Questbank

Basel III Pillar 3 Disclosures

March 31, 2026

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Part 1 –
Scope of Application

Questbank ("Bank" or the "Company") is a federally regulated bank licensed under the Bank Act (the "Act") and regulated by the Office of the Superintendent of Financial Institutions Canada (OSFI). The Bank is incorporated and domiciled in Canada with a registered office at 5700 Yonge St., Suite 1900, Toronto, Ontario. The Bank commenced operations on November 1, 2025, and is the parent company of Community Trust Company ("CTC"), a federally regulated trust company licensed under the Trust and Loan Companies Act (Canada). Questbank and Community Trust Company are wholly owned subsidiaries of Questrade Financial Group ("QFG"), a private company.

The Company provides estate, trust, deposit, loan and mortgage services including guaranteed investment certificates, registered saving plans, residential mortgages and Home Equity Lines of Credit (HELOCs). The Company participates in the National Housing Authority ("NHA") Mortgage-Backed Security ("MBS") and Canada Mortgage Bond ("CMB") programs.

Commencing in February 2024, the Company began funding Consumer Lending loans on its balance sheet. These loans are originated through Flexiti Financial Inc., a provincially regulated, fintech point-of-sale consumer lending company, founded in 2013 and a part of the Questrade Financial Group.

This document fulfills a key requirement of the Basel III Framework, encouraging market discipline by allowing market participants to assess increased disclosure surrounding both the risk management framework and the capital adequacy of the Company.

Basis of preparation

This document represents the Bank's Basel III Pillar 3 disclosure made pursuant to the Office of the Superintendent of Financial Institutions requirements, which are based on global standards established by the Bank of International Settlements, Basel Committee on Banking Supervision ("BCBS").

Certain amounts disclosed in this document for the period ending December 31, 2025, are based on the Company's audited consolidated financial statements. Information derived from the Company's quarterly interim financial statements is unaudited. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and reflect, where necessary, management's best estimates and judgments. This report and the disclosures within it are unaudited.

The Pillar 3 Disclosures along with the Company's financial information are presented in Canadian dollars. Except as otherwise indicated, financial information presented in Canadian dollars has been rounded to the nearest thousand. Questbank is a Category 2 small and medium-sized deposit-taking institution ("SMSB"). The Disclosures are available on the Bank's website under "Regulatory

Disclosures".

Please refer to OSFI's Financial Data Website for more information by selecting "Financial data for banks" at https://www.osfi-bsif.gc.ca/Eng/wt-ow/Pages/fd-df.aspx).

Significant subsidiaries

Questbank is the parent company of the wholly owned subsidiary Community Trust Company. CTC owns a subsidiary (Community Trust Realty Ltd) that holds real estate for use by the Company. Additionally, CTC is the limited partner in two limited partnerships (DBT SPV1 Limited Partnership and CTC Warehouse LP Inc.) which have the sole purpose of supporting the Company's secured funding facilities. CTC also owns special purpose entities that are the general partners (BVH120 Corporation and CTC Warehouse GP Inc.) in the limited partnerships. On November 1, 2024, the Company acquired 100% ownership of Flexiti Financing SPE Corp ("SPE") from Flexiti Financial Inc. ("FFI"), a related party, and acquired a portfolio of consumer lending loans comprising credit card loans and unsecured revolving lines of credit. All results of the subsidiaries mentioned are consolidated into the results of Questbank.

Statement of risk appetite

Risk appetite is an expression of the level of risk that Questbank is prepared to accept to achieve its business objectives. The Bank takes a conservative approach to risk and integrates this approach within its business model and strategic objectives.

Verification

The Pillar 3 Disclosures are not subject to external audit. The disclosures are verified and approved through internal reporting procedures of the Company.

Comparison with the company's annual report

The Pillar 3 Disclosures have been prepared in accordance with regulatory capital adequacy concepts and rules, as applicable, and otherwise prepared in accordance with International Financial Reporting Standards ("IFRS") which is the basis on which the Company's financial statements are prepared.

The preparation of the Pillar 3 Disclosures along with the Company's financial statements in conformity with IFRS require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income

and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in respective notes of the Company's Annual Report. Questions in respect of the Company's Annual Report or disclosures provided in this document should be directed to the Company's Chief Financial Officer.

The Basel III framework consists of three pillars each of them concentrating on a different aspect of banking regulation.

