



Citco Bank Canada
Pillar 3 Disclosure 2025

CITCO

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1. Introduction

The Capital Adequacy and Risk Management Report ('Pillar 3 disclosure') of Citco Bank Canada ('CBCA' or 'the 'Bank') contains information that enables an assessment of its risk profile and capital adequacy. This publication fulfils the requirements of the Basel framework, as stipulated in 'Pillar 3 Disclosure Guideline for Small and Medium-Sized Deposit-Taking Institutions ('SMSBs')' dated February 2025¹ (updated Pillar 3 Disclosure Guideline) and supplementary guidelines ('the Requirements') published by CBCA's regulatory body, the Office of the Superintendent of Financial Institutions ('OSFI'). The Bank is classified as "Category II Bank" under OSFI's Small and Medium-Sized Deposit-Taking Institutions Capital and Liquidity Requirements². In accordance with these requirements, this report contains information about Governance, Risk Measurement and Capital Adequacy. This report is updated annually.

OSFI reporting is based on three pillars:

- The first pillar, or Pillar 1, defines the regulatory minimum capital requirements by providing rules and regulations for measurement of Credit Risk, Market Risk, Credit Valuation Adjustments ('CVA') and Operational Risk. The Bank calculates its minimum capital requirements for Credit Risks based on the Standardized Approach ('SA'). For Operational Risk CBCA uses the Simplified Standardized Approach ('SSA'). For CVA, the reduced version of basic approach ('BA') is applied;
- The second pillar, or Pillar 2, addresses the risk profile and management of the Bank. In the Internal Capital Adequacy Assessment Process ('ICAAP'), CBCA reviews its own funds together with its risk profile (evaluating its Capital Adequacy). These reviews include stress-testing CBCA's business model using severe, yet plausible stress scenarios. These firm-wide stress tests consider all material risks and business activities of CBCA and encompass a broad range of scenarios. The results are discussed by Senior Management ('SM') and the outcome is approved by the Board of Directors ('BOD'). The ICAAP data return is also submitted to OSFI; and
- The third pillar, or Pillar 3, aims to promote greater market discipline by enhancing transparency of information disclosure. It means that information on risks, risk management practices and capital adequacy should be publicly available to all relevant stakeholders.

1.1. Stakeholders

This document is intended for all relevant stakeholders, but not limited to:

- Our clients;
- Our employees;
- Our shareholder; and
- Relevant regulatory authorities.

1 <https://www.osfi-bsif.gc.ca/en/guidance/guidance-library/pillar-3-disclosure-guideline-small-medium-sized-deposit-taking-institutions-smsbs-2025>

2 <https://www.osfi-bsif.gc.ca/en/guidance/guidance-library/small-medium-sized-deposit-taking-institutions-smsbs-capital-liquidity-requirements-guideline-2025>

1.2. Responsibility for Pillar 3 disclosure production

Table 1 provides an overview of the stakeholders that are responsible for the Pillar 3 disclosure production:

TABLE 1. STAKEHOLDERS DISCLOSURE

STAKEHOLDER	RESPONSIBILITY
Board of Directors	Final approval and sign-off (Annual)
Senior Management	Final Review and sign-off (Annual) and Final approval (Quarterly)
Capital Management	Editor and contributor
Risk Management	Contributor
Finance	Contributor
Compliance	Reviewer

1.3. Proprietary or confidential information

The Bank targets disclosure of all the required information. Paragraph 33 and 34 of the Requirements, provide exceptions that can be applied for information that is deemed proprietary or confidential.

CBCA has not been mandated by OSFI to apply the Market Risk Framework and therefore does not disclose Market Risk templates applicable to Category II Banks. CBCA does not disclose CVA templates for SA and BA as it applies a reduced version of BA.

CBCA does not omit any disclosure requirements for Category II Banks, from the Pillar 3 disclosure, as being proprietary or confidential information.

1.4. Medium to be used

The Bank publishes its Annual report, annual Pillar 3 disclosure and quarterly fixed format Pillar 3 templates on the following website: <https://citco.com/footer/regulatory-disclosures/>

The Bank's additional quantitative data is publicly available and updated on a quarterly basis on Government of Canada's Open Government Portal: <https://open.canada.ca/data/en/dataset/91ed76b4-a1a2-4f87-9c4c-59cd64f7a9de>

1.5. Changes to Pillar 3 Disclosure compared to prior year

The Bank, made below updates to public disclosure starting December 2025, to meet the OSFI requirements of updated Pillar 3 Disclosure Guidelines:

- Environmental Risk section 4.5.9 is updated to include the climate risk disclosure requirements according to 2025 B-15 Climate Risk Management guideline.

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1.6. Signatories

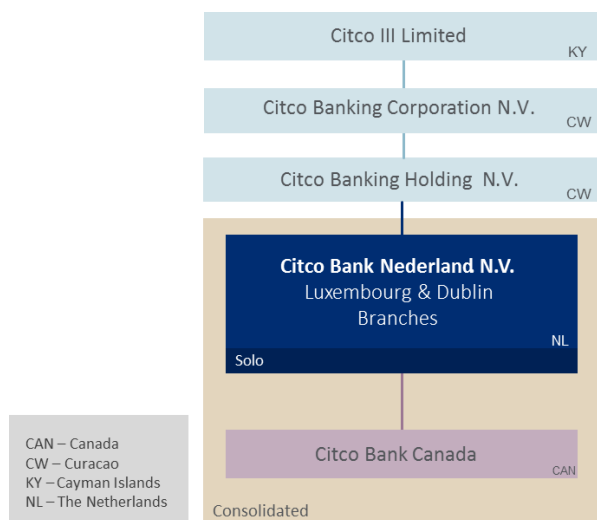
This Pillar 3 disclosure has been established and approved by the Board of Directors of Citco Bank Canada.

2. Group structure

The Citco Group of Companies ('Citco Group') is a global group of independent financial service providers serving Collective Investment Schemes³, institutional banks, listed companies and high net worth individuals. Citco companies service these clients around the world by offering fund administration, banking, custody and order processing, financial products and governance services.

CBCA is a wholly owned subsidiary of Citco Bank Nederland N.V., The Netherlands, which is a wholly owned subsidiary of Citco III Limited, The Cayman Islands (the ultimate parent company).

Figure 1. CBCA and parent structure:



CBCA was incorporated on September 2, 2008, and commenced operations on June 10, 2009, when it received approval from OSFI. The Bank is licensed to operate in Canada as a foreign bank subsidiary under the Bank Act. The regulatory authority of CBCA is OSFI.

