



EXCHANGE BANK<sup>™</sup>  
OF CANADA

## BASEL III PILLAR 3 DISCLOSURES REPORT

For the Quarter Ended April 30, 2026



# Table Of Contents

<b>NATURE OF OPERATIONS</b>	<b>3</b>
<b>CAPITAL FRAMEWORK</b>	<b>4</b>
<b>KEY METRICS</b>	<b>5</b>
<b>COMPOSITION OF CAPITAL – APRIL 30, 2026</b>	<b>6</b>
<b>RISK MANAGEMENT OBJECTIVES, STRUCTURE, AND POLICIES</b>	<b>7</b>
<b>LEVERAGE RATIO</b>	<b>12</b>



## Nature of Operations

Exchange Bank of Canada (the Bank, EBC) was originally incorporated as Currency Exchange International of Canada Corp. (CXIC) under the Canadian Business Corporations Act on October 6, 2011. The Bank submitted its application in November of 2012 to continue as a Schedule I bank and in September of 2016, the Office of the Superintendent of Financial Institutions (OSFI) and the minister of finance issued letters patent for the Bank. EBC operated as a non-deposit-taking, non-lending financial institution providing currency exchange services to domestic and international financial institutions and corporate clients.

EBC was a wholly owned subsidiary of Currency Exchange International, Corp (CXI). CXI is a public corporation whose shares are listed and posted for trading on the Toronto Stock Exchange (TSX) under the symbol "CXI", and the Over-the-Counter Market (OTCQX) under the symbol "CURN."

In 2024, CXI established a special committee of the Board of Directors to carry out a strategic review of EBC's operations. On February 18, 2025, CXI announced its decision to discontinue the operations of EBC and pursue regulatory approval for its discontinuance from the Bank Act, with the objective of completing an orderly exit from Canada. Pursuant to CXI's decision, the Board of Directors approved a strategy (Exit Strategy) to pursue an orderly cessation of EBC's operations and exit from Canada.

EBC ceased operations on October 31, 2025, and subsequently completed all required regulatory and legal steps to effect its discontinuance. On April 27, 2026, the Minister of Finance approved, pursuant to paragraph 39.1(1)(a) of the Bank Act, the application by Exchange Bank of Canada to apply for a certificate of continuance under the Canada Business Corporations Act (CBCA) and to discontinue as a bank under the Bank Act. On April 28, 2026, EBC was continued as a numbered corporation under section 187 of the CBCA, and on April 29, 2026 the entity was dissolved pursuant to subsection 210(3) of the CBCA. These approvals and filings represented the final regulatory milestone required to complete EBC's orderly discontinuance and dissolution, which is now fully concluded.



## Capital Framework

The Basel Committee on Banking Supervision (“BCBS”) is an international forum for regular cooperation on banking supervisory matters. Basel III is a global regulatory capital and liquidity framework developed by the BCBS and is composed of the following three pillars:

1. Pillar 1 addresses capital and liquidity adequacy and provides minimum requirements;
2. Pillar 2 outlines supervisory monitoring and review standards; and
3. Pillar 3 promotes market discipline through prescribed public disclosures.

In Canada, the Office of the Superintendent of Financial Institutions (OSFI) implements the Basel III framework through the (i) Capital Adequacy Requirements (CAR); (ii) Leverage Requirements (LR); (iii) Liquidity Adequacy Requirements (LAR); (iv) Small and Medium-Sized Deposit-Taking Institution (“SMSB”) Capital and Liquidity Requirements; and (v) Pillar 3 Disclosure Guideline for SMSBs Capital and Liquidity Requirements.

