



# Risk Review

Q1 2000



## Highlights - Credit Risk

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- Provision for Credit Losses:
  - \$400MM for F2000 (versus \$320MM for F1999)
  - F1999 Provision included \$85MM increase in General Allowance
  - F2000 breakdown between Specific and General component to be determined by Fourth Quarter



## Highlights - Credit Risk (Cont'd)

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- Gross Impaired Loans ratio increased slightly over the quarter (to 0.82% of Total Loans & Acceptances versus 0.75% at Oct.31,99); recent growth is mainly in commercial lending portfolios.
- Allowance for Credit Losses continues to exceed Gross Impaired Loans by \$240MM
- Loan portfolio exposures outside North America amount to less than 10% of total and are mainly short term and trade finance in nature.



## Highlights - Market Risk

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- Aggregate Market Risk exposures (structural, money market and trading) remain moderate
  - Market Value Exposure of \$345MM or approximately 2% of Total Capital
  - 12-month Earnings-at-Risk exposure of \$111MM or approximately 8% of F1999 net income



## Highlights - Market Risk (Cont'd)

- Trading exposures returning to normal range following turn of the year
- Structural and money market exposures to rising interest rates:
  - Market Value Exposure down 27% since year end
  - Earnings exposure over the next 12 months reduced from \$44 to \$20 million since year end



## Highlights - Operational Risk

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- Successful year-end transition
- Benefits of Y2K experience are being adapted to ongoing contingency planning