CBCA provides a full range of banking services for institutional (professional) clients, like hedge funds and funds of hedge funds, to manage their banking needs. This includes, but is not limited to, performing deposit services, wire transfers, foreign exchange services and collateralized lending.

Additionally, CBCA specializes in custody activities for hedge fund investors by providing access to the best of breed processes and technology that have set industry standards. CBCA provides the necessary infrastructure to investment managers to handle the administrative side of trading in underlying hedge funds. The custody solutions allow clients to completely outsource, in an automated and controlled manner, their underlying investments in hedge funds. Utilizing *CitcoFundsNet*, the electronic custody platform, clients can access the funds universe via online real-time global funds platform.

³ A Collective Investment Scheme, which is sometimes referred to as a 'pooled investment', is a fund that several investors contribute to. A fund manager will invest the pooled money in one or more types of assets, such as stocks, bonds or property. There are many types of collective investment scheme available to investors (<https://www.fca.org.uk/consumers/unregulated-collective-investment-schemes>)

3. Governance arrangements

The BOD is responsible for the overall oversight of the Bank. It accomplishes this by supervising, monitoring, advising SM on a broad range of topics intrinsic to the overall functions of the institution, including strategy, operational performance, risk management and compliance with laws and regulations.

The Bank's SM comprises two Managing Directors. SM is responsible for defining the business strategy, setting policies and overseeing the overall operational activities of the Bank and ensures the business and strategic objectives are correctly executed. A general profile of the preferred scope and composition of SM is defined taking into account the nature of the business, its activities, size and complexity and the desired expertise, experience and independence of its members.

All SM members participate in lifelong learning programs, with the aim of maintaining the expertise of SM members at the required standard and improving their expertise where necessary. The areas covered under the learning program include finance, tax, legal, capital, cyber security, data privacy, regulatory and financial reporting, corporate governance and risk management. Detailed information on the SM members is provided in Table 2.

TABLE 2. CBCA SENIOR MANAGEMENT COMPOSITION, 31st December 2025

NAME	POSITION	AREA OF RESPONSIBILITY
Mr. Scott Case	Managing Director and Chair	All aspects concerning General Management, Human Resources, Finance, Legal, Compliance, Regulatory & Governance and Internal Audit.
Mr. Carl Keogh	Managing Director	All aspects concerning Treasury Management, Credit, Capital Management, Operations, Information Technology and Risk.

CBCA has set up various risk committees. Table 3 provides a list and a description of the committees.

TABLE 3. CBCA SENIOR MANAGEMENT RISK COMMITTEES, 31st December 2025

COMMITTEE NAME	ROLE OF THE COMMITTEE	MINIMUM FREQUENCY
Senior Management Risk Committee ('SMRC')	Oversight of both financial and non-financial risks across the Bank in line with the Enterprise Risk Management framework	Quarterly
Asset and Liability Committee ('ALCO')	Monitoring and controlling Credit, Market and Liquidity Risks, as well as capital adequacy within the boundaries set by SMRC	Monthly
Operational Risk Committee ('ORC')	Managing Operational Risks within the boundaries set by SMRC	Monthly
IT Controls Committee	Managing Technology Risks within the boundaries set by SMRC	Quarterly
Third Party Risk Management Committee	Monitoring compliance with the Third Party Risk Management policy and procedures including the effectiveness of key controls, assessing and monitoring risks associated with each of CBCA's third party arrangements and review and approval of any future third party arrangements	Quarterly

4. Risk governance at the Bank

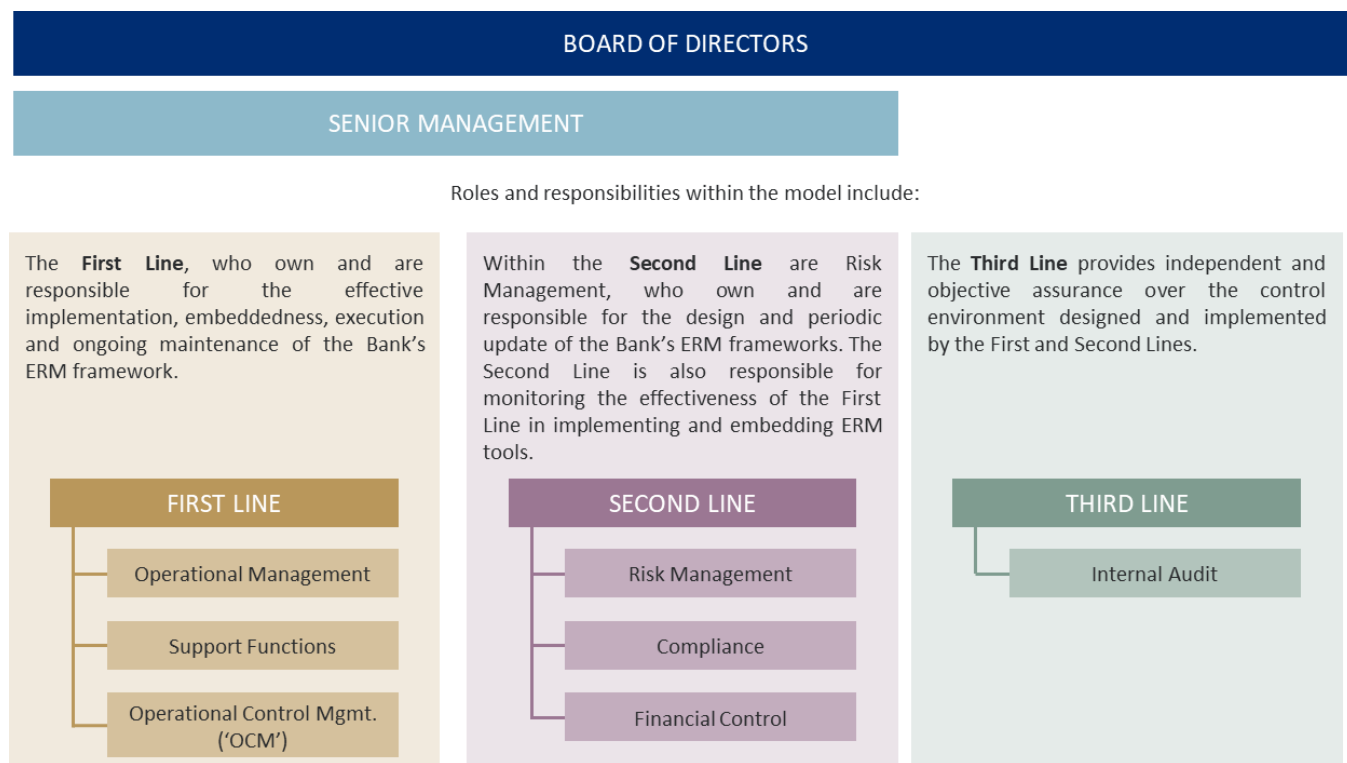
As a financial services provider, the Bank is continuously managing its risks. In order to do this whilst remaining compliant with regulatory requirements, the Bank has established an Enterprise Risk Management (‘ERM’) framework. The critical elements of this ERM framework are the effective identification, assessment, mitigation, monitoring and reporting of the Bank’s key risks and the allocation of capital required to support these.

