



SUSTAINABILITY REPORT 2022

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About Forbright Bank

A Bank for a Brighter Future

Headquartered in Chevy Chase, Maryland, Forbright is a high-performing, full-service bank committed to decarbonization and playing a central role in accelerating the transition to a sustainable and clean energy economy. Our mission is to enable businesses and consumers to achieve their diverse banking needs in a way that drives more

sustainable outcomes for our communities and society as a whole.

We hold ourselves accountable to responsible business practices and a sustainable mindset throughout all aspects of the organization. For more details on our banking solutions, [visit our website](#).



Forbright™ by the numbers



\$6.5Bn+ in owned assets



\$125MM Green Bond issued by Forbright, Inc. in December 2021



>30,000 metric tons of estimated annual GHG emissions avoided through renewable energy and energy efficiency-related projects



29% of lending portfolio directed towards sustainable finance



7th U.S. signatory of the Principles for Responsible Banking

A Letter from Our Leadership

At Forbright Bank, our approach to sustainability is closely aligned with our greater vision – to help build a brighter future. We believe sustainability is integral to long-term value creation and greater resilience for our planet and society.

The work and investment needed to decarbonize our economy presents both a great challenge and a great opportunity. As a full-service bank, we have the ability to support this work by financing the companies accelerating this transition and by providing innovative banking solutions to our customers.

We use sustainability to refer to our cohesive approach to integrating business practices that consider the environmental and social impacts that affect all of our stakeholders – our investors, customers, partners, employees, and communities. This includes our unique ability as a bank to drive progress through sustainable finance, which includes decarbonization, as well as promoting accessibility to essential resources, such as housing, healthcare, and financial services. Our approach is informed by the globally recognized United Nations Sustainability Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB) framework, and our own analysis on how we can promote sustainability within our unique markets and stakeholder groups. Both the SDGs and SASB Standards are driven by evidence-based research, broad financial market support, and strong leadership.

In addition to analyzing each business opportunity with a sustainability lens, we also perform an environmental, social, and governance (ESG) risk assessment when considering all new loan opportunities to promote responsible lending decisions that drive strong outcomes.

We believe this layered approach allows us to assess risks and opportunities in a holistic manner. To the right are a few highlights across three of our core sustainability pillars, discussed in more detail throughout this report.

We invite you to learn about our deepening efforts and the continued progress we've made in 2022, and look forward to sharing where we plan to go next.

Our Sustainability Strategy Committee:

							
John Delaney	Samantha Norquist	Lisa Cuba	Aaron Juda	Leanne Ladd	Kori Ogrosky	Amy Heller	Kenneth Elias
Chairman & CEO, Forbright, Inc Executive Chairman, Forbright Bank	EVP, Chief Sustainability Officer	EVP, Chief Risk Officer	EVP, Chief Strategy Officer	EVP, Chief Administrative Officer	EVP, General Counsel	President, Healthcare Lending	President, Specialty Lending

Driving progress through sustainable finance

- **29%** of our loan portfolio is in alignment with our Sustainable Finance Framework, as of December 31, 2022.
- Launched our inaugural Green Bond Impact Report.

Integrating sustainable business practices

- Completed a **materiality assessment** to identify and prioritize sustainability risks and opportunities.
- Enhanced our **employee sustainability benefits**, including adding a home energy audit cost reimbursement.
- **17.9%** of total supplier spend with diverse and small businesses.

Supporting our communities

- **1,300+** hours of employee volunteering.
- **\$560K** provided to 60 local non-profit organizations.
- **\$439MM** lent across programs that promote small businesses and community development.

2022 Sustainability Highlights



29%

of our lending portfolio aligned to sustainable finance as of year end 2022



>30K

metric tons of estimated annual GHG emissions avoided through renewable energy and energy efficiency-related projects



41%

of new hires self-identified as women



\$100MM

investment to help Puerto Rico transition to renewable energy



~\$65MM

financed through Commercial Property-Assessed Clean Energy (C-PACE) segment



>3x

increase in corporate contributions across 60 non-profit partnerships



1st

time as a Fossil Free certified banking institution and as a green business through Green America



46%

of new hires self-identified as racially or ethnically diverse



18%

of total supplier spend with diverse and small businesses

“Forbright Bank is defining what it means to be a leader in sustainable finance. Not only are we investing in the people and technologies that drive us closer to a low carbon economy, but we’ve also built a strong foundation for our own sustainability efforts and are inspiring our employees to join us in this work.”



Samantha Norquist,
EVP, Chief Sustainability
Officer, Forbright Bank

Our Approach to Sustainability

Forbright is a full-service bank taking action to decarbonize the economy. We recognize that the need to build a more resilient and low-carbon economy is growing increasingly urgent. In response, we are proactively dedicating capital to the sustainable businesses and clean energy projects driving this progress. We believe our approach reduces credit risk, presents enhanced lending opportunities, and prioritizes the markets of the future, serving the interest of all our stakeholders — our investors, customers, partners, employees, and communities.

By financing critical investments in the energy, transportation, manufacturing, building, affordable housing, and healthcare sectors, we are working to build a more sustainable economy and do our part in accelerating the transition to net zero greenhouse gas (GHG) emissions. During 2022, we facilitated more than **5,000** residential solar and energy efficiency projects and increased our Commercial Property Assessed Clean Energy (C-PACE), financing to **\$64.7 million**. We also released our inaugural [Green Bond Impact Report](#), which demonstrated how proceeds of the **\$125 million** Green Bond, issued in 2021, were successfully allocated. In addition, we launched a sustainability-focused business line that provides credit solutions to businesses and projects supporting decarbonization, resource management, and the broader climate

transition. Energy Loan Network (our residential solar and home energy improvement platform) also continued to grow.

As a mission-driven organization, we hold ourselves accountable to responsible business practices and employ a sustainable mindset throughout our business. Forbright has implemented Responsible Investment and Environmental, Social, and Governance (ESG) policies to embed its commitment to these principles and practices across its offerings and operations. Our approach to sustainability is also guided in part by the [United Nations Principles for Responsible Banking \(PRB\)](#), which we became a signatory to in 2021. Through the PRB, we have a responsibility to align our strategy and practices with the [United Nations Sustainable Development Goals](#) and the [Paris Climate Agreement](#). Banks that have signed the PRB commit to aligning their business strategy to society's goals, setting public targets to reduce impacts, encouraging customer sustainability, engaging with stakeholders, effectively governing, and providing transparency and accountability. In 2022, we completed the first step in implementing the principles by undertaking an Impact Analysis on our core lending activities and reporting on our progress. Our PRB Reporting and Self-Assessment can be found in the [Appendix on page 42](#).

United Nations Principles for Responsible Banking



Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.



Principle 2: Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products, and services. To this end, we will set and publish targets where we can have the most significant impacts.



Principle 3: Clients & Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.



Principle 4: Stakeholders

We will proactively and responsibly consult, engage, and partner with relevant stakeholders to achieve society's goals.



Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.



Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

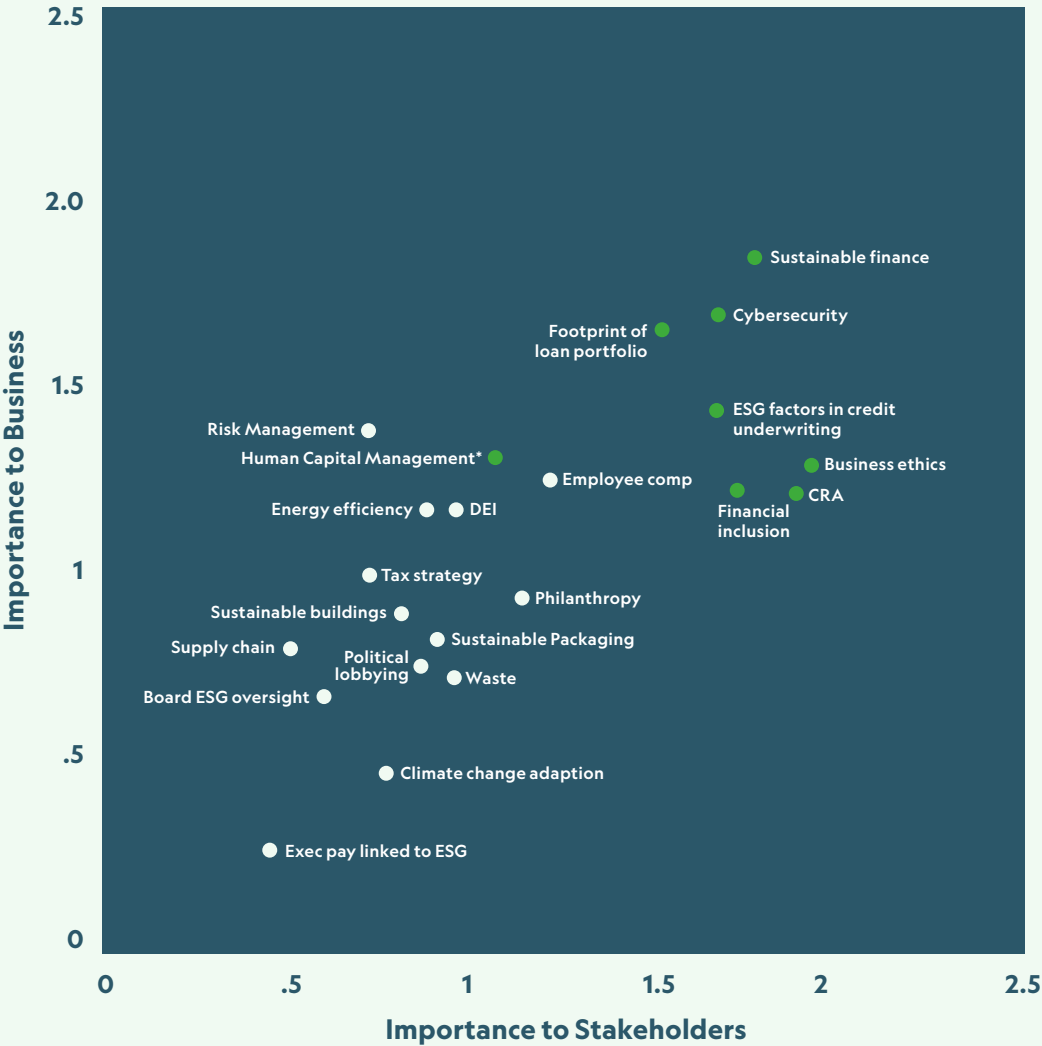
We are also committed to measuring our most significant impacts, disclosing sustainability performance metrics relevant to our stakeholders, setting goals to guide our efforts and improve our performance, and demonstrating accountability by transparently reporting our progress. You can find 2022 highlights and future goals at the beginning of each section of this report, a full list of goals on [page 11](#), and additional sustainability performance metrics in the [Appendix](#).