- Pillar 1 makes recommendations for calculation of minimum capital requirements.
- Pillar 2 discusses the key principles of supervisory review and risk management guidance.
- Pillar 3 complements the first two pillars of Basel II by requiring a range of disclosures on capital and risk assessment processes, aimed at encouraging and reinforcing market discipline. Basel III requires enhanced disclosure specifically as it relates to capital disclosures.

Part 2 –
Basel and Questbank

Corporate governance

The Company maintains a strong culture of corporate governance through its Board oversight structure, which includes the following Board committees:

- Executive Committee
- Human Resources and Compensation Committee
- Audit Committee
- Governance and Conduct Review Committee
- Risk Review Committee

The Company seeks to achieve long-term sustainable risk adjusted growth to ensure its health and stability of earnings while protecting its brand, reputation and the interests of its depositors, customers and investors.

The Board of Directors ("Board") ensures that:

- Management of regulatory compliance and aims to be fully compliant with the regulatory limits, constraints, and requirements within the respective specified timeframes.
- Maintenance of capital adequacy as required by the regulators.
- Sound and successful management of risks that the Company is exposed to, mainly, but not limited to credit, competition, funding and liquidity, interest rate, media and reputational, operational, and regulatory risks.
- Maintenance of a stable and strong risk profile and the elimination of risks that are not central to the business strategy.

Risk management

The Company's Management and Board have developed and approved a Capital Management Policy in accordance with its Enterprise Risk Management Framework ("ERM") which includes the Company's risk appetite framework and stress testing program. Adherence to the Capital Management Policy ensures that the Company has sufficient capital to maintain its operations based on current activities, expected business developments in the future and the possibility of various disruptive or adverse scenarios. Such scenarios include periods of economic downturn and/or asset re-pricing. In addition, in accordance with the Company's annual strategic planning, a 3-year forecast is prepared and provides guidance as to the type and extent of capital that will be required over this period.

The Company uses the Internal Capital Adequacy Assessment Process ("ICAAP") to determine the quantity and quality of capital to conduct its business activities. In preparing the ICAAP, the high-risk

areas established in the ERM are subject to stress testing which incorporates assumptions established in the annual strategic planning process. The results of the stress tests help to determine the magnitude of capital required to enable management and the Board to set capital levels appropriate within the Company's risk appetite.

The Company's Risk Review Committee ("RRC") is responsible for overseeing the types of risk to which the Company may be exposed and of the techniques and systems used to identify, measure, monitor, report on and mitigate those risks. It is also responsible for reviewing capital management plans recommended by Management.

Capital adequacy

The Company's objectives with respect to capital management are to comply with the capital requirements set by the regulator, to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the development of the business.

Capital levels for Canadian federally regulated financial institutions are regulated pursuant to guidelines issued by OSFI, based on standards issued by the Bank for International Settlements, Basel Committee on Banking Supervision. Regulatory capital is allocated to two tiers: Tier 1 and Tier 2. Tier 1 capital comprises the more permanent components of capital and consists primarily of common shareholders' equity and non-cumulative preferred shares. Tier 2 capital makes an adjustment to add back Stage 1 and Stage 2 Expected Credit Loss ("ECL") allowance. Total capital is defined as the sum of Tier 1 and Tier 2 capital.

The Company continues to enhance its ICAAP which examines a number of risks which generally are not included in the standardized asset risk weighting model. Internally this model is used to determine additional capital which the Company may need to be set aside to address these risks.

The responsibility for overall capital allocation principles and decisions rests with the Company's Board. The Board monitors total capital against all material risks identified with respect to the Company's business lines. Through the internal governance processes, the Company's senior management is responsible for the investment and capital allocation decisions and assessments and ensures that returns on investment are adequate after taking account of capital (capital vs. risk) requirements. The strategy is to allocate capital to business lines on the basis of their economic profit generation, and regulatory and economic capital requirements.

The Company prepares its business 'baseline' forecasts including capital forecasts within its Annual Budget and Capital planning process.

Part 2 –
Basel and Questbank

In addition to the Tier 1 and Total capital ratios, Canadian federally regulated financial institutions are required to ensure that their Leverage Ratio does not breach a minimum level prescribed by OSFI. The Company's Leverage Ratio remains above the minimum prescribed by OSFI.

Part 3 –
General Disclosures

Capital structure

The Company's internal capital consists of Common Equity Tier 1 capital and Additional Tier 1 capital.

- Common Equity Tier 1 capital consists of common shares and retained earnings.
- The Company has authorized an unlimited number of common shares. As of December 31, 2025, the Company had 16,053,046 common shares issued and outstanding.
- The Company calculates its regulatory capital ratios in accordance with OSFI's Capital Adequacy Guidelines.

