

Treasury & Payment Solutions

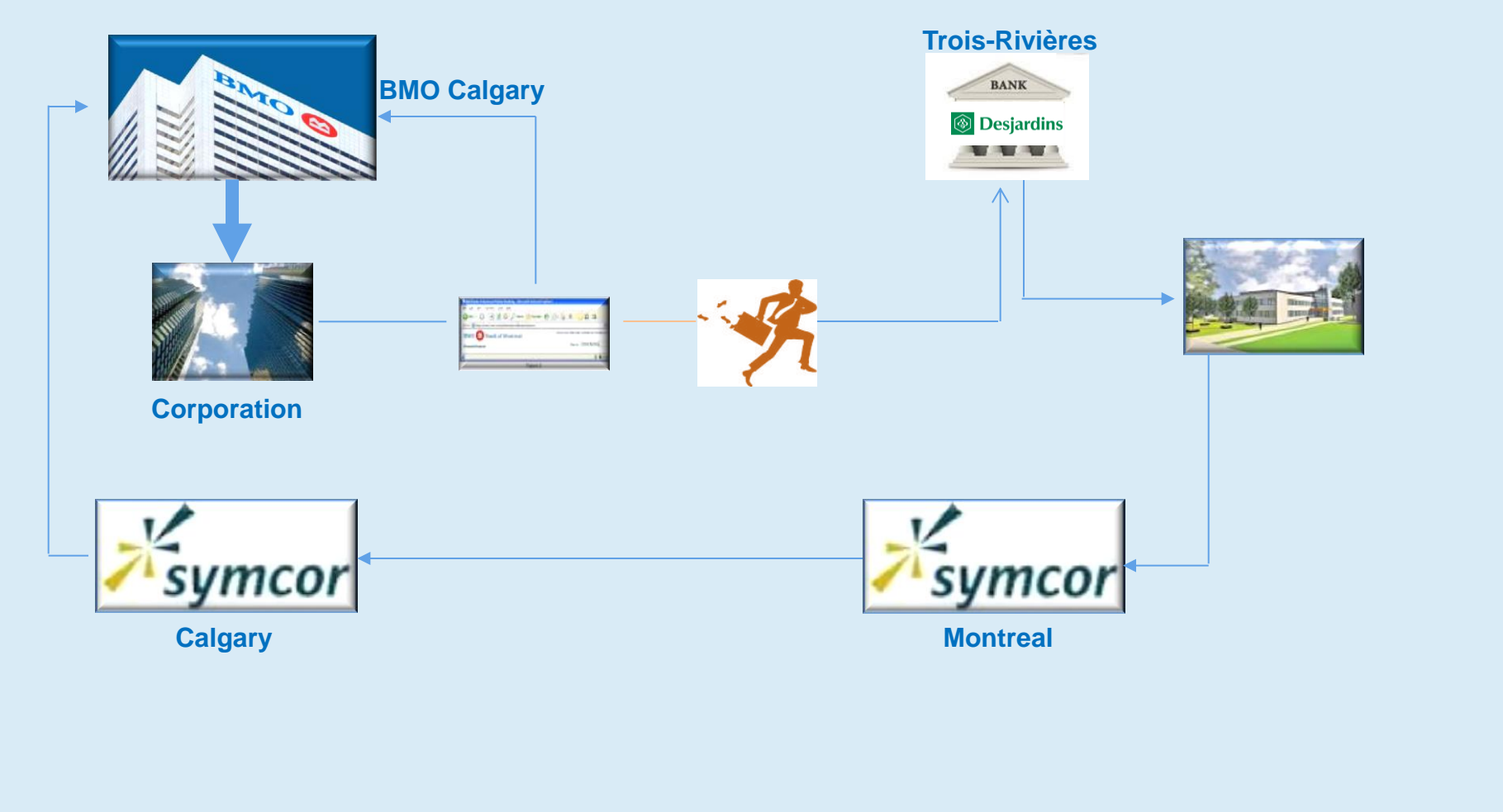
Modernization of the Canadian Payment Landscape:

Introducing Remote Deposit Capture (RDC)

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A Cheque Journey



The use of cheques outside North America

What do others do?

