Canadian Banc Corp.

2026 Semi-Annual Report (unaudited)

CANADIAN BANC CORP

This report may contain forward-looking statements about the Company. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Company action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Company. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Company currently anticipates that subsequent events and developments may cause the Company’s views to change, the Company does not undertake to update any forward-looking statements.

This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended May 31, 2026. This MRFP contains financial highlights but does not contain the complete financial statements of the Company. The semi-annual financial statements and accompanying notes are attached to this report.

Investors may also obtain a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure by visiting our website at www.canadianbanc.com or by writing to the Company at Investor Relations, 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2.

These reports are available to view and download at www.canadianbanc.com or www.sedarplus.com.

Investment Objectives and Strategies

Canadian Banc Corp. invests primarily in a portfolio of common shares which will include each of the following Canadian chartered banks:

- Bank of Montreal
- Bank of Nova Scotia
- Canadian Imperial Bank of Commerce
- National Bank of Canada
- Royal Bank of Canada
- Toronto-Dominion Bank

The Company may also invest up to 20% of the net asset value in equity securities of Canadian or foreign financial services corporations other than the core holdings listed above. In order to supplement the dividends received on the portfolio and to reduce risk, the Company will from time to time write covered call options in respect of some or all of the common shares in the portfolio.

The Company offers two types of shares:

Preferred shares

The investment objectives with respect to the Preferred shares are as follows:

1. Preferred shareholders are entitled to receive a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the prevailing Canadian prime rate plus 1.5%, with a minimum annual rate of 5% and a maximum annual rate of 8% based on the $10 repayment value; and
2. On the termination date of December 1, 2028 (subject to further 5 year extensions thereafter), to pay holders the $10 repayment value of those shares.

Class A shares

The investment objectives with respect to the Class A shares are as follows:

1. To provide holders of Class A shares with monthly cash distributions targeted to be at a rate of 15% annualized based on the volume weighted average market price of the Class A shares for the last 3 trading days of the preceding month and to pay the original issue price of those shares on the termination of the Company. The net asset value per unit must remain above the required $15 per unit threshold for monthly distributions to be declared; and
2. On the termination date, to pay holders the original issue price ($15) of those shares.

Risk

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 23, 2026. In addition, note 5 of the financial statements ("Management of Risk of Financial Instruments") contains disclosure on specific types of risks related to the financial investments held by the Company.

Results of Operations

North American equity markets generated positive returns during the six months ended May 31, 2026, despite periods of volatility driven by geopolitical developments, inflation concerns and uncertainty regarding the outlook for economic growth and interest rates. Canadian equities demonstrated resilience in a challenging economic environment, supported by generally favourable corporate earnings and continued strength in select sectors, including financials and energy. In the United States, equity market performance was supported by continued economic growth, resilient consumer spending and generally favourable corporate earnings results, particularly among technology and artificial intelligence-related companies.

Monetary policy remained an important influence on market conditions during the period. Both the Bank of Canada and the U.S. Federal Reserve maintained their policy interest rates throughout the six months ended May 31, 2026. In Canada, economic activity weakened, with real GDP contracting for two consecutive quarters on an annualized basis. Consumer spending increased modestly, while housing activity declined, business investment remained weak and exports fell. Employment levels were largely unchanged during the period, while the unemployment rate remained in the 6.5% to 7% range. Higher energy prices contributed to inflationary pressures and increased uncertainty regarding the economic outlook.

In the United States, economic activity remained relatively resilient, supported by strong capital investment and productivity growth. Significant investment in data centres and artificial intelligence infrastructure contributed to economic growth and was a driver of equity market performance during the period. Labour market conditions remained stable, with job gains generally keeping pace with labour force growth and the unemployment rate changing little during the period. Inflation remained above the Federal Reserve's target, reflecting, in part, supply shocks that contributed to price increases in certain sectors, including energy.

The conflict in the Middle East, higher energy prices, supply chain disruptions and continued uncertainty regarding U.S. trade policy contributed to elevated economic uncertainty during the period. Against this backdrop, uncertainty regarding the timing and extent of future interest rate changes remained an important factor influencing investor sentiment and financial markets throughout the period.

Performance within the U.S. financial sector was mixed, with returns varying significantly across banking, insurance and capital markets businesses. Canadian financial institutions generally outperformed, with the major Canadian banks generating strong returns during the period.

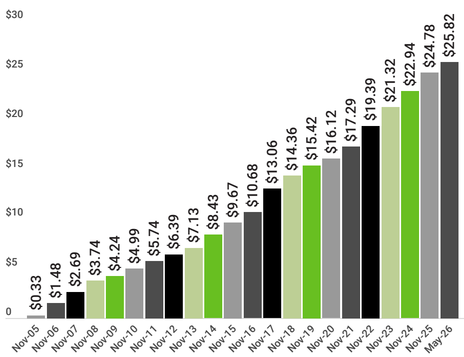
As at May 31, 2026, net assets of the Company were $1.4 billion (November 30, 2025–$1.1 billion) and net assets per unit of the Company were $24.64 (November 30, 2025–$21.89 on a post-Class A shares splits adjusted basis). During the period ended May 31, 2026, net proceeds from share issuances were $175.5 million and redemptions totalled $527.

During the period ended May 31, 2026, the Company sold 690,500 Preferred shares and 5,241,873 Class A shares through an at-the-market equity program (the “ATM Program”) at average selling prices of $10.35 per Preferred share and $13.31 per Class A share, respectively. Gross proceeds, net proceeds and commissions on the Preferred share sales were $7.1 million, $7.0 million and $0.1 million, respectively, while gross proceeds, net proceeds and commissions on the Class A share sales were $69.8 million, $68.5 million and $1.2 million, respectively.

The covered call writing program continued to provide additional income and supplemented the dividend income earned in the portfolio.

Class A shares – Distributions

Total distributions per Class A share during the period amounted to $1.0450 on a non-split-adjusted basis.



Class A Share Distributions Since Inception

25.82

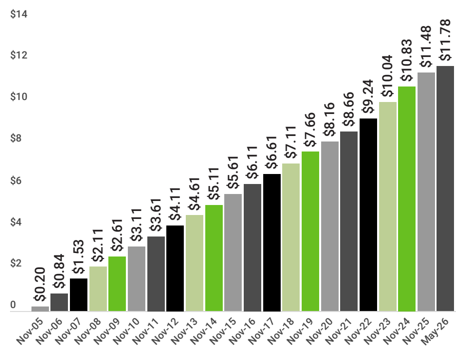
Cumulative total of distributions paid to Class A share since inception

1.12

Special distributions paid since inception

Preferred shares – Distributions

Total distributions per Preferred share during the period amounted to $0.2975.



Preferred Share Distributions Since Inception

11.78

Cumulative total of distributions paid to Preferred share since inception

Recent Developments

Ongoing geopolitical tensions, conflicts and uncertainty regarding international trade policies may contribute to market volatility and could impact the Company's investment portfolio.