Composition of Capital (in '000s)	Mar 31, 2026
Common Equity Tier 1 capital: instruments and reserves	
1. Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	551,100
2. Retained earnings	13,662
3. Accumulated other comprehensive income (and other reserves)	(2,814)
4. Directly issued capital subject to phase out from CET1 (only applicable to Federal Credit Unions)	
5. Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	
6. Common Equity Tier 1 capital before regulatory adjustments	561,948
Common Equity Tier 1 capital: regulatory adjustments	
28. Total regulatory adjustments to Common Equity Tier 1	(12,123)
29. Common Equity Tier 1 capital (CET1)	549,825
Additional Tier 1 capital: instruments	
30. Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	
31. of which: classified as equity under applicable accounting standards	
32. of which: classified as liabilities under applicable accounting standards	
33. Directly issued capital instruments subject to phase out from Additional Tier 1 (applicable only to Federal Credit Unions)	
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. Additional Tier 1 capital before regulatory adjustments	-
Additional Tier 1 capital: regulatory adjustments	
43. Total regulatory adjustments to additional Tier 1 capital	-
44. Additional Tier 1 capital (AT1)	-
45. Tier 1 capital (T1 = CET1 + AT1)	549,825
Tier 2 capital: instruments and provisions	

Part 3 – General Disclosures

Composition of Capital (in '000s)	Mar 31, 2026
46. Directly issued qualifying Tier 2 instruments plus related stock surplus	
47. Directly issued capital instruments subject to phase out from Tier 2 (applicable only to Federal Credit Unions)	
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	40,884
51. Tier 2 capital before regulatory adjustments	40,884
Tier 2 capital: regulatory adjustments	
57. Total regulatory adjustments to Tier 2 capital	
58. Tier 2 capital (T2)	40,884
59. Total capital (TC = T1 + T2)	590,709
60. Total risk-weighted assets	3,610,743
60a. Credit Valuation Adjustment (CVA) Risk-weighted Assets (RWA)	13,125
Capital ratios	
61. Common Equity Tier 1 (as a percentage of risk-weighted assets)	15.23%
62. Tier 1 (as a percentage of risk-weighted assets)	15.23%
63. Total capital (as a percentage of risk-weighted assets)	16.36%
OSFI target	
69. Common Equity Tier 1 target ratio	7.00%
70. Tier 1 capital target ratio	8.50%
71. Total capital target ratio	10.50%
Capital instruments subject to phase-out arrangements (For Federal Credit Unions only)	
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)	

Leverage ratio

Leverage ratio common disclosure (in '000s)	Mar 31, 2026	Dec 31, 2025
On-balance sheet exposures		
1. On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	7,984,705	7,848,208

Part 3 –
General Disclosures

Leverage ratio common disclosure (in '000s)	Mar 31, 2026	Dec 31, 2025
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)	(12,128)	(9,554)
5. Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 4)	7,972,577	7,838,654
Derivative exposures		
6. Replacement cost associated with all derivative transactions	32,509	1,410
7. Add-on amounts for potential future exposure associated with all derivative transactions	33,788	31,059
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. Total derivative exposures (sum of lines 6 to 10)	66,297	32,469
Securities financing transaction exposures		
12. Gross SFT assets recognized 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. Total securities financing transaction exposures (sum of lines 12 to 15)	-	-
Other off-balance sheet exposures		
17. Off-balance sheet exposure at gross notional amount	130,382	124,913
18. (Adjustments for conversion to credit equivalent amounts)	(50,029)	(49,868)
19. Off-balance sheet items (sum of lines 17 and 18)	80,353	75,045
Capital and total exposures		
20. Tier 1 capital	549,825	526,184
21. Total Exposures (sum of lines 5, 11, 16 and 19)	8,119,226	7,946,168
Leverage ratio		
22. Basel III leverage ratio	6.77%	6.62%

The Company complied with the OSFI guidelines related to capital and leverage. Both the Common Equity Tier 1 and Total Capital Ratios remain above OSFI's stated minimum capital ratios of 7% and 10.5%, respectively, for a well-capitalized financial institution.