EBC was established as a non-deposit taking and non-lending Schedule 1 Bank, regulated by OSFI. For capital adequacy and liquidity purposes, the Bank was classified as a Category 2 SMSB. Based on CAR, LR, LAR, and the SMSBs Capital and Liquidity Requirements, the Bank applied the standardized approach to credit risk, Simplified Standardized Approach (SSA) to operational risk, and the Standardized Approach to Counterparty Credit Risk (SACCR), to calculate Risk Weighted Assets (RWA). The Pillar 3 Disclosure Guideline for SMSB’s Capital and Liquidity Requirements required the Bank to publicly disclose relevant disclosures to ensure stakeholders have access to key risk information that would enable them to gain a fundamental understanding and knowledge of the Bank’s activities.

Unless otherwise noted, all amounts are in Canadian Dollar (CAD).

Additional information is available here:

1. OSFI’s financial Data website: <https://www.osfi-bsif.gc.ca/Eng/wt-ow/Pages/fd-df.aspx>



## Key metrics

(Amounts in thousands of Canadian Dollars)		Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025
<b>Available Capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	0	6,329	6,644	7,854	8,894
2	Tier 1 Capital	0	6,329	6,644	7,854	8,894
3	Total Capital	0	6,329	6,644	7,854	8,894
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	30,945	35,625	40,955	47,925	55,263
4a	Total risk-weighted assets (pre-floor)					
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	CET1 ratio (%)	0%	17.8%	16.2%	16.4%	16.1%
5a	CET1 ratio (%) (pre-floor ratio)	-	-	-	-	-
6	Tier 1 ratio (%)	0%	17.8%	16.2%	16.4%	16.1%
6a	Tier 1 ratio (%) (pre-floor ratio)	-	-	-	-	-
7	Total capital ratio (%)	0%	17.8%	16.2%	16.4%	16.1%
7a	Total capital ratio (%) (pre-floor ratio)	-	-	-	-	-
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	-	-	-	-	-
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank G-SIB and/or D-SIB additional requirements (%) [Not applicable for SMSBs]	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	-	-	-	-	-
12	CET1 available after meeting the bank's minimum capital requirements (%)	0%	3.3%	1.7%	1.9%	1.6%
<b>Basel III Leverage ratio</b>						
13	Total Basel III leverage ratio exposure measure	0%	6,775	10,543	23,561	52,528
14	Basel III leverage ratio (row 2 / row 13)	0%	93.4%	63.0%	33.3%	16.9%



## Composition of Capital – April 30, 2026

	(Amounts in thousands of Canadian Dollars)	Amounts
	<b>Common Equity Tier 1 capital: instruments and reserves</b>	
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	0
2	Retained earnings	0
3	Accumulated other comprehensive income (and other reserves)	
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to Federal Credit Unions)</i>	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	0
	<b>Common Equity Tier 1 capital: regulatory adjustments</b>	
28	<b>Total regulatory adjustments to Common Equity Tier 1</b>	-
29	<b>Common Equity Tier 1 capital (CET1)</b>	0
	<b>Additional Tier 1 capital: instruments</b>	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-
31	of which: classified as equity under applicable accounting standards	-
32	of which: classified as liabilities under applicable accounting standards	-
33	<i>Directly issued capital instruments subject to phase out from Additional Tier 1 (applicable only to Federal Credit Unions)</i>	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
35	of which: instruments issued by subsidiaries subject to phase out (applicable only to Federal Credit Unions)	-
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	-
	<b>Additional Tier 1 capital: regulatory adjustments</b>	
43	<b>Total regulatory adjustments to additional Tier 1 capital</b>	-
44	<b>Additional Tier 1 capital (AT1)</b>	-
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	0
	<b>Tier 2 capital: instruments and provisions</b>	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
47	<i>Directly issued capital instruments subject to phase out from Tier 2 (applicable only to Federal Credit Unions)</i>	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-
49	of which: instruments issued by subsidiaries subject to phase out (applicable only to Federal Credit Unions)	-
50	Collective allowances	-
51	<b>Tier 2 capital before regulatory adjustments</b>	-
	<b>Tier 2 capital: regulatory adjustments</b>	
57	Total regulatory adjustments to Tier 2 capital	
58	Tier 2 capital (T2)	-
59	Total capital (TC = T1 + T2)	0
60	Total risk-weighted assets	30,945



