Bank of China (Canada)

BASEL PILLAR III DISCLOSURE 2022

AS AT DECEMBER 31, 2022

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Bank of China (Canada)

Basel Pillar III Disclosures

December 31, 2022

(All figures are in thousands of Canadian dollar, unless otherwise stated)

1. Scope of Application

In this document, the Bank of China (Canada) (the "Bank") provides its Basel Pillar III disclosures, as required by the Office of the Superintendent of Financial Institutions Canada (OSFI).

The Bank is licensed to operate in Canada as a foreign bank subsidiary with full banking powers under the Bank Act. The Bank is a wholly owned subsidiary of Bank of China Limited (the "parent bank"). The Bank is domiciled in Canada and its registered office is located at 50 Minthorn Boulevard, Markham, Ontario, L3T 7X8, Canada.

2. Capital Management

The Bank's objectives when managing capital are as follows:

- To comply with the capital requirements set by OSFI;
- To safeguard the Bank's ability to continue as a going concern and at the same time provide reasonable returns to the sole shareholder; and
- To maintain a strong capital base to support future business development.

The Bank has established a policy on capital management. The Board of Directors and management regularly review the Bank's capital structure on the basis of its capital adequacy ratio. The process of allocating capital to specific operations and activities is undertaken by the Bank's Asset and Liability Management Committee.

Capital adequacy of the Bank is measured pursuant to the guidelines issued by OSFI, based on standards established by the Bank for International Settlements. OSFI establishes risk based capital targets for financial institutions. These targets are currently an "all-in" tier 1 capital ratio of 8.5% and a total capital ratio of 10.5%.

(a) Capital structure

Tier 1 and total capital

Tier 1 capital represents the permanent forms of capital and primarily includes common shares and retained earnings of the Bank. Total capital includes Tier 1 and Tier 2 capital, net of certain deductions. As at December 31, 2022 the Bank did not have Tier 2 Capital.

Tier 1 and total capital

Tier 1 capital represents the permanent forms of capital and primarily includes common shares and retained earnings of the Bank. Total capital includes Tier 1 and Tier 2 capital, net of certain deductions. As at December 31. 2022 the Bank did not have Tier 2 capital.

	December 31, 2022	December 31, 2021
	$	$
Paid-up common share capital	**455,230**	455,230
Retained earnings	**268,763**	236,389
Accumulated other comprehensive income/(loss)	**(15)**	36
Tier 1 Capital	**723,978**	691,655

(b) Capital adequacy ratio

	December 31, 2022	December 31, 2021
	%	%
Tier 1 Capital adequacy ratio	**22.31**	26.33
Tier 2 Capital adequacy ratio	**-**	-
Total Capital adequacy ratio	**22.31**	26.33

2. Capital Management (continued)

Capital adequacy ratio as at December 31, 2022 was calculated in accordance with the Guideline – Capital Adequacy Requirement issued by OSFI. The Bank has adopted the Standardized Approach for the calculation of the risk weighted assets for credit risk and the Basic Indicator Approach for the calculation of operational risk.

(c) Minimum capital requirement for principal risks:

	December 31, 2022	December 31, 2021
	$	$
Credit risk		
Bank	**30,897**	17,441
Corporate	**239,964**	196,366
Residential mortgages	**51,500**	43,122
Other retail	**1,176**	1,353
Operational risk	**15,473**	14,635

(d) Leverage ratio

The Guidelines for Banks issued by OSFI prescribes another limit on the leverage ratio. The leverage ratio is defined as the capital measure divided by the exposure measure, with this ratio expressed as a percentage. It can be summarized as a measure of Tier 1 capital as a proportion of total adjusted assets.

Beginning in Q1 2015, institutions are expected to maintain a leverage ratio that meets or exceeds 3% at all times. OSFI has prescribed an authorized leverage ratio of 4% to the Bank. To ensure that the reported leverage ratio remains above 4% throughout the normal course of business, the Bank set up its internal target leverage ratio at 8.8% including an appropriate operating buffer.

