics (at consolidated group level)

<i>Dollars in thousands</i>		Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	516,982	496,175	484,426	469,628	457,218
2	Tier 1	517,927	496,350	485,710	470,958	458,527
3	Total capital	519,330	518,341	508,188	490,888	480,657
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	1,963,039	2,240,008	2,253,382	2,368,258	2,412,708
4a	Total risk-weighted assets (pre-floor)	1,963,039	2,240,008	2,253,382	2,368,258	2,412,708
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	26.34%	22.15%	21.50%	19.83%	18.95%
5a	CET1 ratio (%) (pre-floor ratio)	26.34%	22.15%	21.50%	19.83%	18.95%
6	Tier 1 ratio (%)	26.38%	22.16%	21.55%	19.89%	19.00%
6a	Tier 1 ratio (%) (pre-floor ratio)	26.38%	22.16%	21.55%	19.89%	19.00%
7	Total capital ratio (%)	26.46%	23.14%	22.55%	20.73%	19.92%
7a	Total capital ratio (%) (pre-floor ratio)	26.46%	23.14%	22.55%	20.73%	19.92%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0%	0%	0%	0%	0%
10	Bank G-SIB and/or D-SIB additional requirements (%) [Not applicable for SMSBs]					
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	19.34%	15.15%	14.50%	12.83%	11.95%
Basel III Leverage ratio						
13	Total Basel III leverage ratio exposure measure	7,686,901	8,573,381	8,335,698	8,304,376	8,223,974
14	Basel III leverage ratio (row 2 / row 13)	6.74%	5.79%	5.83%	5.67%	5.58%

Modified CC1 – Composition of regulatory capital for SMSBs

		Q4 2025
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	134,788
2	Retained earnings	402,823
3	Accumulated other comprehensive income (and other reserves)	-
4	Directly issued capital subject to phase out from CET1 (only applicable to Federal Credit Unions)	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-
6	Common Equity Tier 1 capital before regulatory adjustments	537,611
Common Equity Tier 1 capital: regulatory adjustments		
28	Total regulatory adjustments to Common Equity Tier 1	20,629
29	Common Equity Tier 1 capital (CET1)	516,982
Additional 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	-
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)	-
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)	945
45	Tier 1 capital (T1 = CET1 + AT1)	517,927
Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
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)	40
50	Collective allowances	1,363
51	Tier 2 capital before regulatory adjustments	1,403
Tier 2 capital: regulatory adjustments		
57	Total regulatory adjustments to Tier 2 capital	-
58	Tier 2 capital (T2)	1,403
59	Total capital (TC = T1 + T2)	519,330
60	Total risk-weighted assets	1,963,039
Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	26.34%
62	Tier 1 (as a percentage of risk-weighted assets)	26.38%
63	Total capital (as a percentage of risk-weighted assets)	26.46%
OSFI target		
69	Common Equity Tier 1 target ratio	7.00%
70	Tier 1 capital target ratio	8.50%
71	Total capital target ratio	10.50%