- ✓ In most European countries, cheques are now rarely used
- ✓ Germany, Austria, the Netherlands, Belgium, and Scandinavia: cheques have almost completely vanished
- ✓ In Finland, banks stopped issuing personal cheques in about 1993
- ✓ In Poland cheques were withdrawn from use in 2006
- ✓ United Kingdom, Ireland, and France: still in use partly because cheques are free
- ✓ Most Asian countries experience cheque decline
- ✓ Negligible personal cheque usage for Japan, South Korea and Taiwan
- ✓ Australia and New Zealand are also experiencing cheque decline

Payment Trends

Payment Category	2008 Volumes (Millions)	2011 Volumes (Millions)	% Change	Annual Growth Rate
Cheques	1,000	880	-14.2	-5%
Debit Card	3000	3500	17.0%	5.4%
ATM	265	230	-12.0%	-4.2%
Prepaid Cards	154	355	130.0%	32%
EFT	1500	1700	13.5%	4.3%
Credit Card	2450	3050	23.3%	7.2%
Cash	10,075	9700	-3.9%	-1.3%

What is new in Canada?

✓ Purpose:

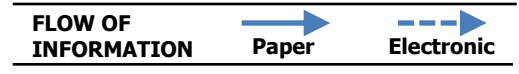
The Canadian Payments Association (CPA) has introduced regulatory changes that will enable the usage of digital images of cheques for exchange and settlement from the current paper processing environment, and will facilitate the structural transformation of the industry.

- ✓ US Banks have implemented similar infrastructure and processes and are fully migrated to image processing.
- ✓ Major opportunity to normalize the Canadian solution to evolve into a common North American platform for cheque processing.
- ✓ Image Exchange will start in 2015

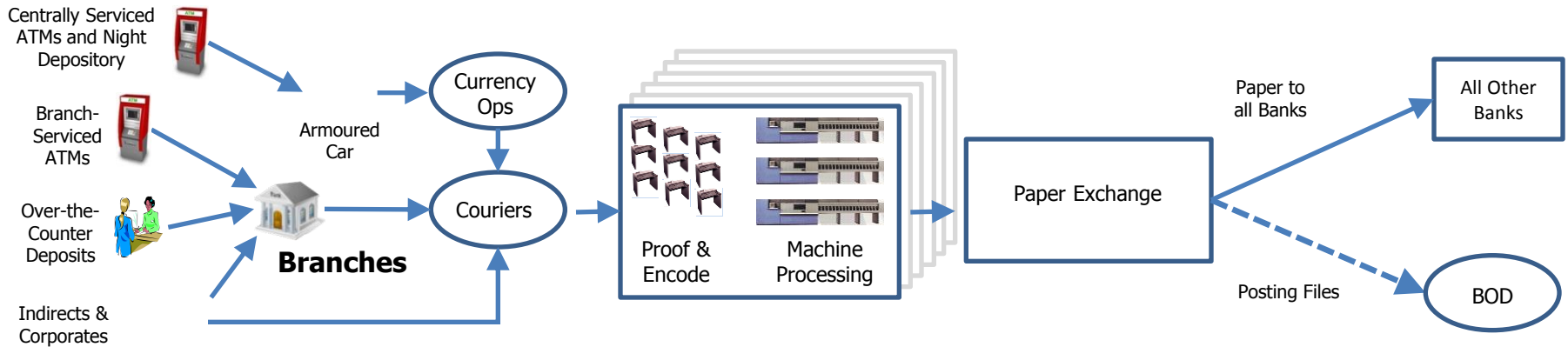
✓ Description:

