



Citco Bank Canada  
Annual Report 2024

CITCO

## Table of Contents

|   |    |
|---|----|
| 1. Financial Statements.....  | 4  |
| 2. Notes to the Financial Statements for the years ended December 31, 2024 and 2023 ..... | 10 |
| 2.1. General .....  | 10 |
| 2.1.1. Ownership .....  | 10 |
| 2.1.2. Activities .....   | 10 |
| 2.1.3. Currency .....   | 10 |
| 2.1.4. Approval of the Board .....  | 10 |
| 2.2. Material accounting policies .....   | 11 |
| 2.2.1. Basis of preparation.....  | 11 |
| 2.2.2. Going concern.....   | 11 |
| 2.2.3. New standards adopted .....  | 11 |
| 2.2.4. New standards and interpretations not yet adopted .....                            | 11 |
| 2.2.5. Use of estimates in the preparation of financial statements .....                  | 11 |
| 2.2.6. Foreign currency translation .....   | 12 |
| 2.2.7. Revenue recognition .....  | 12 |
| 2.2.8. Operating expenses .....   | 12 |
| 2.2.9. Interest income and expense.....   | 12 |
| 2.2.10. Retirement benefit costs.....   | 13 |
| 2.2.11. Taxation.....   | 13 |
| 2.2.12. Property, plant and equipment .....   | 13 |
| 2.2.13. Financial assets and financial liabilities .....                                  | 14 |
| 2.2.14. Trade receivables.....  | 18 |
| 2.2.15. Accrued income .....  | 18 |
| 2.2.16. Cash and cash equivalents .....   | 18 |
| 2.2.17. Trade payables.....   | 18 |
| 2.2.18. Provisions .....  | 18 |
| 2.2.19. Statement of cash flows .....   | 18 |
| 2.3. Risk and capital management .....  | 19 |
| 2.4. Revenue .....  | 28 |
| 2.5. Personnel expenses .....   | 29 |
| 2.6. Depreciation .....   | 29 |
| 2.7. Other operating expenses .....   | 29 |
| 2.8. Net finance expense .....  | 29 |
| 2.9. Income tax .....   | 30 |
| 2.10. Equipment .....   | 32 |

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|   |    |
|---|----|
| 2.11. Financial assets at amortized cost.....                                 | 33 |
| 2.12. Financial assets at fair value through other comprehensive income ..... | 34 |
| 2.13. Deferred tax .....  | 35 |
| 2.13.1. Recognized deferred tax assets .....                                  | 35 |
| 2.13.2. Movement in temporary differences during 2024 and 2023 .....          | 36 |
| 2.14. Other receivables and accrued income .....                              | 36 |
| 2.15. Cash and cash equivalents.....  | 36 |
| 2.16. Share capital .....   | 37 |
| 2.17. Retirement benefit scheme .....   | 37 |
| 2.18. Receivables from affiliated companies .....                             | 37 |
| 2.19. Payables to affiliated companies.....                                   | 38 |
| 2.20. Other payables and accrued expenses .....                               | 38 |
| 2.21. Amounts owed to depositors .....  | 38 |
| 2.22. Commitments and contingencies .....                                     | 39 |
| 2.23. Derivative financial instruments .....                                  | 39 |
| 2.24. Fair value measurement .....  | 40 |
| 2.25. Categories of financial assets and financial liabilities .....          | 41 |
| 2.26. Financial assets and liabilities not carried at fair value .....        | 42 |
| 2.27. Assets under custody .....  | 42 |
| 2.28. Related party transactions.....   | 42 |
| 2.29. Directors' remuneration .....   | 44 |
| 2.30. Events after the reporting date.....                                    | 44 |
| 3. Other Information.....   | 45 |
| 4. Independent Auditor's Report .....   | 46 |

# 1. Financial Statements

## Income statement for the year ended December 31,

|                                    | Notes | 2024          | 2023          |
|------------------------------------|-------|---------------|---------------|
|                                    |       | USD 000       | USD 000       |
| <b>Revenue:</b>                    |       |               |               |
| Interest income                    | 2.4   | 92,657        | 90,811        |
| Less: Interest expenses            | 2.4   | (59,369)      | (63,807)      |
| <b>Net interest income</b>         |       | <b>33,288</b> | <b>27,004</b> |
| Banking and custody services       | 2.4   | 14,153        | 14,544        |
| Other income                       | 2.4   | 1,567         | 1,295         |
|                                    |       | <b>49,008</b> | <b>42,843</b> |
| <b>Operating expenses:</b>         |       |               |               |
| Personnel expenses                 | 2.5   | 7,002         | 6,707         |
| Occupancy expenses                 |       | 158           | 126           |
| Office and administration expenses |       | 1,094         | 709           |
| Travel expenses                    |       | 191           | 213           |
| Depreciation expense               | 2.6   | 1             | 4             |
| Professional services              |       | 325           | 339           |
| Expected credit (reversals)/losses |       | (18)          | 52            |
| Other operating expenses           | 2.7   | 6,153         | 6,383         |
|                                    |       | <b>14,906</b> | <b>14,533</b> |
| <b>Net profit from operations</b>  |       | <b>34,102</b> | <b>28,310</b> |
| Net finance expense                | 2.8   | 125           | 26            |
| <b>Net profit before tax</b>       |       | <b>33,977</b> | <b>28,284</b> |
| Income tax expense                 | 2.9   | 9,036         | 7,505         |
| <b>Net profit for the year</b>     |       | <b>24,941</b> | <b>20,779</b> |
| <b>Attributable to:</b>            |       |               |               |
| Shareholder of the Company         |       | <b>24,941</b> | <b>20,779</b> |

## Statement of comprehensive income for the year ended December 31,

|  | 2024          | 2023          |
|--|---------------|---------------|
|  | USD 000       | USD 000       |
| <b>Net profit for the year</b>   | <b>24,941</b> | <b>20,779</b> |
| <b>Other comprehensive income</b>  |               |               |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</i> |               |               |
| Net income on debt instruments designated at fair value through other comprehensive income                 | 240           | 2,026         |
| <b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>           | <b>240</b>    | <b>2,026</b>  |
| <b>Total comprehensive income for the year, net of tax</b>   | <b>25,181</b> | <b>22,805</b> |
| <b>Attributable to:</b>  |               |               |
| <b>Shareholder of the Company</b>  | <b>25,181</b> | <b>22,805</b> |

## Statement of financial position as at December 31,

|  | Notes | 2024                    | 2023                    |
|--|-------|-------------------------|-------------------------|
|  |       | USD 000                 | USD 000                 |
| <b>Assets</b>  |       |                         |                         |
| <b>Non-current assets</b>  |       |                         |                         |
| Property, plant and equipment  | 2.10  | 2                       | 3                       |
| Financial instruments held at amortized cost                           | 2.11  | 89,814                  | 15,995                  |
| Deferred tax assets  | 2.13  | 59                      | 55                      |
|  |       | <u>89,875</u>           | <u>16,053</u>           |
| <b>Current assets</b>  |       |                         |                         |
| Derivative financial assets  |       | 14,959                  | 1,989                   |
| Other receivables and accrued income                                   | 2.14  | 17,885                  | 25,376                  |
| Financial instruments held at amortized cost                           | 2.11  | 50,323                  | 85,955                  |
| Financial instruments at fair value through other comprehensive income | 2.12  | 1,159,187               | 772,758                 |
| Receivables from affiliated companies                                  | 2.18  | 45                      | 124                     |
| Cash and cash equivalents  | 2.15  | 1,199,780               | 1,064,849               |
|  |       | <u>2,442,179</u>        | <u>1,951,051</u>        |
| <b>Total assets</b>  |       | <b><u>2,532,054</u></b> | <b><u>1,967,104</u></b> |
| <b>Equity and liabilities</b>  |       |                         |                         |
| <b>Equity</b>  |       |                         |                         |
| Share capital  | 2.16  | 85,000                  | 85,000                  |
| Revaluation of financial assets at FVOCI                               |       | 198                     | (42)                    |
| Retained earnings  |       | 119,546                 | 94,605                  |
| <b>Total equity attributable to shareholder of the Company</b>         |       | <b><u>204,744</u></b>   | <b><u>179,563</u></b>   |
| <b>Non current liabilities</b>   |       |                         |                         |
| Other non-current liabilities  |       | 119                     | 99                      |
|  |       | <u>119</u>              | <u>99</u>               |
| <b>Current liabilities</b>   |       |                         |                         |
| Derivative financial liabilities                                       |       | 12,736                  | 3,449                   |
| Payables to affiliated companies                                       | 2.19  | 46                      | 149                     |
| Other payables and accrued expenses                                    | 2.20  | 5,821                   | 6,668                   |
| Amount owed to depositors  | 2.21  | 2,308,588               | 1,777,176               |
|  |       | <u>2,327,191</u>        | <u>1,787,442</u>        |
| <b>Total equity and liabilities</b>                                    |       | <b><u>2,532,054</u></b> | <b><u>1,967,104</u></b> |

## Statement of changes in equity for the year ended December 31, 2024

|  | Issued<br>capital | Fair value<br>reserve of<br>financial assets<br>at FVOCI | Retained<br>earnings | Total equity   |
|--|-------------------|--|----------------------|----------------|
|  | USD 000           | USD 000  | USD 000              | USD 000        |
| <b>As at January 1, 2024</b>   | <b>85,000</b>     | <b>(42)</b>  | <b>94,605</b>        | <b>179,563</b> |
| Net profit for the year  | –                 | –  | 24,941               | 24,941         |
| Other comprehensive income   | –                 | 240  | –                    | 240            |
| <b>Total comprehensive income</b>  | <b>–</b>          | <b>240</b>   | <b>24,941</b>        | <b>25,181</b>  |
| <b>Total equity attributable to shareholder of the Company as at<br/>December 31, 2024</b> | <b>85,000</b>     | <b>198</b>   | <b>119,546</b>       | <b>204,744</b> |

The Company has not declared or paid any dividend during the year.

## Statement of changes in equity for the year ended December 31, 2023

|  | Issued<br>capital | Fair value<br>reserve of<br>financial assets<br>at FVOCI | Retained<br>earnings | Total equity   |
|--|-------------------|--|----------------------|----------------|
|  | USD 000           | USD 000  | USD 000              | USD 000        |
| <b>As at January 1, 2023</b>   | <b>85,000</b>     | <b>(2,068)</b>   | <b>73,826</b>        | <b>156,758</b> |
| Net profit for the year  | –                 | –  | 20,779               | 20,779         |
| Other comprehensive income   | –                 | 2,026  | –                    | 2,026          |
| <b>Total comprehensive income</b>  | <b>–</b>          | <b>2,026</b>   | <b>20,779</b>        | <b>22,805</b>  |
| <b>Total equity attributable to shareholder of the Company as at December 31, 2023</b> | <b>85,000</b>     | <b>(42)</b>  | <b>94,605</b>        | <b>179,563</b> |

The Company has not declared or paid any dividend during the year.