During the period ended May 31, 2026, the Company completed share splits of its Class A shares effective December 16, 2025 and May 19, 2026 (the "December 2025 Share Split" and "May 2026 Share Split", respectively, and collectively, the "2026 Share Splits"). Under each of the 2026 Share Splits, Class A shareholders received 10 additional Class A shares for every 100 Class A shares held. A total of 4,496,248 Class A shares were issued in connection with the December 2025 Share Split and 5,332,760 Class A shares were issued in connection with the May 2026 Share Split on a pre-Class A shares splits adjusted basis.

In order to maintain an equal number of Preferred shares and Class A shares outstanding, the Company completed secondary offerings of 10,000,000 Preferred shares on January 16, 2026 and 10,000,000 Preferred shares on June 4, 2026 at prices of $10.32 and $10.33 per Preferred share, respectively, for net proceeds of approximately $100.0 million and $100.1 million, respectively.

Following the 2026 Share Splits, Class A shareholders continued to be entitled to monthly cash distributions targeted to be at an annualized rate of 15%, calculated based on the volume-weighted average market price of the Class A shares for the last three trading days of the preceding month.

On June 1, 2026, the Company announced a normal course issuer bid (the "NCIB") to purchase its Preferred shares and Class A shares through the facilities of the TSX and/or alternative Canadian trading systems. During the period ended May 31, 2026, there were no Preferred shares or Class A shares purchased for cancellation under the previous NCIB, which terminated on June 1, 2026.

Related Party Transactions

Quadravest Capital Management Inc. ("Quadravest") as investment manager and Manager earns fees from the Company as described below in the Management Fees section.

Financial Highlights

The following tables show selected financial information about the Company and are intended to help you understand the Company's financial performance for the past five years. This information is derived from the Company's semi-annual financial statements and previous audited annual financial statements. The information in the following table is presented in accordance with National Instrument ("NI") 81-106 and, as a result, does not act as a continuity of opening and closing net assets per unit.

The Company's net assets per unit[(1)]

		Years ended November 30				
	May 31, 2026	**2025**	**2024**	**2023**	**2022**	**2021**
Net assets per unit, beginning of period[(2)]	21.89	19.31	16.57	18.54	19.85	14.28[(5)]
Increase (decrease) from operations						
Total revenue	0.32	0.69	0.73	0.74	0.69	0.70
Total expenses	(0.13)	(0.22)	(0.20)	(0.20)	(0.24)	(0.28)
Realized gains for the period	(0.00)	0.23	0.44	0.03	0.14	0.24
Unrealized gains (losses) for the period	3.94	4.66	4.29	(1.09)	(0.38)	4.36
Total increase (decrease) from operations[(3)]	4.13	5.36	5.26	(0.52)	0.21	5.02
Distributions[(4)]						
Canadian dividends	N/A	(1.87)	(2.02)	(2.22)	(2.04)	(1.18)
Capital gains dividends	N/A	(0.20)	-	(0.02)	(0.11)	(0.20)
Total distributions	(1.26)	(2.07)	(2.02)	(2.24)	(2.16)	(1.38)
Net assets per unit at end of period	24.64	21.89	19.31	16.57	18.54	19.85
Net assets per Preferred share	10.00	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	14.64	11.89	9.31	6.57	8.54	9.85
Net assets per unit at end of period	24.64	21.89	19.31	16.57	18.54	19.85

(1) Per unit information for the period ended May 31, 2026 has been adjusted, and per unit information for the periods ended November 30, 2025 and prior has been retroactively restated to reflect the Class A share splits effective September 26, 2025, December 16, 2025 and May 19, 2026, as applicable, pursuant to which Class A shareholders received an additional 10 Class A shares for every 100 Class A shares held. The previously reported November 30, 2025 per unit information reflected the September 26, 2025 Class A share split. Prior to the restatement, the amounts disclosed were:
Distributions: 2025 - $2.49; 2024 - $2.42; 2023 - $2.72; 2022 - $2.68; 2021 - $1.67.
Net assets per Class A share: 2025 - $14.39; 2024 - $12.39; 2023 - $8.75; 2022 - $11.37; 2021 - $13.11.
Net Assets per unit at end of period: 2025 - $24.39; 2024 - $22.39; 2023 - $18.75; 2022 - $21.37; 2021 - $23.11.

(2) Net assets per unit is the difference between the aggregate amount of the Company's assets and the aggregate amount of its liabilities, excluding Preferred shares and net assets attributable to holders of redeemable Class A shares, at the valuation date, divided by the number of units then outstanding.

(3) Total increase (decrease) from operations is before the payment of Preferred and Class A share distributions and other income (charges) related to Preferred shares and is calculated based on the weighted average number of units outstanding during the period.

(4) Distributions on the Preferred shares and Class A shares are based on the number of Preferred shares and Class A shares outstanding on the record date for each distribution in the period and were paid in cash. Distributions per unit represent the aggregate distributions declared on one Preferred share and one Class A share. Characterization of distributions is based on the tax treatment that is received by investors (for semi-annual periods ended May 31, allocations for tax purposes are not available until year end).

(5) The 2021 beginning net assets per unit has been restated to reflect the Class A share splits effective September 26, 2025, December 16, 2025 and May 19, 2026. Prior to the restatement, the net assets per unit disclosed was $19.01.

Ratios and Supplemental Data

		Years ended November 30				
	May 31, 2026	2025	2024	2023	2022	2021
Net asset value (millions)(1)	$1,418.5	$1,086.6	$766.8	$601.7	$345.4	$235.9
Number of units outstanding(2)	57,564,773	49,635,482	39,714,253	36,301,490	18,629,882	11,884,195
Base Management expense ratio(3)	1.01%	1.03%	1.04%	1.07%	1.16%	1.39%
Management expense ratio including one time secondary offering expenses(4)	1.37%	1.45%	1.42%	3.30%	2.60%	1.45%
Management expense ratio per Class A share(5)	6.61%	7.63%	10.55%	15.59%	9.61%	6.74%
Portfolio turnover rate(6)	2.05%	5.80%	16.47%	1.99%	6.11%	9.11%
Trading expense ratio(7)	0.02%	0.02%	0.02%	0.03%	0.04%	0.05%
Closing market price (TSX): Preferred shares	$10.33	$10.32	$10.42	$9.84	$10.06	$10.70
Closing market price (TSX): Class A shares(8)	$14.85	$11.50	$9.02	$7.35	$10.07	$9.92

(1) This information is provided as at May 31 or November 30.

(2) At times when there is an unequal number of Preferred shares and Class A shares outstanding, a notional unit amount will be determined as the quotient of the total net asset value of the Company and the sum of the net asset value per share attributable to Preferred shares and Class A shares.

(3) A separate base management expense ratio per unit has been presented to reflect the ongoing operating expenses of the Company. The base management expense ratio per unit is based on total expenses for the stated period, excluding commissions and other portfolio transaction costs, withholding tax, distributions on Preferred shares and any one time offering expenses and is expressed as an annualized percentage of the average net asset value of the Company during the period.