4.1. Risk Strategy

The Risk Management Strategy of the Bank is to support the business in achieving its strategic targets, whilst remaining within the conservative Risk Appetite set by SM and ratified by the BOD.

The Bank implemented the ‘Three Lines’ model as a benchmark for managing the Risk Strategy. The Bank applies the model to demonstrate how the different business and control functions interact with each other and to define roles that enforce stronger corporate governance. These roles are illustrated in Figure 2.

Figure 2. CBCA Three Lines Model



4.2. First Line

As the first line, business management and operational staff are responsible for identifying and managing risks on a daily basis and for escalating identified risk issues to Risk Management. Business management, including Bank IT management, is accountable for the implementation and operation of appropriate policies and procedures and for ensuring compliance with policies set by SM, BOD and Risk Management.

Operational Control Management ('OCM') is part of the first line. OCM is responsible for operational risk activities including Risk and Control Self-Assessment ('RCSA'), process control testing, risk event root cause analysis and Operational Risk reporting to management. Details of the OCM role and responsibilities can be found in the Operational Risk Management Policy.

4.3. Second Line

The 'second line' includes those responsible for risk oversight and risk guidance in the Bank, e.g. Risk Management, Compliance and Financial Control. They set policies, ensuring compliance with requirements, the monitoring of the effectiveness of the controls and the execution of the Risk Management framework by the first line.

The Risk Management function is responsible for developing and maintaining the strategic approach of the ERM framework to ensure that appropriate risk identification, assessment and mitigation activities are executed by the business. This is achieved through a comprehensive framework of risk policies, monitoring and reporting. The Chief Risk Officer ('CRO') reports to the BOD Risk & Compliance Committee ('RCC') with a functional reporting line to Group Risk.

The Compliance function translates laws into compliance obligations and assists the business divisions to identify its Compliance Risks (incl. Integrity Risk) and activities to mitigate those risks based on CBCA Risk Appetite. The Compliance function also monitors the business and local management's control of Compliance Risks. The Chief Compliance officer ('CCO') reports to the BOD RCC with a functional reporting line to Group Compliance.

The Financial Control function establishes the control framework around statutory and regulatory reporting of the Bank. The Chief Financial officer ('CFO') reports to the BOD Audit Committee with a functional reporting line to Group Finance.

4.4. Third Line

The Citco Group Internal Audit ('GIA') function acts as the 'third line'. Internal Audit assesses the effectiveness and efficiency of the Bank's control framework and provides assurance and consulting services designed to add value and improve the operations, processes, systems and control environment. It assists the Bank in accomplishing its objectives by bringing a systematic, disciplined risk-based approach to evaluating and reporting on the effectiveness of risk management, controls, and governance processes. The scope of the work of the Internal Audit function includes all processes, systems, businesses and functions of the Bank. The Chief Internal Auditor ('CIA') reports to the BOD Audit Committee with a functional reporting line to GIA and provides regular reports to SM of the Bank.

4.5. Risk Appetite and Risk Management

The ERM framework of CBCA identifies main risk categories at the top of a comprehensive risk taxonomy, which enables consistent risk identification and reporting. All risks that the Bank is exposed to roll up to the main categories in the risk taxonomy. The Risk Appetite Framework and the Risk Appetite Statement as defined by SM are approved by the BOD on a yearly basis.

The Bank sets out its approach to managing risk within Risk Appetite through its ERM Framework as identifying, assessing, mitigating, monitoring and reporting risks. The Bank utilises a wide range of risk assessment tools in its approach, including the ICAAP and internal Legal Entity Risk Assessments that support the identification and assessment of key risks to the Bank.

SM has identified the following material risks:

- Strategic Risk;
- Credit Risk;
- Market Risk;
- Liquidity Risk;
- Operational Risk;
- Cyber Risk;
- Compliance Risk;
- Legal Risk; and
- External Environment Risk.

In each risk category (or subcategory), a Risk Appetite is quantified based on probability and impact to give a Risk Assessment Grade ('RAG') on the following scale:

- Low;
- Minor;
- Medium; or
- High.

In addition to this grading, risk objectives have been defined using a mix of quantitative and qualitative statements. Capital allocated to the Risk Appetite is defined as capital that the Bank is willing to put at risk to achieve its strategic objectives during the year and is taken from capital held over and above regulatory minimum requirements. The first and foremost priority of the Bank is the protection of depositors' money, a priority that is higher than the return on capital or return on assets.

4.5.1. Strategic Risk

Strategic Risk is defined as 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.

Strategic Risk captures two main risk categories:

- Strategic Business Execution Risk is the risk to earnings and capital from ineffective execution of business strategy (run the business); and
- Strategic Business Development Risk is the risk to earnings and capital from ineffective execution of the business development process (change the business).

The objective in relation to Strategic Risk is to remain flexible to changes in the business environment so that both growth and changes to the market status can be adapted to in a swift manner. The Bank seeks to have a sustainable business model and reduce uncertainty in the strategic process through strategic statements, including mission statement and vision. Exposure to Strategic Risk is governed by a Strategic Risk Management Policy. The Risk Appetite for Strategic Risk is determined as ‘Minor’.

4.5.2. Credit Risk

Credit Risk is defined as the current or prospective risk arising from a client or counterparty’s failure to meet the terms of any contract with CBCA or its failure to perform as agreed. The Bank accepts a limited level of Credit Risk in its investments and in providing products and services to clients, but will prioritise conservation of capital over higher-risk investments. The Credit Risk Appetite is viewed through a lens of realized losses and IFRS 9 Expected Credit Losses.

CBCA’s key investments are predominantly:

- Overnight and very short term deposits or securities. The placements are done mostly with bank counterparties with the highest credit rating⁴; and
- Direct lending. CBCA has limited exposure to direct lending counterparties. Direct lending is only performed for highly collateralized exposures.