## Statement of cash flows for the year ended December 31,

|  | Notes       | 2024                    | 2023                    |
|--|-------------|-------------------------|-------------------------|
|  |             | USD 000                 | USD 000                 |
| <b>Cash flows from operating activities</b>  |             |                         |                         |
| Net profit for the year  |             | 24,941                  | 20,779                  |
| Adjustments for:   |             |                         |                         |
| • Income tax expense   | 2.9         | 9,036                   | 7,505                   |
| • Depreciation   | 2.6         | 1                       | 4                       |
| • Net finance expense  | 2.8         | 125                     | 26                      |
| • Net interest income from banking activities  | 2.4         | (33,288)                | (27,004)                |
| • Unrealized currency translation (losses)/gains   |             | (98)                    | 48                      |
|  |             | <u>717</u>              | <u>1,358</u>            |
| Working capital adjustments:   |             |                         |                         |
| • (Increase)/decrease in financial assets at amortized cost                                |             | (38,187)                | 55,507                  |
| • (Increase)/decrease in financial assets at fair value through other comprehensive income |             | (386,189)               | 73,189                  |
| • (Increase)/decrease in derivative financial assets                                       |             | (12,970)                | 4,778                   |
| • Decrease/(increase) in other receivables and accrued income                              |             | 14                      | (327)                   |
| • Decrease/(increase) in receivables from affiliated companies                             |             | 79                      | (7)                     |
| • Increase/(decrease) in derivative financial liabilities                                  |             | 9,287                   | (3,001)                 |
| • Increase in other payables and accrued expenses  |             | 70                      | 69                      |
| • Decrease in payables to affiliated companies   |             | (103)                   | (29)                    |
| • Increase/(decrease) in amounts owed to depositors  |             | 531,412                 | (43,648)                |
| • Realized currency translation losses   |             | 1                       | (63)                    |
|  |             | <u>104,131</u>          | <u>87,826</u>           |
| Interest paid  |             | (61,067)                | (62,881)                |
| Interest received  |             | 100,134                 | 82,055                  |
| Income taxes paid  |             | (8,267)                 | (7,056)                 |
| <b>Net cash flows from operating activities</b>  |             | <b><u>134,931</u></b>   | <b><u>99,944</u></b>    |
| <b>Cash flows from investing activities</b>  |             |                         |                         |
| Additions to property, plant and equipment   | 2.10        | —                       | (5)                     |
| <b>Net cash flows used in investing activities</b>   |             | <b><u>—</u></b>         | <b><u>(5)</u></b>       |
| <b>Net cash flows from/(used in) financing activities</b>                                  |             | <b><u>—</u></b>         | <b><u>—</u></b>         |
| <b>Net increase in cash and cash equivalents</b>   |             | <b><u>134,931</u></b>   | <b><u>99,939</u></b>    |
| Cash and cash equivalents at January 1,  |             | 1,064,849               | 964,910                 |
| Increase in cash and cash equivalents  |             | 134,931                 | 99,939                  |
| <b>Cash and cash equivalents at December 31,</b>   | <b>2.15</b> | <b><u>1,199,780</u></b> | <b><u>1,064,849</u></b> |

## 2. Notes to the Financial Statements for the years ended December 31, 2024 and 2023

### 2.1. General

#### 2.1.1. Ownership

Citco Bank Canada (hereafter referred to as the “Company”) is a privately held company incorporated on September 2, 2008, which is a wholly owned subsidiary of Citco Bank Nederland N.V. (hereafter referred to as the “Parent”). The ultimate parent company is Citco III Limited, a company incorporated in the Cayman Islands.

The Company commenced operations on June 10, 2009 when it received approval from the Office of the Superintendent of Financial Institutions of Canada (“OSFI”) and is licensed to operate in Canada as a subsidiary of a foreign bank with full banking powers under the Bank Act.

The address of its registered office is as follows:

20 Toronto Street, 10th Floor,  
Toronto, Ontario, M5C 2B8  
Canada

#### 2.1.2. Activities

##### **Banking and Custody Services (“CBS”)**

Utilizing Citco Bank’s global real-time online platforms, institutional clients may access the following services:

- *Custody Services*  
Provides custody services for institutional fund investors. The Company provides the necessary infrastructure to investment managers to handle the administrative side of trading in underlying alternative investment funds. Company’s custody solutions allow clients to completely outsource, in an automated and controlled manner, their underlying investments in funds.
- *Banking Services*  
Provides a full range of banking services for institutional clients, like hedge funds, private equity funds, pension funds, fund of funds, to manage their banking needs. This includes, but is not limited to, performing deposit services, wire transfers, credit facilities and foreign exchange transactions.

#### 2.1.3. Currency

The Company uses the United States Dollar (“USD”) as functional currency and presentation currency, since that is the currency of the primary economic environment in which the Company is operating.

#### 2.1.4. Approval of the Board

These financial statements have been approved for issuance by the Board of Directors on April 17, 2025.

## 2.2. Material accounting policies

### 2.2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies adopted are set out below. These have been applied consistently during the year.

### 2.2.2. Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Company has applied the going concern basis of accounting in preparing the financial statements.

### 2.2.3. New standards adopted

The following standards and amendments, effective from January 1, 2024, did not have any material impact on the Company’s disclosures or the amounts recognized in the financial statements:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants
- Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Arrangements

### 2.2.4. New standards and interpretations not yet adopted

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7.

IFRS 18 introduces new requirements to:

- Present specific categories and defined subtotals in the statement of profit or loss
- Provide disclosures on management - defined performance measures (“MPMs”) in the notes to the financial statements
- Improve aggregation and disaggregation

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The revised IAS 8 and IFRS 7 become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the Company anticipate that the application of these amendments may have an impact on the presentation of the financial statement in future years.

### 2.2.5. Use of estimates in the preparation of financial statements

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Although these estimates are based on management’s best knowledge of current events and actions, actual results in the future could differ from such estimates and the differences may be material to the financial statements.

### 2.2.6. Foreign currency translation

Transactions in currencies other than USD (the functional currency) are initially recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing at the end of the reporting period. Gains and losses arising on exchange are included in the income statement for the year.

### 2.2.7. Revenue recognition

Revenue comprises the value for the rendering of services in the ordinary course of the Company's activities. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the stage of completion of the transaction at the balance sheet date can be measured reliably. The amount of revenue is not considered to be reliably measured until all significant contingencies relating to the sale have been resolved. The Company bases its estimates on historic results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is generated from contractual service agreements with the Company's clients. Custody income is accrued on a time basis by reference to the Asset under Custody ("AuC") and Assets under Administration ("AuA") at the contractual basis points or at a minimum fee.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable using the effective interest rate method. Interest income is recognized as earned.

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Fees and commissions arising from negotiating of a transaction for a third party - such as the arrangement of the acquisition of shares or other securities or the purchase or sale of business that are recognized on completion of the underlying transaction. Portfolio and other management advisory, commitment fees and service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan.

### 2.2.8. Operating expenses

Operating expenses are calculated at cost and are recognized in the period to which they relate. Depreciation charges on intangible and tangible assets are based on cost and are calculated by the straight-line method over the estimated lives of the assets concerned.

### 2.2.9. Interest income and expense

Interest income and expense are recognized in the income statement for all instruments measured at amortized cost, using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that is used to discount the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and basis points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

### 2.2.10. Retirement benefit costs

Payments to defined contribution retirement schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement scheme.

### 2.2.11. Taxation

Income tax expense represents the sum of the current tax payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in income statement, except when they relate to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 2.2.12. Property, plant and equipment

Machinery, equipment and leasehold improvements are stated at cost less accumulated depreciation and any accumulated impairment.

If an item of property and equipment is comprised of several major components with different useful lives, each component is accounted for separately.

Depreciation is recognized over their estimated useful lives, using the straight-line method, on the following basis:

---

|                     |           |
|---------------------|-----------|
| Plant and equipment | 3-4 years |
|---------------------|-----------|

---

These assets are reviewed at each reporting period for indications of impairment. If an indication of impairment exists, the recoverable amount of the asset is estimated based on its fair value. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. In addition, the useful lives of these assets are also reviewed and adjusted, if appropriate, at each reporting period.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds

and the carrying amount of the asset. This is recognized in the income statement.

### 2.2.13. Financial assets and financial liabilities

#### Recognition and derecognition of financial instruments

##### Recognition of financial assets

Financial assets are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments. Debt securities and certain other financial assets measured at fair value through profit or loss that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recognized using trade date accounting. Trade date is the date on which the Company commits to purchase or sell the asset.

##### Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it derecognizes the financial asset if it no longer has control over the asset. The difference between the carrying amount of a financial asset that has been extinguished and the consideration received is recognized in the income statement. There was no significant changes to the financial assets outside of repayment of principal and interests.

##### Recognition of financial liabilities

Financial liabilities are recognized on the date that the entity becomes a party to the contractual provisions of the instrument.

##### Derecognition of financial liabilities

Financial liabilities are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognized in the income statement.

##### Modification of financial assets and financial liabilities

Modification to financial assets and liabilities under IFRS 9 Financial Instruments (“IFRS 9”) results in recognition of an immediate (gain)/loss in the income statement. The (gain)/loss is calculated as the difference between the carrying amount of the asset/liability and net present value of the modified asset/liability discounted at the effective interest rate. Certain reliefs apply for financial instruments that are modified as a consequence of a benchmark reform.

In the case of a financial asset, it also requires the derecognition of the financial asset and recognition of the new modified asset. In the case of a financial liability, derecognition is only required if the modification is deemed substantial.

#### i) Financial assets

##### General classification framework and initial measurement

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- Those to be measured at amortized cost.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the income statement.

##### Debt instruments

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows at initial recognition.

### ***Business models***

Business models are classified as either Hold to Collect, Hold to Collect and Sell or Other depending on how a portfolio of financial instruments as a whole are managed. The Company business models are based on the existing management structure of the Company, and refined based on an analysis of how businesses are evaluated and reported, how their specific business risks are managed and on historic and expected future sales.

Sales are permissible in a held to collect business model when these are due to an expected increase in credit risk or liquidity risk, take place close to the maturity date, are insignificant in value (both individually and in aggregate) or are infrequent.

### ***Assessing contractual cash flows***

The contractual cash flows of a financial asset are assessed to determine whether they represent Solely Payments of Principal and Interest ("SPPI"). Interest includes consideration for the time value of money, credit risk and also consideration for liquidity risk and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

There are three measurement categories into which the Company classifies its debt instruments:

**Amortized cost:** Debt instruments that are held for collection of contractual cash flows under a Held to Collect business model where those cash flows represent SPPI are measured at amortized cost. Interest income from these financial assets is included in Interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the income statement. Impairment losses are presented as a separate line item in the income statement.