CRA – General information about credit risk

Item #	Annual Qualitative Requirements	Description
CRA	General qualitative information about credit risk	
		SMSBs must describe their risk management objectives and policies for credit risk, focusing in particular on:
(a)	How the business model translates into the components of the SMSB's credit risk profile	<p>Credit risk is the risk of financial loss resulting from PTC's customers or counterparties' failure to honour or perform fully under the terms of a loan or contract. Credit risk arises primarily from PTC's lending activities, elements of the payments solutions business and treasury operations. PTC's primary lending businesses include commercial multi-family insured mortgages, commercial loans, consumer loans, single family insured residential loans, and credit card solutions.</p> <p>Credit concentration risk (as a component of credit risk) may arise if an excessive proportion of PTC's lending business involves a single person/sponsor, organization or group of related persons or organizations, geographic area, industry, or asset class. Underwriting and credit risk policies, together with PTC's Risk Appetite Framework, are approved by the Board of Directors (the Board) and/or Management as applicable to manage and monitor PTC's lending and payments portfolios and credit and concentration risk.</p> <p>Treasury operations, as they relate to credit risk, include management of PTC's investments and liquidity holdings and interest rate risk exposures. Counterparty credit risk may arise from cash and cash equivalents placed with financial institutions and from derivative contracts. Similarly, investments in securities expose PTC to credit risk should the issuer of these securities be unable to make timely interest payments or the issuer becomes insolvent. To manage and limit exposure to counterparty credit risk, PTC establishes policies with exposure limits based on credit rating, issuer grade and investment type.</p>
(b)	Criteria and approach used for defining credit risk management policy and for setting credit risk limits	<p>PTC has a Risk Appetite Framework to define the type and amount of risk the organization is willing to assume through its business activities. Risk appetites for key risk types are established based on quantitative and qualitative factors by Risk Management and other corporate functions as the second line, supported by senior management and approved by the Board of Directors. PTC has implemented a number of risk appetite measures and limits for credit risk. These are monitored and reported to senior management and/or the Board on a regular basis and are also used to inform the strategic planning process.</p> <p>Credit Risk policies are developed by the second line in conjunction with first line and approved at the appropriate Board or management level. Among the subjects addressed in the policies are commercial real estate financing, commercial lending and residential lending underwriting parameters, internal quality and compliance programs, risk rating systems, portfolio concentration limits, special loans /default management, and ongoing monitoring and reporting requirements. PTC's underwriting policies place appropriate limits on loan to value ratios, as well as geographic and connected loan concentrations.</p> <p>Investment policies permit Treasury to invest in only highly rated or government-backed securities subject to prudent concentration limits.</p> <p>Risk diversification is further addressed by establishing limits for exposure to certain counterparties, industries and market segments. PTC monitors credit and counterparty exposures against these limits and prepares regular reports assessing overall credit risk within PTC's lending and investment portfolios. On at least an annual basis, PTC completes a review of risk diversification measured against assigned portfolio limits.</p>

CRA – General information about credit risk

Item #	Annual Qualitative Requirements	Description
CRA	General qualitative information about credit risk	
	SMSBs must describe their risk management objectives and policies for credit risk, focusing in particular on:	
(c)	Structure and organization of the credit risk management and control function	<p>PTC’s sales business lines assess, underwrite and manage credit risk. Credit Risk, as the second line, reviews/ challenges credit submissions, adjudicates and provides decisions in accordance with delegated authorities (Credit Risk function, SVP Head of Credit, Credit Committee). Loans which are delinquent or in default are managed by the Special Loans function within Credit Risk</p> <p>PTC’s Board delegates discretionary lending limits via the Credit Risk Management Policy. Requests for credit approval beyond the lending limit of the SVP & Head of Credit are referred to Credit Committee which itself has delegated limits and is responsible for ensuring appropriate credit standards and guidelines are in place.</p> <p>The SVP, Head of Credit reports to the CRO (and quarterly through to Risk Committee of the Board) a summary of key information on credit risk, including material credit transactions, compliance with limits, portfolio trends and impaired loans.</p> <p>Core activities within the Risk function include oversight of credit risk management policies, establishment of credit risk appetite and key risk metrics, development of credit risk management processes and tools, quality review, watch list and problem loan management. The function supports a disciplined approach to risk-taking through its responsibilities for transactional approval and portfolio management, credit risk reporting and stress testing.</p> <p>The risk function also oversees the establishment of provisions through the Expected Credit Loss process including specific provisions as necessary. Any material specific provisions are reviewed and approved at the Credit Committee.</p>