<b>Capital ratios</b>		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	0%
62	Tier 1 (as a percentage of risk-weighted assets)	0%
63	Total capital (as a percentage of risk-weighted assets)	0%
<b>OSFI target</b>		
69	Common Equity Tier 1 target ratio	7%
70	Tier 1 capital target ratio	8.5%
71	Total capital target ratio	10.5%
<b>Capital instruments subject to phase-out arrangements (For Federal Credit Unions only)</b>		
80	Current cap on CET1 instruments subject to phase-out arrangements	-
81	Amount excluded from CET1 capital due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase-out arrangements	-
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on Tier 2 instruments subject to phase-out arrangements	-
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	-

## Summary of Results

EBC was fully dissolved on April 29, 2026 following completion of its orderly discontinuance from the Bank Act on April 27, 2026. Accordingly, as at April 30, 2026, EBC no longer operates as a legal entity and does not hold assets, liabilities, or risk exposures subject to regulatory capital requirements.

## Risk Management Objectives, Structure, and Policies

Following the completion of EBC's orderly exit from Canada, including its discontinuance from the Bank Act and subsequent dissolution, the Bank no longer maintains a risk profile or exposure base as at April 30, 2026.

Prior to its discontinuance, EBC progressively ceased its operations and fully exited all risk positions. As a result, all financial and non-financial risk exposures, including credit risk, foreign exchange risk, interest rate risk, and liquidity risk, were eliminated by the end of the discontinuance period, with several categories fully extinguished by October 31, 2025.

EBC maintained its risk management framework, governance structure, and oversight processes throughout the discontinuance to ensure an orderly reduction of risk exposures and compliance with regulatory expectations. Risk management oversight continued until Ministerial approval for discontinuance under the Bank Act was obtained on April 27, 2026, after which the entity ceased to be subject to prudential regulatory requirements.

Information regarding the Bank's historical exposure to material risks, as well as its objectives, policies, and processes for measuring and managing those risks, is outlined below.

Following the completion of EBC's discontinuance from the Bank Act and subsequent dissolution, the Bank no longer has any risk exposures as at April 30, 2026.

Prior to the completion of its orderly discontinuance, EBC's activities were exposed to the following principal risk categories, all of which have been fully eliminated:

- Regulatory Compliance risk



- Concentration risk
- Counterparty Credit risk
- Credit risk
- Cybersecurity Risk
- Foreign currency risk
- Interest rate risk
- Liquidity risk
- Operational risk, including fraud risk

## **Regulatory Compliance Risk**

Regulatory compliance risk is the risk of potential non-compliance with laws, regulations, and prescribed practices in the jurisdictions in which the Bank operates. Issues regarding compliance with laws and regulations can be associated with privacy, market conduct, consumer protection, business conduct and money laundering. In conducting its business, the Bank was subject to regulatory examinations and inquiries.

Prior to discontinuance, EBC maintained a regulatory compliance management framework designed to identify, assess, monitor, and mitigate compliance risks and adapt to changes in applicable laws and regulations.

As part of EBC's orderly discontinuance and exit from Canada, all regulatory compliance obligations were fulfilled, and the associated risk was fully eliminated upon completion of discontinuance and dissolution. Accordingly, no regulatory compliance risk remains as at April 30, 2026.

## **Concentration Risk**

As part of EBC's Exit Strategy, all customers were offboarded and all vendor obligations were settled prior to October 31, 2025. Further to EBC's discontinuance and subsequent dissolution, no concentration risk exists as at April 30, 2026.

## **Counterparty Credit Risk**

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows, resulting in an economic loss to EBC. Unlike the one-sided exposure to CR, CCR introduces a two-sided exposure to potential losses. This is due to the market value component of derivative transactions, which can fluctuate positively or negatively for either counterparty of the transaction. The market value is uncertain and can vary over time with the movement of underlying market factors.