Part 3 – General Disclosures

Key metrics (at consolidated group level)

	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025
Available capital (amounts)				
1. Common Equity Tier 1 (CET1)	549,825	526,184	515,791	501,942
1a. Common Equity Tier 1 with transitional arrangements for ECL provisioning not applied	549,825	526,184	515,791	501,942
2. Tier 1	549,825	526,184	515,791	501,942
2a. Tier 1 with transitional arrangements for ECL provisioning not applied	549,825	526,184	515,791	501,942
3. Total capital	590,709	566,148	554,157	501,942
3a. Total capital with transitional arrangements for ECL provisioning not applied (%)	590,709	566,148	554,157	539,085
Risk-weighted assets (amounts)				
4. Total risk-weighted assets (RWA)	3,610,743	3,514,181	3,354,344	3,237,040
4a. Total risk-weighted assets (pre-floor)	3,610,743	3,514,181	3,354,344	3,237,040
Risk-based capital ratios as a percentage of RWA				
5. CET1 ratio (%)	15.23%	14.97%	15.38%	15.51%
5a. Common Equity Tier 1 ratio with transitional arrangements for ECL provisioning not applied	15.23%	14.97%	15.38%	15.51%
5b. CET1 ratio (%) (pre-floor ratio)	15.23%	14.97%	15.38%	15.51%
6. Tier 1 ratio (%)	15.23%	14.97%	15.38%	15.51%
6a. Tier 1 ratio with transitional arrangements for ECL provisioning not applied (%)	15.23%	14.97%	15.38%	15.51%
6b. Tier 1 ratio (%) (pre-floor ratio)	15.23%	14.97%	15.38%	15.51%
7. Total capital ratio (%)	16.36%	16.11%	16.52%	15.51%
7a. Total capital ratio with transitional arrangements for ECL provisioning not applied (%)	16.36%	16.11%	16.52%	16.65%
7b. Total capital ratio (%) (pre-floor ratio)	16.36%	16.11%	16.52%	16.65%
Additional CET1 buffer requirements as a percentage of RWA				
8. Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%
9. Countercyclical buffer requirement (%)	0	0	0	0
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)	2.50%	2.50%	2.50%	2.50%
12. CET1 available after meeting the bank's minimum capital requirements (%)	10.73%	10.47%	10.88%	11.01%
Basel III Leverage ratio				
13. Total Basel III leverage ratio exposure measure	8,119,226	7,946,168	7,684,854	7,470,461
14. Basel III leverage ratio (row 2 / row 13)	6.77%	6.62%	6.71%	6.72%
14a. Basel III leverage ratio (row 2a / row 13) with transitional arrangements for ECL provisioning not applied	6.77%	6.62%	6.71%	6.72%

CET1 available after meeting the bank's minimum capital requirements (%) was calculated as the CET1 ratio less OSFI's minimum CET1 requirement excluding the 2.5% capital conservation buffer (4.5%).

Part 3 –
General Disclosures

Credit risk

Basel III applies three approaches to the calculation of Pillar 1 Credit Risk capital requirements. The basic level, the Standardized Approach, requires the use of external credit ratings to determine the risk weightings applied to rated counterparties. Other counterparties are grouped into broad categories, and standardized risk weightings are applied to these categories. The remaining approaches are the Foundation Internal Ratings Based Approach (IRB) and the Advanced IRB Approach. In the Foundation IRB banks are allowed to develop their own empirical model to estimate the probability of default for individual clients or groups of clients. In the Advanced IRB banks develop their own empirical model to quantify required capital for credit risk (including probability of default, exposure at default, loss given default and risk weighted assets). The Company applies the Standardized approach.

The Company performs regular monitoring of its risks, assessments, and related action plans. Senior management and the Board obtain information that allows them to keep informed regarding the effectiveness of their risk management process and activities. The RRC assists the Board in fulfilling these responsibilities.

Credit risk is the potential for financial loss if a borrower or counterparty in a transaction fails to meet its obligations in accordance with agreed terms. Credit risk on cash and cash equivalents is mitigated by maintaining cash balances at Schedule I Canadian chartered banks. Credit risk on the mortgage loans is mitigated by following Board-approved underwriting policies. Each mortgage originated is limited in maximum dollar amount and loan-to-value ratio in accordance with internal guidelines.

CRA: General qualitative information about credit risk

CRA (A): Credit risk is the potential for financial loss if a borrower or counterparty in a transaction, fails to meet its contractual obligation in accordance with agreed terms.

Questbank's business model shapes the credit risk profile of the company. The Bank is primarily a monoline residential mortgage lender with credit risk exposure to retail customers across Canada. Mortgages are originated in adherence to regulatory requirements and internal underwriting policy requirements.