**FVOCI:** Debt instruments that are held for collection of contractual cash flows and for selling the financial assets under a Held to Collect and Sell business model, where the assets' cash flows represent SPPI, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the income statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the income statement and recognized in Investment income or other income based on the specific characteristics of the business model. Interest income from these financial assets is included in Interest income using the effective interest rate method. Impairment losses are presented as a separate line item in the income statement.

**FVTPL:** Debt instruments that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. This includes debt instruments that are held for trading. The Company may in some cases, on initial recognition, irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The interest result on financial assets designated as at FVTPL is recognized in the income statement and presented within interest income or interest expense in the period in which it arises.

The Company reclassifies debt investments when, and only when, its business model for managing those assets changes.

## **ii) Financial liabilities**

Financial liabilities are classified and subsequently measured at amortized cost.

## **iii) Derivatives**

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Fair values are obtained from quoted market prices in active markets. All derivatives are recognized as liabilities when their fair value is negative and assets when their fair value is positive. Fair value movements on derivatives, are presented in the income statement.

#### iv) Impairment of financial assets

An Expected Credit Loss (“ECL”) model is applied to financial assets accounted for at amortized cost and FVOCI. Under the ECL model the Company calculates the ECL by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The ECL is the sum of these probability-weighted outcomes, are unbiased and include supportable information about past events, current conditions, and forecasts of future economic conditions.

##### Three stage approach

Financial assets are classified in any of the below three stages at the reporting date. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

- **Stage 1** includes financial instruments that have not had a significant increase in credit risk since initial recognition. An entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date;
- **Stage 2** includes financial instruments that have experienced a significant increase in credit risk since its initial recognition but that does not have objective evidence of impairment. However, a worsening credit score does not automatically result in counterparty moving from Stage 1 to Stage 2, see below. In case of Stage 2, a lifetime ECL are recognized with interest revenue calculated on the gross carrying amount of the asset; or
- **Stage 3** includes financial assets that can be identified to be impaired at the reporting date. Lifetime ECL is recognized and interest income is calculated on the net carrying amount.

At December 31, 2024 all of the Company financial instruments are Stage 1. The Company has a low appetite for credit risk, supported by a conservative credit risk management framework and evidences by no realized credit losses historically, which has resulted in all credit risk exposure limited to those seen as low credit risk.

##### Significant change in credit risk

A financial asset moves from Stage 1 to Stage 2 when there is a significant increase in credit risk since initial recognition. Each financial asset is assessed at the reporting date on the triggers for significant deterioration. The Company assesses significant change in credit risk using:

- Internal rating and; and
- Arrears.

Counterparties are assessed as part of the daily counterparty risk monitoring, whereby a deterioration below the risk appetite for investment will lead to analysis of the appropriate credit stage if the exposure is maintained. Assets can move in both directions, meaning that they can move back to Stage 1 if the situation improves.

##### Measurement of ECL

The Company Loss Given Default (“LGD”) models used for regulatory capital and collective provisions are sourced from the Annual Default Studies published by the rating agencies. Values for probability of default (“PD”) are derived from Citco’s Counterparty Risk Monitoring System (“CRMS”) methodology. Values for EaD (“Exposure at Default”) depend on the type of asset the entity is holding on or off its Statement of financial position. IFRS 9 defines credit loss as 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 discounted at the original effective interest rate. Because ECL consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due. ECL will be calculated on assets individually, but their LGD and PD will be a function of the counterparty and the type of exposure, whereby cash at third party banks will be treated differently to term placements at banks or cash at central banks and other government exposures.

PD and LGD values are influenced and ultimately based on the prevailing economic environment, applying Point in Time (“PiT”) probabilities. In order to account for this in the ECL calculation three scenarios are established:

- Normal - the business environment is stable;
- Stressed - the business and/or wider economic environment is under stress/contraction;

- Expansion - the business environment is characterized by growth and a reduction in credit risk.

The scenario environment will be determined by management discretion and reviewed on a periodic basis.

### ***Prevailing economic environment***

Economic and financial stress indicators are used to provide management information on the prevailing economic environment for use in determining which weightings of the three available scenarios is appropriate for the forthcoming period. To avoid low-value complexity, a weighted average is determined from the three scenarios and the weightings will be applied in 25% increments. Citco Risk Management monitors economic and financial stress indicators against pre-defined trigger levels, which if exceeded will be followed by a risk review on a wider range of macroeconomic and market data.

Following the review of financial stress, there is a review of economic indicators to determine if there is sufficient evidence for an expansion scenario, characterized by significant levels of growth. Quarterly Gross Domestic Product ("GDP") growth figures for the United States, Eurozone and Japan are reviewed against a trigger level and if this is exceeded, further analysis will be carried out. If no weightings for neither stressed scenario nor expansion scenario are indicated, then by default the proposal to management is an ECL model configuration using 100% weighting for the normal scenario. Alternative weightings may be proposed if other information indicates differently. The Risk Management team may consider weightings for the scenarios, the worst case being 100% stressed would result in ECL remaining less than 0.1% of capital.

### ***ECL sensitivity***

The ECL for financial assets is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on market research, the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Changes in such judgments and analyses may lead to changes in the ECL provisions over time. The key judgment areas are:

Assumptions used to measure expected credit losses, including the use of forward-looking and macro-economic information for individual and collective impairment assessment.

The use of different assumptions could produce significantly different estimates of ECL. The Risk Management team is responsible for estimating the Prevailing Economic Environment input and internal Credit Score used for IFRS 9 ECL purposes. The Risk Management team may consider weightings for the scenarios, the worst case being 100% Stressed would result in ECL increasing, but remaining below 0.1% of capital. The most material sensitivity to the estimate of ECL is the internal Credit Score provided to counterparties, whereby a deterioration in Credit Scores of financial counterparties by one level would increase ECL, but just above 0.1% of capital or just below 0.2% of capital if alongside 100% stressed prevailing economic outlook.

### ***Definition of default***

Definition of Default is outlined in the Citco Credit Risk Management Policy of applicable entities as part of the Enterprise Risk Management Framework. IFRS 9 requires that a rebuttable presumption is included that considers that default does not occur later than when a financial asset is 90 days past due unless there is reasonable and supportive information to demonstrate that a longer-dated default criterion is more appropriate.

Citco defines two relevant types of identified defaults that are taken into consideration:

- Counterparty Default: The risk that the counterparty defaults and cannot pay back the funds that the Company placed or invested with it. This includes credit counterparty risk arising from derivatives.
- Client Default: The risk that a client who is in receipt of a loan or is required to post collateral for FX trades is unable to provide sufficient collateral or to repay the loan when due.

### ***Write-off and debt forgiveness***

Assets and the related ECL are written off, either partially or in full, when there is no realistic prospect of recovery. Write-offs are made:

- In a bankruptcy liquidation scenario (not as a result of a reorganization);

- When there is a high probability of non-recovery of the remaining exposure or certainty that no recovery can be realized;
- After disinvestment or sale of an asset at a discount; or
- The Company releases a legal (monetary) claim it has on its customer.

#### 2.2.14. Trade receivables

In accordance with IFRS 9, trade receivables are measured at amortized cost using the effective interest method, less any ECL (impairment). In order to determine the amount of ECL to be recognized in the financial statements, the Company uses a provision matrix based on its historical observed default rates which is adjusted for any forward-looking estimates.

#### 2.2.15. Accrued income

Accrued income is stated at its nominal value. Accrued income includes fees for services provided but that are not yet invoiced.

#### 2.2.16. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits. Cash and cash equivalents are measured at amortized cost using the effective interest method, less any impairment.

#### 2.2.17. Trade payables

In accordance with IFRS 9, trade payables are measured at amortized cost using the effective interest method. The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

#### 2.2.18. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, the provision is determined by discounting the expected future cash flows. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### 2.2.19. Statement of cash flows

Cash and cash equivalents for the purpose of the statement of cash flows include cash on hand and net credit balances on current accounts with other banks.

The statement of cash flows, based on the indirect method of calculation, gives details of the source of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year.

## 2.3. Risk and capital management

### Risk overview

In its operating environment and daily activities, the Company encounters various risks and constantly strives to mitigate related risks.

The main risks identified by the Company, related to its activities, are:

- (a) Strategic Business Development and Execution risks: The risk to prospective earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment.
- (b) Market risk, which includes two types of risk:
  - (i) Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates;
  - (ii) Interest rate risk in the Banking Book: the current or prospective risk to earnings and/or capital arising from adverse movements in interest rate exposures resulting from interest rate sensitivity mismatches between assets and liabilities;
- (c) Credit risk: the current or prospective risk arising from counterparty's failure to meet the terms of any contract with the Company or its failure to perform as agreed.
- (d) Liquidity risk: the risk of an inability to meet payment obligations when they fall due and to replace funds when they are withdrawn.
- (e) Operational risk: the risk of loss resulting from people, inadequate or failed internal processes and systems, or from external events.
- (f) Cyber risk: the risk of loss or damage due to failed or inadequate IT Security against cyber risks.
- (g) Compliance risk: the risk of loss, reputational or regulatory impact, from failed Organizational, Personal, Financial, or Client Conduct.
- (h) Legal risk: the risk of loss, litigation or regulatory impact due to non-compliance with applicable global and jurisdictional laws.
- (i) External Environment risk: The risk to earnings and capital to the organization's exposure to or interaction with external factors.

### Strategic Business Development and Execution risk

The Company operates in a niche market. The objective in relation to strategic business development and execution risk is to remain flexible to changes in the business environment so that both growth and changes in market status can be adapted to in a swift manner.

The usage of an effective planning and control framework, as well as a robust business intelligence framework is the cornerstone of strategic risk management. Furthermore, the New Significant Initiative Policies and Project Risk Assessment Process are embedded in the organization to ensure the Company is effectively managing and monitoring the introduction of new products and large projects. The Company reduces exposure to strategic business development and execution risk by focusing on its strategic business objectives.

### Market risk

The Company's policy is to reduce market risk to an acceptable level. Market risk embodies not only the potential for loss but also the potential for gain. This policy serves to set a framework of limits and to ensure clearly defined limits within that framework. There has been no significant change to the Company's exposure to market risks and the Board and Company Chief Risk Officer continuously review the manner in which it manages and measures the risk.