Historically, EBC applied the Standardized Approach for Counterparty Credit Risk (SA-CCR) in respect of over-the-counter foreign exchange derivative transactions for regulatory capital purposes.

As part of EBC's orderly discontinuance and subsequent dissolution, all derivative positions and counterparty exposures were fully terminated, and counterparty credit risk was eliminated as of October 31, 2025. Accordingly, no CCR exposure exists as at April 30, 2026.



The details are illustrated in the table below:

<i>In thousands of Canadian dollars</i>		a	b	b	d	E	f
		Replacement cost	Potential future exposure	Effective EPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	0	0	-	1.4	0	0
2	Internal Model Method (for derivatives and SFTs)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
5	Value-at-risk (VaR) for SFTs	-	-	-	-	-	-
6	<b>Total</b>	0	0	-	-	0	0

Risk weight→	a	b	c	d	e	f	g	h	i	j	k	l	m	n
	0%	10%	20%	30%	40%	50%	75%	80%	85%	100%	130%	150%	Others	Total credit exposure
<b>Regulatory portfolio</b>														
<b>Sovereigns</b>	-	-	-											
<b>Public sector entities (PSEs)</b>	-	-	-											
<b>Multilateral development banks</b>	-	-	-											
<b>Banks</b>	-	-	0											0
<b>Corporates</b>	-	-	-											
<b>Of which: specialised lending</b>	-	-	-											
<b>Securities firms and other financial institutions treated as Corporate</b>	-	-	-											
<b>Regulatory retail portfolios</b>	-	-	-											
<b>Other assets</b>	-	-	-											
<b>Total</b>	-	-	0-											0



## **Credit Risk**

As a result of EBC's orderly discontinuance and subsequent dissolution, all credit exposures were fully extinguished. Accordingly, no credit risk exposure exists as at April 30, 2026.

## **Cybersecurity Risk**

As a result of EBC's orderly discontinuance and subsequent dissolution, all systems and technology dependencies were decommissioned in an orderly manner. Accordingly, cybersecurity risk has been fully eliminated, and no exposure exists as at April 30, 2026.

## **Foreign Exchange Risk**

As a result of EBC's orderly discontinuance and subsequent dissolution, all foreign exchange risk was eliminated, and no exposure exists as at April 30, 2026.

## **Interest Rate Risk**

As a result of EBC's orderly discontinuance and subsequent dissolution, interest rate risk was eliminated. As of October 31, 2025, the Bank had terminated all interest bearing lines of credit reducing its interest rate risk to \$Nil. Accordingly, interest rate risk has been eliminated, and no exposure exists as at April 30, 2026.

## **Liquidity Risk**

As a result of EBC's orderly discontinuance and subsequent dissolution, liquidity risk was eliminated, and no exposure exists as at April 30, 2026.

## **Operational Risk**

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

EBC ceased operations on October 31, 2025 and maintained its operational risk management governance and oversight framework throughout the discontinuance period to ensure an orderly cessation of activities and compliance with regulatory expectations. Operational risk oversight continued until Ministerial approval for discontinuance under the Bank Act was obtained on April 27, 2026. Following the completion of the discontinuance and dissolution of the entity, operational risk has been fully eliminated, and no exposure exists as at April 30, 2026.

Prior to its discontinuance and dissolution, EBC maintained a comprehensive Operational Risk Management (ORM) framework aligned with regulatory expectations and the three lines of defense model. The framework provided for the identification, assessment, measurement, monitoring, and reporting of operational risks across the organization.