Setting Our Priorities

In 2022, we conducted a formal materiality assessment with a third-party expert to understand our key sustainability risks and opportunities, identify our highest priority ESG topics, and refine our strategy in a way that is responsive to each. To develop an initial list of ESG topics, we reviewed relevant sustainability standard setters and reporting frameworks, including the Sustainability Accounting Standards Board (SASB) Standards, the Task Force on Climate-related Financial Disclosures (TCFD), the United Nations Sustainable Development Goals (SDGs), the Principles for Responsible Banking (PRB), the Global Impact Investing Network’s IRIS+ Thematic Taxonomy, the Loan Syndication and Trading Association (LSTA) and International Capital Market Association (ICMA), as well as benchmarked peers and industry leaders’ ESG strategies.

Then, using a criteria-based approach, we conducted interviews with internal and external stakeholders to prioritize our ESG topics. We next evaluated and scored each potential ESG topic against our criteria to arrive at a draft materiality matrix. This draft matrix was then tested with our Chief Sustainability Officer, Sustainability Strategy Committee, and ESG Working Groups. Our final materiality assessment results are shown in the matrix to the right.

2022 Materiality Assessment Matrix



● Top priority issue

* Human Capital Management includes:

- employee growth and development
- harassment, discrimination, and respect
- health, safety, and wellbeing

Stakeholder Engagement

In 2022, we formalized a stakeholder engagement plan to better understand and connect our stakeholders – our investors, customers, partners, employees, and communities – with the Forbright activities that matters most to them. This process has helped us actively and more effectively share progress on our sustainability commitments with our key stakeholders. Recent examples include issuing a Green Bond Impact Report for investors and other external stakeholders as well as launching a quarterly sustainability newsletter internally for employees.

Additionally, we are active participants in several industry groups, including the American Bankers Association (ABA) ESG Working Group, the ABA Climate Task Force, the UNEP FI’s TCFD & Climate Risk Program, and the LSTA’s ESG Working Group. We also contribute to thought leadership through speaking at industry conferences on sustainable finance and broader sustainability topics. Additional examples of ways we connect with our stakeholders are included in the following sections of this report.

Core Sustainability Pillars

The results of our materiality assessment and stakeholder engagement process helped shape our sustainability focus areas and key initiatives. Our core sustainability pillars serve as the foundation for our overall sustainability strategy in 2023 and beyond.



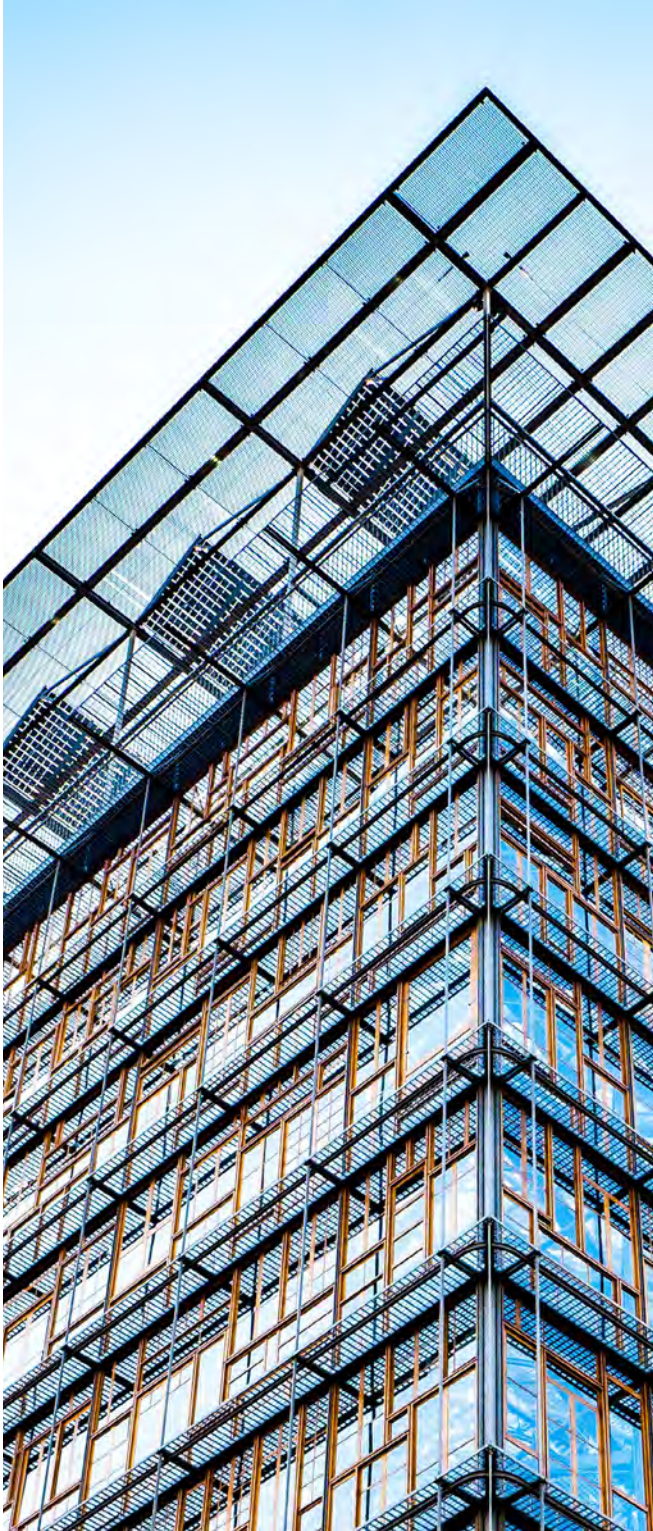
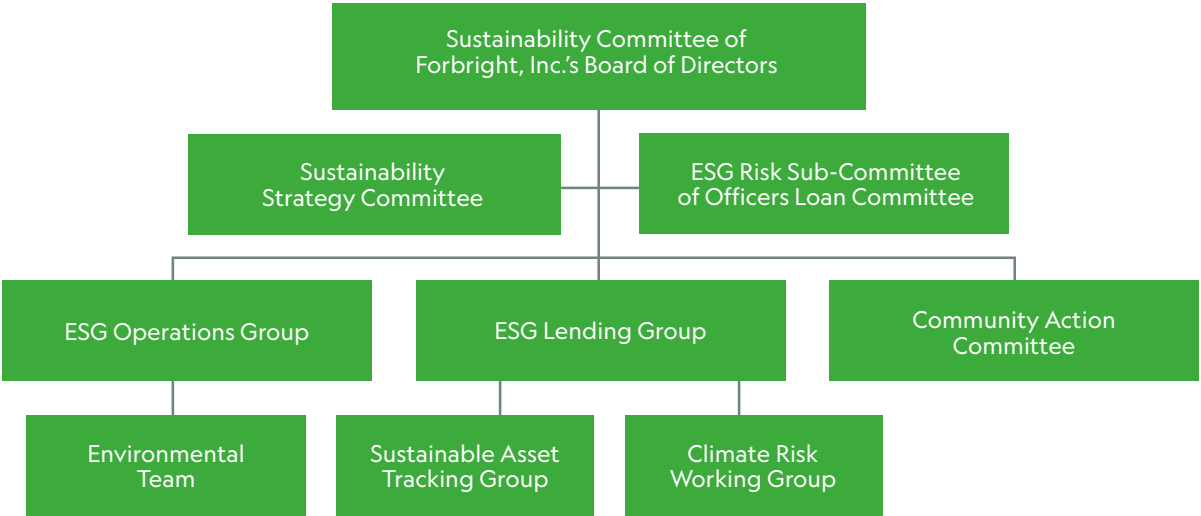
Sustainability Oversight

Sustainability initiatives at Forbright are led by our Chief Sustainability Officer, who leads development of our Company-wide sustainability-related policies, strategies, and programs. Our Chief Sustainability Officer works in close collaboration with, and provides at least quarterly updates to our Sustainability Strategy Committee. This executive-level committee works to identify sustainability-related risks and opportunities, as well as increasingly incorporate metrics, frameworks, standards, and market insights that further drive our commitment to sustainability considerations.