(4) Share issue expenses including all agents' fees and other offering expenses are one time initial expenses connected with the launch of the Company or any subsequent secondary offering. Any expenses incurred with secondary offerings were offset by the accretion to net asset value per unit of such offerings.

(5) Management expense ratio per Class A share is based on the requirements of NI 81-106. This instrument requires that all split share companies produce an expense ratio which allocates all ongoing operating expenses of the Company (excluding commissions and other portfolio transaction costs and withholding tax), all distributions on Preferred shares and all issuance costs to the Class A shares and expresses this as an annualized percentage of the average net asset value attributable to the Class A shares during the period. The management expense ratio per Class A share should not be interpreted as the required return necessary for the Company or the Class A shares to cover the operating expenses of the Company. This calculation is based only on a portion of the Company's assets whereas the Company utilizes its entire assets to generate investment returns. Management believes that the base management expense ratio per unit disclosed in the table above is the most representative ratio in assessing the ongoing efficiency of the administration of the Company, making comparisons to the expense ratios of single unit mutual funds or determining the minimum investment returns necessary by the Company to achieve growth in net asset value per unit.

(6) The Company's portfolio turnover rate indicates how actively Quadravest manages the portfolio investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the period. The Company employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds. The higher the Company's portfolio turnover rate in a period, the greater the trading costs payable by the Company in the period and the greater chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of the Company.

(7) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the average net asset value of the Company during the period.

(8) The number of units outstanding and closing market price (TSX) of the Class A shares for the periods ended November 30, 2025 and prior have been retroactively restated to reflect the Class A share splits effective September 26, 2025, December 16, 2025 and May 19, 2026, as applicable, pursuant to which Class A shareholders received an additional 10 Class A shares for every 100 Class A shares held. Prior to restatement, the amounts disclosed were:
Number of units outstanding: 2025 - 44,552,080; 2024 - 34,251,209; 2023 - 32,088,590; 2022 - 16,168,419; and 2021 - 10,207,582.
Closing market price (TSX) Class A shares: 2025 - $13.91; 2024 - $12.00; 2023 - $9.78; 2022 - $13.40; and 2021 - $13.20.

Management Fees

Pursuant to the terms of the investment management agreement, Quadravest is entitled to a base management fee payable in arrears at an annual rate equal to 0.65% of the net asset value of the Company, which includes the outstanding Preferred shares, calculated as at each month end valuation date. In addition, Quadravest is entitled to receive a performance fee subject to the achievement of certain pre-established total return thresholds.

Pursuant to the management agreement, Quadravest is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.20% of the net asset value of the Company, which includes the outstanding Preferred shares, calculated as at each month-end valuation date.

The base management fee was used by Quadravest to provide investment analysis, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services required by the Company which includes all operational services, financial accounting, shareholder reporting and regulatory reporting.

Past Performance

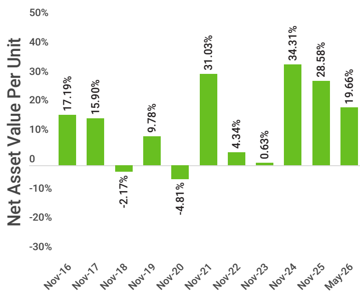
Year-by-Year Returns

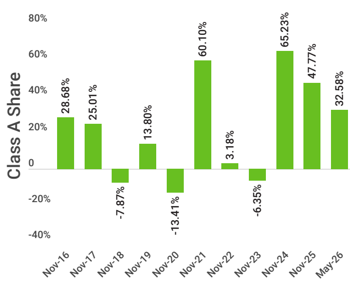
The past performance of 1) the net asset value per unit; 2) the Preferred share on a net asset value basis; and 3) the Class A share on a net asset value basis for each of the last 10 years are presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how a unit, a Preferred share or a Class A share would have increased or decreased during the applicable year. In respect to the charts displayed below, please note the following:

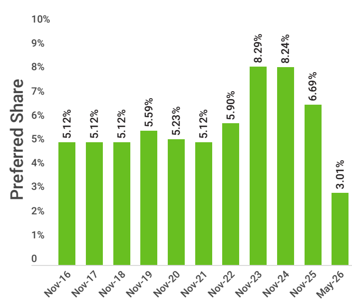
a) The performance information shown assumes that all cash distributions made by the Company during the years shown were reinvested in the applicable additional securities of the Company;

b) The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and

c) Past performance of the Company does not necessarily indicate how it will perform in the future.







(1) The return per Class A share for the year ended November 30, 2025 of 47.77% was previously presented as 34.37% in error.

Summary of Investment Portfolio
All holdings as at May 31, 2026

Name	Weighting (%)
Toronto-Dominion Bank	16.2
Canadian Imperial Bank of Commerce	15.7
Royal Bank of Canada	13.6
Bank of Montreal	11.6
National Bank of Canada	10.6
Bank of Nova Scotia	8.9
Goldman Sachs Group Inc.	4.6
Citigroup Inc.	3.7
Bank of America Corp.	3.2
J.P. Morgan Chase & Co.	3.0
Morgan Stanley	2.7
Total long positions as a percentage of net assets	**93.8**
Cash	7.3
Other net assets (liabilities)	-1.1
	100.0

The summary of investment portfolio may change due to ongoing portfolio transactions of the Company. Updates are available quarterly.

Canadian Banc Corp.
Management's Responsibility for Financial Reporting

The financial statements of Canadian Banc Corp. (the "Company") have been prepared by Quadravest Capital Management Inc. (the "Manager" of the Company) and approved by the Board of Directors of the Company. The Manager is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The material accounting policy information applicable to the Company is described in note 3 to the financial statements.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these interim financial statements.

Wayne Finch
Chief Executive Officer, President and Director
Quadravest Capital Management Inc.

Silvia Gomes
Chief Financial Officer
Quadravest Capital Management Inc.

Canadian Banc Corp.
Statements of Financial Position

As at May 31, 2026 and November 30, 2025 (Unaudited)

	May 31, 2026 ($)	November 30, 2025 ($)
ASSETS		
Current Assets		
Investments	1,331,501,458	995,065,209
Cash	103,652,046	103,851,281
Interest, dividends and other receivables	45,236	20,550
	1,435,198,740	**1,098,937,040**
LIABILITIES		
Current Liabilities		
Written options	2,804,887	1,324,752
Fees and other accounts payable	1,199,812	947,784
Distributions payable	12,735,253	10,016,644
Preferred shares (note 6)	552,425,570	445,520,800
Class B shares	1,000	1,000
	569,166,522	**457,810,980**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CLASS A SHARES	**866,032,218**	**641,126,060**
Preferred shares outstanding (note 6)	55,242,557	44,552,080
Class A shares outstanding (note 6)(1)	59,149,865	53,908,017
Net assets per Preferred share	$10.00	$10.00
Net assets per Class A share(1)	$14.64	$11.89
Net assets per unit(1)	$24.64	$21.89

(1) Amounts as at November 30, 2025 have been restated to reflect the Class A share splits effective December 16, 2025 and May 19, 2026. Class A shareholders received an additional 10 Class A shares for every 100 Class A shares held under each share split. The previously reported November 30, 2025 amounts reflected the September 26, 2025 Class A share split. Prior to restatement, the number of redeemable Class A shares outstanding reported was 44,552,080 shares and the net assets per Class A share and net assets per unit were $14.39 and $24.39, respectively. The November 30, 2025 financial statements also disclosed, after giving effect to the December 16, 2025 Class A share split, 49,007,288 Class A shares outstanding and net assets per Class A share and net assets per unit of $13.08 and $23.08, respectively.

