

Myers  
7.04.16

# Clarification to Note 4 of Financial Statements

## Appendix E

### Column 1 – Total

Represents the total loan/leases divided by economic sector. These balances represent the balance owing at March 31, 2009, before any provision for loss. The "other" category is comprised of loans classified as non-current, wherein interest is no longer being accrued.

### Column 2 – Impaired

Represents loans in arrears in excess of 120 days, or where in management's opinion, there is no longer reasonable assurance as to the timely collection of the full amount of the principal and interest. Management's assessment is based on the extent of the arrears, the value of collateral security, the cash flow of the borrower and management's judgement. The impaired loans are included in the total loan/leases in column (1).

### Column 3 – Allowance for possible losses – General

A provision for loss based on management's judgement by sector whereby adverse economic trends suggest losses may occur, but where such losses cannot yet be determined on an item-by-item basis. Management takes into consideration past performance of similar loans, the level of specific provision and the existing economic climate.

### Column 4 – Allowance for possible losses – Specific

Indicates the provision required to reduce particular assets from their book value to their estimated realizable value. Management takes into account the estimated future cash flow of the borrower and the estimated fair value of the collateral security held of the borrower.

### Column 5 – Net

Indicates the total loan/lease (column 1), less the general and specific provisions for loss (columns 3 and 4).