In addition to robust underwriting standards, the Bank's credit risk profile is shaped by compliance with regulatory requirements, adherence to prudent lending practices, a diversification strategy, and risk management practices. Mortgages are advanced based on the credit quality, amount of financing, lending parameters that clearly define the type/nature and qualification requirements of a prospective debtor. Any loan falling outside the Bank's lending guidelines require enhanced

review as per the approval authority. A credit rating methodology is used to track the quality of the mortgages at the time of origination/ renewal and due to any change in the customer profile. The Bank has minimal credit exposure to Commercial loans.

Credit risk on cash and cash equivalents is mitigated by maintaining cash balances at Schedule I Canadian chartered banks.

CRA (B): Questbank's approach for defining the credit risk management policy and establishing credit risk limits is defined in the Credit Risk Management Framework ("Framework"). The Framework, approved by the Risk Review Committee ("RRC"), articulates the Bank's approach to credit risk management, delineates authority, defines responsibilities, and specifies functions to uphold a comprehensive approach to credit risk management. Questbank's credit risk management principles have been established to recognize and articulate the risks inherent to the Bank's lending operation with a view to minimizing these risks. They are based on the identification and quantification of risk, the development of strategies to control risks, and the continuous monitoring and reporting of key credit risk measures.

Furthermore, the Board-approved Risk Appetite Statement sets explicit credit risk limits, while underlying underwriting policies establish management-level metrics and limits to bolster additional credit risk oversight. Any loan falling outside the Bank's lending guidelines requires Senior Management approval.

Setting credit risk limits at Questbank is done with a reasonable level of granularity with both quantitative and qualitative elements, with consideration given to business strategies and constraints. Questbank actively monitors the credit exposure and limits, to ensure alignment with the Bank's risk appetite.

CRA (C): At Questbank, the Board has the ultimate responsibility and authority for the lending policies and operations within the standards set by the Acts. This responsibility includes establishing the overall risk appetite of the Bank and ensuring policies and procedures are in place to ensure the Risk Appetite is being monitored and adhered to. The Board may delegate specific authorities and assign responsibilities to the CEO, Chief Operations Officer, Chief Credit Risk Officer, Credit Committee and others as it deems appropriate.

The Credit Committee is an operating committee with the prime responsibility for carrying out the objectives of the credit risk management function within established policy guidelines. The Credit Committee reports to the Board.

The Independent Credit (Risk Management) function is a part of the second line of defense and contributes to sound asset management, and quality of the residential mortgage portfolio by

demonstrating effective challenge to policies, procedures and current business practices. Independent Credit is responsible for the post funding portfolio quality control review program.

It is the responsibility of the Risk Management team to report to the Board and Risk Review Committee in respect of credit risk management; monitor the performance and quality of the Bank's credit portfolio through measures of credit quality and trends; review all credit related policies and recommend changes to policy as required and ensure that Board approved Risk Appetite Statements are appropriately embedded in Questbank's credit related policies and guidelines.

The Credit Risk Management team ensures that sound credit risk measurement and monitoring frameworks are developed and implemented; develops and maintains the Bank's adjudication framework; continuously assesses the controls within the residential lending departments to ensure full compliance with credit policies and procedures and monitors credit risk model performance.

CRA (D): The relationship between the credit risk management, risk control, compliance and internal audit functions are essential for ensuring the Bank operates effectively and within regulatory boundaries.

At Questbank all three lines of defense are responsible for managing credit risk. The first line is responsible for identification, assessment, mitigation, and reporting of credit risk. The second line owns the Enterprise Risk Management Framework, oversees risk management practices and results, and performs independent challenge, analysis and reporting. The Internal Audit function is responsible for conducting an independent audit of credit risk management practices on a periodic basis and reporting any findings and results to applicable committees.

In addition, the credit risk appetite, as approved by the board, is supported by risk approval authorities and risk limits which are delegated to the CRO, Risk Review Committee and senior management.

CRA (E): The executive management team, Credit Committee, Risk Review Committee and Board receive regular reporting on credit risk, including, but not limited to portfolio composition and quality, portfolio performance, adherence to risk appetite, material changes to risk strategy, as well as other relevant metrics to monitor material risks as required.