Approved on behalf of the Board of Directors

Wayne Finch
Director

Peter Cruickshank
Director

The accompanying notes are an integral part of these financial statements.

CANADIAN BANC CORP.
STATEMENTS OF COMPREHENSIVE INCOME / (LOSS)
FOR THE SIX MONTH PERIODS ENDED MAY 31 (UNAUDITED)

	2026 ($)	2025 ($)
INCOME		
Net gain (loss) on investments and derivatives		
Net realized gain (loss)	(94,766)	7,705,565
Net change in unrealized appreciation/depreciation	216,440,574	9,809,919
Dividends	17,112,269	13,856,837
Interest for distribution purposes	675,395	978,465
Net gain (loss) on investments and derivatives	**234,133,472**	**32,350,786**
Other gain (loss)		
Realized gain (loss) on currency	(50,264)	(399,126)
Change in unrealized gain (loss) in the value of currency	109,938	(225,105)
	234,193,146	31,726,555
EXPENSES (note 7)		
Management fees	5,470,024	3,327,358
Audit fees	15,161	15,649
Directors' fees	7,167	7,167
Independent Review Committee fees	1,071	1,154
Custodial fees	65,498	36,942
Legal fees	36,266	27,549
Shareholder reporting costs	67,256	55,173
Other operating expenses	153,277	158,900
Harmonized sales tax	616,988	418,485
Transaction costs	112,570	65,524
Withholding taxes	345,519	261,882
	6,890,797	**4,375,783**
Increase (decrease) in net assets attributable to holders of redeemable Class A shares before distributions and other income (charges) related to Preferred shares	**227,302,349**	**27,350,772**
Distributions on Preferred shares	(15,862,311)	(11,865,572)
Premium (discount) on issuance of Preferred shares	3,440,958	1,212,699
Issuance costs on Preferred shares	(3,328,440)	(488,199)
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	**211,552,556**	**16,209,700**
Increase (decrease) in net assets attributable to holders per redeemable Class A share (notes 1 and 8)(1)	**3.72**	**0.34**

(1) Increase (decrease) in net assets attributable to holders per redeemable Class A share for the period ended May 31, 2025 has been restated to reflect the Class A share splits effective September 26, 2025, December 16, 2025 and May 19, 2026. Under each share split, Class A shareholders received an additional 10 Class A shares for every 100 Class A shares held. See Note 1 for further details. Prior to restatement, the increase (decrease) in net assets attributable to holders per redeemable Class A share for the period ended May 31, 2025 was $0.45.

The accompanying notes are an integral part of these financial statements.

Canadian Banc Corp.
Statements of Changes in Net Assets Attributable To Holders Of Redeemable Class A Shares
For the six month periods ended May 31 (unaudited)

	2026 ($)	2025 ($)
Net Assets attributable to holders of redeemable Class A shares - Beginning of period	**641,126,060**	**425,377,236**
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	211,552,556	16,209,700
Gross proceeds on issuance of Class A shares (note 6)	69,764,915	43,219,215
Agents' fees and issuance costs on issuance of Class A shares	(1,228,736)	(437,213)
Net proceeds on issuance of Class A shares	68,536,179	42,782,002
Class A share redemptions	(297)	(5,596)
Distributions on Class A shares	(55,182,280)	(31,445,130)
Change in net assets attributable to holders of redeemable Class A shares	**224,906,158**	**27,540,976**
Net Assets attributable to holders of redeemable Class A shares - End of period	**866,032,218**	**452,918,212**

The accompanying notes are an integral part of these financial statements.

Canadian Banc Corp.
Statements of Cash Flow

For the six month periods ended May 31 (unaudited)

	2026 ($)	2025 ($)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	211,552,556	16,209,700
Adjustment for:		
Distributions on Preferred shares	15,862,311	11,865,572
Unrealized (gain) loss in the value of currency	(109,938)	225,105
(Premium) discount on issuance of Preferred shares	(3,440,958)	(1,212,699)
Issuance costs on Preferred shares	3,328,440	488,199
Net realized (gain) loss on investments and derivatives	94,766	(7,705,565)
Net change in unrealized appreciation/depreciation of investments and derivatives	(216,440,574)	(9,809,919)
Purchase of investments, net of option premiums	(129,911,026)	(64,101,494)
Proceeds from sale of investments	11,300,720	18,628,524
(Increase) decrease in interest, dividends and other receivables	(24,686)	(122,290)
Increase (decrease) in fees and other accounts payable	290,328	62,983
Cash flows from (used in) operating activities	(107,498,061)	(35,471,884)
Cash flows from (used in) financing activities		
Gross proceeds on issuance of Class A shares and Preferred shares (note 6)	180,110,873	79,267,914
Agent's fees and issue costs on issuance of Class A shares and Preferred shares	(4,595,476)	(913,062)
Amounts paid on redemption of redeemable Class A shares and Preferred shares	(527)	(5,596)
Distributions paid on Class A shares	(52,993,705)	(31,177,130)
Distributions paid on Preferred shares	(15,332,277)	(11,962,761)
Cash flows from (used in) financing activities	107,188,888	35,209,365
Unrealized gain (loss) in the value of currency	109,938	(225,105)
Net increase (decrease) in cash	(199,235)	(487,624)
Cash at beginning of the period	103,851,281	87,417,362
Cash at end of the period	**103,652,046**	**86,929,738**
Dividends received, net of withholding taxes*	16,766,750	13,442,071
Interest received*	675,395	978,465

* Included as part of Cash Flows from Operating Activities.

The accompanying notes are an integral part of these financial statements.