	Bank of China (Canada)	
	Leverage Ratio Disclosure Q4 2022 as at Dec 31, 2022 on an "all-in" basis	**CAD in '000 except ratios**
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral	4,699,852
2	Asset amounts deducted in determining Basel III "all-in" Tier 1 capital	NA
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	4,699,852
	Derivative exposure	
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	4
5	Add-on amounts for PFE associated with all derivative transactions	11
6	Gross up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	NA
7	(Deductions of receivables assets for cash variation margin provided in derivative transactions)	NA
8	(Exempted CCP-leg of client cleared trade exposures)	NA
9	Adjusted effective notional amount of written credit derivatives	NA
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	NA
11	Total derivative exposures (sum of lines 4 to 10)	15
	Securities financing transaction exposures	
12	Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions.	NA
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	NA
14	Counterparty credit risk (CCR) exposure for SFTs	NA
15	Agent transaction exposure	NA
16	Total securities financing transaction exposures (sum of lines 12 to 15)	0
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	1,058,652
18	(Adjustments for conversion to credit equivalent amounts)	-528,315
19	Off-balance sheet items (sum of lines 17 and 18)	530,337
	Capital and Total Exposures	
20	Tier 1 capital	726,493
21	Total Exposures (sum of lines 3, 11, 16 and 19)	5,230,204
	Leverage Ratios	
22	Basel III leverage ratio	13.89%

3. Risk management framework

The Board of Directors of the Bank has established a risk management system and policies to identify, analyze, monitor and control various types of risks that the Bank faces in its operations. The risk management policies covering credit risk, market risk, operational risk, and liquidity and funding risk of the Bank are reviewed regularly by the Risk Management Committee, the Assets and Liability Management Committee, the Risk Policy Committee and the Audit Committee.

(a) Credit risk

Credit risk arises from the possibility that a customer or counterparty in a transaction may default. Such risk may arise from customer risks from loans and advances, issuer risks from securities purchased and counterparty risks from inter-bank deposit placements.

The Risk Policy Committee reviews and the Board of Directors approves credit risk management policy to establish delegated lending authorities, portfolio quality, credit extension criteria, credit monitoring process, concentration limit, risk rating system, credit recovery and provisioning, and account officer responsibilities. Management ensures that credit risk is managed and controlled within the policy to permit sound and prudent management and control of existing and potential credit risk exposure. The policy is reviewed and enhanced on an on-going basis to cater for market changes, statutory requirements and best practice credit risk management processes.

In evaluating the credit risk associated with an individual customer or counterparty, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining collateral, such as cash deposits, properties and guarantees, from the customers or counterparties. During the years ended Dec 31, 2022 and 2021, the Bank had not used any credit derivatives to mitigate credit or concentration risks.

The Bank undertakes an on-going credit analysis and monitoring at several levels and establishes a system to promote early detection of customer, industry, or product exposures that require special monitoring. The overall portfolio risk, individual impaired loans and potential impaired loans are monitored on a regular basis.

The Risk Policy Committee of the Board of Directors and management meet regularly to review and deal with significant issues relating to credit risk exposures.

Based on the Bank's internal risk rating system, the credit exposure can be classified as "Performing", "Special Mention", "Substandard", "Doubtful" and "Loss". "Performing" means the borrowers can honor the terms of the credit agreements, and there is no reason to doubt their ability to repay principal and interest on loans in full and on a timely basis. "Special Mention" means the borrowers has the capability to meet its financial commitment, but adverse business, financial, or economic condition will likely impair their capacity or willingness. "Substandard", "Doubtful" and "Loss" means the borrowers cannot repay loan principal and interest in full and significant losses will be incurred.

The Bank's loan loss impairment methodology is consistent with guidance as defined in IFRS 9, under which the Bank records the allowance for ECL for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the "lifetime expected credit loss" or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL"). Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial

instrument. Based on the above process, the Bank groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When loans are first recognized, the Bank recognizes an allowance based on 12-month ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECLs.

The Bank calculates ECLs based on a probability-weighted estimation of credit loss to measure the expected cash shortfalls, discounted at an approximation to the effective interest rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
- The Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Pursuant to IFRS 9 requirements, ECL should be measured for different periods depending on credit risk changes following initial recognition of financial instruments. ECL should be calculated in three model stages:

- If the credit risk on a financial asset has not increased significantly since initial booking, then the 12mECL shall be recognized and calculated using the ECL Stage 1 model;
- If the credit risk on a financial asset has increased significantly since initial recognition there is no objective evidence of impairment, the lifetime ECL shall be recognized calculated using the ECL Stage 2 model; and
- If there is any objective evidence of impairment of a financial asset at the reporting lifetime, then ECL shall be recognized and calculated using the ECL Stage 3 model.