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### Currency risk

Currency risk is the current or prospective risk to earnings and capital arising from adverse movements in foreign exchange rates. The Company has and manages currency risk in two key areas:

- Client treasury activities: Clients place forward exchange contracts with the Company, therefore the Company is exposed to fluctuations in foreign exchange rates on these contracts. In managing this risk the Company places offsetting forward exchange contracts with pre-approved counterparties with the same maturity. In addition clients are required to provide cash collateral in case of a margin call.
- Operations: The Company is exposed to foreign exchange risk in respect of funding day-to-day activities and capital expenditure. In managing this risk management utilizes forward exchange contracts for any imbalances or firm commitments for planned capital expenditure.

The table below summarizes the Company's exposure to currency risk translated to USD:

|   | USD              | EUR           | CAD            | GBP        | Other         | Total            |
|---|------------------|---------------|----------------|------------|---------------|------------------|
|   | USD 000          | USD 000       | USD 000        | USD 000    | USD 000       | USD 000          |
| <b>As at December 31, 2024</b>                          |                  |               |                |            |               |                  |
| <b>Non-current assets</b>                               |                  |               |                |            |               |                  |
| Property, plant and equipment                           | 2                | —             | —              | —          | —             | 2                |
| Financial assets at amortized cost                      | 89,814           | —             | —              | —          | —             | 89,814           |
| Deferred tax assets                                     | 59               | —             | —              | —          | —             | 59               |
| <b>Current assets</b>                                   |                  |               |                |            |               |                  |
| Other receivables and accrued income                    | 17,060           | 15            | 808            | —          | 2             | 17,885           |
| Financial assets at amortized cost                      | 50,323           | —             | —              | —          | —             | 50,323           |
| Financial assets at FVOCI                               | 1,159,187        | —             | —              | —          | —             | 1,159,187        |
| Receivables from affiliated companies                   | 45               | —             | —              | —          | —             | 45               |
| Cash and cash equivalents                               | 992,014          | 17,834        | 127,741        | 182        | 62,009        | 1,199,780        |
| <b>Total assets</b>                                     | <b>2,308,504</b> | <b>17,849</b> | <b>128,549</b> | <b>182</b> | <b>62,011</b> | <b>2,517,095</b> |
| <b>Non-current liabilities</b>                          |                  |               |                |            |               |                  |
| Other liabilities                                       | —                | —             | 119            | —          | —             | 119              |
| <b>Current liabilities</b>                              |                  |               |                |            |               |                  |
| Other payables and accrued expenses                     | 5,090            | 1             | 730            | —          | —             | 5,821            |
| Payables to affiliated companies                        | 46               | —             | —              | —          | —             | 46               |
| Amounts owed to depositors                              | 2,228,559        | 17,879        | 22             | 186        | 61,942        | 2,308,588        |
| <b>Total liabilities</b>                                | <b>2,233,695</b> | <b>17,880</b> | <b>871</b>     | <b>186</b> | <b>61,942</b> | <b>2,314,574</b> |
| <b>Currency exposure</b>                                | <b>74,809</b>    | <b>(31)</b>   | <b>127,678</b> | <b>(4)</b> | <b>69</b>     | <b>202,521</b>   |
| Off-balance sheet net currency exposure hedged position | (129,733)        | —             | 127,311        | —          | (30)          | (2,452)          |
| <b>Net currency exposure</b>                            | <b>204,542</b>   | <b>(31)</b>   | <b>367</b>     | <b>(4)</b> | <b>99</b>     | <b>204,973</b>   |
| Derivative financial assets                             | 13,582           | 1,377         | —              | —          | —             | 14,959           |
| Derivative financial liabilities                        | 11,368           | 1,368         | —              | —          | —             | 12,736           |
| Undrawn credit commitments                              | 30,975           | —             | —              | —          | —             | 30,975           |

|   |                  |               |                |            |            |                  |
|---|------------------|---------------|----------------|------------|------------|------------------|
| <b>As at December 31, 2023</b>                          |                  |               |                |            |            |                  |
| Total assets  | <b>1,813,934</b> | <b>10,365</b> | <b>139,829</b> | <b>154</b> | <b>833</b> | <b>1,965,115</b> |
| Total liabilities                                       | <b>1,771,927</b> | <b>10,363</b> | <b>876</b>     | <b>149</b> | <b>777</b> | <b>1,784,092</b> |
| <b>Currency exposure</b>                                | <b>42,007</b>    | <b>2</b>      | <b>138,953</b> | <b>5</b>   | <b>56</b>  | <b>181,023</b>   |
| Off-balance sheet net currency exposure hedged position | <b>(136,789)</b> | <b>–</b>      | <b>138,222</b> | <b>–</b>   | <b>–</b>   | <b>1,433</b>     |
| <b>Net currency exposure</b>                            | <b>178,796</b>   | <b>2</b>      | <b>731</b>     | <b>5</b>   | <b>56</b>  | <b>179,590</b>   |
| Derivative financial assets                             | <b>1,856</b>     | <b>–</b>      | <b>–</b>       | <b>–</b>   | <b>133</b> | <b>1,989</b>     |
| Derivative financial liabilities                        | <b>1,856</b>     | <b>–</b>      | <b>1,497</b>   | <b>–</b>   | <b>96</b>  | <b>3,449</b>     |
| Undrawn credit commitments                              | <b>28,300</b>    | <b>–</b>      | <b>–</b>       | <b>–</b>   | <b>–</b>   | <b>28,300</b>    |

### Interest rate risk

Interest rate risk is the current or prospective risk to earnings and capital arising from adverse movements in interest rates. This is considered a subset of Market Risk and managed under the Enterprise Risk Management Framework through the Market Risk Management Policy.

Interest rate risk is controlled through the monitoring of deposits and short-term investments with the use of the interest balance sheet and maturity profile. Funding is short term in nature and placements (exclusive of short-term investments) are also typically on an overnight basis. As at December 31, 2024 and 2023, the vast majority of the financial assets and liabilities exposed to interest risk mature in less than one year and the net interest sensitivity gap is limited.

The table below summarizes the Company's exposure to interest rate risk:

|   | Up to 1<br>month | 1-3<br>months  | 3-12<br>months | 1-5<br>years  | Total            |
|---|------------------|----------------|----------------|---------------|------------------|
|   | USD 000          | USD 000        | USD 000        | USD 000       | USD 000          |
| <b>As at December 31, 2024</b>                                    |                  |                |                |               |                  |
| <b>Non-current assets</b>   |                  |                |                |               |                  |
| Financial assets at amortized cost                                | —                | —              | —              | 89,814        | 89,814           |
| <b>Current assets</b>   |                  |                |                |               |                  |
| Financial assets at amortized cost                                | —                | —              | 50,323         | —             | 50,323           |
| Financial assets at fair value through other comprehensive income | 697,641          | 267,921        | 193,625        | —             | 1,159,187        |
| Cash and cash equivalents   | 1,199,780        | —              | —              | —             | 1,199,780        |
| <b>Total assets</b>   | <b>1,897,421</b> | <b>267,921</b> | <b>243,948</b> | <b>89,814</b> | <b>2,499,104</b> |
| <b>Current liabilities</b>  |                  |                |                |               |                  |
| Amounts owed to depositors  | 2,308,588        | —              | —              | —             | 2,308,588        |
| <b>Total liabilities</b>  | <b>2,308,588</b> | <b>—</b>       | <b>—</b>       | <b>—</b>      | <b>2,308,588</b> |
| <b>Net balance sheet position</b>                                 | <b>(411,167)</b> | <b>267,921</b> | <b>243,948</b> | <b>89,814</b> | <b>190,516</b>   |
| <b>As at December 31, 2023</b>                                    |                  |                |                |               |                  |
| <b>Non current assets</b>   |                  |                |                |               |                  |
| Financial assets at amortized cost                                | —                | —              | —              | 15,995        | 15,995           |
| <b>Current assets</b>   |                  |                |                |               |                  |
| Financial assets at amortized cost                                | —                | —              | 85,955         | —             | 85,955           |
| Financial assets at fair value through other comprehensive income | 146,073          | 229,946        | 396,739        | —             | 772,758          |
| Cash and cash equivalents   | 949,739          | 115,110        | —              | —             | 1,064,849        |
| <b>Total assets</b>   | <b>1,095,812</b> | <b>345,056</b> | <b>482,694</b> | <b>15,995</b> | <b>1,939,557</b> |
| <b>Current liabilities</b>  |                  |                |                |               |                  |
| Amounts owed to depositors  | 1,777,176        | —              | —              | —             | 1,777,176        |
| <b>Total liabilities</b>  | <b>1,777,176</b> | <b>—</b>       | <b>—</b>       | <b>—</b>      | <b>1,777,176</b> |
| <b>Net balance sheet position</b>                                 | <b>(681,364)</b> | <b>345,056</b> | <b>482,694</b> | <b>15,995</b> | <b>162,381</b>   |

### Interest sensitivity analysis

Interest sensitivity is applicable in one key area for the Company, the net interest margin. The net interest margin is subject to any changes in the spread the Company earns on placements in the markets versus the interest paid to clients. The Company calculates the impact of interest rate movements from both an earnings perspective and economic value perspective. The Company applies regulatory required 100 basis points (“bps”) upward and downward rate shocks scenarios, as well as a number of internal scenarios. Interest rate management is based on the Earnings at Risk (“EaR”) model, as being more relevant for its business model.

The EaR model considers the impact to interest earned and paid under a variety of interest rate shock scenarios. Under a gradual increase in the projected market rates of interest by 100 bps, it is calculated that the Company’s net interest income would increase by 3.5% (2023: 6.5% decrease), while under a gradual decrease in projected market rates of interest it is calculated that net interest income would decrease by 3.5% (2023: 6.5% increase). The EaR sensitivities have reduced year-on-year as the combination of higher interest rates and interest-rate pass-on assumptions mean that funding costs may bear more of the movement than before.

The Economic Value of Equity (“EVE”) is modelled, but considered less applicable for the Company. The limited maturity transformation often results in largest negative impact scenarios being shock increases in rates, which are expected to be beneficial for profitability. A sudden increase of 100bps in the market rates is calculated to result in a 0.0% movement in equity (2023: 0.0%), while a sudden decrease of 100bps in the market rates was calculated to result in a 1.3% reduction in equity (2023: 1.4% reduction). The change in sensitivity year-on-year was immaterial, due to limited changes in levels of maturity transformation.

Interest Rate Risk is also considered within stress testing for the Company, which includes both sustained reductions in market rates of interest and reduced rate thresholds for interest payments to clients. The combination of modelled reductions in deposit balances and compression of net interest margin significantly reduces projected net interest income and are assessed each year as part of the ICAAP process. The results of Stress Testing, EaR and EVE are monitored by the Company’s Asset and Liability Committee (“ALCO”) on a quarterly basis.