The following tables provide the carrying value of cash and cash equivalents and the exposure by loan type:

Part 3 –
General Disclosures

Cash Resources and Securities (in $000's)	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025
Cash and non-interest-bearing deposits with banks	648,810	688,090	774,631	780,953
Equities	-	-	-	-
	648,810	**688,090**	**774,631**	**780,953**

Exposure by Loan Types (in $000's)	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025
Single family - residential mortgages	6,341,545	5,846,769	5,534,492	5,364,807
Total mortgage receivable	**6,341,545**	**5,846,769**	**5,534,492**	**5,364,807**
Personal loans	849,880	932,206	878,528	852,660
Total loans receivable	**849,880**	**932,206**	**878,528**	**852,660**
Total lending	**7,191,425**	**6,778,975**	**6,413,020**	**6,217,466**

Impaired loans

The following table shows mortgages and personal loans which management considers impaired. Mortgages and personal loans are classified as impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Impaired Mortgage Loans (in $000's)	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025
Mortgage principal plus accrued interest	235,877	202,922	166,434	145,133
Individual allowances	(39,375)	(32,376)	(20,864)	(12,392)
Net impaired loans	**196,502**	**170,546**	**145,570**	**132,741**
Appraised value of underlying properties	**307,228**	**289,520**	**235,275**	**200,022**

Impaired Personal Loans (in $000's)	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025
Loan principal plus accrued interest	19,204	19,476	19,778	18,151
Individual allowances	(13,246)	(13,466)	(13,589)	(12,290)
Net impaired loans	**5,958**	**6,010**	**6,189**	**5,861**

Allowance for expected credit losses

The Bank recognizes a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortized cost which includes mortgages and personal loans. ECL allowances represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

Expected Credit Loss Allowances - Mortgage Loans (in $000's)	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025
Stage 3 allowances				
Balance, beginning of year / quarter	32,376	20,864	12,392	10,455
Provision for credit losses	10,419	14,829	8,856	3,660
Write-offs	(3,452)	(3,346)	(656)	(1,727)
Recoveries	32	29	272	4
Balance, end of year/ quarter	**39,375**	**32,376**	**20,864**	**12,392**
Stage 1 & 2 allowances				
Balance, beginning of year / quarter	25,161	25,202	21,729	16,191

Expected Credit Loss Allowances - Mortgage Loans (in $000's)	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025
Provision for credit losses	(197)	(41)	3,473	5,538
Balance, end of year / quarter	**24,964**	**25,161**	**25,202**	**21,729**
Total allowances	**64,339**	**57,537**	**46,066**	**34,121**
As a % of total principal outstanding	**1.05%**	**0.98%**	**0.83%**	**0.64%**

Expected Credit Loss Allowances - Personal Loans (in $000's)	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025
Stage 3 allowances				
Balance, beginning of year / quarter	13,466	13,589	12,290	11,798
Provision for credit losses	21,052	21,079	20,744	19,082
Write-offs	(23,573)	(25,217)	(22,781)	(21,179)
Recoveries	2,301	4,015	3,336	2,589
Balance, end of year/ quarter	**13,246**	**13,466**	**13,589**	**12,290**
Stage 1 & 2 allowances				
Balance, beginning of year / quarter	60,969	57,384	56,697	55,098
Provision for credit losses	(2,153)	3,585	687	1,599
Balance, end of year / quarter	**58,816**	**60,969**	**57,384**	**56,697**
Total allowances	**72,062**	**74,435**	**70,973**	**68,987**
As a % of total principal outstanding	**7.70%**	**7.27%**	**7.33%**	**7.32%**

Operational risks

ORA: General qualitative information on Questbank's operational risk framework

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

Questbank's Operational Risk Management Framework & Policy sets out the overall framework to identify, assess, monitor, measure, report and communicate operational risk within the Bank. Questbank follows applicable regulatory rules and regulations, including OSFI Guideline E-21 – Operational Risk Management. The Bank's Operational Risk Management Framework ("ORMF") ensures operational risk management is fully integrated throughout the Company. The ORMF is risk-based and establishes the foundation for consistent identification and assessment, independent review, and monitoring and reporting of operational risks across the Bank to support decision making.