In its ECL models, the Bank relies on a broad range of forward looking information as macroeconomic inputs, making forward-looking adjustments to its ECL calculation to reflect the impact of future macroeconomic changes on ECL, which is achieved by using the Merton model to make forward-looking adjustments to PD. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

As at the following reporting dates, the Bank's exposure to credit risk is as follows:

		December 31, 2022	Decmber 31, 2021
			$
Commerical loans			
	Neither past due nor impaired	**1,457,435.00**	**1,279,306.00**
	Past due but not impaired	**-**	**-**
	Impaired	**13,951.00**	**-**
		1,471,386.00	**1,279,306.00**
Mortgages			
	Neither past due nor impaired	**1,729,820.00**	**1,454,483.00**
	Past due but not impaired	**-**	**-**
	Impaired	**-**	**-**
		1,729,820.00	**1,454,483.00**
Other loans			
	Neither past due nor impaired	**10,753.00**	**14,318.00**
	Past due but not impaired	**-**	**-**
	Impaired	**47.00**	**30.00**
		10,800.00	**14,348.00**

The credit quality of the portfolio of loans and advances assessed by reference to the Bank's internal credit risk rating system is as follows:

As at December 31,					
				2022	2021
	12-month ECLs	Lifetime ECL's			
	Stage 1	Stage 2	Stage 3	Total	Total
	$	$		$	$
Pass	**3,124,729**	**-**	**-**	**3,124,729**	2,702,391
Special-mention	**-**	**73,279**	**-**	**73,279**	45,716
Substandard	**-**	**-**	**2**	**2**	-
Doubtful	**-**	**-**	**13,953**	**13,953**	2
Loss	**-**	**-**	**43**	**43**	28
	3,124,729	**73,279**	**13,998**	**3,212,006**	2,748,137

3. Risk management framework (continued)

(a) Credit Risk (continued)

Loans and advances to customers by industry are as follows:

	December 31, 2022	December 31, 2021
	$	$
Commercial and other loans		
Financial institutions	**215,799**	304,637
Mining	**-**	3,143
Manufacturing	**90,889**	45,109
Service	**99,160**	91,275
Transportation	**220,737**	194,941
Trading	**65,685**	29,800
Real estate	**744,416**	574,700
Other	**45,500**	50,049
	1,482,186	1,293,654
Mortgages	**1,729,820**	1,454,483
	3,212,006	2,748,137
Less: allowance for expected credit losses	**(35,522)**	(12,097)
Total, net of allowance for expected credit losses	**3,176,484**	2,736,040

Loans and advances to customers by geographic location are as follows:

							December 31, 2022
	Gross portfolio	Net portfolio (1)	Gross impaired loans	Expected credit loss Stage 1	Stage 2	Stage 3	Total
	$	$	$		$		$
Canada							
Commercial loans	**1,205,420**	**1,180,287**	**13,951**	**(5,507)**	**(6,649)**	**(12,977)**	**(25,133)**
Commercial mortgages	**333,866**	**331,611**		**(2,255)**	**-**	**-**	**(2,255)**
Residential mortgages	**1,395,954**	**1,389,070**	**-**	**(6,884)**	**-**	**-**	**(6,884)**
Other loans	**9,967**	**9,698**	**47**	**(269)**	**-**	**-**	**(269)**
	2,945,207	**2,910,666**	**13,998**	**(14,915)**	**(6,649)**	**(12,977)**	**(34,541)**
International							
Commercial loans	**265,966**	**264,987**	**-**	**(979)**	**-**	**-**	**(979)**
Other loans	**833**	**831**	**-**	**(2)**	**-**	**-**	**(2)**
	266,799	**265,818**	**-**	**(981)**	**-**	**-**	**(981)**
Total	**3,212,006**	**3,176,484**	**13,998**	**(15,896)**	**(6,649)**	**(12,977)**	**(35,522)**

						December 31, 2021	
	Gross portfolio	Net portfolio (1)	Gross impaired loans	Allowance for expected credit losses Stage 1	Stage 2	Stage 3	Total
	$	$	$		$		$
Canada							
Commercial loans	946,706	939,143	-	(4,218)	(3,345)	-	(7,563)
Commercial mortgages	283,474	281,187	-	(1,231)	(1,056)	-	(2,287)
Residential mortgages	1,171,009	1,169,939	-	(1,070)	-	-	(1,070)
Other loans	10,872	10,740	30	(132)	-	-	(132)
	2,412,061	2,401,009	30	(6,651)	(4,401)	-	(11,052)
International							
Commercial loans	332,599	331,563	-	(1,036)	-	-	(1,036)
Other loans	3,477	3,468	-	(9)	-	-	(9)
	336,076	335,031	-	(1,045)	-	-	(1,045)
Total	2,748,137	2,736,040	30	(7,696)	(4,401)	-	(12,097)