The following Credit Risk subcategories have been identified by CBCA based on its key investments:

- Counterparty Default: the risk that the counterparty defaults and cannot pay back the funds that the Bank placed or invested with it. This includes Counterparty Credit Risk (‘CCR’) arising from derivatives;
- Client Default: the risk that a client who is in receipt of a loan or is required to post collateral for foreign exchange (‘FX’) trades is unable to provide sufficient collateral or to repay the loan when due; and
- Concentration: the risk that the Bank has an aggregate exposure to an asset held as collateral or to a counterparty used for investment, cash placement or FX, that has the potential to produce losses large enough (relative to the Bank’s capital, total assets, or overall risk level) to threaten the Bank’s health or ability to maintain its core operations.

The objective for managing Credit Risk is to minimize exposure to Counterparty Credit Risk by maintaining a strict internal limit system, monitoring concentrations and credit deterioration. Credit Ratings, Credit Default Swap spreads and expert judgement are used to set maximum exposure and tenor limits by counterparty and are updated daily. CBCA applies default definition that is in line with Basel. Exposures – including deteriorations and non-performance – are governed by the Credit Risk Management Policy and associated daily monitoring systems; to ensure the conservative Credit Risk Appetite is maintained. The BOD has determined that the Risk Appetite for Credit Risk can be classified as ‘Minor’.

⁴ Credit Rating not lower than A-1 (Short-term, S&P equivalent)

The Bank manages Credit Risk within appetite through following guidelines in the Credit Risk Management Policy (which also covers CCR) and limits set in the Risk Appetite Statement and Bank Authorities document. The first and foremost priority of the Bank is the protection of depositors' money, a priority that is higher than the return on capital or return on assets. This drives a focus on prudent risk management.

Exposures are monitored by the business and independently by Risk Management.

The Bank operates as a treasury bank and most credit exposures are overnight interbank exposures with approved counterparties, which are monitored daily through the Bank's Counterparty Risk Monitoring System ('CRMS'), which dynamically adjusts maximum exposures by size and tenor each day. The CRMS methodology utilises long-term credit ratings from Moody's, Standard & Poor's and Fitch alongside Credit Default Swap ('CDS') spreads to create an internal CRMS Credit Score, which is used to determine the maximum allowable exposure and tenor for each counterparty. This approach has been back tested and supports the Bank's approach, which does not rely on netting, collateral or off-balance sheet exposures to mitigate its largest exposures to Credit Risk. The Bank does not work with Central counterparties ('CCP'). CBCA does not invest in products which would create high correlation between specific counterparty's probability of default and underlying exposure, thus is not exposed to the wrong-way risk.

4.5.3. Market Risk

Market Risk is defined as CBCA's current or prospective risk to earnings and capital arising from adverse movements in market variables mainly interest rates and foreign exchange rates. This risk can arise from dealing and position taking in securities, currencies, or derivatives. CBCA's functional currency is USD.

The objective with respect to Market Risk is to minimise any exposure. Therefore SM has determined that the overall Risk Appetite towards Market Risk for Interest Rate Risk as 'Minor' and for FX as 'Low'. As CBCA does not make any investments with intent to trade, no trading book has been established. The Bank does not seek to bear material FX risk as part of its business model. The Interest Rate Risk Appetite is set as risk-accepting volatility in earnings as long as the business model is sustainable. As the Bank does not operate a trading book, so Market Risk is limited to risks on the banking book, which are identified as FX risk and interest rate risk.

The Bank manages Market Risk within appetite through following guidelines in the Market Risk Management Policy and limits set in the Risk Appetite Statement and Bank Authorities document. Strict limits described in the Market Risk Management Policy are in place and daily monitoring and reporting on those limits to ALCO and the SMRC are key to the ongoing objective to minimize Market Risk.

The Bank manages FX risk by matching investments and deposits in the same currency or through use of currency swaps to avoid creating a material FX Net Open Position ('NOP'). The FX NOP is monitored daily and reported to ALCO Monthly and SMRC quarterly against internal limits and a significant NOP on an aggregate level would be escalated for resolution.

The Bank manages interest rate risk through limiting mismatch between assets and liabilities and through management setting the administered rate of funding, providing flexibility to pass on interest rate shocks. The Bank's funding is through operational clients and the deposits are not placed to seek yield. As a result, all funding is at or below the market rate of interest. The Bank reports Earnings at Risk and Economic Value of Equity to ALCO and SMRC quarterly and monitors against internal limits.

4.5.4. Liquidity Risk

Liquidity Risk is the inability to meet payment obligations when they fall due and to replace funds when they are withdrawn.

The following main Liquidity Risks have been identified:

- Funding Liquidity Risk is the risk that the Bank will not be able to efficiently meet both expected and unexpected current and future flows and collateral needs without affecting either daily operations or the financial condition of the Bank; and
- Market Liquidity Risk is the risk that the Bank cannot easily offset or eliminate a position without significantly affecting the market price because of inadequate market depth or market disruption.

The Bank has a 'Minor' appetite for Liquidity Risk and seeks to protect clients' deposits above maximising profitability and seeks to have sufficient liquidity to survive severe stresses. The Bank accepts concentration of funding sources by type and tenor and low levels of asset encumbrance. The Bank wants to maintain the ability to repay clients on demand at all times. No capital is allocated against Liquidity Risk, which is managed through a framework of limits.

The Bank calculates and sets limits on at least an annual basis. The main source of Liquidity Risk is through outflows of client funds, which are forecast daily and assessed through a range of stress testing to calculate limits at least annually, which are reviewed by ALCO and approved by SM.

The Bank does not seek funding, instead conservatively places deposits received by operational clients. The objective is to maintain a liquid balance sheet by applying appropriate maturity transformation limits and following an investment strategy aligned to the liquidity of the liabilities. Active monitoring of key regulatory and internal limits and ratios is in place alongside regular liquidity stress testing performed and reported to ALCO to ensure liquidity is sufficient. Liquidity stress testing covers a range of idiosyncratic, market-wide and combined scenarios which are slow-developing and fast-developing and are monitored by ALCO monthly. The Bank has a Contingency Funding Plan as a series of actions that could be taken to maximise liquidity, however the balance sheet is typically nearly entirely overnight liquidity and little further increases would be needed. Management of Liquidity Risk ensures CBCA remains fully flexible in the event of sudden changes in the liabilities side of the balance sheet.

The Bank manages Liquidity Risk within appetite through following guidelines in the Liquidity Risk Management Policy and limits set in the Risk Appetite Statement and Bank Authorities document.