To complement the Sustainability Strategy Committee, Forbright has an ESG Lending Working Group, focused on embedding ESG considerations across each of our lending verticals, and an ESG Operations Working Group, focused on improving

ESG-related practices and reporting across the various segments of our operations. These working groups (together, the ESG Working Groups) meet quarterly and are responsible for implementing our sustainability strategy. The Sustainability Strategy Committee, along with the input of the ESG Working Groups, sets specific goals on an annual basis to increase our positive impacts and reduce potential negative impacts.

Our sustainability strategy is ultimately overseen by the Sustainability Committee of the Forbright, Inc. Board of Directors (Sustainability Committee). Our Chief Sustainability Officer, along with executive-level members of the Sustainability Strategy Committee, are responsible for providing quarterly updates to the Sustainability Committee regarding progress on ongoing ESG program initiatives as well as future plans.



Policies Covering ESG Topics

Forbright's policies, which are applicable across our offerings and operations, codify our commitment to principles and practices across ESG topics.

These include:

- Business Continuity Management Policy
- Code of Ethics
- Community Reinvestment Act (CRA) Policy
- Credit Policy Manual & Underwriting Guidelines
- Enterprise Risk Management Policy
- ESG Policy
- Employee Handbook (which includes our Diversity, Equity & Inclusion Policy)
- Environmental Policy (new in 2022)
- Information and Cybersecurity Policy
- New Products and Services Policy
- Responsible Investment Policy
- Third-party Risk Management Policy

Incorporating ESG Factors in our Credit Underwriting and Analysis

Our Responsible Investment (RI) Policy guides our philosophy and approach towards evaluating ESG factors within our lending platform. ESG factors are an important input into our credit analysis and decision making, and we

believe that appropriate management of ESG matters reduces credit risk and enhances loan opportunities. In accordance with our RI Policy, the following industries and activities will not be considered for financing (assuming a borrower derives >10% of revenue from such industries/activities):

- Tobacco production
- Coal generated power and mining (including thermal coal)
- Oil and gas extraction
- Pornography
- Controversial military weapons (e.g., chemical/biological, nuclear, landmines, cluster munitions)
- For-profit prisons (excluding third-party healthcare services provided to prison population)
- Predatory or deceptive lending

Further, our RI Policy encourages transparency, accountability, and active consideration of the environmental and social implications of our borrowers as well as their corporate governance standards throughout the life of a loan. We believe this approach is consistent with our existing underwriting approach, which evaluates material factors that can impact the long-term risk and return implications of a loan. Lending teams utilize Forbright's proprietary ESG Due Diligence Toolkit to evaluate material ESG topics in the context of a prospective borrower's unique business, operations, and industry.



2022 Sustainability Goals Progress Update

Status	Goal	Priority Area	Timeline
✓	Publish Environmental Policy	Environment	2022
✓	Shift to renewable energy where possible	Environment	2022+
✓	Distribute first employee engagement survey	Employees	2022
✓	Develop pay equity analysis methodology	Employees	2022
✓	Increase corporate contributions to non-profits to > 2.5x prior year amount	Communities	2022
✓	Maintain diverse and small business vendor spend >10%	Governance	2022+
✓	Offer free financial literacy workshops*	Customers	2023+
✓	Release our first digital product, a competitive rate Certificate of Deposit*	Customers	2023
●	Launch Corporate Green Deposit product based on our Green Financing Framework	Customers	Updated to 2023
●	Achieve eight volunteer hours per employee	Communities	2023+
●	Formalize emissions reduction strategy for operational carbon footprint	Environment	2023
●	Host an environmentally-focused employee volunteer event	Environment	2023
●	Host inaugural Sustainability Fair	Environment	2023
●	Offer unconscious bias training to employees	Employees	2023
●	Launch our first Employee Resource Group	Employees	2023
●	Contribute \$1MM to non-profits in alignment with our corporate giving strategy	Communities	2023
●	Launch Employee Matching Gift Program and Giving Tuesday Campaign	Communities	2023
●	Tie executive compensation to ESG metrics	Governance	Updated to 2024
●	Voluntarily report in alignment with TCFD	Environment	2024+
●	Launch digital green savings account for consumers	Customers	2024
●	Roll out a mentorship program for new hires	Employees	2024
✓	Increase employee training hours by 15% above 2021 baseline*	Employees	2025+

Key: ✓ Completed ● On Track ● New in 2023 ● Revised

* Indicates that the goal was met in advance of initial timeline during 2022.

+ Indicates that the goal is expected to be maintained annually thereafter.

Our Commitment to Sustainable Finance

We are proactively dedicating capital to sustainable finance, with the aim of accelerating the transition to a lower carbon and more resilient economy.

As a bank, we believe one of the most significant ways we can create positive environmental and social impact is through “sustainable finance” – deploying capital across our lending and investing activities toward projects and companies that directly contribute to a more sustainable economy.

We define “sustainable finance” as any financial instrument in which the borrower profile, use of funds, or financial product itself promotes environmental or social sustainability. This includes promotion of a transition to a low carbon economy and promotion of affordability and accessibility to essential resources and services, including housing, healthcare, and financial services.

We have built a Sustainable Finance Framework (SF Framework), which outlines our methodology for classifying specific loans or investment opportunities as “sustainable.” Our SF Framework was built in accordance with guidance by the United Nations Sustainable Development Goals (SDGs), the Global Impact Investing Network’s (GIIN) IRIS+ Thematic Taxonomy, and the green,

social, and sustainability principles published by the Loan Syndication Trade Association (LSTA) and the International Capital Markets Association (ICMA), both of which seek to establish common methodologies and best practices across capital markets. Given evolving sustainable finance guidance and best practices, we are committed to continued learning and will update our strategy as needed over time.

Within the SF Framework, key sustainability themes and delivery models are outlined across eight core sectors including Healthcare, Energy, Waste Management, Water Management, Financial Services, Real Estate, Employment Services & Recruiting, and Education. To promote a consistent and thoughtful approach when implementing our sustainable finance efforts, our SF Framework also includes a template for uniform documentation of the sustainability rationale of a prospective opportunity, as well as possible impact metrics that may be tracked across the activities of the borrower/investment.

Our Sustainable Finance Framework is guided by:



Within our current sustainable finance activities, we focus on **Environmental Sustainability, Affordable Housing, Healthcare Access, and Financial Inclusion**, which align to many Sustainable Development Goals, as shown in the below graphic.

Environmental Sustainability



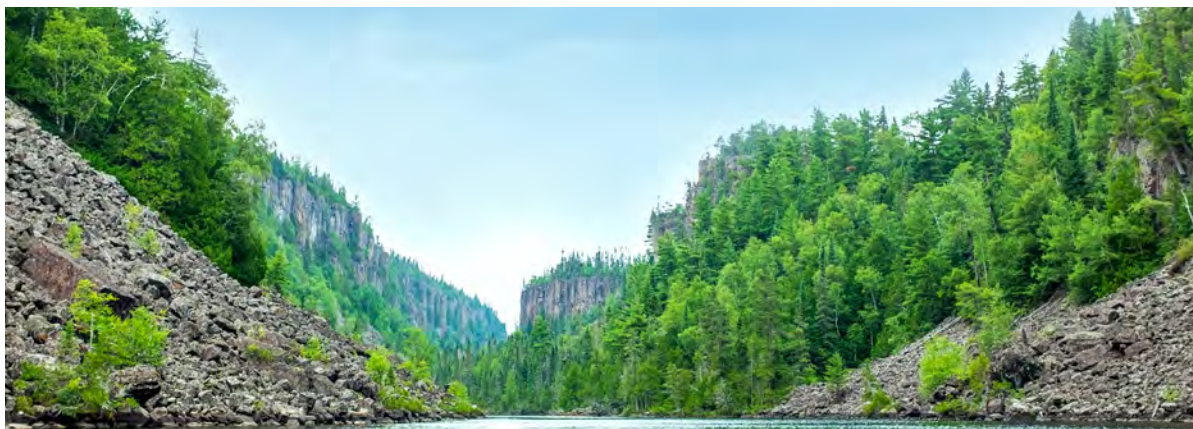
Affordable Housing



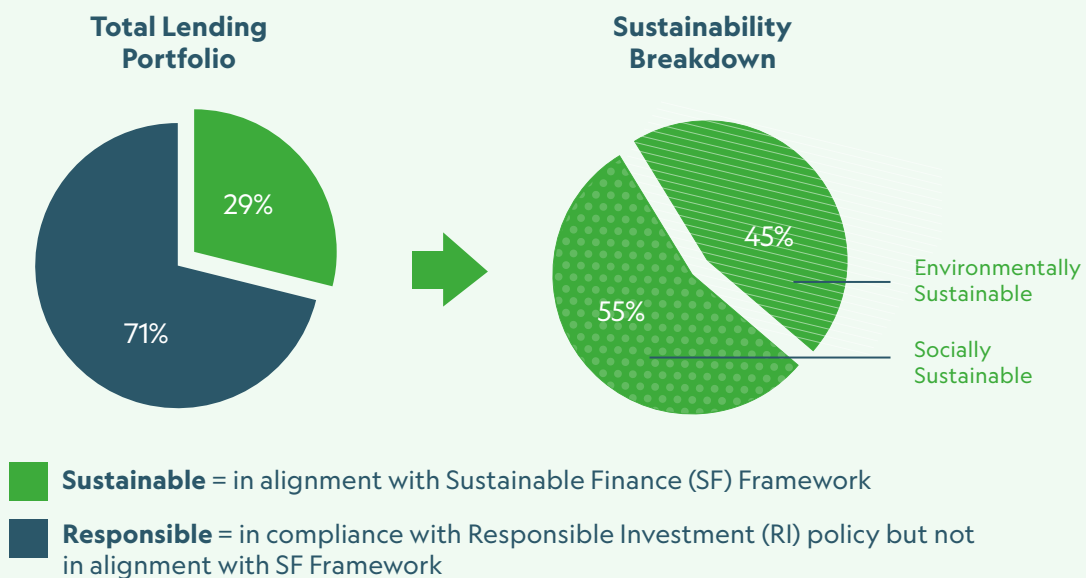
Healthcare Access



Financial Inclusion



As of December 31, 2022, 29% of our lending portfolio* is in alignment with our Sustainable Finance Framework



Strategic initiatives to advance our sustainable finance efforts are included in more detail on the following pages.