- ✓ Branch Image Capture (BIC) solution across which will scan and capture cheque images as part of the deposit transaction, and leverage these images for all downstream processes.
- ✓ Establish a capability to exchange cheque images with other image-enabled Banks in Canada
- ✓ Leverage cheque images to streamline end-to-end cheque processes, including Day 2 exceptions, return items and research & adjustments, and the provision of images to our internal and external customers.
- ✓ Implement the business and technology processes required to support image-enabled ATMs (the ATM hardware refresh is a separate initiative).
- ✓ Reduce branch courier usage by removing physical branch clearing content from courier bags.

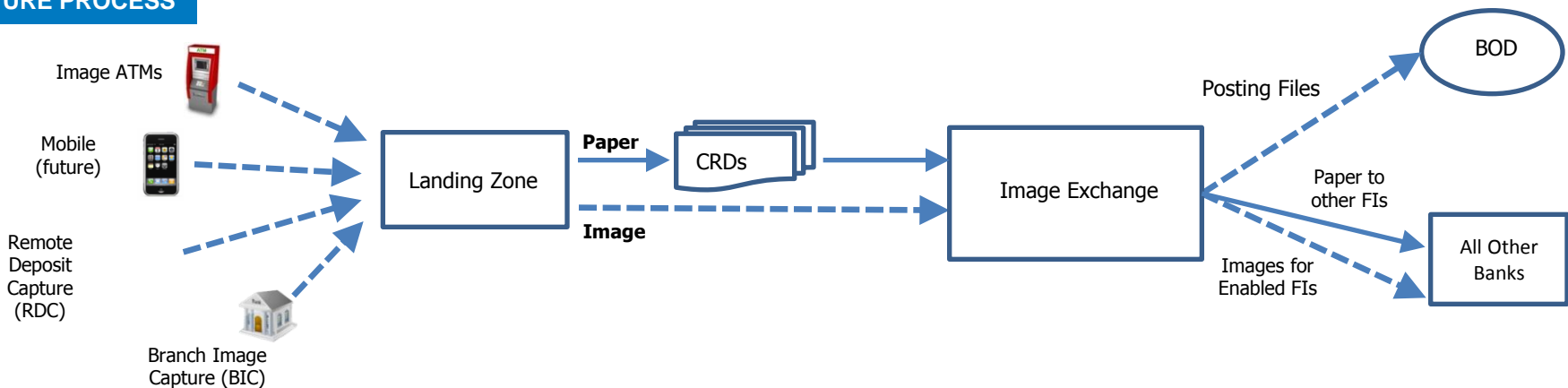
What Will the Future Look like for Banks in Canada?



CURRENT PROCESS



FUTURE PROCESS



New Image Deposit Channels – Low Volume



New Image Deposit Channels – High Volume

Remote Deposit Capture

Why Remote Deposit Capture Clients

Save time and money

- ✓ Bank on your schedule and deposit cheques when it is convenient for you = 24X7
- ✓ Save time and reduce operating costs of preparing deposits
- ✓ Avoid time-consuming trips to the bank to make deposits

Gain better control of your cash flow

- ✓ Improve your cash flow and get faster access to your cash by depositing your cheques the same day you receive them
- ✓ Easily review cheque deposit data online

Know that your deposit is secure

- ✓ Sign on credentials and encryption facilitate secure deposit of your scanned cheques



Why Remote Deposit Capture Banks

Save time and money

- ✓ No more Paper Movement
- ✓ No more Paper Storage
- ✓ No more Delays
- ✓ Deposits are already balanced
- ✓ Same day Clearing for all items
- ✓ Reduced Cheque Fraud

Bottom Line

- ✓ Convenience
- ✓ Cost Decrease and Revenue Increase
- ✓ Margin Increase
- ✓ Reduced risk of Fraud

Bottom Line

Duplicate Deposit Protection



Remote Deposit Capture Demonstration

