The Northern Trust Company, Canada

Basel III Pillar 3 Disclosure

December 31, 2025

December 31, 2025
Subject to Board Approval

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THE NORTHERN TRUST COMPANY, CANADA OVERVIEW & SCOPE OF APPLICATION

This document presents the capital structure and capital adequacy calculations of The Northern Trust Company, Canada (TNTCC) based on guidelines published by the Basel Committee on Banking Supervision (Basel) and the Office of the Superintendent of Financial Institutions (OSFI). TNTCC complies with the Basel III framework as it applies:

- Pillar 1: Minimum Capital and Liquidity Requirements – TNTCC has adopted the Simplified Risk-Based Capital Ratios for CET1/Tier 1/Total Capital and the Simplified Standardized Approach for Operational Risk to determine the company's capital requirements under Basel Capital Adequacy Reporting (BCAR);

- Pillar 2: Prudential and Risk Management Expectations and the Supervisory Oversight Process – TNTCC completes an Internal Capital Adequacy Assessment Process (ICAAP) annually, with the results reviewed and approved by TNTCC's Board of Directors; and

- Pillar 3: Public Disclosure – this Pillar 3 disclosure document provides information on TNTCC's risk management objectives and policies, its capital position, its approach to assessing the adequacy of its capital and exposure to material risks.

TNTCC was, by Letters Patent of Continuance, continued as a trust company under the *Trust and Loan Companies Act (Canada)* in July 1993 and OSFI issued an order approving TNTCC to commence and carry out trust business in January 1994. TNTCC is a wholly owned subsidiary of The Northern Trust Company (TNTC), a corporation organised under the banking laws of the State of Illinois, United States of America. Northern Trust Corporation (NTC), a financial holding company based in Chicago, Illinois, is the ultimate parent of TNTC.

NTC's business activities in Canada revolve around asset servicing for institutional investors and include global custody, benefit payments, risk and performance management, securities lending, asset management and fund administration services. These services are delivered through three regulated Canadian entities: TNTCC, the Canada Branch of TNTC (Canada Branch), an authorized foreign bank branch under the *Bank Act (Canada),* and NT Global Advisors, Inc. (NTGAI Canada).

TNTCC has adopted a Capital and Liquidity Management Policy (CLM Policy) to ensure that it always maintains sufficient regulatory capital and liquidity, and manages its assets and liabilities in accordance with the Asset and Liability Management Policy (ALM Policy). These two policies provide the basis for TNTCC's capital and liquidity risk management and the guideline to govern TNTCC's investments.

TNTCC currently does not hold any client deposits or engage in any activities that result in off-balance sheet exposures.

Northern Trust Risk Management

TNTC has established an integrated Risk Management Framework (RM Framework) that provides for consistent risk management practices throughout the organization, including TNTCC, and acts as a reference of how various components are defined, aligned and linked to capital and liquidity adequacy. Underpinning the RM Framework are governance bodies, policies, processes, systems and controls embedded across the lines of defence to support strategy, understand risks, inform decisions and manage risks within risk appetites and applicable laws and regulations. It allows for active management of risk in conjunction with defined risk appetites.

TNTCC's risk appetite is low to moderate and its attitude toward risk is best described as judicious, with an objective of long-term stability. TNTCC's very strong capital base and liquid balance sheet enable it to pursue strategic growth opportunities and manage unexpected events. Risk is effectively managed by a comprehensive risk management program which involves related Northern Trust entities and third-party service providers, as required.

This report is unaudited, and the amounts are presented in thousands of Canadian dollars, unless otherwise disclosed. Financial results are prepared in accordance with International Financial Reporting Standards (IFRS).

LOCATION AND FREQUENCY OF DISCLOSURE

This quarterly disclosure is posted and publicly available on Northern Trust's website (www.northerntrust.com).

CAPITAL STRUCTURE

The capital structure of TNTCC consists of Common Shares and Retained Earnings. TNTCC has authorized an unlimited number of common shares without par value. As at December 31, 2025, TNTCC had 30,000 common shares issued fully paid and outstanding.

Table 1: Capital Structure

The table below provides a breakdown of TNTCC's capital structure:

(CAD 000s)	**Q4 2025**
Tier 1 Capital	
Share Capital	30,000
Retained Earnings	52,659
Total Tier 1 Capital	82,659
Total Capital	**82,659**

Additional information is available on the OSFI website:
[Financial data - Office of the Superintendent of Financial Institutions (osfi-bsif.gc.ca)]

CAPITAL ADEQUACY

TNTCC has a thorough process to assess capital adequacy built around an internal view of its risk profile and a comprehensive capital planning process.