* Represents total loan commitments (including outstanding loan amounts and unfunded commitments), as well as C-PACE financing as of 12/31/22. Excludes Paycheck Protection Program loans.

Spotlight on Our Recent Sustainable Finance Initiatives



Supporting Sustainability-Focused Investors

Forbight originated two loans totaling \$12 million in support of two of GEF Capital Partners' (GEF) portfolio companies, EnviroMix and Gro-Well. An innovator in wastewater treatment, EnviroMix develops products – including compressed gas mixing, process control, and process intensification technologies – that can reduce a treatment plant's energy consumption by as much as 60 to 80% versus alternatives. Forbight provided a credit facility to EnviroMix to pay an earnout and provide growth capital. Gro-Well is one of the largest green waste recycling companies in the southwestern U.S., and uses its composting process to make organic landscaping products from waste products that would otherwise end up in landfills. GEF Capital is a global private equity manager that invests in companies offering solutions to mitigate the harmful effects of climate change and pollution.



Supporting the U.S. Wind Industry

Forbight led \$80 million in financing to support an Ares Management Infrastructure Opportunities fund's acquisition of Atlas Crane Service (Atlas), a leading crane rental company that services the wind industry. Atlas's fleet of 60+ cranes and heavy haul equipment helps build, maintain, and repair onshore wind turbines. This business is critical in transitioning to a low-carbon economy. Forbight's financing will support Atlas' growth as it looks to scale its mission critical repower, maintenance and repair services for wind turbines across the U.S.



Supporting Sustainable Real Estate Development

Forbight provided \$46 million in construction financing to The RevPAR Development and Titan Management to build a new Leadership in Energy and Environmental Design (LEED) Gold-certified hotel in downtown Seattle, WA. The hotel will have 200 rooms and will be branded AC Hotels by Marriott. LEED Gold is the second-highest level of LEED certification, which is based on a Green Business Certification Inc. (GBCI) review process. LEED is an international symbol of sustainability excellence and green building leadership that signifies a building is lowering carbon emissions, conserving resources, reducing operational costs, prioritizing sustainable practices, and creating a healthier environment.

Spotlight on Our Recent Sustainable Finance Initiatives



Supporting Puerto Rico’s Renewable Energy Transition

Forbright led a \$100 million debt facility for Infinigen Renewables, which financed two solar parks in Puerto Rico. Providing a total generation capacity of 73 megawatts (MW), the assets are contracted with the Puerto Rico Power Authority and contribute to Puerto Rico’s goal of generating 40% of the island’s energy from renewable sources by 2025. Transitioning to sustainable solar resources is essential for Puerto Rico to enhance safety, reliability, lower the cost of power for its citizens, and ultimately make the island less vulnerable to hurricanes and energy imports.

Accelerating Growth of Geothermal Energy

Forbright joined in financing a \$115 million credit facility to Cymr Energy, a geothermal energy leader. The company’s geothermal power plants harness the earth’s underground supplies of heat and steam, bringing them to the surface to supply its customers across the country with renewable power day and night, while emitting little to no greenhouse gases. The loan will support the growth of new geothermal projects in various stages of development.

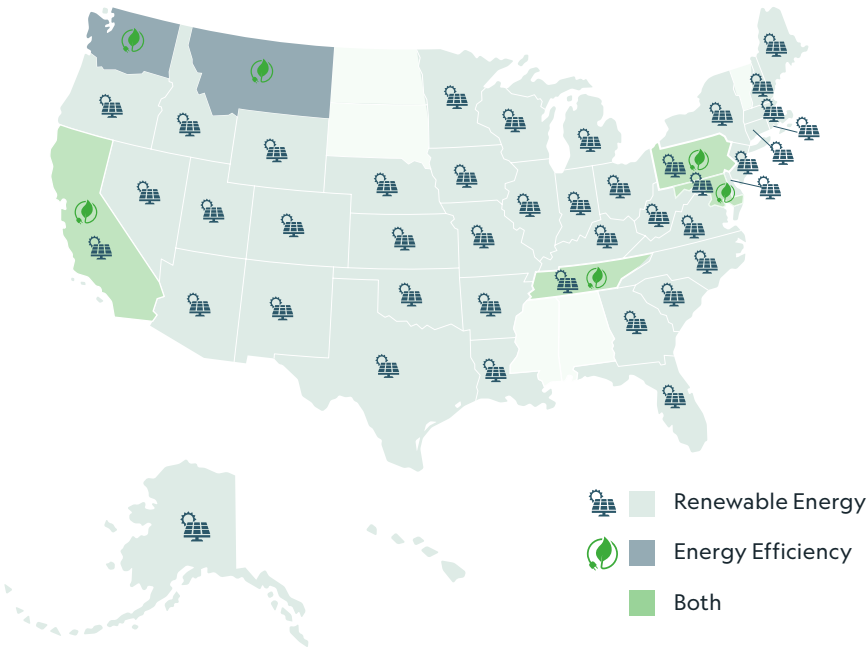


Spotlight on Our Recent Sustainable Finance Initiatives

Our Inaugural Green Bond Report

The \$125 million Green Bond issued on December 22, 2021, resulted in nearly 12,000 metric tons of estimated annual GHG emissions avoided through projects in renewable energy (80%) and energy efficiency (20%) nationwide (see map below). Project highlights include 2,500 residential solar loans and more than a dozen C-PACE projects. All proceeds from the Green Bond were allocated in alignment with Forbright’s [Green Financing Framework](#), outlined in our [Green Bond Report](#) published in December 2022.







Geographic Breakdown of Selected Green Projects



Making Clean Energy Easy to Implement

Founded in 2021, Forbright’s Commercial Property-Assessed Clean Energy (C-PACE) business has been providing a specialized financing approach in which commercial property owners can obtain low-cost upfront financing for solar and other energy efficient upgrades. These projects are later repaid through a voluntary assessment to the owner’s property taxes. As of December 31, 2022, our C-PACE business has financed nearly \$65 million of eligible projects in commercial buildings across the U.S. In February 2023, Forbright partnered with the Washington, D.C. PACE program to finance energy efficiency and renewable energy upgrades for three buildings in Washington, D.C., totaling 400,000 kilowatt hours (kWh) of energy savings per year, in support of the District’s efforts to promote green building upgrades.

Eligible C-PACE Measures

-  **HVAC:** High-efficiency boilers/chillers, mini-split cooling systems, and tankless water heaters
-  **Renewable Energy:** Commercial Property-Assessed Clean Energy finances projects like solar PV, solar thermal, wind turbines, gray water recycling, EV charging stations, and battery storage systems
-  **Building Envelope:** Roof installation, building automation and zoning control systems, air sealing and weather stripping, window film, and door replacement
-  **Lighting and Electricity:** High-efficiency (LED) lighting and control systems, SMART project pathway lighting, and wireless lighting controls
-  **Water Efficiency:** Indoor and outdoor water efficiency, including high-efficiency sprinkler systems, irrigation systems, low-flow fixtures, and on-demand hot water appliances
-  **Resiliency:** Rain catchment systems, storm water management, seismic upgrades, and wind-resistance measures

For more examples of the businesses to which we provide financing, see our [Customers section on page 29](#).

