



Rogers Bank

Basel III Pillar 3 Disclosures

As at June 30, 2013

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DOCUMENT OVERVIEW

This document embodies the Pillar 3 disclosures for Rogers Bank (the "Bank") as at June 30, 2013 pursuant to OSFI's Pillar 3 Disclosure Requirements.

As part of Basel framework Pillar 3 – Market Discipline builds on capital requirements and supervisory review process by developing a set of disclosures allowing market participants to assess the capital adequacy of the Bank.

The Bank is not considered Domestic Systemically Important Bank (DSIB) by OSFI and utilises Part 5 of Public Capital Disclosure Requirements related to Basel III Pillar 3 Advisory (July 2013) as the framework for this Disclosure. This report is unaudited and is reported in thousands of Canadian Dollars, unless otherwise noted.

REPORTING ENTITY

The Bank is a Schedule I Canadian chartered bank governed by the Bank Act. It was incorporated on April 24, 2013. The address of the Bank's registered office is 333 Bloor Street East, Toronto Ontario M4W 1G9. The Bank is a wholly owned subsidiary of Rogers Communications Inc. (the "Parent"). The Bank received orders to commence and carry on business on August 23, 2013.

The Bank aims to launch a Rewards MasterCard. The product will have no annual fee and a competitive rewards program which will allow customers to earn and redeem Rogers First Rewards towards good and services offered by the Parent.

FINANCIAL RISK MANAGEMENT

The Bank is exposed to credit risk, market risk and liquidity risk from its use of financial instruments.

Risk management framework

The Bank's Board and Management establish risk management policies to identify and define the risks faced by the Bank, set out appropriate risk limits and controls, and establish processes to ensure adherence to these limits. The Asset and Liability Committee ("ALCO"), Credit Risk Committee ("CRC") and Senior Management Committee ("SMC") of the Board are responsible for developing and monitoring these policies.

A comprehensive Internal Capital Adequacy Assessment Process ("ICAAP") is used in understanding and quantifying material risks the Bank may face. It is used to assess internal capital requirements against regulatory capital requirements in the capital planning process. Capital targets are tied to the ICAAP

findings as well as to regulatory capital requirements. The risk quantification process, including stress testing, serves to model potential risks facing the business from both strategic and capital requirements perspectives.

Risks are monitored and communicated to the Board annually. Based on risk monitoring, risk probabilities and identification of any new or escalating risks, capital requirements are assessed periodically and any ICAAP findings and material changes to risk are reported periodically to the Senior Management Committee, and if considered necessary by management, to the Board.

Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk for the Bank arises principally from the Bank's credit card loans to customers.

The Board is responsible for the oversight of credit risk management. The CRC, under the oversight of the Board, monitors and approves the credit risk management program.

The CRC supports the Chief Risk Officer and the credit department in the following:

- Development and implementation of sound and prudent policies and procedures to effectively manage and control credit risk. Policies include credit assessment criteria, risk grading and reporting, documentation and compliance for legal, regulatory or statutory requirements.
- Development and implementation of effective credit granting, account management and Collections processes. Processes include approval authority management, diversification of credit limits, credit risk assessment, credit application evaluation, fraud identification and management, and write-offs.
- Development and implementation of comprehensive procedures to effectively monitor and control the nature, characteristics, and quality of the credit portfolio. This includes reporting, portfolio characteristic monitoring, concentration reviews, risk grading monitoring, and credit review processes.

Market risk

The Bank is exposed to interest rate risk through possible rate mismatch of credit card loans against its loans from internal and external sources. ALCO monitors this mismatch, as well as interest rate environment in Canada, and reports to the Board.

Under current agreement with the Parent the Bank obtains its necessary financing through a demand promissory note at 0%. This mitigates the Bank's exposure to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Bank will not be able to meet financial commitments and obligations when due or may incur significant costs in meeting those obligations. The Bank manages its exposure to short-term and long-term liquidity by ensuring that adequate governance, policies, and procedures are in place to manage cash on a daily, weekly, and monthly basis. Long-range planning and forecasting tools are used to monitor long-term funding needs. The ALCO monitors both short-term and long-term

liquidity needs. A liquidity contingency plan is in place to ensure funding procedures are in place during a crisis.

CAPITAL MANAGEMENT

The Bank's policy is to maintain a capital risk management program, which ensures adequate capital to sustain ongoing functioning and future development of the business and to meet external and internal requirements. The Bank recognizes the need to maintain a balance between higher shareholders' returns and the security afforded by a sound capital position.

As at June 30, 2013, the Bank had twenty-five million (25,000,000) common shares issued and outstanding.

Regulatory Capital Position

The Bank calculates its regulatory capital by managing its credit risk using the standardized approach and monitoring its operational risk using the Basic Indicator Approach.

The Bank's regulatory capital consists of Tier 1 capital only. Tier 1 capital includes ordinary share capital and retained earnings. The Bank aims to be in compliance with all externally and internally imposed capital requirements. Management uses regulatory capital ratios to monitor its capital base. The Bank's capital management policies are reviewed regularly by the Board.

Banking operations are categorised as banking book. The Bank assigns risk weights to assets reflecting different levels of risk and exposures not recognised in the statement of financial position.

The Bank's regulatory capital position under Basel III as at June 30, 2013 is outlined in Appendix A.

APPENDIX A: BASEL III COMMON DISCLOSURES

The Basel III Pillar 3 public capital disclosure requirements are intended to improve both the transparency and comparability of the Bank's capital positions. The following table is prepared using the modified Capital Disclosure template proposed by OSFI as defined in July 2013 Advisory on Public Capital Disclosure Requirements Annex 5.

Capital Disclosure as at June 30, 2013		All-in
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	
2	Retained earnings	
3	Accumulated other comprehensive income (and other reserves)	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	
Common Equity Tier 1 capital: regulatory adjustments		
28	Total regulatory adjustments to Common Equity Tier 1	
29	Common Equity Tier 1 capital (CET1)	
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	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	
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)	
35	of which: instruments issued by subsidiaries subject to phase out	
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)	
45	Tier 1 capital (T1 = CET1 + AT1)	
Tier 2 capital: instruments and allowances		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	
47	Directly issued capital instruments subject to phase out from Tier 2	
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)	
49	of which: instruments issued by subsidiaries subject to phase out	
50	Collective allowances	
51	Tier 2 capital before regulatory adjustments	
Tier 2 capital: regulatory adjustments		
57	Total regulatory adjustments to Tier 2 capital	
58	Tier 2 capital (T2)	
59	Total capital (TC = T1 + T2)	
60	Total risk-weighted assets	

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Capital ratios		
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	
62	Tier 1 (as percentage of risk-weighted assets)	
63	Total capital (as percentage of risk-weighted assets)	
OSFI all-in target		
69	Common Equity Tier 1 capital all-in target ratio	
70	Tier 1 capital all-in target ratio	
71	Total capital all-in target ratio	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	
81	Amounts excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amounts excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amounts excluded from T2 due to cap (excess over cap after redemptions and maturities)	