### Liquidity risk management

The Company manages liquidity risk by maintaining a conservative framework of limits. This includes coverage of regulatory requirements, such as the Liquidity Coverage Ratio, Net Cumulative Cash Flow and also internal liquidity limits, including overnight liquidity, one-month liquidity, maturity transformation limits and monthly stress testing. Liquidity stress testing covers Company-specific, Market-wide and Combined scenarios which are slow-developing and fast-developing and are monitored by the ALCO monthly. The Company also continuously monitors forecast to actual cash flows. In addition, the Company manages any counterparty risk in respect of liquidity through its utilization of the Counterparty Risk Monitoring System.

### Liquidity risk table

The following table details the Company’s remaining contractual maturity for its financial assets and liabilities. The table has been drawn up based on the cash flows of financial assets and liabilities based on the earliest date on which the Company can be required to receive and pay, respectively.

The table below summarizes the Company exposure to liquidity risk translated to USD:

|                                       | Up to 1<br>month | 1-3<br>months  | 3-12<br>months | 1-5<br>years  | Total            |
|---------------------------------------|------------------|----------------|----------------|---------------|------------------|
|                                       | USD 000          | USD 000        | USD 000        | USD 000       | USD 000          |
| <b>As at December 31, 2024</b>        |                  |                |                |               |                  |
| <b>Non-current assets</b>             |                  |                |                |               |                  |
| Financial assets at amortized cost    | –                | –              | –              | 89,814        | 89,814           |
| <b>Current assets</b>                 |                  |                |                |               |                  |
| Derivative financial assets           | 3,221            | 11,738         | –              | –             | 14,959           |
| Other receivables and accrued income  | 7,132            | 5,414          | 5,339          | –             | 17,885           |
| Financial assets at amortized cost    | –                | –              | 50,323         | –             | 50,323           |
| Receivables from affiliated companies | 45               | –              | –              | –             | 45               |
| Financial assets at FVOCI             | 697,641          | 267,921        | 193,625        | –             | 1,159,187        |
| Cash and cash equivalents             | 1,199,780        | –              | –              | –             | 1,199,780        |
| <b>Total assets</b>                   | <b>1,907,819</b> | <b>285,073</b> | <b>249,287</b> | <b>89,814</b> | <b>2,531,993</b> |
| <b>Non-current liabilities</b>        |                  |                |                |               |                  |
| Other liabilities                     | –                | –              | –              | 119           | 119              |
| <b>Current liabilities</b>            |                  |                |                |               |                  |
| Derivative financial liabilities      | 1,047            | 11,689         | –              | –             | 12,736           |
| Payables to affiliated companies      | 46               | –              | –              | –             | 46               |
| Other payables and accrued expenses   | 5,821            | –              | –              | –             | 5,821            |
| Amount owed to depositors             | 2,308,588        | –              | –              | –             | 2,308,588        |
| <b>Total liabilities</b>              | <b>2,315,502</b> | <b>11,689</b>  | <b>–</b>       | <b>119</b>    | <b>2,327,310</b> |
| <b>Net balance sheet position</b>     | <b>(407,683)</b> | <b>273,384</b> | <b>249,287</b> | <b>89,695</b> | <b>204,683</b>   |
| <b>Undrawn credit commitments</b>     | <b>30,975</b>    | <b>–</b>       | <b>–</b>       | <b>–</b>      | <b>30,975</b>    |

|                                       | Up to 1<br>month | 1-3<br>months  | 3-12<br>months | 1-5<br>years  | Total            |
|---------------------------------------|------------------|----------------|----------------|---------------|------------------|
|                                       | USD 000          | USD 000        | USD 000        | USD 000       | USD 000          |
| <b>As at December 31, 2023</b>        |                  |                |                |               |                  |
| <b>Non-current assets</b>             |                  |                |                |               |                  |
| Financial assets at amortized cost    | —                | —              | —              | 15,995        | 15,995           |
| <b>Current assets</b>                 |                  |                |                |               |                  |
| Derivative financial assets           | 131              | 1,856          | 2              | —             | 1,989            |
| Other receivables and accrued income  | 9,374            | 9,491          | 6,511          | —             | 25,376           |
| Financial assets at amortized cost    | —                | —              | 85,955         | —             | 85,955           |
| Receivables from affiliated companies | 124              | —              | —              | —             | 124              |
| Financial assets at FVOCI             | 146,073          | 229,946        | 396,739        | —             | 772,758          |
| Cash and cash equivalents             | 949,739          | 115,110        | —              | —             | 1,064,849        |
| <b>Total assets</b>                   | <b>1,105,441</b> | <b>356,403</b> | <b>489,207</b> | <b>15,995</b> | <b>1,967,046</b> |
| <b>Non-current liabilities</b>        |                  |                |                |               |                  |
| Other liabilities                     | —                | —              | —              | 99            | 99               |
| <b>Current liabilities</b>            |                  |                |                |               |                  |
| Derivative financial liabilities      | 1,591            | 1,856          | 2              | —             | 3,449            |
| Payables to affiliated companies      | 149              | —              | —              | —             | 149              |
| Other payables and accrued expenses   | 6,668            | —              | —              | —             | 6,668            |
| Amounts owed to depositors            | 1,777,176        | —              | —              | —             | 1,777,176        |
| <b>Total liabilities</b>              | <b>1,785,584</b> | <b>1,856</b>   | <b>2</b>       | <b>99</b>     | <b>1,787,541</b> |
| <b>Net balance sheet position</b>     | <b>(680,143)</b> | <b>354,547</b> | <b>489,205</b> | <b>15,896</b> | <b>179,505</b>   |
| <b>Undrawn credit commitments</b>     | <b>28,300</b>    | <b>—</b>       | <b>—</b>       | <b>—</b>      | <b>28,300</b>    |

## Credit risk

Credit risk is the current or prospective risk to earnings and capital arising from a debtor's failure to meet the terms of any contract with the Company or if a debtor otherwise fails to perform. Credit risk is monitored continuously by reviewing outstanding exposure, temporary overdrafts and trade receivables by the account managers and exposures of counterparties by the Risk Management division. New extensions of credit are subject to written credit memoranda that must be appropriate to the established criteria of the credit risk management policy, reviewed by the ALCO and approved by the appropriate level of management. New counterparties are subject to due diligence by the Risk Management division and approval by the divisional Credit Committee and the Board of Directors. The Company mitigates credit risk by choosing only reputable banks as counterparty for liquid funds and derivative financial instruments and monitoring credit-worthiness on a daily basis, adjusting credit limits for maximum size and tenor where needed.

The Company has implemented a daily monitoring methodology, CRMS, which uses the fundamental view of the rating agencies on a counterparty's probability of default through long-term ratings, and the more reactive view of the capital markets using credit default swap spreads to ensure that the Company only deals with highly regarded counterparties.

Loans to clients typically have a maximum loan to value ratio of 35% of eligible collateral, which may be secured by a pledge agreement covering the clients underlying securities portfolio held by the Company's or Citco Group's separate custody subsidiaries or other forms of acceptable collateral. Valuations of the underlying collateral is made on a regular basis against industry norms and a legal entitlement to make margin calls on the client is in place.

### **Operational risk**

Operational risk is the risk of failures in execution, delivery, process management due to ineffectiveness or errors in internal banking performance, with the result of potential impact of business disruption, external issues, and losses. Within the Company's businesses, there are many complex and inherently impactful (to the Company and its clients) transaction-based processes. To ensure that operational risk is adequately monitored and controlled, an extensive internal control framework is put in place to robustly manage operational processes that aligns with the Basel Committee on Banking Supervision's Principles for the effective management of Operational Risk. The over-arching principles for operational risk management form the foundation for policies, procedures, processes, controls and tools for monitoring, assessment and governance. Operational Risk Management is part of the Enterprise Risk Management (ERM) Framework that exists in all divisions of Citco and is implemented fully within the Company at the three levels of first line Company business lines, second line control groups such as Risk Management and by third line Group Internal Audit. A Risk Appetite Statement (RAS) supplements the ERM Framework, providing a Risk Appetite Framework with essential direction linked directly to the strategic objectives providing boundaries for the Company with regards to risk, including operational risk.

### **Cyber risk**

The Company is supported by Citco Technology Management, which has dedicated framework covering areas such as Data Security, Data Privacy, Access Management and Change Management. The management of Technology/Cyber Risk is described within its Technology Risk Management Policy and is discussed at the Bank IT Controls Committee and the Operational Risk Committee.

### **Compliance risk**

The Company defines compliance risk as the risk of loss of reputation or regulatory impact from failed organizational, personal, financial, or client conduct. The failure to act in line with applicable laws and regulations, internal rules (including Citco's Code of Business Conduct) pose a threat to the Company's good standing.

Compliance is tasked with advising, challenging and having oversight of the first line in their management of compliance risks and has an active role in raising awareness (via training and communication) and stimulating the core values of prudence, transparency and client focus. The scope of the compliance risks is outlined in Citco's Compliance Charter. The Compliance Officer has direct access to the Risk and Compliance Committee and Board of Directors.

Compliance performs risk assessments against the key compliance risk areas and keeps abreast of relevant changes through a Regulatory Change Management process.

### **Legal risk**

The Company manages on a continual basis potential legal risks which might arise through contractual engagement and liabilities, litigation risk and employment practices and workplace safety. Controls in place utilize standard templates (with deviations) for structured content and wording which follows commercial norms for contractual agreements and ongoing monitoring of service levels. Contractual wording covers potential breaches of services, whilst seeking to protect the Company with certain exceptions for fraud, gross and simple negligence and willful misconduct, which are managed separately. The Company will seek the opinion of external counsel for specialized advice where necessary.

### **External Environmental risk**

The Company recognizes the growing requirements around Environmental, Social, and Governance ("ESG") or Sustainability Risk Management and is developing its framework for these. The Company has implemented Climate and Environment Risk Management Policy, annual Climate and Environment Risk Assessments and introduced reporting to the ALCO and Senior Management Risk Committee. Alongside this, the Company has set risk appetite statements on climate change risks and implemented limits for direct exposures to high impact sectors.

### Capital adequacy

The Company's ALCO reviews the capital structure on a routine basis. Based on the recommendations of the committee, the Company will balance its overall capital structure. The Company's overall strategy remains unchanged from 2023.

Capital level of the Company is regulated pursuant to guidelines issued by OSFI. Regulatory or total capital is defined as the total of Tier 1 and Tier 2 capital. Tier 1 capital comprises shareholder's equity excluding accumulated other comprehensive income relating to available-for-sale debt securities. Tier 2 capital consists of subordinated debt. Company's capital consists solely of Tier 1 components. The OSFI establishes risk-based capital target for Canadian banks. These targets are currently a Common Equity Tier 1 capital target ratio of 7%, Tier 1 capital target ratio of 8.5% and a Total Capital target ratio of 10.5%.