CRA – General information about credit risk

Item #	Annual Qualitative Requirements	Description
CRA	General qualitative information about credit risk	
	SMSBs must describe their risk management objectives and policies for credit risk, focusing in particular on:	
(d)	Relationships between the credit risk management, risk control, compliance and Internal Audit functions	<p>PTC manages credit risk under a Three Lines of Defense model. This ensures appropriate accountability for managing and underwriting credit risk in the business while keeping adjudication and loan approval in risk management. Loans which are delinquent or in default are managed by Special Loans in Risk Management</p> <p>PTC business sales leaders are primarily accountable for identifying, assessing, managing and reporting risk within their areas of responsibility.</p> <p>Credit Risk is responsible for adjudication and approval of all lending activities and is also accountable for monitoring, measuring and reporting on risk tolerances, developing and maintaining policies, and developing risk management methodologies. The Credit Risk function is part of the PTC's Risk Management organization.</p> <p>Compliance monitors all regulatory compliance matters and ensures PTC operates within the defined regulatory limits and guidelines.</p> <p>Internal audit as third line of defense conducts independent risk-based oversight to test and verify the effectiveness of the internal control framework and credit and operational risk management practices and ensure adherence to policy and legislative requirements.</p>
(e)	Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors	The SVP, Head of Credit and CRO provide reporting to Credit Committee monthly and quarterly to the Board Risk Committee. Reporting includes key information on PTC's credit risk profile including compliance with limits and risk appetite, portfolio trends and impaired loans, material credit transactions and other risk indicators such as results of quality reviews and stress testing.

ORA – General qualitative information the operational risk framework

Item #	Annual Qualitative Requirements	Description
ORA	General qualitative information on a bank's operational risk framework	
(a)	Their policies, frameworks and guidelines for the management of operational risk.	<p>Operational risk refers to the risk of loss resulting from people, inadequate or failed internal processes and systems or external events. This includes legal risk but excludes strategic and reputational risk.</p> <p>Operational risk is inherent in all of PTC's business activities and includes fraud, system failures, model risk, cyber security, business continuity and third-party management risks.</p> <p>Although operational risk may not be eliminated, proactive management of this risk is important to mitigate exposure to financial losses, reputational damage and/or regulatory fines. PTC has an Operational Risk Management policy approved by the Board. PTC also has management and board level policies for Business Continuity Management, Fraud Management, Model Risk Management, Third-party Risk Management and Cybersecurity. These frameworks and policies are designed to provide oversight on how operational risk is monitored, reviewed and reported on across PTC. They also provide employees with an understanding of their responsibilities with respect to operational risk management and a common language for discussing operational risk and support management as they consider all risks through risk control self-assessments and other risk management processes.</p> <p>The Operational Risk Management Committee meets monthly to monitor and report on operational risks. Among other functions, this committee reviews operational risk management incidents which are reported throughout the year by business units.</p> <p>PTC establishes its appetite for operational risk through the Board approved Risk Appetite Framework which includes key risk metrics for managing and monitoring operational risk on an enterprise-wide basis.</p>
(b)	The structure and organization of their operational risk management and control function.	<p>PTC manages Operational Risk under the Three Lines of Defence model.</p> <p>Business lines and support areas are the first line of defence and are fully accountable for managing and mitigating the operational risks associated with their activities.</p> <p>Risk Management, as the second line, is responsible for the establishing and enhancing the Operational Risk Management policy and related corporate policies and frameworks, and for supporting processes and tools to manage operational risk.</p> <p>Risk Management works with other corporate functions including Compliance, Information Technology and Human Resources to coordinate second line oversight of operational risk domains such as regulatory compliance, anti-money laundering, privacy, information security, cyber security, data management and people risk.</p>