Canadian Banc Corp.
Schedule of Portfolio Investments
As at May 31, 2026 (unaudited)

No. of shares (contracts)	Description	Average Cost ($) (Premiums received)	Fair Value ($)
	6 Core Holdings		
	Canadian Common Equities		
737,700	Bank of Montreal	95,533,745	165,193,161
1,145,700	Bank of Nova Scotia	84,029,443	126,737,334
1,481,200	Canadian Imperial Bank of Commerce	126,717,698	222,905,788
749,600	National Bank of Canada	64,921,166	150,924,464
728,467	Royal Bank of Canada	90,614,227	192,635,813
1,452,600	Toronto-Dominion Bank	116,637,416	229,147,650
	Total Canadian Common Equities in Core Holdings (81.8%)	**578,453,695**	**1,087,544,210**
	Other U.S. Common Equities		
634,790	Bank of America Corp.	32,300,625	45,121,656
301,700	Citigroup Inc.	27,083,616	52,324,646
46,425	Goldman Sachs Group Inc.	32,862,046	65,587,072
102,800	J.P. Morgan Chase & Co.	22,219,848	42,385,723
134,500	Morgan Stanley	19,342,758	38,538,151
	Total Other U.S. Common Equities in Core Holdings (18.4%)	**133,808,893**	**243,957,248**
	Total Common Equities in Core Holdings (100.2%)	**712,262,588**	**1,331,501,458**
	Call Options written (100 shares per contract)		
	Canadian call options written		
(650)	Bank of Montreal @ $215 June 2026	(171,600)	(659,750)
(400)	Bank of Nova Scotia @ $109 June 2026	(40,200)	(104,400)
(350)	Bank of Nova Scotia @ $110 June 2026	(28,350)	(68,250)
(390)	Canadian Imperial Bank of Commerce @ $158 June 2026	(69,420)	(14,235)
(490)	Canadian Imperial Bank of Commerce @ $164 June 2026	(113,190)	(4,655)
(600)	National Bank of Canada @ $214 June 2026	(68,400)	(21,900)
(1,000)	Royal Bank of Canada @ $250 June 2026	(321,000)	(1,292,500)
(911)	Toronto-Dominion Bank @ $154 June 2026	(88,458)	(378,065)
	Total Canadian call options written (-0.2%)	**(900,618)**	**(2,543,755)**

Canadian Banc Corp.
Schedule of Portfolio Investments (continued...)
As at May 31, 2026 (unaudited)

No. of shares (contracts)	Description	Average Cost ($) (Premiums received)	Fair Value ($)
	U.S. call options written		
(500)	Bank of America Corp. @ $52.50 June 2026	(46,837)	(54,069)
(500)	Bank of America Corp. @ $57.50 June 2026	(55,102)	(3,788)
(300)	Citigroup Inc. @ $135 July 2026	(137,489)	(116,334)
(135)	Morgan Stanley @ $210 June 2026	(40,913)	(86,941)
	Total U.S. call options written (0.0%)	**(280,341)**	**(261,132)**
		711,081,629	**1,328,696,571**
	Less adjustments for transaction costs	(208,728)	
	Total Investments (100.0%)	**710,872,901**	**1,328,696,571**

1. Incorporation

Canadian Banc Corp. (the "Company") is a mutual fund corporation established under the laws of the Province of Ontario on May 25, 2005 that began investment operations on July 15, 2005. The manager and the investment manager of the Company is Quadravest Capital Management Inc. ("Quadravest" or "Manager"). The termination date of the Company is December 1, 2028 and may be extended thereafter at the Company's discretion for additional terms of five years each. The Company's principal office is located at 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2. The Company invests in an actively managed portfolio of common shares comprised primarily of 6 Canadian chartered banks. The Company employs an active covered call writing program to enhance the income earned from the portfolio.

During the period, the Company completed share splits of its Class A shares effective December 16, 2025 and May 19, 2026 (the "December 2025 Share Split" and "May 2026 Share Split", respectively, and collectively, the "2026 Share Splits"). Under each of the 2026 Share Splits, Class A shareholders received 10 additional Class A shares for every 100 Class A shares held. In order to maintain an equal number of Preferred shares and Class A shares outstanding, the Company completed secondary offerings of 10,000,000 Preferred shares on January 16, 2026 and 10,000,000 Preferred shares on June 4, 2026 at prices of $10.32 and $10.33 per Preferred share, respectively, for net proceeds of $100,000,000 and $100,051,000, respectively.

On September 26, 2025, the Company completed a share split of its Class A shares (the "September 2025 Share Split"). Under the September 2025 Share Split, Class A shareholders received 10 additional Class A shares for every 100 Class A shares held. In order to maintain an equal number of Preferred shares and Class A shares outstanding, the Company completed a secondary offering of 6,000,000 Preferred shares on October 9, 2025, for net proceeds of $60,698,000.

The September 2025 Share Split and the 2026 Share Splits are collectively referred to as the "Share Splits".

Following the Share Splits, Class A shareholders continued to be entitled to monthly cash distributions targeted to be at an annualized rate of 15%, calculated based on the volume-weighted average market price of the Class A shares for the last three trading days of the preceding month.

2. Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These financial statements should be read in conjunction with the annual financial statements for the year ended November 30, 2025, which were prepared in accordance with IFRS Accounting Standards.

These financial statements were approved by the Board of Directors of the Company on July 15, 2026.

3. Material accounting policy information

The following is a summary of material accounting policy information applicable to the Company.

Investments and financial instruments

The Company classifies its investments, including derivatives, based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value in other comprehensive income ("FVOCI"). Consequently, all investments, including derivatives are measured at fair value through profit or loss ("FVTPL").

The Company's obligations for net assets attributable to holders of redeemable Class A shares are presented at the annual redemption amount. All other financial assets and liabilities are recognized initially at fair value and subsequently measured at amortized cost, which approximates fair value.

The Company recognizes regular purchases and sales of financial instruments on the trade date, which is the date on which it commits to purchase or sell the instrument. Transaction costs, such as brokerage commissions, related to financial assets and financial liabilities at FVTPL are expensed as incurred and transaction costs related to financial instruments not at FVTPL are included in the carrying amounts thereof. A financial asset is derecognized when the rights to receive cash flows from the investment have expired or have been transferred and when the Company has transferred substantially all the risks and rewards of ownership of the asset. Dividends are recognized as income on the ex-dividend date. Realized gains and losses and unrealized appreciation and depreciation are determined on an average cost basis. The cost of investments is determined using the average cost method.

Written option premiums received by the Company are, so long as the options are outstanding, reflected as a liability, in the Statements of Financial Position and are valued at an amount equal to the current market value of an option that would have the effect of closing the position. Gains or losses realized upon expiration or exercise of the option are included in net realized gain (loss) on investments and derivatives in the Statements of Comprehensive Income/(Loss).

The Preferred shares rank prior to the Class A and Class B shares and are thus not subordinate to all other classes of puttable instruments and therefore, the shares have been classified as financial liabilities. These shares are carried at amortized cost. Amortization of premiums or discounts on the issuance of Preferred shares is included in the Statements of Comprehensive Income/(Loss).

The Class B shares are subordinate to the Preferred shares but rank prior to the Class A shares and are thus not subordinate to all other classes of puttable instruments and therefore, the shares have been classified as financial liabilities. These shares are carried at amortized cost.

The Class A shares may be retracted monthly, annually, or on the termination date of the Company. As a result, the shares contain multiple contractual obligations, and therefore, have been presented as financial liabilities.