Our Commitment to the Environment

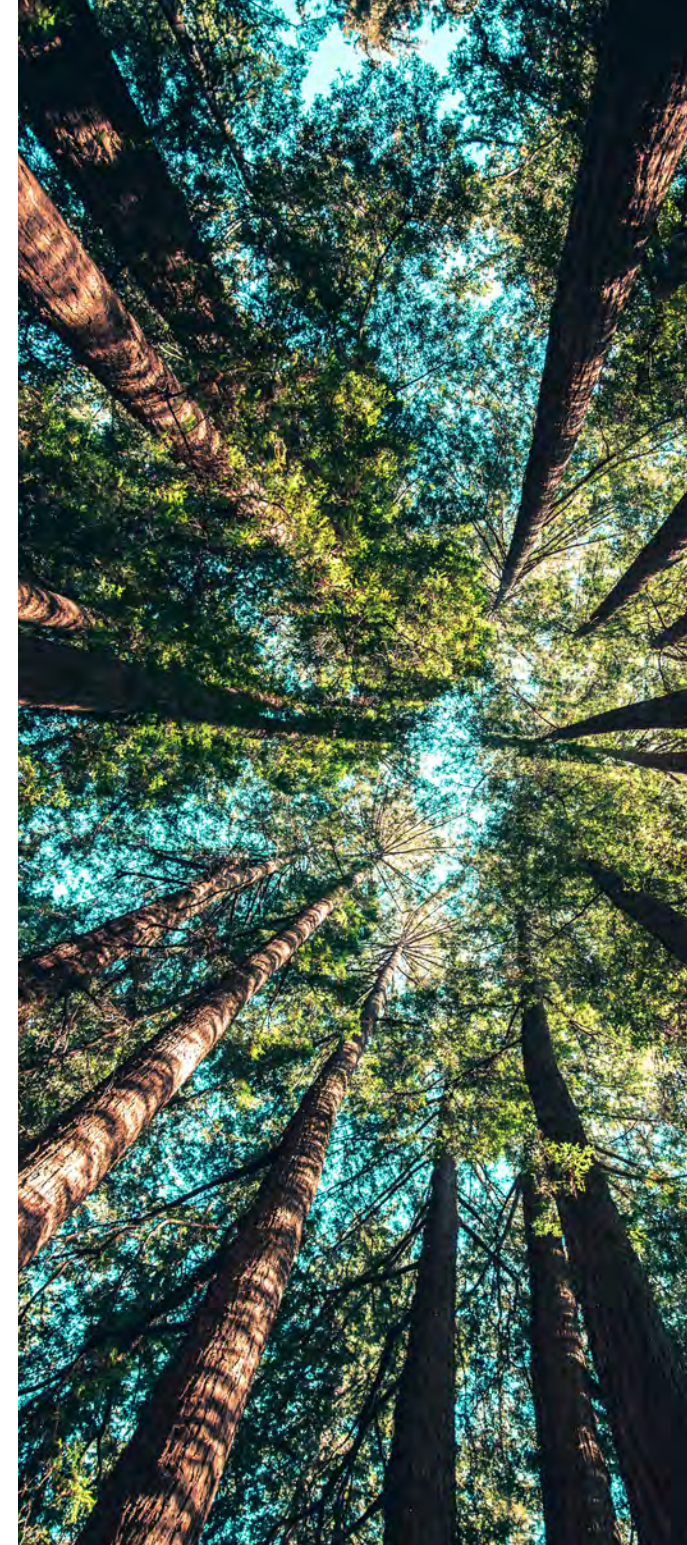
We help protect the planet by thoughtfully managing our operations and launching products aimed at decarbonizing the economy.

2022 Environmental Performance Highlights

- Maintained carbon neutrality of our operational footprint
- Published our Environmental Policy
- Maintained LEED® certification in **65%** of our office space
- Added two new employee sustainability incentives

Future Environmental Goals

- 2023** Formalize emissions reduction strategy for operational carbon footprint
- 2023** Host an environmentally-focused employee volunteer event
- 2023** Host inaugural Sustainability Fair
- 2024** Voluntarily report in alignment with the Task Force on Climate-related Financial Disclosures



Greenhouse Gas Emissions (GHGs) and Our Commitment to Carbon Neutrality

At Forbright, we are committed to making meaningful carbon reductions and maintaining carbon neutrality in our operations. We engage a third-party consultant to measure our Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased energy), and partial Scope 3 emissions footprint (including indirect emissions from employee commuting, business travel, working-from-home, purchased goods and services, capital goods, and waste) following the framework established by the widely used [Greenhouse Gas Protocol](#).

Building from our greenhouse gas baseline assessment conducted in 2021, we implemented various energy efficiency improvements. Our hybrid remote workforce has reduced office-based energy, water, and paper usage, as well as emissions associated with employee commuting. Employees commuting to our physical office locations are incentivized to walk, bike, or use public transportation to help lower emissions.

In recent years, we also shifted to cloud-based data storage and energy-efficient lighting, drastically decreasing energy usage in our headquarters. In 2022, we used an estimated 422,182 kWh of electricity. In total, we produced 4,574 metric tons of carbon dioxide equivalent (tCO₂e). This was an increase from 2021 emissions and was largely due to an expansion of Forbright's locations and employee base, a return to post-COVID business travel, and the inclusion of additional Scope 3 emissions categories (purchased goods and services, capital goods, and waste) in our 2022 calculation. With the addition of these categories, Forbright has now established a baseline for our full Scope 3 operational emissions. For a full detailed comparison against prior year, please refer to the [Appendix](#).

The only remaining Scope 3 category not included in this year's carbon footprint is related to our financed emissions. During 2023, Forbright is completing its first Scope 3 financed emissions calculation, which will inform and further refine our emissions reduction strategy and disclosure in future years.

We met our 2022 goal to shift electricity usage to renewable energy where possible and purchase renewable energy credits (RECs) where solar opt-in programs are not available. In 2022, we enrolled our Herndon, VA office location in a community solar program. At some of our other locations, purchasing renewable energy directly from the grid remains a challenge. Renewable energy is not always an option from our local utility providers. And since we lease our office spaces, we have limited control over power purchasing agreements. Purchasing RECs are currently our best available option. We will continue to collaborate with our property management partners in the years ahead to support more robust renewable energy solutions.

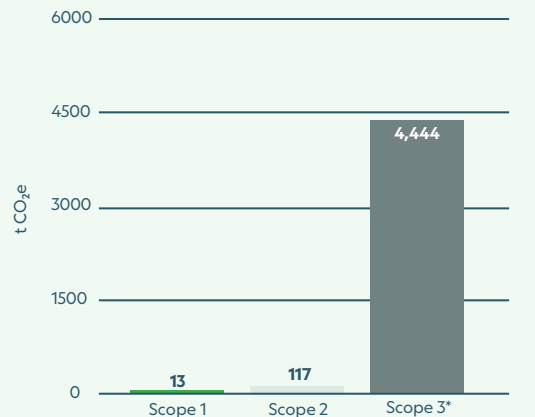
In 2023, we also launched our first online product offering, a competitive rate Certificate of Deposit. We are excited to release additional sustainability-focused digital products in the years to come.

We again purchased certified carbon offsets in collaboration with a third-party expert to achieve carbon neutrality in our operational footprint. We invest in carbon offset projects with proven impacts and those in alignment with the goals of the Paris Climate Agreement and the Sustainable Development Goals, as independently verified by one of the most reputable carbon standard-setters currently in the marketplace.

Forbright's Footprint

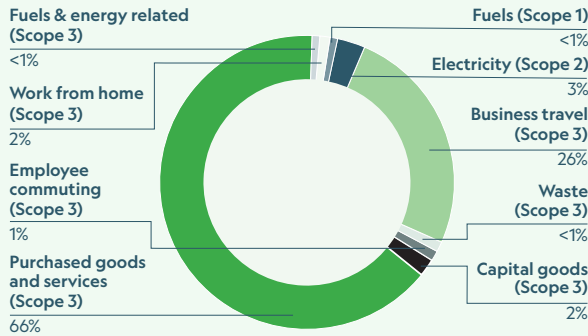
Emissions in 2022: 4,574 tCO₂e

Emissions by scope



* Includes employee commuting, business travel, working-from-home, purchased goods and services, capital goods, and waste. The only Scope 3 category not included is our financed emissions, which we are calculating for the first time during 2023.

Emissions by source



Green Buildings and Certifications

Within our physical locations, we continue to pursue green building certifications following the Leadership in Energy and Environmental Design (LEED®) framework and ENERGY STAR rating. Our headquarters location received LEED Silver Certification and maintained an ENERGY STAR Score of 77, meaning that it is more energy efficient than 77% of similar properties nationwide. In 2022, we leased two additional LEED certified office locations. Overall, we increased our LEED certified square footage from 37,551 square feet in 2021 to 45,004 square feet at the end of 2022. Currently, approximately 65% of our physical locations are LEED certified.

In early 2023, Forbright became a certified green business through Green America, which recognizes companies that meet rigorous environmental standards and those that commit to using their business to solve social and environmental problems. We also continue to be a member of the Maryland Green Registry, which promotes and recognizes sustainable practices at organizations of all types and sizes. Members agree to share at least five environmental practices and one measurable result while striving to improve their environmental performance.



45,004

square feet of LEED certified office space

3.1

tons of CO2e avoided due to Forbright's composting program

77%

Energy Score of 77, meaning more energy efficient than 77% of similar properties nationwide

Waste Reduction, Reuse, and Recycling

Waste reduction is an essential component of our sustainability program. At our headquarters, we provide reusable dishware and compostable single-use items. New hires also receive a reusable beverage tumbler to reduce the usage of single-use plastics at a Company-wide level.

Our Composting Program

According to the [U.S. Department of Agriculture](#), each year, 30 to 40%, or 133 billion pounds of food is wasted in the U.S. Most food waste ends up in landfills, where it decomposes and releases emissions that contribute to the climate crisis. We are doing our part to minimize food waste in our offices and to educate our workforce.

