Climate Risk Report

December 31, 2025

Contents

About Wealth ONE

Founded in 2016, WealthONE Bank of Canada's ("WealthONE" or "the Bank") purpose is to make accessing financial services a welcoming experience for Canadians. The Bank values relationships and continually collaborates and builds strategic partnerships to bring innovation and improved offerings to the Bank's customers. The Bank's Vision and Purpose are to make accessing financial services a welcoming experience for Canadians. The Bank is doing business in all Canadian provinces except for Quebec and the Territories.

WealthONE specializes in borrowing solutions suitable for self-employed persons, investors with multiple properties, high net worth individuals, newcomers to Canada. The Bank offers a full-service online and mobile banking app providing customers a safe, convenient and responsive experience for everyday banking, borrowing, savings and investing needs.

Governance

The Bank believes that effective risk management requires a strong and robust risk management culture. The Bank's risk culture is part of its corporate culture and embodies the "tone at the top" set by the Board of Directors ("the Board"), the President and Chief Executive Officer ("CEO") and senior management that forms the Bank's vision, mission, guiding principles and leadership profile.
For further information on the Bank's risk governance processes, refer to the Bank's Basel III Pillar 3 Disclosures here.

Board of Directors:

The Board is responsible for the overall stewardship of the Bank. Identifying risks and overseeing risk management, which includes climate-related risks and opportunities if deemed material. The Board has directors who have experience with climate risk. Updates on climate risk are provided as necessary during Board meetings, and specific training regarding climate risk is planned for the upcoming year. Climate-related considerations are not factored into remuneration.

The Risk Review Committee of the Board has primary responsibility for overseeing risk management at the Bank, ensuring that management has in place policies, processes, and procedures designed to identify and effectively manage climate risk

Annually, the Committee reviews and recommends to the Board for approval the Bank's Risk Appetite and Tolerance Statement and other key risk related policies. The committees meet at least quarterly throughout the year.

Management:

The Senior Management Committee is comprised of the executive leadership team of the Bank responsible for the day-to-day management of the Bank and achievement of organizational objectives in accordance with Board approved operating and strategic plans.

There are two Risk Management Committees responsible for the oversight of climate risk. These Committees have quarterly meetings or have additional meetings on an ad hoc basis as situations arise.

Management level committees	
Executive Risk Management Committee	The Committee is responsible for providing executive oversight and direction of all risk management activities for the Bank, including climate risk. The Committee is responsible for reviewing and approving risk management

	procedures and standards and recommending them to the Board for approval. The Committee is responsible for discussing emerging risk trends and directing action related to risk management, including Compliance, activities for the Bank.
Financial Risk Committee	The committee is responsible for overseeing the execution of climate risk activities, including risk identification, measurement, reporting, and the promotion of an appropriate climate risk culture within the Bank. This committee is a sub-committee of the Executive Risk Management Committee.

The Bank has specific executive leaders who have climate-related responsibilities:

Executive leaders	
President and Chief Executive Officer	The CEO is responsible for strategic planning, day-to-day management and overall monitoring of the Bank's business, risks and operations. The CEO leads the development and implementation of the Bank's overall strategy and implements resolutions and policies adopted by the Board. The CEO chairs the Senior Management Committee and is a member of the Executive Risk Management Committee.
Chief Risk Officer (CRO)	The Chief Risk Officer is responsible for developing and implementing an appropriate risk management program for financial and non-financial risks, which include climate, to ensure that strong and sustainable risk policies and standards are established and maintained. The CRO chairs the Executive Risk Management Committee and Financial Risk Committee and is a member of the Senior Management Committee.

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Risk Management Strategy

Wealth ONE defines climate-related risks as the following:

- Physical risks refer to the financial risks from the increasing severity and frequency of climate-related extremes and events (i.e., acute physical risks); longer-term gradual shifts of the climate (i.e., chronic physical risks); and indirect effects of climate change such as public health implications (e.g., morbidity and mortality impacts).
- Transition risks refer to the financial risks related to the process of adjustment towards a low-greenhouse gas (GHG) economy. These risks can emerge from current or future government policies, legislation, and regulation to limit GHG emissions, as well as technological advancements, and changes in market and customer sentiment towards a low-GHG economy.

The Company's risk management process for climate change includes identifying internal and external risks that could impact objectives, assessing the impact of those risks, and selecting appropriate responses within risk appetite. The process also includes ongoing monitoring and reporting of risks, supported by Wealth ONE's Enterprise Risk Management program and Three Lines of Defence model.

Wealth ONE has embedded climate-related risks in its Risk Appetite Framework, Enterprise Risk Management framework, and Enterprise Risk Management Taxonomy. The Bank currently has a qualitative risk appetite statement for environmental and social risk, including climate risk.

The Bank recognizes that it is in the early stages of developing its climate risk capabilities. The Bank previously conducted the Standardized Climate Scenario Exercise in 2025 and is committed to build on the insights gained to further strengthen its climate risk management processes, analytical capabilities, and related scenario analysis activities. Resources will be designated to support this development as needed. The Bank also intends to assess whether to incorporate climate risk considerations into ICAAP within the next two years.