The total capital consists of the following elements:

|   | 2024           | 2023           |
|---|----------------|----------------|
|   | USD 000        | USD 000        |
| Common shares                                   | 85,000         | 85,000         |
| Retained earnings                               | 119,546        | 94,605         |
| Fair value reserve of financial assets at FVOCI | 198            | (42)           |
| <b>Tier 1 &amp; 2 capital</b>                   | <b>204,744</b> | <b>179,563</b> |

To monitor the adequacy of its capital, the Company applies ratios established by OSFI. The ratios measure capital adequacy by comparing the entity's eligible capital with the sum of the total of risk weighted exposure amounts for Credit Risk (including Counterparty Credit Risk and Credit Valuation Adjustment) and Operational Risk. In 2024, the Company complied with requirements imposed by OSFI. The Company does not hold any other capital instruments, so the Total Capital Ratio, Tier 1 Capital Ratio and Common Equity Tier 1 Ratio will all be the same.

For Credit Risk the Standardized Approach is used in which for each asset the relevant risk weighted assets are determined using the counterparty type and external rating. Off-balance sheet credit-related commitments are taken into account by applying different categories of credit conversion factors, designed to convert these items into balance sheet equivalents. For Credit risk exposure for FX contracts, the Standardized Approach is used. The resulting equivalent amounts are then weighted for risk using the same percentages as for on-balance sheet assets.

The Credit Valuation Adjustment ('CVA') is an adjustment to the mid-market valuation of the portfolio of transactions with a counterparty and a reduced version of basic approach is applied. For Operational Risk the Simplified Standardized Approach is used. The Company needs to take into account 15% of average gross income taken over the last three years as capital requirement for Operational Risk.

The following are the Total Capital Ratio and the Leverage Ratio of the Company as of December 31:

|                     | 2024  | 2023  |
|---------------------|-------|-------|
|                     | %     | %     |
| Total Capital Ratio | 49.29 | 45.90 |
| Leverage Ratio      | 8.02  | 8.98  |

## 2.4. Revenue

The Company derives revenue from the banking and custody services over time and at a point in time in the form of custody fees, transaction fees, interest margin, service charges and payment fees which are recognized in Canada.

|   | 2024          | 2023          |
|---|---------------|---------------|
|   | USD 000       | USD 000       |
| Interest income and similar income            | 92,657        | 90,811        |
| Interest expense and similar expense          | (59,369)      | (63,807)      |
| Payment fees and other                        | 1,707         | 1,650         |
| Custody and trading related income            | 11,887        | 12,269        |
| Net income from dealing in foreign currencies | 259           | 302           |
| Commitment fee income                         | 300           | 323           |
| Other income                                  | 1,567         | 1,295         |
| <b>Revenue</b>                                | <b>49,008</b> | <b>42,843</b> |

The Company has recognized the following contract assets and contract liabilities in respect to contracts with customers in the statement of financial position.

|                                  | 2024          | 2023          |
|----------------------------------|---------------|---------------|
|                                  | USD 000       | USD 000       |
| <b>Contract assets</b>           |               |               |
| Accrued income                   | 2,775         | 2,395         |
| Trade receivables                | 528           | 1,048         |
| Derivative financial assets      | 14,959        | 1,989         |
| Bank interest receivable         | 14,067        | 21,544        |
| <b>As at December 31,</b>        | <b>32,329</b> | <b>26,976</b> |
| <b>Contract liabilities</b>      |               |               |
| Bank interest payable            | 3,946         | 5,616         |
| Accrued expenses                 | 857           | 757           |
| Derivative financial liabilities | 12,736        | 3,449         |
| Other payables                   | 1             | 54            |
| <b>As at December 31,</b>        | <b>17,540</b> | <b>9,876</b>  |

## 2.5. Personnel expenses

|                                  | 2024         | 2023         |
|----------------------------------|--------------|--------------|
|                                  | USD 000      | USD 000      |
| Salaries and bonuses             | 2,982        | 3,013        |
| Social charges and taxes         | 124          | 122          |
| Pension expenses                 | 70           | 85           |
| Other personnel expenses         | 337          | 373          |
| Related party personnel recharge | 3,489        | 3,114        |
| <b>Personnel expenses</b>        | <b>7,002</b> | <b>6,707</b> |

The average number of full-time employees for the year for the Company was 27 (2023: 27).

Personnel expenses include the expenses associated with the Board of Directors. See Note 2.29 for Directors' remuneration.

## 2.6. Depreciation

|                                      | Notes | 2024     | 2023     |
|--------------------------------------|-------|----------|----------|
|                                      |       | USD 000  | USD 000  |
| Depreciation machinery and equipment | 2.10  | 1        | 4        |
| <b>Depreciation</b>                  |       | <b>1</b> | <b>4</b> |

## 2.7. Other operating expenses

|   | 2024         | 2023         |
|---|--------------|--------------|
|   | USD 000      | USD 000      |
| Professional membership and subscriptions | 1            | 3            |
| Market data expenses                      | 62           | 49           |
| Other related party expenses              | 5,679        | 5,854        |
| Other expenses                            | 411          | 477          |
| <b>Other operating expenses</b>           | <b>6,153</b> | <b>6,383</b> |

## 2.8. Net finance expense

|                                       | 2024       | 2023      |
|---------------------------------------|------------|-----------|
|                                       | USD 000    | USD 000   |
| Foreign exchange loss                 | 97         | 15        |
| Other related party interest expenses | 28         | 11        |
| <b>Net finance expense</b>            | <b>125</b> | <b>26</b> |

## 2.9. Income tax

The major components of income tax expense for the years ended December 31, 2024 and 2023 are:

|  | 2024         | 2023         |
|--|--------------|--------------|
|  | USD 000      | USD 000      |
| <i>Current income tax:</i>                                 |              |              |
| Current tax expense: current year                          | 9,008        | 7,512        |
| Current tax expense: prior year                            | 32           | 11           |
|  | <b>9,040</b> | <b>7,523</b> |
| <i>Deferred tax:</i>                                       |              |              |
| Deferred tax expense: prior year                           | (4)          | (3)          |
| Deferred tax expense: current year                         | —            | (15)         |
|  | <b>(4)</b>   | <b>(18)</b>  |
| <b>Income tax expense reported in the income statement</b> | <b>9,036</b> | <b>7,505</b> |

|  |               | 2024          |               | 2023          |
|--|---------------|---------------|---------------|---------------|
|  | %             | USD 000       | %             | USD 000       |
| Net profit before tax                              |               | 33,977        |               | 28,284        |
|  |               | <b>33,977</b> |               | <b>28,284</b> |
| Income tax using the domestic corporation tax rate | 26.50%        | 9,004         | 26.50%        | 7,495         |
| Non-deductible expenses                            | 0.01%         | 4             | 0.01%         | 2             |
| Under provided in prior years                      | 0.08%         | 28            | 0.03%         | 8             |
| Income tax expense                                 | <b>26.59%</b> | <b>9,036</b>  | <b>26.54%</b> | <b>7,505</b>  |

The combined Canadian statutory rate is the aggregate of the federal income tax rate of 15.0% (2023: 15.0%) and the provincial rate of 11.5% (2023: 11.5%). In 2024, there were no changes in the statutory rates.

As a Group involved in worldwide operations, the Group is subject to several factors which affect its tax charge. This is principally due to the levels and mix of profitability in different jurisdictions, transfer pricing policies and tax rates imposed.

Certain entities in the Citco Group are within scope of the Pillar Two model rules, to the extent it operates in a jurisdiction where Pillar Two legislation has been enacted or substantively enacted at year-end. *The tax liability in relation to Pillar Two model rules are included in the legal entities in the jurisdiction where it applies.*

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

At the issuance of the audited financial statements, the government of the Cayman Islands, where the Ultimate Parent Company is incorporated, has not enacted the Pillar Two Income Tax legislation. These will be assessed using the following: A Qualified Domestic Minimum Top up Tax ("QDMTT") is a minimum tax that is incorporated into the domestic law of a jurisdiction. Where a QDMTT does not exist, the tax goes to another country as determined by the rule of order in the Model Rules: The Income Inclusion Rule ("IIR") requires the ultimate parent entity ("UPE") or Intermediate Parent Entity ("IPE") to

pay a top-up tax on its proportionate share of the income of any low-taxed Constituent Entity ("CE") in which the UPE/IPE has a direct or indirect ownership interest. The tax is the top-up amount required to bring the overall tax on the profits up to the 15.0% ETR. The UPE is given priority for applying the IIR. If the UPE is located in a jurisdiction that has not implemented the IIR, then responsibility for applying the IIR falls on the CE that is directly owned and controlled by that UPE (the Intermediate Parent Entity) ("IPE"), and so on, down the chain of ownership.

The Under Taxed Profits Rule ("UTPR") serves as a backstop to the IIR and is applied if the jurisdiction of the UPE or any of the IPE has chosen not to implement the IIR. The UTPR allocates the taxing rights over the undertaxed income (deriving from an undertaxed jurisdiction) to all jurisdictions that implemented the UTPR Charging Mechanism. Generally, the effective dates of the QDMTT is from January 1, 2024 and for the UTPR is from January 1, 2025, but jurisdictions may apply different timelines. The applicable jurisdictions where subsidiaries of the Group have an effective tax rate below the minimum tax rate per the Pillar Two model rules in 2024 are Bahamas, Bermuda, the British Virgin Islands, Curacao, Cyprus, Guernsey, Ireland, Jersey, Malta, United Arab Emirates and the Cayman Islands. Among these, only Ireland has implemented QDMTT as of January 1, 2024. The other jurisdictions in scope have not implemented QDMTT as of January 1, 2024. Additionally, none of these other jurisdictions are the location of an IPE that could apply the IIR in the absence of implementation by the Ultimate Parent Entity's jurisdiction.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

## 2.10. Equipment

|                                  | Notes | Machinery and equipment | Total     |
|----------------------------------|-------|-------------------------|-----------|
|                                  |       | USD 000                 | USD 000   |
| <b>Cost:</b>                     |       |                         |           |
| As at January 1, 2024            |       | 18                      | 18        |
| <b>As at December 31, 2024</b>   |       | <b>18</b>               | <b>18</b> |
| <b>Accumulated depreciation:</b> |       |                         |           |
| As at January 1, 2024            |       | 15                      | 15        |
| Depreciation charge for the year | 2.6   | 1                       | 1         |
| <b>As at December 31, 2024</b>   |       | <b>16</b>               | <b>16</b> |
| <b>Net carrying amount</b>       |       |                         |           |
| <b>As at December 31, 2024</b>   |       | <b>2</b>                | <b>2</b>  |