The Bank has limits on minimum liquidity balances and maximum maturity transformation levels, which are monitored daily by Risk Management and reviewed by ALCO monthly and SMRC quarterly to ensure the Bank maintains sufficient liquidity. Given the conservative appetite, the appetite for maturity transformation is very limited and the Bank typically holds sufficient cash at banks to cover all client deposit balances. Alongside this, Risk Management performs regular stress testing to ensure the Bank has sufficient liquidity to survive a broad range of scenarios without breaching Risk Appetite.

The Bank centralizes its Liquidity Risk Management practices, with standalone liquidity limit setting, monitoring, and management. The Bank does not take part in intra-group lending.

The Bank held CAD 945.6 million (CAD 1,620.85 million at 31st December 2024) of High Quality Liquid Assets eligible in line with the Liquidity Coverage Ratio at 31st December 2025.

TABLE 4. HQLA Level, Pre and Post Haircut, 31st December 2025 (Amounts in Millions CAD)

Level of HQLA Assets	Pre-haircut amount	Post-haircut amount
Level-1	945.6	945.6
Level-2	Nil	Nil

HQLA definition used as per OSFI guideline/ reporting and not any internal assumptions

4.5.5. Operational Risk

Operational Risk is defined as the risk of loss resulting from people, inadequate or failed internal processes and systems or from external events.

SM manages the Bank's operational activities to minimise Operational Risk. The Risk Appetite for Operational Risk is 'Minor'. The Operational Risk Appetite contains the appetite for direct losses and immediate cost for mitigation of risk events. The Bank's business strategy is to manage resources efficiently.

The Bank manages Operational Risk within appetite through following guidelines in the Operational Risk Management Policy and limits set in the Risk Appetite Statement. Its execution by the first line is monitored by first and second line staff, in order to actively control the level of Operational Risk and potential losses within the Bank. The objective for management of Operational Risk is to minimize both the financial and reputational impacts of operational activities.

The Bank performs regular assessments on risks in its key processes through regular RCSAs, where actions may be identified and tracked to ensure that the Bank remains within Risk Appetite. The outputs of the RCSAs are used for setting up regular control testing and identifying Key Risk Indicators ('KRI'), which are also reported to the ORC. The Bank has a Risk Event Management Procedure, which dictates the steps taken for risk events, including logging and tracking key data on the Risk Management system, immediate remedial actions, root-cause analysis and longer-term action plans. The risk events are reported to the ORC monthly and notable events are discussed by SMRC and RCC. The Bank has limits of realized cumulative operational losses year-to-date and as a percentage of revenues, which are reported to SMRC and RCC.

The Bank also has a Business Continuity Management Policy, which contains its framework to maintaining operational continuity in a structured manner.

The Bank's outsourcing model, which is predominantly with other entities within the Citco Group of Companies, is key to strategic business execution. CBCA has a comprehensive Third-Party Risk Management framework in place, which sets out clear responsibilities, policies and processes for identifying, managing, mitigating and monitoring of the risks arising from the use of third parties. The Bank has a Third-Party Management team to support the business with implementing, executing and embedding of the TPRM framework, and a Third-Party Risk Management Committee is established to manage risks associated with third parties effectively within CBCA.

The business is supported by OCM, which is responsible for execution of the Operational Risk Management Policy and processes. In order to reduce the financial impact of operational errors and omissions, fraud, criminal activities, professional negligence and claims against directors and officers for wrongful acts, the ultimate parent of the Bank, Citco III Ltd. (and subsidiaries) has purchased a number of insurance policies through its broker. These risks are placed with rated insurers and various syndicates on international markets and provide coverage to all subsidiaries including the Bank. For Pillar I requirements of Operation Risk the Bank applies SSA which charges 15% of Bank's average gross income taken over the last three years. Risk events are recorded in the Risk Management system. The Pillar I charge of 15% of average revenues is judged to be sufficient to cover Operational Risk and SM have determined that no additional Pillar II Operational Risk charges are needed.

4.5.6. Cyber Risk

Cyber risk is the risk of loss or damage due to failed or inadequate IT Security against cyber risks.

The Bank enhances its management of Cyber Risk with a Technology Risk Management Policy, Business Strategy for Technology and IT Controls Committee. This is supported by Citco Technology Management, which has a dedicated control framework covering areas such as Data Security, Data Privacy, Access Management and Change Management. Several security controls are in place to mitigate Cyber Risks, including but not limited to awareness programs, third party / new technology verification processes, new generation security tools and appliances, 24/7 security monitoring and incident management. Controls include Bank-specific security controls both at the application and process level, in addition to enterprise level controls. IT Security monitors Citco networks to detect threats and take actions to combat security risks. The overall objective of IT Security is to help reduce and mitigate threats against the Bank while enabling the business to provide safe and secure computing services to its clients and employees.

SM has determined that the overall Risk Appetite towards Cyber Risk as ‘Medium’. The Bank seeks to maintain effective IT Security controls and protect its assets, including sensitive data, from cyber-attacks. The Bank seeks to maintain IT resilience through effective business continuity management.

4.5.7. Compliance Risk

Compliance Risk is defined as the risk of loss, reputational or regulatory impact from failed Organisational, Personal, Financial, or Client Conduct. Failure to act in line with applicable laws and regulations and internal rules (including Citco’s Code of Business Conduct) poses a threat to CBCA’s good standing.

CBCA 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 CBCA’s Group core values of prudence, transparency and client focus. The scope of the compliance risks is outlined in Citco’s Compliance Charter.

The Bank may be susceptible through the services they offer to be used for illegal or illegitimate purposes. These risks are relating to, money laundering, financing of terrorism, proliferation financing or other illegitimate goals like tax evasion, which may be achieved by using CBCA’s products and services. To mitigate these risks CBCA applies a rigorous integrity risk framework to identify, assess, mitigate or avoid risks in this area, subsequently potential clients may be on-boarded, or existing clients may be off-boarded. The Bank performs a continuous monitoring of its clients and their transactions.

CBCA has set a ‘Minor’ risk appetite for Compliance Risk. The Bank seeks to comply with regulatory requirements. The Bank embraces a culture of compliance and ongoing staff education on regulatory requirements. The Bank has no appetite for engaging in activities or markets where it lacks the capability to ensure compliance with regulatory requirements. The Bank wishes to service only those clients whose purpose and nature are legitimate and fall within the Bank’s Client Due Diligence Policy.