In 2022, we enhanced our waste reduction and recycling program by adding composting bins to our headquarters. We hired a local service, Compost Crew, to maintain our compost collection and train our employees to encourage proper participation. Over lunch, the Compost Crew team educated employees on the specific items that can be composted and how to generally contribute to reduced waste through thoughtful reuse and recycling habits. By year-end, we diverted 7,081 pounds of food waste away from the landfill through our composting service. This is equivalent to 3.1 tons of CO2e avoided, or >120 trash bags of waste recycled instead of landfilled per year, according to the [EPA's Greenhouse Gas Equivalencies Calculator](#).



Clearly labeled receptacles help employees compost and recycle.



In 2022, the kitchen was stocked with reusable mugs to help us further cut down on single-use items.



Thoughtful Catering

When catering Forbight-sponsored meetings and events, we increasingly utilize vendors focused on sustainable catering practices, including Montgomery County Green Preferred Providers, like Green Plate Catering. Green Plate uses responsible sourcing practices and prepares meals in a zero-waste kitchen. They also provide reusable or compostable plates and utensils to minimize waste. Working with Green Plate Catering helps us support local farms and businesses while lowering our carbon and waste footprints.



“Green catering is not a service we offer or a sales pitch, it’s who we are and what we believe in. We believe every detail and effort makes a difference no matter how small; from our environmentally responsible sourcing practices and plant-based menus to our zero-waste kitchen. We are thrilled to have purpose-driven companies like Forbight Bank as clients and know if we all do our part, together we can reduce our impact on the environment and secure our food future for generations to come.”

– **Kit Wood**, Founder and Owner, Green Plate Catering, shown with Ryan Devine, her son and business partner.



Electronic Recycling

We strive to use our electronic equipment longer than the depreciation schedule. Once the equipment has reached the end of its useful life, we recycle electronics (laptops, monitors, etc.) using a certified vendor. In 2022, 100% of electronic devices maintained by the information technology department that were no longer useful, functional, or obsolete were properly recycled. During 2023, we plan to host a [Brunch & Learn](#) for employees focused on how to responsibly dispose of electronics. We also plan to launch an annual e-waste collection week, during which employees can bring in personal electronics for proper disposal through our IT department.

Environmentally Thoughtful Banking

Our environmental footprint is, in large part, due to the impact from companies we finance. In 2021, Forbright established a Sustainable Finance Framework, which guides our methodology for allocating capital to sustainable borrowers and projects. Read the [Sustainable Finance](#) section of this report for additional details.

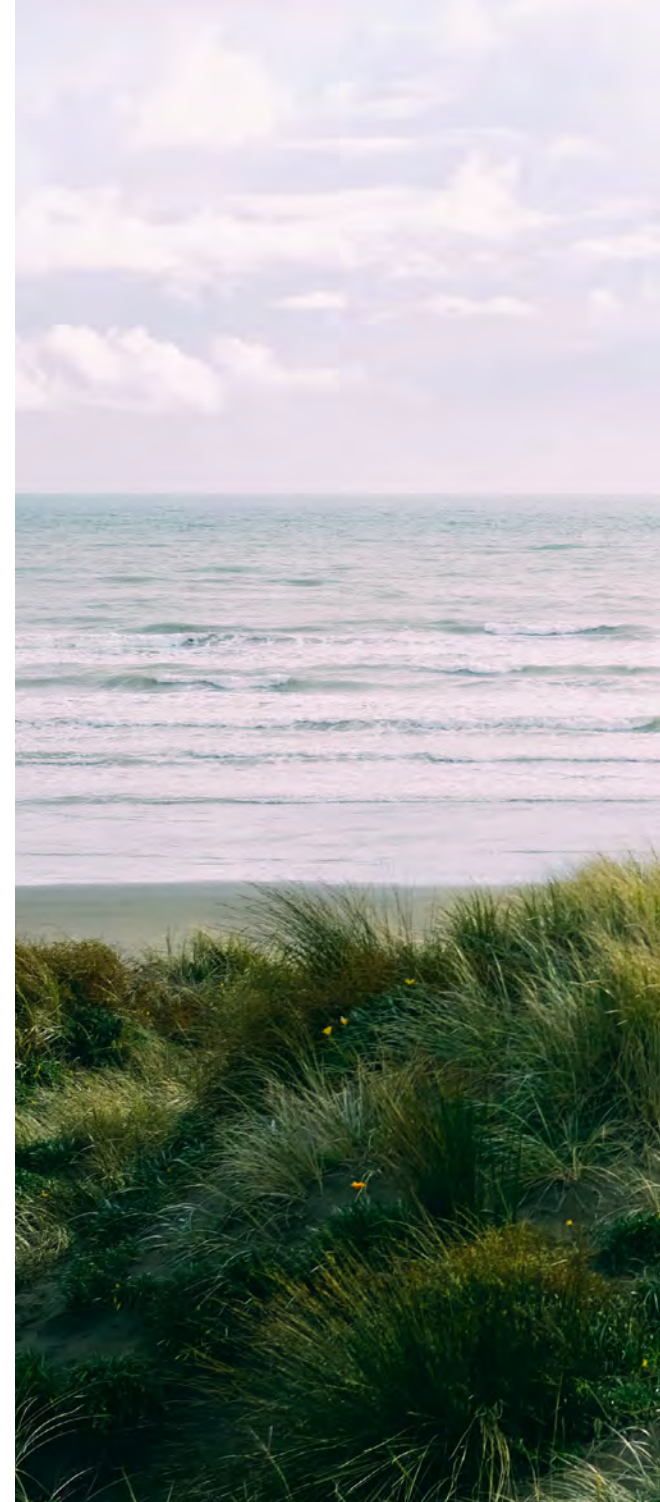
In addition to our Sustainable Finance Framework, we've taken initial steps towards more purposefully considering the environmental impact and climate risks present within our loan portfolio by leveraging tools and best practices from the Principles for Responsible Banking (PRB) and the Task Force on Climate-related Financial Disclosures (TCFD). Forbright is committed to the multi-year journey required to adequately capture, report on, mitigate, and minimize the environmental impact of our financing activities in line with the broader Paris Climate Agreement goal of net zero greenhouse gas emissions by 2050.

In support of these goals, during 2022, we completed a current state assessment of the integration of climate risk considerations already present within our funding sources, lending practices, operations (facilities and vendor management) and our IT environment. We also completed our inaugural PRB Reporting and Self-Assessment, which is included in the [Appendix](#). Further, we have embarked on our first Scope 3 financed emissions calculation in alignment with the recommendations of the Partnership for Carbon Accounting Financials (PCAF) and with the support of a third-party climate expert. This analysis will inform and further refine our emissions reduction strategy and disclosure in future years. As of December 31, 2022, we identified the following existing loans that are in environmentally sensitive sectors* (see chart below).

Sector	Number of Loans	Value of Loans	% of Total Loans
Paper	0	\$0	0.0%
Plastics & Other Chemical Manufacturing	8	\$79,479	1.4%
Oil & Gas, including Mining, Petroleum & Coal Products, and Pipeline Transport**	1	\$683	0.0%
Transportation & Warehousing	8	\$46,101	0.8%
Total	17	\$126,263	2.2%

*Environmentally sensitive sectors include NAICS codes beginning with 21, 322, 323, 324, 325, 326, 48, and 49. Represents total loan commitments (including outstanding loan amounts and unfunded commitments) as of 12/31/22 (rounded to thousands). Excludes consumer and small business loan flow programs through our third-party fintech partnerships and Paycheck Protection Program lending.

**Legacy loan originated prior to Forbright's Responsible Investment Policy and joining the Fossil Free Alliance. The loan matures during 2025.



The environmental section included within our Credit Policy Manual makes clear that we exercise extreme prudence in extending credit to borrowers who may have potential liabilities under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), Superfund Amendments and Reauthorization Act (SARA), and similar local governmental regulations. Environmental risks are also incorporated into mortgage origination and underwriting. Proof of sufficient hazard insurance coverage and a flood certification is required on each residential loan. If a structure resides in a flood zone, proof of sufficient flood insurance is also required prior to the loan closing.

Upon completing our climate risk current state assessment, we completed peer benchmarking and a gap analysis to identify the key areas where we may consider supplementing our current practices.

We also established a cross-functional Climate Risk Working Group to lead our efforts towards strengthening our approach to climate risk considerations across our lending businesses. This working group is composed of representatives across each of our lending verticals as well as executive sponsorship from our Chief Credit Officer and Chief Risk Officer.



In alignment with our ambition to accelerate the transition to a lower carbon economy, we joined the Fossil Free Alliance. As a Fossil Free certified banking institution, we have pledged to not finance new fossil fuel companies or projects through any of our banking practices, including loans, underwriting, or investments.

Forbright continually looks for opportunities to increase our thoughtfulness around the impact of our products and services. In 2023, we plan to launch a Corporate Green Deposit Product, defined by our updated [Green Financing Framework](#), which received a [second-party opinion](#) from Sustainalytics. We plan to release a consumer-facing green savings account in 2024.

Engaging Employees in Environmental Stewardship

Forbright’s employee-led environmental team works to identify and implement measures that improve the environmental performance of our facilities and operations. The group has three sub-committees, focused on environmentally friendly office adaption, promoting employee participation, and maintaining environmental-related certifications.

In early 2022, Forbright launched several employee incentives to encourage sustainable behavior. In the first year offered, more than 50 employees used the incentive program to improve sustainable practices in their day-to-day lives. In early 2023, we added two new enhancements to our sustainability incentives. Employees can now receive a \$2,000 bonus for purchasing a plug-in hybrid vehicle and receive up to \$500 in reimbursement for conducting a home energy audit.