Credit Risk Exposures by residual contractual maturity are as follows:

		Decmber 31, 2022	Decmber 31, 2021
			$
Commerical loans			
	Neither past due nor impaired	**1,457,435.00**	**1,279,306.00**
	Past due but not impaired	**-**	**-**
	Impaired	**13,951.00**	**-**
		1,471,386.00	**1,279,306.00**
Mortgages			
	Neither past due nor impaired	**1,729,820.00**	**1,454,483.00**
	Past due but not impaired	**-**	**-**
	Impaired	**-**	**-**
		1,729,820.00	**1,454,483.00**
Other loans			
	Neither past due nor impaired	**10,753.00**	**14,318.00**
	Past due but not impaired	**-**	**-**
	Impaired	**17.00**	**30.00**
		10,800.00	**14,348.00**

(b) Market risk

Market risk is the potential for adverse changes in the value of the Bank's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, equity and commodity prices and their implied volatilities. The two primary types of market risk applicable to the Bank are: (i) interest rate risk and (ii) foreign exchange risk.

The Risk Policy Committee reviews, and the Board of Directors approves, the Bank's policy on market risk management to monitor and control its market risk exposures within acceptable parameters, while optimizing the return on risk. The Assets and Liability Management Committee, which is responsible for the ongoing general market risk management, meets regularly to review and deal with issues in response to the changing market conditions.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Bank is exposed to interest rate risk when asset and liability principal and interest cash flows have different interest payment or maturity dates. These are called mismatched positions. An interest sensitive asset or liability is re-priced when interest rates change or when there is cash flow from final maturity, normal amortization and when customers exercise prepayment. The Bank's exposure to interest rate risk depends on the size and direction of interest rate changes, and on the size and maturity of the mismatched positions.

Interest rate risk is measured using various interest rate shock scenarios to estimate the impact of changes in interest rates on the Bank's annual Earnings at Risk ("EaR"). EaR is defined as the change in the Bank's annual net interest income from 200-basis-point unfavorable interest-rate shock due to mismatched cash flows. The Bank establishes a risk-acceptable level in terms of a percentage to EaR to monitor this exposure and adjust any mismatched position whenever the policy limit is exceeded.

As at the following reporting date, the before-tax impact on the net interest income over the next 12 months due to an immediate 200 basis point change in interest rates is as follows:

	December 31, 2022	December 31, 2021
	$	$
200 basis points increase in interest rates	**11,648**	9,621
200 basis points decrease in interest rates	**(11,648)**	(9,621)

As at December 31, 2022, the financial assets and liabilities of the Bank based on the earlier of their contractual re-pricing or maturity date are presented below.

	Floating rate	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years Total	Non-rate sensitive	Total
Assets							
Cash and cash equivalents	569,519	805,184	-	-	-	50,589	1,425,292
T-Bill Securities	-	49,806	-	-	-	-	49,806
Loans and advances	1,277,427	1,144,447	184,787	569,371	21,974	14,000	3,212,006
Expected credit loss	-	-	-	-	-	(35,739)	(35,739)
Other assets (1)	-	4	-	-	-	48,487	48,491
Total assets	1,846,946	1,999,441	184,787	569,371	21,974	77,337	4,699,856
Liabilities and equity							
Deposits from customers							
Demand and notice	378,399	-	-	-	-	118,757	497,156
Fixed term	-	649,684	624,158	3,326	-	-	1,277,168
Bank Depository Note	-	340,922	49,327	-	-	-	390,249
Deposits from banks	769,332	965,781	-	-	-	-	1,735,113
Other liabilities (2)	-	1	-	-	-	76,191	76,192
Subordinated liabilities	-	-	-	-	-	-	-
Equity	-	-	-	-	-	723,978	723,978
Total liabilities and equity	1,147,731	1,956,388	673,485	3,326	-	918,926	4,699,856
Total gap – 2022	699,215	43,053	(488,698)	566,045	21,974	(841,589)	-
Total gap – 2021	467,787	463,365	(739,530)	637,120	-	(828,742)	-

(1) Other assets include customer liabilities under acceptances, property and equipment, deferred tax assets and other assets.

(2) Other liabilities include bank's liabilities under acceptances, cheques and other items in transit, income taxes payable and other liabilities.

(ii) Foreign exchange risk

Foreign exchange risk is the risk of loss due to the changes in the foreign exchange rates. The Bank's foreign exchange market activities are to cover customers' needs and foreign currency positions in the non-trading book. During the years ended December 31, 2022 and 2021, the Bank did not speculate on foreign exchange movements or maintain large open positions in foreign currencies.