Projections of regulatory and internal capital requirements and available capital are compared to assess TNTCC's capital adequacy over a multi-year time period. Having a clear understanding of regulatory and internal capital requirements, as well as available capital levels, under different circumstances is an important component of an entity's capital adequacy assessment. TNTCC's capital adequacy is assessed quarterly and is based on the CLM Policy and the Operating Capital Level (OCL), both of which were approved by the Board of Directors.

Effective Q2/23, TNTCC implemented the final Basel III reforms outlined under OSFI's SMSB Pillar 3 Disclosure Guidelines and SMSB Capital and Liquidity Requirements. TNTCC is a Category III SMSB.

Table 2: Simplified Risk-Based Capital Ratio Calculations for Category III SMSBs

The table below represents the simplified risk-based capital ratio calculation for TNTCC as at December 31, 2025:

Dollars in thousands

A Ratio Calculations		
Common Equity Tier 1 (CET1) simplified risk-based capital ratio ratio (%)	A / (H + K) x 100	64.2%
Tier 1 simplified risk-based capital ratio (%)	B / (I + K) x 100	64.2%
Total simplified risk-based capital ratio (%)	C / (J + K) x 100	64.2%
B Capital		
Net CET1 capital	S from Schedule 20.010	82659
Net Tier 1 capital	AC from Schedule 20.010	82659
Total capital	AP from Schedule 20.010	82659
C Adjusted Total Assets and Operational Risk RWA		
Total Assets		97880
CET1 capital deductions	(A - S) from Schedule 20.010	0
Additional Tier 1 capital deductions	AA from Schedule 20.010	0
Tier 2 capital deductions	AN from Schedule 20.010	0
Adjusted Total Assets (CET1)	D - E	97880
Adjusted Total Assets (Tier 1)	D - E - F	97880
Adjusted Total Assets (Total Capital)	D - E - F - G	97880
Operational Risk RWA	(N from Schedule 30.010) x 12.5	30827
D OSFI Target SRBCR		
OSFI Target CET1 SRBCR (%)		7.0%
OSFI Target Tier 1 SRBCR (%)		8.5%
OSFI Target Total SRBCR (%)		10.5%
Countercyclical buffer (%)	A from Schedule 10.041	
E Institution's Own Internal Capital Target SRBCR		
Institution's own target CET1 SRBCR (%)		60.0%
Institution's own target Tier 1 SRBCR (%)		60.0%
Institution's own target Total SRBCR (%)		60.0%

OPERATIONAL RISK

Operational risk is the risk of loss from inadequate or failed internal processes, people and systems or from external events. Operational risk is the potential that inadequate information systems, operating problems, product design and delivery difficulties, potential legal actions, or catastrophes will result in losses. This includes the potential that continuity of service and resiliency may be impacted. Operational risk includes compliance and fiduciary risks, which under NTC's risk structure are governed and managed explicitly. TNTCC uses the Simplified Standardized Approach to measure operational risk.

All operational activities are outsourced to the Canada Branch and are carried out by the employees of the Canada Branch or TNTC. NTC has implemented an Operational Risk Management Policy (ORM Policy) which is deployed globally across all business units and entities, including TNTCC and the Canada Branch (collectively, NTC Canada). The Policy sets forth the principles and general governance that govern the management of operational risk of Northern Trust. NTC Canada has implemented a Canadian Addendum which supplements NTC's ORM Policy to better align it with how NTC Canada manages its operational risk management responsibilities in accordance with the Canadian regulatory requirements. TNTCC does have high inherent operational risk relating to oversight of the outsourced operations. Employment Practices and Workplace Safety risk is limited to TNTCC directors and officers as applicable.

Table 3: Minimum Capital Required for Operational Risk for Category III SMSBs:

Dollars in thousands

A Simplified Standardized Approach

	Year A*	Year B*	Year C* (*Latest 4 Quarters*)		
Total Interest Earning Assets	74327	76284	78018		A
2.25% of Interest Earning Assets	1672	1716	1755		B
Absolute Value of Net Interest Income (excluding dividends)	2837	3413	2497		C
Min [2.25% of Interest Earning Assets , Absolute Value of NII (excluding dividends)]	1672	1716	1755		D = Min (B,C)
Dividend Income	0	0	0		E
Absolute Value of Fee and Commission Income	14571	15318	14291		F
Absolute Value of Other Income	0	0	0		G
Absolute Value of Net Profit/Loss (Trading Book)	0	0	0		H
Absolute Value of Net Profit/Loss (Banking Book)	0	0	0		I
Adjusted Gross Income (pre-M&A Adjustment)	16243	17034	16046		J = (D + E + F + G + H + I)
Adjustment for Mergers, Acquisitions and Divestitures	0	0	0		K
Adjusted Gross Income (after M&A Adjustment)	16243	17034	16046		L = (J + K)
Three-Year Average				16441	M = three year average of L
Capital Charge (Simplified Standardized Approach)			M x 15%	2466	N

*Rolling four quarters