4.5.8. Legal Risk

Legal risk is the risk of loss, litigation or regulatory impact due to non-compliance with applicable global and jurisdictional laws.

On a continual basis, CBCA manages potential legal risks which might arise through contractual liabilities, litigation, employment practices and workplace safety, regulatory licences and tax. The Bank seeks to mitigate the risk by utilizing standardized agreements 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 CBCA in cases of fraud, gross and simple negligence and willful misconduct. The Bank maintains

regular and transparent communication with relevant stakeholders to ensure alignment with regulations and seeks the opinion of external counsel for specialised advice where necessary. There is continuous engagement with regulators through a comprehensive regulatory engagement strategy. The Bank prioritizes employee safety and wellbeing through a comprehensive approach. The Bank seeks to comply with all directly applicable legal requirements.

SM has determined that the overall Risk Appetite towards Legal Risk is 'Minor'.

4.5.9. External Environment Risk

Climate and Environmental Risk Framework

The Bank considers the potential for Climate and Environment Risk drivers of existing risks rather than standalone risks. The Bank seeks to maintain a low direct exposure to incremental risks from sustainability risk drivers, including climate risks (physical and transitional) as well as low direct exposure to the financing of high impact sectors. An example could be climate change leading to rising sea levels (risk driver) material reducing the value of collateral provided for client lending (transmission channel), leading to increased Credit Risk on client lending (primary risk). These are seen as risk drivers of primary risks rather than a primary risk and the Bank covers their identification, assessment, mitigation, monitoring and reporting, in its Climate and Environment Risk Management Policy. The monitoring of these risk drivers is integrated into the Bank's governance framework through existing risk committees.

The integration of climate and environment-related risks into the ERM Framework is proportionate in the context of the Bank's other risks, the materiality of its exposure to these risks, and the implications for the company's strategy.

The Bank's climate and environmental risk governance is overseen by three main bodies: the Board of Directors, which approves risk appetite and monitors adherence to policy; Senior Management, which set the climate and environment risk appetite and reviews and approves the Climate and Environment Risk Management Policy; and the Senior Management Risk Committee, which manages and oversees climate and environment risk drivers on all risks within the Bank. Risk Management is responsible for maintaining the Climate and Environment Risk Management Policy, regular reporting of Climate Risk Management Information ('MI') to the Bank's Risk Committees and performing regular updates of the Climate and Environment Risk Assessment, including maintaining tools used for this process. Regular MI includes reporting of direct exposure to High Impact Sectors and compared against internal limits to ensure this remains immaterial overall.

Climate Risks and Opportunities Assessment

The Bank performs an annual Climate and Environment Risk Assessment, with the aim of identifying risks and opportunities from climate and environment drivers for the Bank, assessing the likelihood of future climate hazards and their potential impacts and concluding upon their materiality. Physical and transition factors are both considered.

Within the 2025 assessment;

- The impact to Operations is assessed as 'Low' due to existing frameworks in place – factoring in resilience considerations into the office locations strategy and increased flexibility provided from Hybrid Working;
- Impact to the Balance Sheet is also assessed as 'Low', reflecting the typical focus of short-term, high-quality exposures and typically to just banks and sovereigns, state agencies and supranational and not exposures with material physical or transition risk impacts;
- Physical and transition risk impact on client business was also assessed as immaterial for client Assets Under Custody ('AUC') balances and deposit balances; and
- This is considered across short term (0-1 years), medium term (1-10 years) and long term (>10 years) horizons.

The assessment concluded that while climate and environment factors could be significant for many institutions, the existing controls and niche business models lead to these risk drivers not increasing primary risks for the Bank significantly in the short, medium or long-term and climate and environment residual risks are determined to have a 'Low' risk rating as a result. The assessment did not identify any material climate related opportunities.

The Bank has also designed scenarios to determine the impact on Capital Adequacy and to ensure that there is sufficient capital in place to manage the Bank's Climate Risks. The Bank's Internal Capital Adequacy Assessment Process includes three scenarios relating to climate risk to assess physical, transition and combined risks. All three climate risk scenarios show stressed ratios improving and the Bank maintaining profitability throughout.

The risks identified within the assessments and analysis did not have a material impact on the Bank's business model, financial performance or strategy, nor were there material opportunities identified.

Environmental Risk Metrics

The Bank's greenhouse gas inventory was completed in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol) and was considered for the period Jan 1st through to December 31st, 2025. Given the Bank's operating structure, the operational control approach was used to define the organisational boundary, meaning the Bank includes emissions from facilities where they control day to day operations. This excludes emissions from operations where the Bank has no control, or where control existed for part or all of the reporting period but activity data could not be obtained within a reasonable timeframe.

Due to this classification, all CBCA emissions fall into Scope 3, as the Bank does not maintain operational control over the energy consumption and building operations. Additionally, these emissions are not believed to be material.

Scope 1 and Scope 2 emissions including natural gas combustion, leakage of hydrofluorocarbons HFCs from air conditioning units, and emissions associated with electricity consumption are controlled by building management for all relevant offices, therefore outside of CBCA's control and excluded from the inventory. There are no owned or leased vehicles that fall under CBCA. As a result, the Scope 1 and Scope 2 greenhouse gas emissions attributable to CBCA for 2025 equates to 0 mtCO₂e.

The Bank does not currently have climate-related targets, avoiding material direct financing of high impact sectors and working through lean operations in modern offices, it does not expect its emissions to be elevated, but will continue to assess its position.

4.6. Monitoring and reporting

Risk monitoring is carried out on a periodic basis by both first and second line, to ensure compliance with regulatory requirements and the Risk Appetite of CBCA. Key internal metrics on Credit Risk, Market Risk and Liquidity Risk are reported daily on the Risk Management website, accessible by all staff of CBCA. The OCM function reports on execution of Operational Risk management tools including risk event management, risk and control self-assessment and control testing. Risks are monitored and reported on as part of the quarterly SMRC and RCC, including their Risk Appetite consumption and Management control metrics.

4.7. Capital

Subsection 485(1) of the Bank Act requires banks to maintain adequate capital. The Capital Adequacy Requirements ('CAR') Guideline is not made pursuant to subsection 485(1) of the Bank Act. However, the capital standards set out in this guideline together with the leverage requirements set out in the Leverage Requirements Guideline provide the framework within which OSFI assesses whether a bank maintains adequate capital pursuant to the Act.

For this purpose, OSFI has established two minimum standards: leverage ratio, described in the Leverage Requirements Guideline, and the risk-based capital ratio described in the CAR Guideline. The first test provides an overall measure of the adequacy of an institution's capital. The second measure focuses on risk faced by the institution. Notwithstanding that a bank may meet these standards, OSFI may direct a bank to increase its capital under subsection 485(3) of the Bank Act.