  

|                                  | Notes | Machinery and equipment | Total     |
|----------------------------------|-------|-------------------------|-----------|
|                                  |       | USD 000                 | USD 000   |
| <b>Cost:</b>                     |       |                         |           |
| As at January 1, 2023            |       | 49                      | 49        |
| Additions during the year        |       | 5                       | 5         |
| Disposals during the year        |       | (36)                    | (36)      |
| <b>As at December 31, 2023</b>   |       | <b>18</b>               | <b>18</b> |
| <b>Accumulated depreciation:</b> |       |                         |           |
| As at January 1, 2023            |       | 47                      | 47        |
| Depreciation charge for the year | 2.6   | 4                       | 4         |
| Disposals during the year        |       | (36)                    | (36)      |
| <b>As at December 31, 2023</b>   |       | <b>15</b>               | <b>15</b> |
| <b>Net carrying amount</b>       |       |                         |           |
| <b>As at December 31, 2023</b>   |       | <b>3</b>                | <b>3</b>  |

## 2.11. Financial assets at amortized cost

The Company classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortized cost include the following investments:

|                           | 2024           | 2023           |
|---------------------------|----------------|----------------|
|                           | USD 000        | USD 000        |
| US Treasury notes         | 105,812        | 101,950        |
| Loans                     | 34,325         | –              |
| <b>As at December 31,</b> | <b>140,137</b> | <b>101,950</b> |

Maturity analysis:

|                                     | 2024           | 2023           |
|-------------------------------------|----------------|----------------|
|                                     | USD 000        | USD 000        |
| More than three months up to a year | 50,323         | 85,955         |
| One to five years                   | 89,814         | 15,995         |
| <b>As at December 31,</b>           | <b>140,137</b> | <b>101,950</b> |
| Current                             | 50,323         | 85,955         |
| Non current                         | 89,814         | 15,995         |
| <b>As at December 31,</b>           | <b>140,137</b> | <b>101,950</b> |

The interest income for the year on financial instruments held at amortized cost was USD 2,281 thousand (2023: USD 3,171 thousand).

ECL on these investments recognized in the income statement for the year was USD nil (2023: USD nil).

## 2.12. Financial assets at fair value through other comprehensive income

The Company classifies its financial assets at fair value through other comprehensive income only if both of the following criteria are met:

- Debt securities where the contractual cash flows are solely principal, interest, and
- the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

Financial assets at fair value through other comprehensive income include the following debt investments:

|   | 2024             | 2023           |
|---|------------------|----------------|
|   | USD 000          | USD 000        |
| Commercial paper issued by financial institutions | 509,973          | 728,659        |
| US Treasury bills                                 | 649,214          | —              |
| Corporate fixed bonds                             | —                | 44,099         |
| <b>As at December 31,</b>                         | <b>1,159,187</b> | <b>772,758</b> |

Maturity analysis:

|                                     | 2024             | 2023           |
|-------------------------------------|------------------|----------------|
|                                     | USD 000          | USD 000        |
| One month or less                   | 697,641          | 146,073        |
| Up to three months                  | 267,921          | 229,946        |
| More than three months up to a year | 193,625          | 396,739        |
| <b>As at December 31,</b>           | <b>1,159,187</b> | <b>772,758</b> |
| Current                             | 1,159,187        | 772,758        |
| <b>As at December 31,</b>           | <b>1,159,187</b> | <b>772,758</b> |

The interest income for the year on financial instruments held at FVOCI was USD 39,137 thousand (2023: USD 38,291 thousand).

ECL on these investments recognized in the income statement for the year was USD nil (2023: USD nil).

Investments were designated as FVOCI financial assets if they did not have fixed maturities and fixed or determinable payments, and management intended to hold them for the medium to long-term. Financial assets that were not classified into any of the other categories (at FVTPL, loans and receivables or held-to-maturity investments) were also included in the FVOCI category.

The financial assets were presented as non-current assets unless they matured, or management intended to dispose of them within 12 months of the end of the reporting period. A security was considered to be impaired if there had been a significant or prolonged decline in the fair value below its cost.

Commercial paper issued by financial institutions (FVOCI) represents A+ to AAA rated paper. In order to avoid fluctuations in the income statement, these investments have been classified as FVOCI with revaluations recorded in other comprehensive income.

## 2.13. Deferred tax

Deferred tax assets have been recognized to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Where this is not the case, deferred tax assets have not been recognized, as set out below:

|                     | 2024    | 2023    |
|---------------------|---------|---------|
|                     | USD 000 | USD 000 |
| Deferred tax assets | 59      | 55      |

The following are the major deferred tax assets and deferred tax liabilities recognized by the Company and the related movements during the year:

|                         | Capitalized losses and deferred tax assets | Total   |
|-------------------------|--|---------|
|                         | USD 000                                    | USD 000 |
| As at January 1, 2024   | 55   | 55      |
| Increase                | 4  | 4       |
| As at December 31, 2024 | 59   | 59      |

|                         | Capitalized losses and deferred tax assets | Total   |
|-------------------------|--|---------|
|                         | USD 000                                    | USD 000 |
| As at January 1, 2023   | 37   | 37      |
| Increase                | 18   | 18      |
| As at December 31, 2023 | 55   | 55      |

### 2.13.1. Recognized deferred tax assets

The following are the major deferred tax assets recognized by the Company and the related movement during the year.

|  | Deferred Tax Assets |         |
|--|---------------------|---------|
|  | 2024                | 2023    |
|  | USD 000             | USD 000 |
| Property and equipment, assets         | 8                   | 9       |
| Accrued expense, provisions and assets | 51                  | 46      |
| Net deferred tax assets                | 59                  | 55      |

### 2.13.2. Movement in temporary differences during 2024 and 2023

|                           | Temporary differences | Total   |
|---------------------------|-----------------------|---------|
|                           | USD 000               | USD 000 |
| As at January 1, 2023     | 37                    | 37      |
| Additions during the year | 18                    | 18      |
| As at January 1, 2024     | 55                    | 55      |
| Additions during the year | 4                     | 4       |
| As at December 31, 2024   | 59                    | 59      |

Deferred tax assets have been recognized to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

## 2.14. Other receivables and accrued income

|                                     | 2024          | 2023          |
|-------------------------------------|---------------|---------------|
|                                     | USD 000       | USD 000       |
| Interest receivables                | 14,067        | 21,544        |
| Accrued income and work in progress | 2,775         | 2,395         |
| Other receivables                   | 439           | 326           |
| Trade receivables                   | 528           | 1,048         |
| Prepaid expenses                    | 76            | 63            |
| <b>As at December 31,</b>           | <b>17,885</b> | <b>25,376</b> |

## 2.15. Cash and cash equivalents

|   | 2024             | 2023             |
|---|------------------|------------------|
|   | USD 000          | USD 000          |
| Current account with other banks        | 764,562          | 571,274          |
| Deposit with other banks                | 413,850          | 473,850          |
| Bank balances with affiliated companies | 21,368           | 19,725           |
| <b>As at December 31,</b>               | <b>1,199,780</b> | <b>1,064,849</b> |

Bank balances earn interest at the respective short-term deposit market rates. The Company is not required to keep a minimum deposit balance with the central bank.

## 2.16. Share capital

### Authorized shares

|  | 2024                          | 2023                          |
|--|-------------------------------|-------------------------------|
|  | Number of Shares<br>Thousands | Number of Shares<br>Thousands |
| Ordinary shares at a par value of USD 1 each | 85,000                        | 85,000                        |
|  | <b>85,000</b>                 | <b>85,000</b>                 |

### Ordinary shares issued and fully paid

|                         | Number of Shares<br>Thousands | USD 000       |
|-------------------------|-------------------------------|---------------|
| As at January 1, 2024   | 85,000                        | 85,000        |
| As at December 31, 2024 | <b>85,000</b>                 | <b>85,000</b> |

## 2.17. Retirement benefit scheme

The Company contributes premiums to defined contribution retirement pension plan.

The total cost charged to the income statement of USD 70 thousand (2023: USD 85 thousand).

The contributions payable to the pension schemes in 2025 are estimated at USD 74 thousand (2024: USD 89 thousand).

## 2.18. Receivables from affiliated companies

|  | 2024      | 2023       |
|--|-----------|------------|
|  | USD 000   | USD 000    |
| Citco Global Securities Services (Canada) Limited  | 13        | –          |
| Citco Fund Services (Cayman Islands) Limited       | 11        | 29         |
| Citco Bank Nederland N.V. Dublin Branch            | 10        | –          |
| B&C Technology Ltd.                                | 3         | 14         |
| Citco Fund Administration (Cayman Islands) Limited | –         | 62         |
| The Citco Group Limited                            | –         | 8          |
| Citco Custody Ireland Branch                       | –         | 8          |
| Other  | 8         | 3          |
| <b>As at December 31,</b>                          | <b>45</b> | <b>124</b> |

## 2.19. Payables to affiliated companies

|  | 2024      | 2023       |
|--|-----------|------------|
|  | USD 000   | USD 000    |
| Citco (Canada) Inc.  | 22        | 11         |
| Citco Bank Nederland N.V.                                      | 18        | 130        |
| Citco International Support Services Limited - Philippine ROHQ | 3         | 6          |
| Other  | 3         | 2          |
| <b>As at December 31,</b>                                      | <b>46</b> | <b>149</b> |

## 2.20. Other payables and accrued expenses

|   | 2024         | 2023         |
|---|--------------|--------------|
|   | USD 000      | USD 000      |
| Accrued expenses                        | 373          | 342          |
| HST payable                             | 340          | 294          |
| Taxes and social security contributions | 24           | 20           |
| Interest payable                        | 3,946        | 5,616        |
| Other payables                          | 1,138        | 396          |
| <b>As at December 31,</b>               | <b>5,821</b> | <b>6,668</b> |

The Company has financial risk management policies in place to ensure that all payables are paid within the permitted credit terms.

## 2.21. Amounts owed to depositors

|   | 2024             | 2023             |
|---|------------------|------------------|
|   | USD 000          | USD 000          |
| Demand deposits                           | 2,303,667        | 1,774,976        |
| Demand deposits with affiliated companies | 1,921            | 2,200            |
| Time deposits                             | 3,000            | —                |
| <b>As at December 31,</b>                 | <b>2,308,588</b> | <b>1,777,176</b> |

Maturity analysis:

|                           | USD 000          | USD 000          |
|---------------------------|------------------|------------------|
| On demand                 | 2,305,588        | 1,777,176        |
| One month or less         | 3,000            | —                |
| <b>As at December 31,</b> | <b>2,308,588</b> | <b>1,777,176</b> |

## 2.22. Commitments and contingencies

As at December 31, 2024, the Company had undrawn commitments on credit facilities of USD 30,975 thousand (2023: 28,300 thousand).