Key elements of the framework included:

### **Risk Identification and Assessment**

- Risk taxonomy covering financial and non-financial risks
- Risk and Control Self-Assessments (RCSA) performed by the first line of defense
- Identification of top and emerging risks in conjunction with Senior Management
- Business process mapping to identify risks and associated controls

### **Risk Measurement**

- Centralized event management and tracking of operational risk events, including near misses
- Scenario analysis conducted through the Internal Capital Adequacy Assessment Process (ICAAP)
- Regulatory capital calculations for operational risk under the Standardized Approach

### **Risk Monitoring and Reporting**

- Ongoing monitoring of risk exposures against the Board-approved Risk Appetite Statement (RAS)
- Regular reporting by the Chief Risk Officer (CRO) to senior management and Board committees



- Reporting included key risk indicators, emerging risks, operational risk events, and regulatory developments

#### Governance and Oversight

- Oversight by the Board of Directors, with delegation to the CRO
- Implementation of the three lines of defense model, with internal audit providing independent assurance
- Established ORM Policy and a Risk Management Framework (RMF)

#### Operational Risk Mitigation and Controls

- Deployment of risk management tools and processes to identify, assess, and mitigate operational risks
- Continuous monitoring and reporting of risks through a centralized repository
- Defined roles and responsibilities across all lines of defense

EBC maintained this framework throughout the discontinuance period to ensure an orderly cessation of operations and compliance with regulatory expectations. Operational risk oversight continued until Ministerial approval for discontinuance under the Bank Act was obtained on April 27, 2026.

Following the completion of EBC's discontinuance and dissolution, no operational risk exposure exists as at April 30, 2026, and the entity's operational risk management framework is no longer active.

#### Operational Risk Charge

For capital adequacy purposes, the Bank historically used the Standardized Approach (SSA) to calculate the operational risk capital charge for risk-weighted asset (RWA) purposes. The below calculation reflects the Bank's final operational risk capital assessment prior to cessation of operations and is based on the preceding 36-month period. Following the completion of EBC's discontinuance and dissolution, no operational risk capital charge applies as at April 30, 2026.

<i>In thousands of Canadian dollars</i>	<b>Year A*</b>	<b>Year B*</b>	<b>Year C</b> <i>Latest 4 Quarters</i>	
Total Interest Earning Assets	28,850	60,808	10,114	
2.25% of Interest Earning Assets	649	1,368	228	
Absolute Value of Net Interest Income ("Nil")	323	420	51	
Min of 2.25% of Interest Earning Assets and Absolute Value of Nil	323	420	51	
Absolute Value of Fee and Commission Income	20,234	22,953	2,971	
Absolute Value of Other Income	33			
Absolute Value of Net Profit/Loss (Banking Book)	1,435	718	381	
Adjusted Gross Income (pre-M&A Adjustment)	22,026	24,084	3,403	
Adjusted Gross Income (after M&A Adjustment)	22,025	24,084	3,403	
<b>Three-Year Average</b>				16,504
Capital Charge (15%)			15%	2,476
Operational RWA			12.5 $\beta$ factor	<b>30,945</b>



## Leverage Ratio

<i>In thousands of Canadian dollars</i>		Q2 2026	Q2 2025
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	0	46,666
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework (IFRS)	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Asset amounts deducted in determining Tier 1 capital)	-	-
5	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 4)</b>	0	46,666
6	Replacement cost associated with all derivative transactions	0	92
7	Add-on amounts for potential future exposure associated with all derivative transactions	0	4,095
8	(Exempted central counterparty-leg of client cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	<b>Total derivative exposures (sum of lines 6 to 10)</b>	0	5,862
12	Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	Counterparty credit risk (CCR) exposure for SFTs	-	-
15	Agent transaction exposures	-	-
16	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	-	-
17	Off-balance sheet exposure at gross notional amount	-	-
18	(Adjustments for conversion to credit equivalent amounts)	-	-
19	<b>Off-balance sheet items (sum of rows 17 to 18)</b>	-	-
20	<b>Tier 1 capital</b>	0	8,894
21	<b>Total Exposures (sum of lines 5, 11, 16 and 19)</b>	0	52,528
22	<b>Basel III leverage ratio</b>	0	16.9