CBCA uses capital adequacy ratios established by SM and approved by the BOD. These ratios measure capital adequacy by comparing the Bank's eligible capital with its balance sheet assets, off-balance sheet commitments and market and other risk positions at weighted amounts to reflect their relative risk.

During 2025, the revised Basel Capital Adequacy Reporting ('BCAR') templates released by OSFI were implemented by the Bank. The Bank's capital adequacy had no material impact.

Besides, OSFI published the updated 2026 CAR guideline, effective Q1 2026. It has been assessed that there will be no material impact on the current CBCA BCAR reporting. The change applicable to CBCA was primarily related threshold for applying 100% of CCR capital requirement as CVA. However, CBCA does not opt to apply this approach, hence no direct impact is anticipated. The Bank does not hedge CVA, it does duly perform periodic calculations, reporting and monitoring of CVA.

5. Remuneration Policy

The remuneration policy of the Bank applies to the Bank and its employees.

The BOD has adopted this remuneration policy as per the proposal of the Chief Executive Officer ('CEO') and Senior Management (hereafter referred to jointly as the 'SM'). The BOD has also approved that part of the remuneration policy which applies to SM.

The actual approval of the remuneration for the BOD is the responsibility of the shareholders at the General Meeting. The BOD is responsible for reviewing the performance and approving the compensation of the CEO and SM in line with the Bank's strategy and risk appetite, objectives and values, taking into account the long-term interests of the Bank, the relevant international context and wider societal acceptance and the Bank's remuneration policy.

In addition to following Citco's internal process, the Board must approve the performance review and compensation for all Oversight Function Employees.

The approval of remuneration of all employees, other than BOD, Oversight Functions and SM, is the responsibility of SM.

This policy is to be read in conjunction with the remuneration clauses as embedded in the BOD Charter as well as the SM Charter and are an integral part of this policy. For ease of reference, the relevant excerpts of these two charters are quoted in this document.

5.1. Purpose

The policy reflects the Bank’s objectives for good corporate governance as well as sustained and long-term interests for the Bank. In addition, it ensures that:

- The Bank is able to attract, develop and retain high-performing and motivated employees in a competitive, international market;
- Employees are offered a competitive remuneration package;
- Employees act within the risk appetite of the Bank by making any variable remuneration risk neutral;
- Employees consistently demonstrate behaviours that align with and reinforce the desired culture;
- Employees feel encouraged to create sustainable results;
- The Bank’s strategy is supported; and
- The remuneration policy does not encourage excessive risk-taking in connection with environmental, social or governance-related events that may have a negative impact on the risk profile of our clients, own workforce or business model.

5.2. Remuneration Components

The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the business unit, the employee’s rank in the Bank and professional activity as well as market practice. Employment contracts do not contain any variable components. The five remuneration components are:

- Fixed remuneration (including fixed supplements);
- Performance-based remuneration;
- Pension schemes;
- Other benefits; and
- Severance payment.

The *fixed remuneration* is determined on the basis of the role of the individual employee, including responsibility and job complexity, performance and local market conditions. This is part of the employment agreement including adjustments on salary as a result of annual reviews. This fixed component represents a sufficiently high proportion of the total remuneration in order to ensure that the total remuneration will not depend on performance based remuneration to obtain the purposes as set out by this policy. It will also allow the operation of a fully flexible policy on performance based remuneration, including the possibility to pay no variable remuneration component.

The *performance-based remuneration* motivates and rewards dedicated performers who contribute significantly to the realization of the Bank’s strategic and business targets and long-term interests in their respective function. The performance based remuneration is a discretionary management tool and is based on a combination of the assessment of the employee and of the overall result of the Bank. Only non-financial performance criteria are taken into account to prevent and discourage non authorized risk taking outside of the risk appetite of the Bank. This remuneration varies according to the type of position held and is never a “right” as it is not embedded in employment agreements.

The *performance based remuneration* is awarded in a manner which promotes sound risk management and does not induce excessive risk-taking and respects the risk appetite of the Bank. Disbursed as well as non-disbursed components are subject to claw back without compensation if granted on the basis of data which has subsequently proven to be manifestly misstated. The Bank does not offer guaranteed bonuses and as a rule does not award sign-on bonuses.

Pension schemes in general, the Bank pays 100% of the pension contributions for all employees to the pension fund, up to 5% of their annual fixed remuneration. The pension scheme is a defined contribution plan. The Bank does not award discretionary pensions.

Other benefits are awarded on the basis of individual employment contracts and local market practice.

Severance payments are payable in accordance with relevant employment laws and industry specific regulations, including but not limited to the Canada Labour Code and common law. Payments related to early termination of a contract reflect performance achieved over time and do not reward failure.

5.3. Awarding Remuneration Components

At the annual performance and appraisal interview, the individual employees and managers evaluate and document performance and set new documented goals. Decisions on adjustment of the employee's remuneration are made on the basis of this process.

The Bank will normally only pay performance based remuneration in case:

- The Bank is profitable in the relevant year;
- The Bank's profitability prospect is such that awarding this remuneration is financially responsible; and
- The Bank's risk, capital and liquidity limits are not exceeded by awarding this remuneration.

Performance-based remuneration pools must be based on an assessment of the Bank's budget performance and a number of key performance indicators ('KPIs') reflecting the trend in the Bank's focus areas. The performance-based remuneration pool is determined taking into account the following KPI's:

- Profit before tax compared with budget;
- Assessment of risk-adjusted return;
- Cost development;
- Change in customer satisfaction; and
- Compliance with internal business procedures.

For awarding individual performance-based remuneration the following factors are taken into account:

- Realization of personal and departmental objectives, which include Citco's values that promote and reinforce the desired culture;
- Contributing to the Bank's objectives within the set Risk Appetite;
- Performance beyond expectations; and
- Operating with integrity.

Operational or compliance incidents are also taken into account when awarding individual performance-based remuneration, both at individual as well as departmental level. Breaches of the Bank's Risk Appetite are taken into consideration in order to align individual performance-based remuneration with the Bank's objectives.

SM Members are subject to a minimum percentage for deferred variable remuneration of 40% over a minimum of four years.

Awarded variable remuneration remain in place after termination of the contract and are subject to the normal claw back provisions.