In 2023, we were recognized as one of the Best Workplaces for Commuters, which promotes environmentally-friendly commuting by encouraging multi-modal transportation and alternatives to reduce stress and traffic congestion, for our exceptional employee commuter benefits.



During Bike to Work Week, we offered a \$25 gift card to a local restaurant for each employee participating in the event.



Lisa Cuba, Chief Risk Officer at Forbright, received a \$2,000 employee incentive when installing solar panels on her Virginia home. After installing the panels, she noticed near zero electric bills and, as of February 2023, her panels had helped prevent more than 17,000 pounds of CO2 emissions, per her solar panel provider.



Paul Costanzo, Vice President, Corporate Finance at Forbright, received a \$2,000 incentive from Forbright when he purchased an electric vehicle. In the roughly one year that he has owned the car, Paul has driven nearly 15,000 miles. This equates to ~300 gallons of gasoline that would have been needed (assuming an average of 50 miles per gallon, which is a generous estimate for his particular vehicle).



Katherine Lew, Director, Sustainable Finance at Forbright, and **Laken Upshaw**, VP, HR Information Systems at Forbright, both used the \$250 per year employee incentive to order groceries from Imperfect Foods. Imperfect Foods sources sustainably produced food that would have been discarded due to imperfections. Of the employee incentive, Katherine said, “I think it’s meaningful that Forbright shows its commitment to sustainability not only through its business and investment decisions, but also through encouraging its employees to make sustainable decisions in their daily life. Forbright’s employee incentive program helped me take the leap to try Imperfect Foods.” Laken added, “I appreciate Forbright’s sustainability-focused employee incentives because it keeps sustainability at the top of mind while off-setting the cost of making a transition to a more environmentally responsible lifestyle.”

We are proud to support employees like Lisa, Katherine, Laken, and Paul who are choosing to reduce their environmental footprint with our sustainability-focused financial incentives.

Sustainability-focused Employee Incentives

\$2,000 for employees that install solar panels on their home.

\$250 for employees that opt into community solar through their existing electricity provider.

\$250 bonus for employees that walk or bike to work at least three days a week.

\$250 per year for employees that choose sustainable subscriptions, such as a compost program or Imperfect Foods subscription.

\$50 per month for employees that utilize public transportation to commute to work at least three days per week.

NEW in 2023: \$500 reimbursement for employees that conduct a home energy audit.

NEW in 2023: Added plug-in hybrids to our existing **\$2,000** incentive for employees that purchase an electric vehicle.

Our Commitment to Our Employees

We are building a bank for a brighter future and our employees are vital in reaching this vision. We are committed to building a culture of collaboration, inclusion, flexibility, recognition, and giving so that profitability goes hand-in-hand with a sense of purpose and responsibility.

2022 Workforce Highlights

- **36%** employee growth rate, with 188 new hires joining our team during the year
- **46%** of new hires self-identified as racially or ethnically diverse, and **41%** of new hires self-identified as women
- **79%** favorable engagement score in our first engagement survey compared to a 70% banking industry average in 2022
- No bias to gender or race found in 2022 pay equity analysis

Future Workforce Goals

- 2023** Offer unconscious bias training program to employees
- 2023** Launch our first Employee Resource Group, a community of support, networking, and career development for women and allies that champion gender equity
- 2024** Roll out mentorship program for new hires
- 2025** Increase employee training hours by **15%** above 2021 baseline



Employee Engagement and Experience

Our human capital management (HCM) strategy underpins our efforts to attract, grow, retain, compensate, and inspire an engaged, skilled, and diverse workforce and stand out as an employer of choice in our industry. Our Executive Vice President of Human Resources leads our human capital management efforts and is supported by a team that more than doubled in size this year.

We offer our team members and prospective employees a dynamic, high energy, fun, and fast-paced workplace environment as well as an exciting professional growth trajectory. We help our team members thrive by providing a work environment centered on collaboration, innovation, inclusivity, flexibility, and giving back to our local communities. Our meaningful business mission and embedded sustainability practices are an enticing part of our employee experience and recruitment efforts.

We continue to provide the flexibility our employees need to be successful, offering fully remote, in-office, and hybrid work options. We strive to provide our remote team members with several ways to communicate, collaborate, and connect with their colleagues. In 2022, we launched our first Employee Engagement and Satisfaction survey to solicit feedback from our employees about our leadership, culture, communications, work environment, growth and development opportunities, compensation, and overall experience.

We gained valuable insight from this survey, as **76%** of our workforce participated. And we are pleased to report an overall favorable engagement score of **79%**, compared to a 70% banking industry average in 2022. The outcomes of this survey will continue to help us refine our human capital strategy and goals.



Employee Engagement Score

FORBRIGHT BANK

79%

INDUSTRY AVERAGE

70%

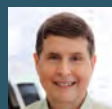


Our executive leadership team continued to host virtual town hall meetings on a quarterly basis for all employees, which include dedicated time for a Q&A with our Executive Chairman and Chief Executive Officer. Our Human Resources team also sends a monthly newsletter to share Company-wide initiatives, upcoming events, and other important employee information and offerings.

In addition, we started our popular **“Brunch and Learn”** series in 2022, where team members from various departments in multiple time zones can present on their teams’ role at Forbright and share recent accomplishments. For our headquarters-based employees on the East Coast, we serve lunch; for our West Coast employees, it’s during breakfast; and for our central folks, it’s brunch!

We also use various digital methods to communicate with employees. These platforms, such as the Forbright intranet and our HR & Payroll hub, include details on upcoming events, a people directory and organizational chart, recognition for employee milestones, and other resources.

“I look forward to the Brunch and Learns, particularly those presented by department leaders within the Company because they afford us an opportunity to see what other areas of the bank are doing. I use what I learn at these sessions as cross referrals and to gain a better understanding of who to reach out to when I need assistance in their respective departments.”



Craig Underhill,
President, Community
Banking Division, Forbright Bank

Employee Training and Development

We work to engage and retain diverse and talented employees and offer a variety of development opportunities to help employees succeed. We believe in promoting from within, communicating openly, and focusing on the future. In 2022, employees completed 4,762 total training hours through our online learning platform, an average of ~13 hours per employee, up from ~7 hours in 2021. A few of the topics covered in these trainings were data security, diversity, and various department spotlights.

In addition to our formal training offerings, employees can also apply to be reimbursed for certain approved certifications, continuing education, and other learning courses. In 2022, our leadership participated in an offsite Manager’s Bootcamp, where they learned best practices in interviewing, workplace respect, effective performance reviews, and compensation conversations. Managers also received unconscious bias training as part of the Manager’s Bootcamp. In early 2023, we launched a pilot women’s mentorship program in partnership with the Virginia Banking Association.

Forbright offers a nine-week rotational summer internship program, where interns work in different lending departments to learn about the culture and opportunity available to them once they graduate. We also provide various internship opportunities in other departments across the Bank.

Once at Forbright, new hires are provided with a welcome box on their first day and are led through an extensive onboarding curriculum that includes orientation about the Company, our culture and policies, benefits, processes, and systems. New hires are sent surveys at 30 days and 60 days to promote a smooth and efficient transition into the Company. In early 2023, we added a monthly New Hire Sustainability Q&A, where all employees hired within the past two weeks have an opportunity to join an informal session with our Chief Sustainability Officer to learn about key initiatives and ways to get involved.

Employee Health, Wellness, and Benefits

Forbright offers a flexible work environment to support work-life balance for all employees. We continue to offer a comprehensive benefits package, including medical, dental, vision, voluntary life, voluntary AD&D, an updated short-term disability plan, long-term disability, flexible spending accounts, pre-tax transportation, bonuses for purchasing solar panels, electric vehicles, taking public transportation or biking to work, and a 401 (K) with a competitive employer match. This year, as a result of feedback from our Employee Engagement Survey:

- We enhanced our parental leave benefit so that all employees are eligible for at least eight weeks of paid parental leave, with birthing parents eligible for up to 12 weeks of fully paid leave inclusive of short-term disability.
- As part of our re-entry program for parents coming back after parental leave, we now explicitly allow for 60% of their time to be work-from-home for the first eight weeks, in order to help ease the transition.
- All employees now receive an additional 24 hours of paid leave per year to volunteer on their own time, in addition to Forbright-sponsored volunteer events.
- We rolled out a formal performance review process to focus on supporting employees' future growth.

We also provide our employees with 20 days of paid time off each calendar year to take time off for vacation, sick leave, and personal days. As of 2022, unused days up to two weeks, or 80 hours (unless otherwise required by applicable law), can be rolled over to the next year. Employees also receive approximately 10 paid holidays.

We continue to partner with United Healthcare to offer free flu shots and health-focused webinars. We provide incentives for completing certain health screenings and rewards for meeting certain health milestones. In addition, the Company provides an Employee Assistance Program that can be used to help with work/life balance and to seek mental health support.

We have a free fitness facility at our corporate office. And in early 2023, we began rolling out a Company-wide Wellness Initiative. In 2022, we offered a self-defense class both in-person and virtually, to help employees learn the basics of personal safety. We also hosted a financial wellness training with one-on-one counseling, where employees were able to receive individualized planning advice from a financial advisor. For a list of sustainability-focused incentives available to employees, visit [page 23](#).