The Bank does not have significant risk in foreign exchange as it is not involved in speculative trading activities. The Bank covers or hedges its currency exposure using foreign currency forward contracts. There is no significant foreign exchange exposure incurred in foreign currency deposit and loan transactions.

(c) Operational risk

Operational risk is the potential for loss resulting from inadequate or failed internal control process or systems, human interactions or external events. The Risk Policy Committee reviews and the Board of Directors approve the policy for operational risk management. Management establishes various operational and control procedures to identify, manage and monitor inherent control weaknesses. The Risk Policy Committee has oversight responsibility for operational risk strategy

and governance. The Bank's Operational Risk Management function provides advice and guidance to the business units on operational risk assessments, measurement, mitigation and monitoring initiatives. A report on the status of the operational risk management is submitted to the Risk Policy Committee quarterly basis.

(d) Liquidity and funding risk

Liquidity and funding risk arises when the Bank encounters difficulty in meeting obligations from its financial liabilities.

The Risk Policy Committee reviews and the Board of Directors approve the policies for liquidity and funding risk management. The Asset and Liability Management Committee of the Bank meets regularly to review and deal with liquidity management issues in response to changing market conditions.

The Bank's liquidity risk management policy and control procedures are designed to ensure that an effective liquidity contingency planning and liquefiable assets exist at all times to permit uninterrupted daily operations. The Bank's liquidity position is monitored daily and liquidity stress testing is conducted regularly under a variety of scenarios covering both normal and more severe market conditions.

(e) Counterparty credit risk

Counterparty credit risk is the risk that the counterparty to a derivative transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value to the Bank at the time of default. In the normal course of business, the Bank has foreign exchange transactions with positive values and there is a risk that the counterparties might default. The Bank has established limits governing its foreign exchange activities with banks and customers; and, most importantly, it does not speculate on foreign exchange trading. To quantify settlement and counterparty risk, the Bank has adopted the 'current exposure method' to measure it and calculate the capital requirement for it.

As at December 31, 2022, the capital requirement for counterparty credit risk calculated by using the current exposure method is presented in the table following:

	As at December 31, 2022			As at December 31, 2021		
	Notional Amount	**Fair value**		Notional Amount	Fair value	
		Assets	**Liabilities**		Assets	Liabilities
	$	**$**	**$**		$	$
Foreign exchange contracts						
Forward contracts	**1,145**	**4**	**(1)**	830	-	(1)
Total	**1,145**	**4**	**(1)**	830	-	(1)

	As at December 31, 2022		As at December 31, 2021	
	Favorable position	Unfavorable position	Favorable position	Unfavorable position
	$	$	$	$
Foreign exchange contracts				
Forward contracts	4	(1)	-	(1)
Total	4	(1)	-	(1)

4. Remuneration Policy

The Bank's remuneration policy applies to all its employees in Canada. The primary objectives of the Bank's remuneration policy are to compensate its employees in such a manner that it can attract, retain and motivate them, while at the same time enable the Bank implement and achieve its business targets and strategies.

The Bank has implemented a fair and balanced remuneration package that reflects the values of the business units and each individual employee. The package is comprised of the following components:

- Base salary
- Incentive pay
- Other benefits
- Severance payment

The base salary, which is a fixed remuneration, represents 80% to 90% of the total remuneration. The Bank aims at being competitive in determining the base salary of different positions.

The incentive pay is applied to motivate employees and increase their productivity. Employees with satisfactory performance are generally eligible. The amount of incentive pay is determined according to the performance of each individual employee measured by a number of criteria that are communicated to the employees in advance. The Bank has established certain risk control measures to prevent employees from taking excessive risks in attempting to achieve targets; and, the Bank can at its sole discretion adjust the incentive pay structure from time to time in order to minimize risk taking.

Other benefits are non-cash rewards to employees and include some special awards to employees who have demonstrated outstanding performance either at work or in internal competitions organized by the Bank.

The Bank may provide severance payment to terminate the employment relationship with unsatisfactory employees after all efforts to help them are unsuccessful.

The Bank conducts annual review on the remuneration package to ensure its competitiveness and that it matches with the Bank's overall business strategy.

Key Management Compensation

Key management comprises the members of the Board of Directors and President's Office of the Bank.

Key management personnel compensation for the year ended December 31, 2022 comprised salaries and other short-term benefits in the amount of $2,760 (2021 - $2,899). The Bank does not provide long-term benefits or non-cash benefits to any of the key management personnel.