The following climate-related risks and opportunities were identified by WealthONE as those that could reasonably be expected to affect its cash flows, access to finance or cost of capital.

For the purpose of identifying and understanding the climate-related risks and opportunities, WealthONE defines 'short term' as 1-4 years, 'medium term' as 5-10 years, and 'long term' as 10+ years.

Type of Impact	Value Chain Area	Description and Impact	Risk Type	Time Horizon
Physical risk	Operations (Office)	Acute and chronic physical events including floods, wildfires, and extreme storms could disrupt employee access to the office, resulting in losses due to business interruption.	Operational Risk	All
Physical risk	Products (Mortgages)	Acute and chronic physical events including floods, wildfires, and extreme storms could damage properties, reducing the value of the building or causing business interruption. This could result in losses through borrower default, in particular for high-risk regions where the underlying mortgage collateral could face insurance exclusions.	Credit Risk	Short
Physical risk	Products (Mortgages)	Acute physical events could reduce the value of the building and cause higher loan-to-value, leading to higher required credit capital.	Capital	Short

Physical risk	Supply Chain (Critical vendors)	Acute and chronic physical events could cause data center outages or business disruption, delaying services and causing customer reputational considerations and financial losses.	Operational Risk	All
Transition risk	Operations (Office)	Increased climate policies (e.g., carbon pricing) may raise leased office costs by increasing building operating expenses (such as energy) which could be passed on to the Bank through the rent.	Operational Risk	All
Transition risk	Products (Commercial Mortgages)	Climate regulations, including increases in carbon taxes or changes to building efficiency codes could cause increased operating costs for borrowers or increased capital retrofitting. Increased costs could result in losses through borrower default.	Credit Risk	Short
Transition opportunity	Products (Mortgages)	The shift of consumers to a low carbon economy could provide market opportunities for WealthONE to offer new products with a focus on climate resilience, providing a differentiator and attracting new customers.	Strategic Risk	Medium, Long

The following are actions that the Bank has taken to mitigate climate risk.

Environmental footprint:
The Bank has limited environmental footprint with one leased corporate office in a WIRED Certified Gold building in downtown Toronto.

Operations and supply chain:

- **Business continuity:** In the case of an operational disruption caused by a physical climate-related event, WealthONE's Business Continuity Management Policy includes considerations for responding to a disaster, including roles and responsibilities. WealthONE employees can also work from home should access be interrupted.
- **Vendor due diligence:** As part of the Bank's onboarding due diligence check list, one of the key items requested from the vendor is their approach to business continuity and disaster recovery (BCDR). The responses are reviewed to ensure that they are consistent with the Bank's expectations. Critical vendors also undergo an annual disaster recovery test which includes monitoring recovery times against acceptable limits.

Products:

- **Maintain a diversified business model:** As part of this approach, the Bank has established geographic concentration limits for its residential real estate lending portfolio, as well as property type and geographic concentration limits for its commercial mortgage portfolio.
- **Monitor hazard exposure:** The Bank monitors wildfire and flooding exposure across its residential and commercial mortgage portfolios. This monitoring is conducted by the risk team, with key trends reported quarterly to the Board through the Risk Report.
- **Monitor credit related metrics**: As part of the Bank's risk management program, the Bank monitors key credit metrics (e.g., loan arrears) which can serve as an early indicator of potential credit losses due to climate-related impacts and highlight emerging weaknesses in underwriting, portfolio performance, or economic conditions.

To address the anticipated impacts of climate-related risks and opportunities, the Bank is committed to integrating appropriate mitigation and adaptation measures into its business model and processes as needed. However, Wealth ONE has not identified any climate-related risks or opportunities that have materially affected the Bank's financial performance over the short, medium and long term.

Metrics

The Bank's Scope 1 and location-based Scope 2 absolute gross GHG emissions for the year ending December 31, 2025, are included in the table below. Emissions were quantified in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.

	2025 GHG emissions (tCO_2e) 1
Scope 1 emissions	22.6
Scope 2 location-based emissions	6.6

[1] Tonnes of carbon dioxide equivalent.

The Bank's approach to quantifying Scope 1 and Scope 2 GHG emissions, including methodologies, activity data, and key assumptions, is outlined below:

- **Methodology**: Emissions were estimated using a location-specific approach, leveraging secondary (proxy) activity data and standardized energy intensity factors. Energy consumption (activity data) was estimated by combining office floor area, building type, and location-specific energy intensity metrics obtained from Natural Resources Canada's National Energy Use Database.
- **Activity data and inputs:** Key inputs to the calculation included the geographic location of office spaces and the total square footage of leased premises. These inputs were used to estimate energy consumption in the absence of primary (metered) data.
- **Assumptions and data limitations**: Due to the unavailability of direct energy consumption data for leased spaces, the Bank applied nationally recognized statistical data as a proxy for activity data. This approach assumes that the Bank's office spaces exhibit energy consumption patterns consistent with national averages for similar building types and locations.