5.4. Governance

Once a year the BOD monitors compliance with this policy. The BOD will pay attention to:

- Costs incurred by the Bank in the financial year in relation to SM remuneration, distinguishing fixed salary, variable salary, if any, and the annual bonus (cash, shares or other), if any;
- Performance based remuneration, if any is (proposed to be) included in the remuneration policy, the criteria for awarding such remuneration, the methods that will be applied in order to determine whether the criteria for variable remuneration and bonus have been fulfilled, the possible outcomes of such remuneration and how they may affect the performance of the SM members;
- Current pension schemes and the related financing costs;
- Agreed arrangements for the (early) retirement of SM members; and
- Elements above in as far as applicable to previous SM members and the members of the BOD in case the costs involved are incurred in the previous financial year.

Following its charter the BOD will:

- Oversee that the Bank implements a remuneration policy concerning the CEO and SM, the BOD and employees whose professional activities have a material impact on the risk profile of the Bank, that is in line with the Bank's strategy and risk appetite, objectives and values, taking into account the long-term interests of the Bank, the relevant international context and wider social acceptance and regulatory policy on controlled remuneration;
- Recommend to the general meeting of shareholders of the Bank ("General Meeting") the remuneration of the CEO and individual members of SM in line with the Bank's remuneration policy; amend (to be or already awarded) variable remuneration of individual members of SM because the variable remuneration is unreasonable given extraordinary circumstances; and
- Claw back all (or a part of if applicable) a bonus awarded to an individual member of SM, if the granting of the bonus was done based on incorrect information regarding the bonus criteria or occurrence of circumstances that were a requirement for the granting of the bonus.

It is SM's responsibility in adopting, after having obtained approval of the BOD, and furthermore implementing and monitoring the Bank's remuneration policy and determining the principles for the Bank's overall employee remuneration policy, except for the remuneration policy concerning the SM which is implemented and evaluated by the BOD.

Annually the BOD approves the proposal of the SM for the performance based remuneration that exceeds the PFF threshold for all individual staff members.

5.5. Remuneration of the BOD

Members of the BOD receive a fixed compensation only. The basic fee of a BOD member is set at a level that is on par with the market and reflects the qualifications and contribution required in view of the Bank's complexity, the extent of the responsibilities and the number of BOD meetings. No pension contributions are payable on BOD members' fees. Members of the BOD receive no performance based remuneration.

The General Meeting of the shareholders shall determine the remuneration of each member of the BOD in line with the Bank's remuneration policy.

5.6. Remuneration of Senior Management

The remuneration of SM is to ensure the Bank's continued ability to attract and retain the most qualified SM members and a good basis for succession planning. In connection with the annual assessment of the remuneration of SM, developments in market practice are assessed systematically. The remuneration of SM consists of fixed remuneration, performance based remuneration and pension schemes. Members of SM are also entitled to a car allowance, free phone and other fixed benefits.

In fixing the remuneration of SM, the following requirements must be observed:

- The total income of a member of the SM shall be in reasonable proportion to the Bank's remuneration policy; and
- When performance based remuneration is awarded to SM, the long-term component shall be taken into account as well as profitability and/or continuity of the Bank.

The performance based remuneration for members of SM has a maximum of 40% of the fixed annual income. In the event of a member's involuntary dismissal, the standard remuneration is up to one year's salary (the 'fixed' remuneration component). It may be increased to two years at the discretion of the BOD. For severance payments see above.

The BOD is responsible for reviewing the performance and approving the compensation of the CEO and SM in line with the Bank's strategy and risk appetite, objectives and values, taking into account the long-term interests of the bank, the relevant international context and wider societal acceptance and the Bank's remuneration policy.

5.7. Remuneration of the Control Functions

The remuneration of employees working in control (oversight) functions is predominantly fixed. Any performance based remuneration is subject to (mainly) function specific performance criteria. Performance assessment is done by their hierarchical superiors. Control (oversight) functions can vary per legal entity, but include as a minimum: risk management, compliance, finance and audit. The BOD is responsible for reviewing their performance and approving the compensation of the heads of the Control (oversight) functions.

5.8. Remuneration of Risk Takers

The remuneration of risk takers is predominantly fixed. Any performance based remuneration is subject to (mainly) function specific performance criteria. Performance assessment is done by their hierarchical superiors. Risk takers are identified to be the CEO and SM.

6. Frequency of updates

The Bank provides quantitative disclosure information on a quarterly basis and the qualitative disclosure information on an annual basis to its stakeholders. When information on risk exposure, monitoring or capital levels is significantly changed after publication of the annual report and the BOD is of the opinion that the changes need to be communicated to its stakeholders, appropriate disclosures will be made on an ad hoc basis. It is up to the BOD discretion to determine how the various stakeholders will be informed accordingly.

7. Validation of Information

Validation of the information disclosed will be done periodically by GIA.

8. Annual review

This disclosure will be reviewed at least on an annual basis, or in the event deemed necessary more frequently.

Appendix I – Remuneration Quantitative Disclosures 2025

Description		Number of Individuals		Amount (in CAD)	
		2025	2024	2025	2024
1	Number of employees having received a variable remuneration award during the financial year.	None	None	None	None
2	Number and total amount of bonuses awarded during the financial year.	27	27	\$383,779	\$335,135
3	Number and total amount of sign-on awards made during the financial year.	None	None	\$0	\$0
4	Number and total amount of severance payments made during the financial year.	None	None	\$0	\$0
5	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Cash=27 Shares = None Share linked = None	Cash=27 Shares = None Share linked = None	Cash =\$383,779 Shares = 0 Shares linked = 0	Cash = \$335,135 Shares = 0 Shares linked = 0
6	Total amount of deferred remuneration paid out in the financial year	21	22	\$325,521	\$275,166
7	Breakdown of amount of remuneration awards for the financial year to show:				
a.	Fixed and variable	37	32	\$0 variable, \$ \$383,779 performance based, \$4,668,464 fixed	\$0 variable, \$335,135 performance based, \$4,145,957 fixed
b.	Deferred and non-deferred	37	32	\$383,779 deferred, \$4,668,464 non-deferred	\$335,135 deferred, \$4,145,957 non-deferred
c.	Different forms used (cash, shares and share-linked instruments, other forms)			Cash only	Cash only

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Description	Number of Individuals		Amount (in CAD)	
	2025	2024	2025	2024
8 Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. malus, clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:	None	None	-	-
a. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	None	None	-	-
b. Total amount of reductions during the financial year due to ex post explicit adjustments.	None	None	-	-
c. Total amount of reductions during the financial year due to ex post implicit adjustments.	None	None	-	-