

FNBC Climate Risk Management Public Disclosure

Cautionary Statement and Legal Disclaimer

This Climate Risk Management Disclosure may contain forward-looking information within the meaning of applicable securities legislation. Forward-looking information may include, but is not limited to, statements regarding FNBC's climate-related risk identification, governance, scenario analysis, risk management practices, metrics, and anticipated enhancements to data, modelling, and disclosures. Forward-looking information is based on management's current expectations, assumptions, estimates, and judgments, including assumptions related to climate pathways, hazard severity, policy development, technological change, economic conditions, and data availability. Actual outcomes may differ materially from those expressed or implied.

Climate-related scenario analysis is subject to significant uncertainty. Scenarios are hypothetical, rely on simplifications and externally developed reference pathways, and do not represent predictions or forecasts of future events. Scenario analysis is used primarily to support risk awareness and governance discussion and is not intended to predict actual financial impacts, credit losses, asset values, or economic outcomes.

The information in this disclosure should not be interpreted as a commitment, guarantee, or representation regarding future performance, strategic direction, capital adequacy, emissions outcomes, or risk levels. Any forward-looking statements contained in this document represent the views of management as of the date hereof and are presented for the purpose of assisting the reader in understanding FNBC's Climate Risk Management Disclosure. No representation or warranty, express or implied, is or will be made in relation to the accuracy, reliability or completeness of the information contained in this document. All forward-looking information contained in this document is made as of the date hereof and, except as required by law, FNBC undertakes no obligation to update or revise any forward-looking statements.

Purpose and Scope

This Climate Risk Management Disclosure describes how FNBC identifies, assesses, manages, and discloses climate-related financial risks, in accordance with OSFI Guideline B-15. Climate-related risks include physical risks (from acute and chronic climate hazards) and transition risks (from regulatory, technological, market, and economic changes associated with the transition to a lower-emissions economy).

FNBC's approach to climate risk management is prudential, proportionate, and risk-based, reflecting the Bank's size, portfolio composition, and geographic footprint, including service to northern and remote communities.

This disclosure focuses on governance, strategy, risk management practices, and selected metrics used to support financial resilience and risk oversight. It does not constitute a commitment to

emissions neutrality, financed emissions reduction targets, sector exclusions, portfolio alignment objectives, or forecasts of future financial performance. FNBC's climate risk management framework will continue to evolve as data availability, modelling capability, and supervisory expectations mature.

Governance

Board Oversight

The Board of Directors is accountable for oversight of climate-related risks as part of its responsibility for the safety and soundness of FNBC. Climate-related considerations are overseen within the Bank's existing governance structures and addressed alongside other financial risks.

The Board receives periodic updates on climate-related risk exposures and developments, including scenario analysis outputs, key assumptions, and management's assessment of implications for risk profile and oversight priorities.

Management's Role

Senior Management is responsible for implementing FNBC's climate risk management approach and progressively integrating climate-related considerations into existing governance and risk management processes.

Responsibilities for climate-related risks are allocated across management functions based on the nature of the risk, including physical risk considerations relevant to operational resilience and transition risk considerations relevant to financial planning and disclosure. Climate-related risks are reviewed through existing management forums and are progressively integrated into enterprise risk reporting processes in a manner proportionate to FNBC's size and complexity.

Strategy

Climate-Related Risks and Opportunities

FNBC evaluates climate-related risks through the lens of its relationship-based banking model, with credit risk and collateral valuation as the primary channels through which climate-related risk drivers may affect financial resilience.

Transition risks may affect borrower cash flows, collateral valuations, and credit performance in certain sectors over time. Physical risks may affect borrower repayment capacity, collateral durability, and operational continuity, particularly in geographies exposed to hazards such as wildfire, riverine flooding, and permafrost degradation.

Climate-related developments may also present selective financing opportunities, including resilience-related investment and energy-efficiency improvements within communities served by FNBC. Any such opportunities are evaluated within existing underwriting standards and risk appetite parameters.

Climate Scenarios Used in Scenario Analysis

FNBC uses externally developed climate scenarios as reference pathways to support scenario analysis. These scenarios are used to explore plausible ranges of physical and transition risk conditions over multiple time horizons and to support governance discussion.

For physical risk analysis, FNBC references Representative Concentration Pathways (RCPs) developed for use in climate modelling and formally adopted by the Intergovernmental Panel on Climate Change (IPCC). In particular, FNBC uses RCP 8.5 as a high-warming pathway to assess sensitivity to severe physical risk conditions, and RCP 4.5 as a comparative pathway reflecting more moderate outcomes under mitigation efforts.