The net asset value of the Company is determined in accordance with requirements of law, including National Instrument 81-106, Investment Fund Continuous Disclosure, and is used to process shareholder transactions. For financial reporting purposes, net assets of the Company is determined as the difference between the aggregate amount of the Company's assets and the aggregate amount of its liabilities, excluding Preferred shares and net assets attributable to holders of redeemable Class A shares ("Net Assets of the Company"). Preferred shares and Class A shares are issued on the basis that an equal number of Preferred shares and Class A shares (together, a "unit") will be issued and outstanding at all material times. At times when there is an unequal number of Preferred shares and Class A shares outstanding, a notional unit amount will be determined as the quotient of the total net asset value of the

Company and the sum of the net asset value per share attributable to Preferred shares and Class A shares.

Valuation of investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded shares and options) are based on the last traded prices at the close of trading on the reporting date. The Company uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Company's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants and which make the maximum use of observable inputs. Refer to note 5 for further information about the Company's fair value measurements.

Cash

Cash is comprised of demand deposits with a financial institution.

Translation of foreign currencies

The Company's functional and presentation currency is Canadian dollars. The fair value of investments and other assets and liabilities in foreign currencies are translated into the Company's functional currency at the rates of exchange prevailing at each measurement date. Purchases and sales of investments, income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions.

Management fees, administration fees and performance fees

Management fees and administration fees are accrued by the Company over time, as services are rendered by Quadravest. At each measurement date, the Company recognizes an expense and financial liability based on the amount, if any, of performance fees expected to be paid based on the net asset value of the Company. Refer to note 7 for further information about the calculation of management, administration fees and performance fees, if any, of the Company.

Increase (decrease) in net assets attributable to holders per redeemable Class A share

Increase (decrease) in net assets attributable to holders per redeemable Class A share is based on the increase or decrease in net assets attributable to holders of redeemable Class A shares divided by the weighted average number of such shares outstanding during the period. Refer to note 8 for the calculation.

Taxation

The Company qualifies as a mutual fund corporation under the Income Tax Act (Canada) (the "Tax Act") and it is subject to income tax in each taxation year on the amount of its net income for the taxation year, including net realized taxable capital gains, if any, at the rate applicable to mutual fund corporations. The general income tax rules associated with a public corporation also apply to a mutual fund corporation with the exception that taxes payable on net realized capital gains are refundable on a formula basis when its shares are redeemed or when it pays capital gains dividends out of its capital gains dividend account to its shareholders.

Interest and foreign income are taxed at normal corporate rates applicable to mutual fund corporations and can be reduced by permitted deductions for tax purposes.

All of the Company's expenses including management fees, administration fees and operating expenses will be taken into account in determining its overall tax liability.

As a mutual fund corporation, taxable dividends received from taxable Canadian corporations are subject to a Part IV tax of 38 1/3%. Such taxes are fully refundable upon payment of taxable dividends to its shareholders on a basis of $1.15 for every $3 of dividends paid. Any such tax paid is reported as an amount receivable until recovered through the payment to shareholders of dividends out of net investment income. All tax on net taxable realized capital gains is refundable when the gains are distributed to shareholders as capital gains dividends or through redemption of shares at the request of shareholders, while the Company qualifies as a mutual fund corporation. As a result of the capital gains refund mechanism and Part IV tax refunds, the Company recovers any Canadian income taxes paid in respect of its capital gains and taxable Canadian dividends. As a result, the Company has determined that it is in substance not taxable. Consequently, the tax benefit of capital and non-capital losses and other temporary differences have not been reflected in the Statements of Financial Position as deferred income tax assets or liabilities.

The Company has estimated accumulated non-capital losses for tax purposes as at May 31, 2026 of $25,431,722 (November 30, 2025-$25,430,537) that are available to lower taxable income in future periods if required and expire after the scheduled termination date of the Company on December 1, 2028. The Company also has estimated accumulated capital losses for tax purposes of $NIL (November 30, 2025-$NIL) which may be used to lower future capital gains if required and which do not expire.

4. Critical Accounting Estimates and Judgments

The preparation of these financial statements include estimates and assumptions by management based on past experiences, present conditions and expectations of future events. Where estimates were made, the reported amounts for assets, liabilities, income and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time these financial statements were prepared. The Company's most significant estimates involve the measurement of investments and derivatives at fair value as described in note 5.

5. Management of Risk of Financial Instruments

The Company classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs. The three levels of the fair value hierarchy are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs that are unobservable for the asset or liability.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at May 31, 2026 and November 30, 2025:

Financial assets and liabilities at fair value as at May 31, 2026

	Level 1	Level 2	Level 3	Total
Equities	$1,331,501,458	-	-	$1,331,501,458
Options	($2,804,887)	-	-	($2,804,887)
	$1,328,696,571	**-**	**-**	**$1,328,696,571**

Financial assets and liabilities at fair value as at November 30, 2025

	Level 1	Level 2	Level 3	Total
Equities	$995,065,209	-	-	$995,065,209
Options	($1,324,752)	-	-	($1,324,752)
	$993,740,457	**-**	**-**	**$993,740,457**

All fair value measurements above are recurring and fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. There were no transfers or reclassifications between levels for the period ended May 31, 2026 or the year ended November 30, 2025.

The Company's investment activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and currency risk), credit risk and liquidity risk.

Any sensitivity analysis presented below may differ from actual results and the difference could be material.

Market Price Risk

All securities investments present a risk of loss of capital. The 6 core holdings were selected because of their long term history of market price appreciation and dividend growth. These portfolio companies were selected from the banking sector of the financial services index of the S&P/TSX 60 index and are among the largest financial services companies in Canada.

The market price risk is affected by three main components: price risk, interest rate risk and foreign currency movements.

Price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk).

The supplemental covered call writing program generates an additional stream of income to the portfolio which may also help mitigate against market price declines during periods in which a particular portfolio company has a covered call option written against that position.

The Company is exposed to other price risk from its investment in equity securities and written options. As at May 31, 2026, had the prices on the respective stock exchanges for these equity securities increased by 10%, with all other variables held constant, Net Assets of the Company would have increased by approximately $125,742,000 (November 30, 2025–$93,363,000). Similarly, had the prices on the respective stock exchanges for these equity securities decreased by 10%, with all other variables held constant, Net Assets of the Company would have decreased by approximately $131,607,000 (November 30, 2025–$98,778,000).

Interest rate risk

Interest rate risk is the risk that the fair value of interest bearing financial instruments will fluctuate due to changes in market interest rates. The majority of the Company's financial assets and liabilities are non-interest bearing. The Preferred shares have a floating distribution rate policy based on the prevailing Canadian prime rate plus 1.5%, with a minimum annual rate of 5% and a maximum annual rate of 8% based on the $10 repayment value of the Preferred shares. If the Canadian prime rate increased or decreased by 1%, there would be no material impact on the dividends payable to the Preferred shares. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates and considers interest rate risk insignificant as at May 31, 2026 and November 30, 2025.