Questbank employs the Three Lines of Defense model for the management of operational risk that helps to ensure effective accountability for the management of operational risk across the Company. This risk management model is described briefly as follows:

a. First line of defense

Questbank's business units represent the first line of defense and are responsible for the day-to-day management of operational risk in their respective businesses. The first line has the ownership and accountability to identify, manage, mitigate, monitor, escalate and report on all operational risks resulting from operating activities, in line with risk policies and appetite.

b. Second line of defense

Second line of defense owns the risk policies and framework, and are responsible for effective challenge, oversight, and governance. The second line of defense comprises oversight functions including: Risk Management, Compliance, and Finance.

c. Third line of defense

This responsibility is fulfilled by Questbank's internal auditor. The third line provides assurance to Senior Management and the Board on the effectiveness of operational risk management policies and procedures, control processes and practices at Questbank.

d. Board of Directors

The Board of Directors provides challenge, advice, and guidance to executive management, as appropriate, on matters relating to operational risk management; reviews reports from the three lines of defense with respect to the Bank's risk profile; and works with executive management on the implementation of corrective action, if needed.

e. Operational risk management

The Bank uses the Simplified Standardized Approach to calculate operational risk capital. In effect, Questbank holds capital for operational risk equal to 15% of average annual Adjusted Gross Income over the previous 12 fiscal quarters.

The Bank's three lines of defense provide regular operational risk reporting to executive management and to the board of directors, ensuring that risk exposures and control gaps are timely identified, escalated, and addressed. Periodic reports include, but are not limited to, those produced from the Bank's Risk and Control Self-Assessment (RCSA) program, which includes assessment of key risk and performance indicators, and is the company's primary means for measuring, monitoring, managing, and reporting key risks. The RCSA program also helps the company identify and evaluate operational risks and gauge the effectiveness of controls in

managing those risks.

Questbank has policies that mitigate operational risks and are aligned with established OSFI guidelines. The Bank's Risk Appetite Framework ("RAF") is an integral part of the Company's Enterprise Risk Management Framework and is a primary tool to manage and mitigate operational risks. The RAF defines the Bank's Risk Appetite Statement and determines corresponding risk limits. The Operational Risk Policy, in alignment with the Enterprise Risk Management Framework, based on the outcomes of the RCSA programs, defines the following risk response strategies:

a. **Accept:** The Company decides to accept, manage, and monitor the level of risk and take no action to reduce the risk.
b. **Mitigate:** The Company is willing to accept some risk by implementing control processes to manage the risk within established tolerances.
c. **Transfer:** The Company chooses to transfer the risk to a third party (e.g., obtaining insurance).
d. **Avoid:** The Company feels the risk is unacceptable and will specifically avoid the risk (e.g., cease selling a product or lending in a specific market).

While operational risk can be monitored and minimized through a sound internal control structure, Questbank recognizes that this risk can never be fully eliminated, as such, Management has internally identified its operational risk exposures in its ICAAP. This additional capital covers the additional risk surrounding new IT system implementation risk and cyber risk.

Securitization risk

Securitization Risk is the risk of credit-related losses greater than expected due to a securitization failing to operate as anticipated, or of the values and risks accepted or transferred, not emerging as expected.

Questbank is an active issuer in the MBS and CMB programs. As an issuer the Company generates or acquires mortgage products that are CMHC insured and arranges for the pooling of such mortgages into MBS that also carry a Government of Canada guarantee. The Company utilizes a servicing agent that collects mortgage payments monthly and then distributes principal amounts collected and interest payable on the security.

The Bank purchases and sells third party originated CMHC Mortgages in order to manage credit risk and improve capital ratios, as well as to generate liquidity and income for the Company.

Through the program, Questbank issues securities backed by multi-family residential mortgages that are insured against borrowers' default. Once the mortgages are securitized, the Bank assigns

underlying mortgages to CMHC. As an issuer of MBS, the Bank is responsible for advancing all scheduled principal and interest payments to CMHC, including transfer or payment in the event the amounts have not been collected on the underlying mortgages, and then recovers these amounts from the borrower.

The sale of mortgages under the above programs results in derecognition of the mortgages under IFRS.

The following table outlines the Company's positions held on its securitized assets and liabilities:

Securitized Assets (in $000's)	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025
Carrying amount of mortgages securitized and sold (multi-family residential mortgages)	6,256,677	6,202,925	6,164,279	6,217,040
Carrying value of securitization retained interests	117,053	124,583	128,276	132,197
Assets Under Administration (single family residential mortgages)	2,176,361	2,236,126	2,232,655	2,148,120
Fair value of derivative assets	3,018	2,701	2,409	3,727
Fair value of derivative liabilities	3,018	2,701	2,409	3,727
Net position on derivatives	-	-	-	-

* Effective Q1 2025, the above table has been revised to reflect securitization-related information only.

Equity risk

The Company's equity risk is driven by market factors impacting the value of the Securities Investment Portfolio ("Portfolio"), such as, but not limited to, movements in foreign exchange, commodity prices, interest rates, credit spread and equity prices that may negatively impact the income or the value of the underlying Portfolio.