ORA – General qualitative information the operational risk framework

Item #	Annual Qualitative Requirements	Description
ORA	General qualitative information on a bank's operational risk framework	
(c)	Their operational risk measurement system (i.e. the systems and data used to measure operational risk in order to estimate the operational risk capital charge).	PTC quantifies operational risk based on the Simplified Standardized approach outlined in the OSFI CAR 2024 Guidelines in Chapter 3 – Operational Risk. The approach has been identified as suitable for capital allocation for small and medium sized businesses with category II and III. The capital allocation calculation is a fixed percentage of the average of the previous three years positive adjusted gross income. Adjusted gross income is defined as net interest income plus net non-interest income. The fixed percentage is prescribed at 15%.
(d)	The scope and main context of their reporting framework on operational risk to executive management and to the board of directors.	On a quarterly basis, Risk Management provides reporting to senior management and the Risk Committee of the Board on PTC's operational risk profile, including operational risk management trends, significant operational events if any and key risk indicators (KRIs) developed by management.
(e)	The risk mitigation and risk transfer used in the management of operational risk. This includes mitigation by policy (such as the policies on risk culture, risk appetite, and outsourcing), by divesting from high-risk businesses, and by the establishment of controls. The remaining exposure can then be absorbed by the bank or transferred. For instance, the impact of operational losses can be mitigated with insurance.	<ul style="list-style-type: none"> • PTC takes a comprehensive approach to mitigate and manage operational risk across all levels of the organization. Its Risk Appetite Framework (RAF) supports financial stability and alignment with strategic objectives. Qualitative and quantitative risk appetite statements have been defined and approved by the Board by risk category. These support sound decision-making and facilitate effective risk mitigation and risk transfer. • Strategies to manage operational risk include: • Policies and control procedures implemented to support the identification, evaluation, escalation, and acceptance or avoidance of risk issues. • Risk and control self-assessments applied at the line of business level. • In Business Risk function established to support business lines and promote risk awareness. • KRIs have been established thresholds aligned with the RAF and are monitored on an ongoing basis. • Operational risk events are regularly reported with root cause analysis and management action plans as required. • Risk-mitigation action plans are regularly tracked and reported. • Information/cybersecurity and business continuity management and data recovery programs have been established and are regularly tested. • Stress testing and scenario analysis performed to assess operational resilience and impacts on critical processes, systems and controls. • A portfolio of insurance is maintained to ensure appropriate coverage for PTC's risk profile and operational needs.

LR2 - Leverage ratio common disclosure template

		Q4 2025	Q3 2025
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	7,191,267	7,621,719
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)	(20,629)	(19,657)
5	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 4)	7,170,638	7,602,061
Derivative exposures			
6	Replacement cost associated with all derivative transactions	9,470	9,220
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 for written credit derivatives)	-	-
11	Total derivative exposures (sum of lines 6 to 10)	9,470	9,220
Securities financing transaction exposures			
12	Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	-	400,000
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	Total securities financing transaction exposures (sum of lines 12 to 15)	-	400,000
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	1,365,880	1,503,946
18	(Adjustments for conversion to credit equivalent amounts)	(859,087)	(941,846)
19	Off-balance sheet items (sum of lines 17 and 18)	506,793	562,100
Capital and total exposures			
20	Tier 1 capital	517,927	496,350
21	Total Exposures (sum of lines 5, 11, 16 and 19)	7,686,901	8,573,381
Leverage Ratio			
22	Basel III leverage ratio	6.74%	5.79%

CVAA – General qualitative disclosure requirements related to CVA

Item #	Annual Qualitative Requirements	Description
CVAA	General qualitative disclosure requirements related to Credit Valuation Adjustment (CVA)	
(a)	An explanation and/or a description of the SMSB's processes implemented to identify, measure, monitor and control the SMSB's CVA risks, including policies for hedging CVA risk and the processes for monitoring the continuing effectiveness of hedges.	<p>PTC's CVA exposure is minimal, as it does not maintain a trading book and limits its derivative activities to the hedging of interest rates within the banking book. PTC actively manages its daily margin levels and its obligations with over-the-counter derivative counterparties to control CVA risk. Given the limited exposure, CVA risk is monitored regularly through simplified reporting at the netting set level and adherence to counterparty credit limits, with collateral arrangements applied as appropriate. As part of its prudent risk management approach, PTC transacts exclusively with only highly rated financial institutions,</p> <p>As a Category II SMSB, CVA risk is identified by evaluating counterparty credit exposures associated with derivative transactions including the sensitivity of derivative valuations to changes in counterparty creditworthiness. The measurement is performed using the Basic Approach (BA).</p>
(b)	Whether the bank is eligible and has chosen to set its capital requirement for CVA at 100% of the bank's capital requirement for counterparty credit risk as applicable under [CAR 2024, Chapter 8, paragraph 9].	PTC's aggregate notional amount of its non-centrally cleared derivatives is less than OSFI's materiality threshold. As permitted by OSFI, PTC elects to set its CVA capital requirement equal to 100% of the institution's capital requirement for counterparty credit risk.

End of Document