Currency risk

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Company's reporting currency, will fluctuate due to changes in exchange rates. Certain portfolio holdings are listed on the New York stock exchange and trade in U.S. dollars. As at May 31, 2026, 18.1% (November 30, 2025-18.1%) of the Net Assets of the Company are invested in U.S. dollar denominated assets which includes U.S. dollar cash held. As a result, the Company's Net Assets will be affected by changes in the U.S. dollar relative to the Canadian dollar. The Company has not entered into currency hedging contracts. If the Canadian dollar appreciated/depreciated by 5% against the U.S. dollar, the Net Assets of the Company would decrease/increase by approximately $12,834,000 (November 30, 2025-$9,817,000).

Other risks

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. All of the Company's transactions are in listed securities and options and are settled and paid for using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on purchase once the securities have been received by the broker. Cash is held with a reputable and regulated financial institution. As at May 31, 2026 and November 30, 2025, the Company did not have significant credit risk exposure.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company is exposed to liquidity risk primarily through its monthly and annual retractions of Class A shares and Preferred shares. The Company receives adequate notice for all retraction requests. The Company's portfolio is invested in highly liquid large capitalization investments that trade on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange. All Class A shares and Preferred shares outstanding are redeemable on a monthly and annual basis but are scheduled to be redeemed upon termination of the Company. As at May 31, 2026 and November 30, 2025 all other financial liabilities are payable within three months from the end of the period.

Concentration risk

The Company's portfolio is concentrated in the banking sector and as such will be exposed to the specific factors that affect this sector. An individual portfolio holding could be as high as 20% of the net asset value of the Company.

The Company's investment portfolio is concentrated in the following segments as at:

	May 31, 2026	November 30, 2025
Canadian common equities	76.6%	73.8%
U.S. common equities	17.2%	17.9%
Canadian call options written	-0.2%	-0.1%
U.S. call options written	0.0%	0.0%
Other assets less liabilities (excluding Preferred shares)	6.4%	8.4%
	100.0%	100.0%

6. Redeemable Units

Preferred shares

The Company is authorized to issue an unlimited number of Preferred shares.

Preferred shareholders are entitled to receive a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the prevailing Canadian prime rate plus 1.5%, with a minimum annual rate of 5% and a maximum annual rate of 8% based on the $10 repayment value.

All Preferred shares outstanding on the termination date will be redeemed by the Company on that date. The Preferred shares have been presented as liabilities in the financial statements.

Preferred shares trade under the symbol "BK.PR.A" on the TSX. The trading price of Preferred shares on the TSX was $10.33 as at May 31, 2026 (November 30, 2025-$10.32). Preferred shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last business day of each month. Shareholders who concurrently retract a Preferred share and a Class A share in the month of July in each year will be entitled to receive an amount equal to the net asset value per unit calculated on the last business day of July. Preferred shares retracted in any other month will receive a retraction price based on a discounted specified retraction formula. Under the terms of a recirculation agreement, the Company may, but is not obligated to, require the recirculation agent to use its best efforts to find purchasers for any Preferred shares or Class A shares tendered for retraction.

The Preferred shares rank in priority to the Class A shares and Class B shares with respect to the payment of dividends. Preferred shares rank in priority to the Class A shares upon termination of the Company.

On May 29, 2025, the Company announced a normal course issuer bid ("NCIB") to purchase up to 3,742,582 Preferred shares and 3,778,760 Class A shares, representing 10% of the public float. The NCIB will terminate on June 1, 2026. Purchases are limited to 2% of the issued and outstanding Preferred shares and Class A shares as of May 21, 2025, in any given 30-day period. Any shares purchased under the NCIB will be cancelled.

The Company may issue shares to the public from time to time, at the Company's discretion, under an at-the-market equity program (the "ATM Program"). Any Class A shares or Preferred shares sold in the ATM Program will be sold through the TSX or any other marketplace in Canada on which the Class A shares and Preferred shares are listed, quoted or otherwise traded at the prevailing market price at the time of sale.

Preferred share transactions

Preferred share transactions during the periods ended May 31, 2026 and 2025 are summarized in the following tables.

Preferred share transactions	May 31, 2026	May 31, 2025
Beginning of period	44,552,080	34,145,595
Issued	10,690,500	3,483,600
Redeemed/Purchased for cancellation	(23)	-
End of period	55,242,557	37,629,195

Preferred shares issued under ATM Program	May 31, 2026	May 31, 2025
Number of Preferred shares issued	690,500	3,483,600
Average selling price per Preferred share	$10.35	$10.35
Gross proceeds	$7,145,958	$36,048,699
Net proceeds	$7,012,843	$35,567,648
Commissions	$133,115	$481,051

During the period ended May 31, 2026 and the year ended November 30, 2025, there were no Preferred shares purchased for cancellation.

The Company issued 10,000,000 Preferred shares at $10.32 per share for gross proceeds of $103,200,000 pursuant to a secondary offering that was completed on January 16, 2026. Agents' fees and issuance costs on the Preferred shares were $3,193,164 in connection with this offering.

Class A shares and Class B shares

The Company is authorized to issue an unlimited number of Class A shares and 1,000 Class B shares.

Class A shares were originally issued at $15 per share. Class A shareholders receive monthly cash distributions targeted to be at a rate of 15% annualized based on the volume weighted average market price of the Class A shares for the last 3 trading days of the preceding month. The net asset value per unit must remain above the required $15 per unit threshold for monthly distributions to be declared. All Class A shares outstanding on the termination date will be redeemed by the Company on that date.

Class A shares trade under the symbol "BK" on the TSX. The trading price of Class A shares on the TSX was $14.85 as at May 31, 2026 (November 30, 2025-$11.50 on a post-Class A shares splits adjusted basis). Class A shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last business day of each month. Shareholders who concurrently retract a Class A share and a Preferred share in the month of July in each year will be entitled to receive an amount equal to the net asset value per unit calculated on the last business day of July. Class A shares retracted in any other month will receive a retraction price based on a discounted specified retraction formula. Under the terms of a recirculation agreement, the Company may, but is not obligated to, require the recirculation agent to use its best efforts to find purchasers for any Preferred shares or Class A shares tendered for retraction. Gains or losses from the redemption of shares, if any, are recorded in gain (loss) on redemptions on the Statements of Comprehensive Income/(Loss).

The Preferred shares rank in priority to the Class A shares with respect to the payment of dividends. Upon the termination of the Company, Class A shareholders will receive an amount equal to the net asset value per unit less $10 (the redemption value of the Preferred shares).

Class A share transactions

Class A share transactions during the periods ended May 31, 2026 and 2025 are summarized in the following tables. Class A share information for the period ended May 31, 2025 has been restated to reflect the Share Splits and Class A share information for the period ended May 31, 2026 has been adjusted, where applicable, to reflect the 2026 Share Splits. See Note 1 for further details.

Class A share transactions	May 31, 2026	May 31, 2025
Beginning of period	53,908,017	45,701,880
Issued	5,241,873	5,066,318
Redeemed/Purchased for cancellation	(25)	(712)
End of period	59,149,865	50,767,486

Class A shares issued under ATM Program	May 31, 2026	May 31, 2025
Number of Class A shares issued	5,241,873	5,066,318
Average selling price per Class A share	$13.31	$8.53
Gross proceeds	$69,764,915	$43,219,215
Net proceeds	$68,538,338	$42,789,217
Commissions	$1,226,577	$429,998

During the period ended May 31, 2026 and the year ended November 30, 2025, there were no Class A shares purchased for cancellation.