The risk relating to the Portfolio is the uncertainty associated with the valuation of assets arising from changes in equity markets. The portfolio is intended to be held for a longer term to provide both income and capital appreciation. In recognition of the higher market risk associated with this portfolio the company has established higher return objectives. The Company restricts the total Portfolio to 60% of its regulatory capital. In accordance with policy, the Bank utilizes loss mitigation strategies to prevent any potential negative effects that would otherwise result in loss of capital.

The Board of Directors monitors total capital against all material risks identified with respect to the Company's business lines. Through the internal governance processes, the Company's senior management is responsible for the investment and capital allocation decisions and assessments and ensures that returns on investment are adequate after taking account of capital (capital vs. risk) requirements.

Part 3 –
General Disclosures

Interest rate risk

The Company's operating margin is primarily derived from the spread between interest earned on the mortgage portfolio and the interest paid on the debt and deposits used to fund the portfolio. Mortgages have various interest rate reset terms, ranging from variable to five-year.

The Company's Asset Liability and Capital Committee is responsible for monitoring, managing and reporting interest rate risk in accordance with Board approved policies. Compliance with various internal limits for net interest income and market value sensitivities are reported to the Risk Review Committee which has the oversight responsibility for risk practices.

The Company is exposed to interest rate risk as a result of the mismatch, or gap, between the maturity or repricing date of interest sensitive assets and liabilities. The following table identifies the Company's assets and liabilities which are sensitive to interest rate movements and those which are non-interest rate sensitive.

Interest Sensitive and Non-Sensitive Asset and Liabilities (in $000's)	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025
Interest sensitive				
Total assets	7,744,242	7,589,962	7,294,414	7,110,436
Total liabilities and equity	7,191,651	7,037,371	6,780,832	6,605,127
Total interest rate sensitivity gap	**553,200**	**552,591**	**513,582**	**505,309**
Non-interest sensitive				
Total assets	150,045	127,282	149,528	161,021
Total liabilities and equity	703,245	679,873	663,110	666,330
Total interest rate sensitivity gap	**(553,200)**	**(552,591)**	**(513,582)**	**(505,309)**

Interest rate sensitivity

The following table provides the potential after-tax impact of an immediate and sustained 100 bps/ 300 bps increase or decrease in interest rates on net income. These sensitivities are hypothetical and should be used with caution.

BPS Increases and Decreases (in $000's)	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025
Before-tax impact on net income of:					
100 bps increase in interest rates	(518)	(1,010)	(1,439)	(2,586)	(978)
100 bps decrease in interest rates	518	1,010	1,439	2,586	978
300 bps increase in interest rates	(1,553)	(3,031)	(4,317)	(7,759)	(2,934)
300 bps decrease in interest rates	1,553	3,031	4,317	7,759	2,934

Part 4 –
Additional Disclosures

OSFI B-20 Guideline

The Company discloses information in respect of its residential mortgage portfolio in accordance with the OSFI B-20 Residential Mortgage Underwriting Practices and Procedures Guideline, October 2017. The Company also discloses, in accordance with Capital Disclosure requirements of OSFI, the main features of its regulatory capital instruments. Both of these additional disclosures can be found on the Company's website at www.communitytrust.com.

Remuneration

The Company is subject to data protection legislation when disclosing remuneration information. The Personal Information Protection and Electronic Documents Act prohibits disclosing information that may result in individual information being easily identifiable. Remuneration disclosures are therefore made on a limited basis in terms of any public or company-wide circulation. All necessary information will be made available to OSFI upon request.

The Company's Human Resources and Compensation Committee is responsible for oversight of the compensation pertaining to senior management, with ultimate responsibility borne by the Board. The Company's Compensation Management Policy outlines the principles to which the Board ensures alignment to. These principles are aligned with the Financial Stability Board's Principles for Sound Compensation Practices.

The Compensation Management Policy outlines the requirements for remuneration packages to be consistent within its business strategy, current financial condition, and long-term growth objectives.

The Company's compensation structure is based on a combination of fixed pay (salary and benefits) and performance-related incentives linked to company-wide measures, as well as the seniority and nature of an individual's employment. Performance measurements used to calculate variable remuneration are therefore adjusted to take into account current or potential risks to the Company and are consistent with the need to retain a strong capital base.

For the year ended 2025, the total amount of all salaries, bonuses and long-term incentives and other remuneration for key management employees whose actions have a material impact on the risk exposure of the Company, and members of the Board of Directors, was $6.3 million.