FNBC used these scenarios because they are widely recognized, externally developed, and transparent reference pathways that enable consistent sensitivity analysis and comparability. Scenario analysis is used as a risk awareness and governance tool rather than as a prediction of future outcomes.

FNBC uses analytical reference years (including 2030, 2050, and 2070) as checkpoints for governance discussion. For certain long-dated physical risk analyses, longer horizons may be considered to capture late-onset chronic hazards.

Business Model Considerations

FNBC operates a relationship-based banking model focused primarily on retail and commercial lending, with a significant proportion of exposures secured by real estate. Climate-related risks are therefore most likely to affect the Bank through credit performance, collateral valuation, sector concentration, and geographic exposure rather than through capital markets or trading activities.

As of the reporting date, FNBC has not identified climate-related risks that are expected to result in material changes to its current business model, revenue structure, or funding profile. Climate-related considerations are addressed through enhancements to risk assessment, monitoring, and governance practices.

Climate Transition Plan

FNBC maintains a Climate Transition Plan that supports the integration of climate-related risk considerations into governance, strategy, and risk management processes. The Climate Transition Plan is a risk management framework and does not constitute a commitment to emissions reduction targets, net-zero alignment, sector exclusions, or portfolio reallocation objectives.

The Climate Transition Plan emphasizes:

- Identification and monitoring of material physical and transition risk drivers
- Use of scenario analysis to support risk awareness and governance discussion
- Proportionate, staged enhancement of data, modelling, and reporting capability

Resilience and Scenario Analysis

FNBC uses climate scenario analysis to assess the resilience of its business model and lending portfolios under a range of plausible transition and physical risk pathways. Outputs are

interpreted as scenario-based sensitivity metrics rather than deterministic forecasts of realized losses.

Scenario analysis informs governance oversight by highlighting areas of higher sensitivity and supporting monitoring of sector and geographic concentrations as climate-related risks evolve.

Risk Management

Climate-related risks are managed within FNBC's Enterprise Risk Management Framework and are treated as drivers that may influence established risk categories, including credit, operational, strategic, liquidity, and reputational risk. FNBC does not manage climate risk as a standalone category.

Climate-related considerations are being progressively integrated into existing processes such as credit adjudication, portfolio monitoring, concentration analysis, and operational resilience planning. Monitoring emphasizes identifying areas of elevated sensitivity and supporting timely governance discussion.

Metrics and Targets

Metrics

FNBC applies a proportionate set of climate-related metrics to support governance oversight. Metrics are selected for prudential risk management purposes and include operational greenhouse gas (GHG) emissions and selected scenario-based financial risk sensitivity indicators.

Scope 1 and Scope 2 Emissions

For the reporting period November 1, 2024 to October 31, 2025, FNBC reports:

Metric	Result
Scope 1 emissions (tCO ₂ e)	235.9
Scope 2 emissions – location-based (tCO ₂ e)	273.6
Total Scope 1 + Scope 2 (tCO ₂ e)	509.4

Emissions are calculated in alignment with the GHG Protocol, using measured consumption data and documented estimation methodologies where required.

Scope 3 Emissions

Scope 3 emissions, including financed emissions, were not quantified nor required for the reporting period. FNBC will develop quantification of these emissions in line with regulatory timelines.

Targets

Climate-related metrics are applied to enhance governance oversight and understanding of climate-related risk sensitivities within FNBC's risk profile. FNBC has not established quantitative greenhouse gas reduction targets, financed emissions targets, portfolio alignment objectives, or net-zero commitments, as metrics are currently used for prudential risk management purposes.

Data Quality and Limitations

Climate-related disclosures are subject to inherent data limitations and long-term uncertainty. FNBC actively manages these limitations through the use of conservative assumptions, scenario analysis, and governance-focused interpretation of results, while data collection practices and modelling capabilities are enhanced over time in line with proportionality considerations.

Conclusion

FNBC's climate scenario analysis is intended to enhance forward-looking risk awareness and support governance oversight rather than to predict actual outcomes or quantify realized financial impacts. Based on the analysis conducted, FNBC has not identified climate-related risks that are expected to result in material financial impacts to the Bank's current business model, capital position, or financial performance.

Scenario analysis indicates climate-related risk sensitivities may emerge over longer horizons and may be unevenly distributed across geographies and portfolios, particularly under severe but hypothetical scenarios. FNBC will continue to monitor these risks and progressively integrate insights into enterprise risk management processes in a proportionate manner.