7. Expenses

The Company is responsible for all expenses incurred in connection with the operation and administration of the Company, including, but not limited to, accounting and administration fees, custodian fees, transfer agent fees, legal and audit expenses, fees payable to the independent directors of the Company and the Company's independent review committee, regulatory filing and stock exchange fees, costs of reporting to shareholders and costs and expenses arising as a result of complying with all applicable laws, regulations and policies.

Pursuant to the management agreement, Quadravest is entitled to an administration fee payable monthly in arrears at an annual rate of 0.20% of the net asset value of the Company, which includes the outstanding Preferred shares, calculated as at each month-end valuation date.

Pursuant to the terms of the investment management agreement, Quadravest is entitled to a base management fee payable in arrears at an annual rate equal to 0.65% of the net asset value of the Company, which includes the outstanding Preferred shares, calculated as at each month-end valuation date. In addition, Quadravest is entitled to receive a performance fee subject to the achievement of certain pre-established total return thresholds.

Total management fees of $5,470,024 (May 31, 2025-$3,327,358), incurred during the period ended May 31, 2026, include the administration fee and base management fee. As at May 31, 2026, $1,016,367 (November 30, 2025-$756,381) was payable to the Manager with respect to the administration fee and investment management fee. No performance fees were paid during the period ended May 31, 2026 and the year ended November 30, 2025.

Total brokerage commission paid during the period ended May 31, 2026 by the Company for its portfolio transactions were $112,570 (May 31, 2025-$65,524). Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of portfolio transactions, also provide for the cost of investment research services provided to the investment manager. The value of such research services included in commissions paid to brokers for the period ended May 31, 2026 amounted to $NIL (May 31, 2025-$2,918).

8. Increase (decrease) in net assets attributable to holders per redeemable Class A share

The increase (decrease) in net assets attributable to holders per redeemable Class A share for the periods ended May 31, 2026 and 2025 is calculated as follows:

	May 31, 2026	May 31, 2025
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	$211,552,556	$16,209,700
Weighted average Class A shares outstanding(1)	56,893,066	48,151,007
Increase (decrease) in net assets attributable to holders per redeemable Class A share(1)	$3.72	$0.34

(1) Increase (decrease) in net assets attributable to holders per redeemable Class A share and weighted average Class A shares outstanding for the period ended May 31, 2025 have been restated to reflect the Share Splits. See Note 1 for further details. Prior to restatement, these amounts were reported as $0.45 and 36,176,564, respectively.

9. Distributions

Distributions per share were as follows:

	May 31, 2026	May 31, 2025
Preferred shares	$0.2975	$0.3329
Class A shares(1)	$0.9654	$0.6505

(1) Distributions per Class A share for the period ended May 31, 2026 have been adjusted and comparative distributions per Class A share for the period ended May 31, 2025 have been restated to reflect the Share Splits, as applicable. See Note 1 for further details. The actual distributions declared during the periods ended May 31, 2026 and May 31, 2025 were $1.045 and $0.8658 per Class A share, respectively.

10. Capital Management

The Company considers its capital to consist of Class A, Class B and Preferred shares.

The Company's objectives in managing its capital are:

i) To provide holders of Preferred shares with a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the prevailing Canadian prime rate plus 1.5%, with a minimum annual rate of 5% and a maximum annual rate of 8% based on the $10 repayment value and to pay holders the $10 repayment value of those shares on the termination of the Company; and

ii) To provide holders of Class A shares with monthly cash distributions targeted to be at a rate of 15% annualized based on the volume weighted average market price of the Class A shares for the last 3 trading days of the preceding month and to pay the original issue price of those shares on the termination of the Company. The net asset value per unit must remain above the required $15 per unit threshold for monthly distributions to be declared.

In order to manage its capital structure, the Company may adjust the amount of dividends paid to shareholders or return capital to shareholders.

11. Reconciliation of net asset value per Class A share to net assets attributable to holders per redeemable Class A share

As at May 31, 2026 and November 30, 2025, there were no differences between net asset value per Class A share used for transactional purposes and net assets attributable to holders per redeemable Class A share for financial reporting purposes.

12. New IFRS Accounting Standard

In April 2024, the International Accounting Standards Board issued IFRS 18, “Presentation and Disclosure in Financial Statements”, which replaces IAS 1, “Presentation of Financial Statements”, and aims to improve the quality of financial reporting. IFRS 18 introduces requirements to present new categorization of performance activities by operating, financing and investing, and subtotals in the statement of comprehensive income (loss), adopt a structured approach to summarizing expenses (such as by nature or by function), and include a dedicated note disclosing management-defined performance measures used outside the financial statements. It also provides enhanced guidance on the aggregation and disaggregation of information within both the primary financial statements and the notes. This standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted. The Company is currently assessing the impact of these new requirements.

In May 2024, the IASB issued amendments to IFRS 9, “Financial Instruments”, and IFRS 7, “Financial Instruments: Disclosures”. The amendments clarify the requirements for the timing of recognition and derecognition of financial assets and liabilities, introducing a new exception for certain financial liabilities settled through electronic payment systems. They also provide additional guidance on assessing the contractual cash-flow characteristics of financial assets with contingent features; and introduce new disclosure requirements for financial instruments with contractual terms that may change cash flows. These amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted. The Company is currently assessing the impact of these new requirements.

13. Subsequent events

On June 1, 2026, the Company announced a normal course issuer bid (“NCIB”) to purchase up to 5,519,308 Preferred shares and 5,340,328 Class A shares, representing 10% of the public float of each class of shares. The NCIB commenced on June 3, 2026 and will terminate on June 2, 2027. The Company may not purchase, in any given 30-day period, more than 1,104,313 preferred shares or 1,068,884 Class A shares, representing 2% of the issued and outstanding preferred shares and Class A shares, respectively, as at May 20, 2026. Any shares purchased under the NCIB will be cancelled.

On June 4, 2026, the Company completed an offering of 10,000,000 Preferred shares at a price of $10.33 per share. The offering generated gross proceeds of $103,300,000 and net proceeds of $100,051,000.

Notes

Quadravest Capital Management Inc.

Quadravest Capital Management Inc. was formed in 1997 and is focused on the creation and management of enhanced yield products for retail investors. The investment strategy combines fundamental based equity investing with covered call writing. Guided by four key principles, Quadravest sets attainable investment objectives that allow the team to stay focused on a long-term investment strategy.

The four principles – innovation in financial products, discipline in investment management, solid results for investors, and excellence in client service – form the foundation of Quadravest. Each member of the firm's tight-knit team is committed to upholding these principles, ensuring a coherence and dedication that is unique to the Company.

Quadravest has raised over $2.5 billion in initial public offerings.

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