## 2.23. Derivative financial instruments

### Forward exchange contracts

The Company utilizes the forward exchange contracts and interest rate swaps for both hedging and non-hedging purposes.

|                                 | Contract/<br>notional amount | Fair value<br>Assets | Fair value<br>liabilities |
|---------------------------------|------------------------------|----------------------|---------------------------|
|                                 | USD 000                      | USD 000              | USD 000                   |
| <b>As at December 31, 2024:</b> | <b>1,018,298</b>             | <b>14,959</b>        | <b>12,736</b>             |
| As at December 31, 2023:        | 608,927                      | 1,989                | 3,449                     |

Forward exchange contracts represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Since these contracts are collateralized by cash or marketable securities, the credit risk is negligible.

The fair value of forward exchange contracts is revalued daily based on the applicable spot rates.

Derivative financial assets and liabilities relate primarily to two types of transactions undertaken by the Company:

- Treasury activities – in earning additional interest margin over base rates, the Company undertakes forward foreign exchange contracts to arbitrage the difference between the margins earned on higher yielding currencies (i.e. Euro) versus the cost of undertaking the swap. These transactions are on a short-term basis and with a small number of highly rated counterparties.
- Foreign exchange contracts: the Company places foreign exchange contracts on behalf of clients. However, the Company does not take any positions on these transactions and immediately places a corresponding trade in the market for which it retains a spread. These services are only provided to clients with funds on deposit with the Company and funds retained in order to meet any margin calls. Other than the margin earned, the asset and liability positions offset (Notes 2.14 and 2.20).

The Company occasionally enters into forward exchange contracts to mitigate the exposure on material items of capital expenditure.

The fair value of the assets and liabilities is represented in the statement of financial position as derivative financial assets under other receivables and accrued income and as derivative financial liabilities under other payables and accrued expenses.

## 2.24. Fair value measurement

The following table provides at the end of the reporting period an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Fair value measurement hierarchy for assets as at December 31, 2024:

|   | Fair value measurement using                    |   | Total            |
|---|---|---|------------------|
|   | Quoted prices<br>in active markets<br>(Level 1) | Significant<br>observable<br>inputs (Level 2) |                  |
|   | USD 000   | USD 000                                       | USD 000          |
| <b>Financial assets held at amortized cost:</b>                           |   |   |                  |
| US Treasury notes   | 105,812   | —   | 105,812          |
| Loans   | —   | 34,325  | 34,325           |
| <b>Financial assets at fair value through profit or loss:</b>             |   |   |                  |
| Derivative financial assets   | —   | 14,959  | 14,959           |
| <b>Financial assets at fair value through other comprehensive income:</b> |   |   |                  |
| Commercial papers issued by financial institutions                        | 509,973   | —   | 509,973          |
| US Treasury bills   | 649,214   | —   | 649,214          |
| <b>Financial liabilities at fair value through profit or loss:</b>        |   |   |                  |
| Derivative financial liabilities  | —   | (12,736)                                      | (12,736)         |
| <b>As at December 31, 2024</b>  | <b>1,264,999</b>                                | <b>36,548</b>                                 | <b>1,301,547</b> |

As at December 31, 2024 the fair value of the US Treasury notes is USD 105,443 thousand, of Commercial papers issued by financial institutions is USD 520,806 thousand and of US Treasury bills is USD 649,329 thousand.

**Fair value measurement hierarchy for assets as at December 31, 2023:**

|   | Fair value measurement using                    |   | Total          |
|---|---|---|----------------|
|   | Quoted prices<br>in active markets<br>(Level 1) | Significant<br>observable<br>inputs (Level 2) |                |
|   | USD 000   | USD 000                                       | USD 000        |
| <b>Financial assets held at amortized cost:</b>                               |   |   |                |
| US Treasury notes   | 101,950   | –   | 101,950        |
| <b>Financial assets at fair value through profit or loss:</b>                 |   |   |                |
| Derivative financial assets   | –   | 1,989   | 1,989          |
| <b>Financial assets at fair value through other<br/>comprehensive income:</b> |   |   |                |
| Commercial papers issued by financial institutions                            | 728,659   | –   | 728,659        |
| Corporate Fixed Bonds   | 44,099  | –   | 44,099         |
| <b>Financial liabilities at fair value through profit or loss:</b>            |   |   |                |
| Derivative financial liabilities  | –   | (3,449)                                       | (3,449)        |
| <b>As at December 31, 2023</b>  | <b>874,708</b>                                  | <b>(1,460)</b>                                | <b>873,248</b> |

As at December 31, 2023 the fair value of the US Treasury notes is USD 100,778 thousand, of Commercial papers issued by financial institutions is USD 745,764 thousand and of Corporate Fixed Bonds is USD 44,726 thousand.

There were no transfers between Level 1 and Level 2 during 2024 and 2023. Additionally, the Company held no Level 3 investments during 2024 and 2023.

## 2.25. Categories of financial assets and financial liabilities

**Financial Assets**

|  | 2024             | 2023             |
|--|------------------|------------------|
|  | USD 000          | USD 000          |
| Cash and cash equivalents  | 1,199,780        | 1,064,849        |
| Financial assets held at amortized cost                                | 140,137          | 101,950          |
| Financial assets held at fair value through other comprehensive income | 1,159,187        | 772,758          |
| Derivative financial assets  | 14,959           | 1,989            |
| Other receivables  | 17,930           | 25,501           |
| <b>As at December 31,</b>  | <b>2,531,993</b> | <b>1,967,047</b> |

**Financial Liabilities**

|                                  | 2024             | 2023             |
|----------------------------------|------------------|------------------|
|                                  | USD 000          | USD 000          |
| Amounts owed to the depositors   | 2,308,588        | 1,777,176        |
| Derivative financial liabilities | 12,736           | 3,449            |
| Other liabilities                | 5,986            | 6,916            |
| <b>As at December 31,</b>        | <b>2,327,310</b> | <b>1,787,541</b> |

## 2.26. Financial assets and liabilities not carried at fair value

The following methods and significant assumptions have been applied in determining the fair values of financial instruments carried at cost:

- (a) The fair value of assets and liabilities maturing within 12 months is assumed to approximate their carrying amount;
- (b) The fair value of demand deposits and savings accounts (included in amounts owed to depositors) with no specific maturity is assumed to be the amount payable on demand at the end of the reporting period. Demand deposits and savings accounts bear floating interest rates, the fair value is assumed to approximate their carrying amount;
- (c) The fair value of variable rate financial instruments is assumed to be approximated by their carrying amounts.

## 2.27. Assets under custody

The Company provides custody services to its clients, with respect to the security transactions. These services require the Company to maintain assets held under custody, which are not reported on the statement of financial position. As at December 31, 2024, the Company's assets held under custody totalled USD 85.5 billion (2023: USD 80.0 billion).

## 2.28. Related party transactions

Cash balances held with affiliates include funds with Citco Banking Services division and earn interest at the rate of nil. (Note 2.15).

The short-term intercompany accounts serve to capture transactions including operational transactions and intercompany income. The amounts are unsecured, bear no interest and are repayable on demand. Due to the short-term nature of these balances, book value approximates fair value.

For the short-term balances with related parties, refer to Note 2.21.

The Company has entered into an agreement with affiliates, whereby the Company provides certain accounting, administrative, clerical and other services to specific customer entities on behalf of the affiliates. Fees paid by the affiliates to the Company for these services are recorded in related party income.

In the ordinary course of business, the Company enters into a number of related party transactions, which management believes are at an arm's length basis.

The Company has intercompany current account balances with affiliated companies:

|   | Notes       | 2024          | 2023          |
|---|-------------|---------------|---------------|
|   |             | USD 000       | USD 000       |
| Receivables                                   | 2.15 & 2.18 | 21,413        | 19,849        |
| Payables                                      | 2.19 & 2.21 | (1,967)       | (2,349)       |
| <b>Net balance receivable at December 31,</b> |             | <b>19,446</b> | <b>17,500</b> |

The following services were provided by the Company to the Parent and/or affiliated companies

|                                     | 2024         | 2023         |
|-------------------------------------|--------------|--------------|
|                                     | USD 000      | USD 000      |
| Operational services                | 50           | 39           |
| General and administrative services | 529          | 509          |
| Personnel                           | 988          | 747          |
| <b>As at December 31,</b>           | <b>1,567</b> | <b>1,295</b> |

The following services were provided by the Parent and/or affiliated companies to the Company:

|   | 2024          | 2023         |
|---|---------------|--------------|
|   | USD 000       | USD 000      |
| Office and administrative services            | 994           | 633          |
| Travel expenses                               | 96            | 61           |
| Finance expenses                              | —             | (1)          |
| Professional services                         | 107           | 48           |
| Occupancy expenses                            | 158           | 126          |
| Personnel                                     | 3,489         | 3,114        |
| Sub-total                                     | 4,844         | 3,981        |
| Other related party expenses:                 |               |              |
| Group support services fee                    | 3,875         | 4,355        |
| Royalty expense                               | 1,170         | 1,009        |
| Information technology other service expenses | 316           | 214          |
| Other expenses                                | 319           | 276          |
| Sub-total                                     | 5,680         | 5,854        |
| <b>As at December 31,</b>                     | <b>10,524</b> | <b>9,835</b> |

2.29. Directors’ remuneration

Remuneration paid to the executive and non-executive directors during the year were as follows:

|                                | 2024       | 2023       |
|--------------------------------|------------|------------|
|                                | USD 000    | USD 000    |
| Salary and benefits            | 714        | 939        |
| <b>Directors’ remuneration</b> | <b>714</b> | <b>939</b> |

The remuneration of the executive and non-executive is decided by the shareholder.

2.30. Events after the reporting date

The Company has evaluated subsequent events up to and including the date that these financial statements were available to be issued. The Company has determined there were no events or transactions during such period which would require recognition or disclosure in these financial statements.

Approval of the Financial Statements

The financial statements were approved by the Board of Directors and authorized for issuance on April 17, 2025:

Scott Case  
Member



Rudy Khoury  
Chairman



## 3. Other Information

### **Statutory rules concerning appropriation of result**

The Articles of Incorporation of the Company provide that the appropriation of the net result for the year is decided upon in the annual General Meeting of the shareholder.

### **Proposed appropriation of result for the financial year 2024**

Awaiting the decision by the shareholder, the net result for the year has been included in retained earnings.

## Independent Auditor's Report

To the Shareholders of Citco Bank Canada

### Opinion

We have audited the financial statements of Citco Bank Canada (the "Company"), which comprise the statement of financial position as at December 31, 2024, and the statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.<sup>i</sup>

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Deloitte LLP, featuring the word "Deloitte" in a stylized script font followed by "LLP" in a plain sans-serif font.

Chartered Professional Accountants  
Licensed Public Accountants  
April 17, 2025