Finally, to aid in our recruitment efforts, we provide a \$5,000 referral bonus to employees. Any employee whose referral is hired is automatically entered into a drawing to win a paid vacation.



Forbright employees participated in the 2022 Mushball Classic. Event proceeds benefited Nationals Philanthropies' signature Academy program.

Diversity, Equity & Inclusion

Forbright Bank is committed to fostering, cultivating, and preserving a corporate culture of diversity, equity, and inclusion (DEI). It is the policy of the Company to provide equal employment opportunities to all qualified individuals and to administer all aspects and conditions of pre-employment and employment without regard to race, color, age, sex (including pregnancy, sexual orientation, or gender identity and gender expression), religion, national origin, disability, genetic information (including family history), and any other protected class, in accordance with applicable federal, state, and local laws.

Our team members are the most valuable assets we have, and we embrace the characteristics that make them unique. The collective strength of our team’s life experiences, knowledge, skills, inventiveness, innovation, self-expression, capabilities, and talent represents a significant part of not only our culture, but our reputation and business success.

These commitments are formalized in our Diversity, Equity & Inclusion Policy, outlined in our Employee Handbook, which specifies that our commitment to providing equal opportunity encompasses all phases of employment, including, but not limited to, our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; and terminations.

Similarly, we are committed to pay equity, and our commitment applies to all salaries, wages, other compensation, insurance programs, pension and other retirement programs, social and recreation programs, and all other benefits or privileges of employment. In 2022, we began work on creating a pay equity analysis methodology as a step towards holding ourselves accountable to our pay equity commitment. After reviewing multiple regression factors, the analysis did not find any bias to gender or race.

We are also committed to developing a work environment built on the premise of:

- Respectful communication and cooperation between all team members.
- Teamwork and team member participation, permitting the representation of all groups and employee perspectives.
- Work/life balance to accommodate employees’ various needs.
- Bank and team member contributions to the communities we serve to promote a greater understanding of respect for diversity.

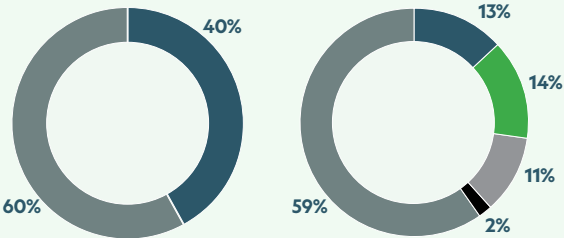
We are committed to promoting DEI within our organization and, while we recognize our accomplishments over the last year, we know that we still have work to do and are committed to being transparent about our progress along the way.

DEI Performance Metrics*

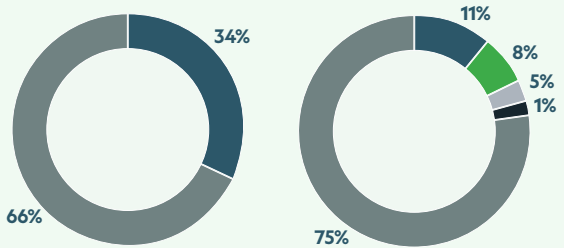
Gender Representation

Race/Ethnicity Representation

Total Workforce



Leadership



- Men
- Women
- White
- Asian (Not Hispanic or Latino)
- Black or African American (Not Hispanic or Latino)
- Hispanic or Latino
- Two or More Races (Not Hispanic or Latino)

* See our [Appendix](#) for further details on our DEI Performance Metrics.

Our Commitment to Our Customers

We are committed to serving our customers, including individuals, businesses, and investors in meeting their financial and financing needs by providing creative, flexible, reliable, and highly specialized solutions. Our goal is to meet the needs of our diverse community by offering products, services, and facilities that are widely accessible and available.

2022 Customer Highlights

- Conducted semi-annual financial literacy workshops¹
- Received multi-family and healthcare licenses to facilitate financing through the U.S. Department of Housing and Urban Development (HUD)

Future Customer Goals

- 2023** Release our first online product, a competitive rate Certificate of Deposit²
- 2023** Launch Corporate Green Deposit product based on our Green Financing Framework³
- 2024** Launch digital green savings account for consumers

¹ This was originally a 2024 goal, which we met in 2022 and plan to continue annually.

² This was completed in early 2023.

³ This was pushed back from our original goal of 2022, to deliver a best-in-class product.



Our Banking Capabilities

Forbright offers a full suite of deposit, checking, transaction processing, and treasury management capabilities. For individuals, we offer checking accounts, money market accounts, savings accounts, credit cards, and more. Our partnership with Zelle® makes sending person-to-person payments fast and easy. Our business offerings, including checking accounts, credit cards, and wire transfers, among other services, help our clients grow.

In early 2023, we launched our first competitive rate, online [Certificate of Deposit](#) that gives customers the opportunity to save with a bank focused on a brighter, greener, and more sustainable future. We also plan to launch our first Corporate Green Deposit Product, described in more detail on [page 22](#), that will be followed by a broader consumer-facing Green Savings Account in 2024.

Our Lending Capabilities

We provide constructive and creative financing solutions to a wide network of projects and companies nationwide.

Helping Where it’s Needed Most

Forbright is committed to financing behavioral health companies that improve access to services, especially for patients that have historically been underserved. There is significant unmet demand for quality mental health and substance use disorder (SUD) treatment services in the U.S.

The opioid epidemic and COVID-19 pandemic have heightened this demand. Forbright recognizes the need for senior capital to support the expansion of mental health and SUD treatment services.

Forbright has financed numerous companies that provide these services in a variety of settings, including residential SUD treatment centers, outpatient SUD treatment programs, and inpatient psychiatric hospitals. In one representative transaction, Forbright financed the renovation of a vacant medical office building in Louisiana (that was in total disrepair) into a state-of-the-art residential SUD treatment facility, focused on caring for traditionally underserved patients. Forbright has financed similar projects in Ohio and Indiana. At Forbright, we view our financial support of behavioral healthcare companies as a critical component to improving treatment options and outcomes for patients.

Providing Support for Affordable Housing

Across the country, rent and real estate prices continued to soar in 2022, making it difficult for individuals and families to afford a home. Throughout Washington, D.C. and Maryland, we provided financing to support the expansion of affordable housing in our local community. When complete, some buildings will provide housing to renters of different income levels, and others will be exclusively available to residents earning 60% to 80% of area median income (AMI). For example, a ~\$36 million

project in the Takoma Park neighborhood in Washington, D.C. will reserve 100 out of 172 multi-family units for those with limited income. Other highlights include a ~\$30 million commitment from Forbright to renovate a building that, when finished will include 121 units, with a minimum of 88% of these being affordable units; and a \$28.5 million commitment to construct a 109-unit multi-family property committed to leasing at least 95% of units to low-income tenants.

Investment in Housing and Urban Development (HUD) Capabilities

Forbright’s in-house HUD lending platform is now available to further the Bank’s efforts to promote sustainable, affordable multi-family housing. Our HUD team brings decades of experience navigating HUD financing programs on behalf of clients nationwide, thereby helping to bolster HUD’s mission to provide clean, safe, and affordable housing to Americans of all ages and income levels. HUD mortgage programs also support environmental sustainability by offering favorable financing to projects that meet certain pre-defined green building standards. Further, HUD programs extend to elderly residential care facilities offering assisted living, memory care, and skilled nursing services. When coupled with the Bank’s robust Healthcare Lending platform, Forbright is uniquely positioned to help owner/operators obtain low-cost, non-recourse financing to support their caregiving efforts.

Spotlight on Our Lending Customers

Supporting Full Spectrum Care

Forbright Bank's borrower, Sterling Care, is a network of rehabilitation, nursing care, independent and assisted living facilities in Maryland. Sterling Care's mission is to treat its residents, their families, and caregivers with the highest level of dignity and respect by promoting a nurturing environment of continuous improvement and excellent service. In 2022, Forbright continued its support of Sterling Care's growth with the addition of four new loans to seven additional facilities.

We are proud to support strong clinical operators who share our commitment to affordable quality healthcare. In the case of Sterling Care, over 66% of its skilled nursing residents qualify for Medicaid which directly supports our goal to finance access to quality healthcare regardless of income.

Supporting a Customer's Expansion into Solar

During 2022, Forbright provided a \$450,000 Power Purchase Agreement and Solar Renewable Energy Credit secured financing to Renew Projects, LLC (Renew Projects). The project, a 206.1 kW photovoltaic rooftop solar system, was installed on a commercial building in Washington, D.C. Renew Projects is a small business based out of Herndon, Virginia, which has recently expanded into solar product offerings from their original business model of manufacturing energy efficient LED lighting. Forbright is proud to support this expansion of Renew Project's offering.

Saving Money Through Solar Loans

In 2022, Forbright financed 2.2 MWs of solar systems on the rooftops of eight Windsor Healthcare skilled nursing facilities in New Jersey. These solar systems will generate an estimated \$375,000 in cost savings per year over the life of the loan for the facilities, while accelerating the transition to clean energy sources. In addition, many of the nursing home residents are recipients of Medicaid, and lowering the operating cost of these facilities has been helpful to management in maintaining the profitability needed to offer quality care.



“We knew we wanted to use solar to increase our use of renewables and save money in the long run. What we didn't realize was how few lenders really understood clean energy lending. Forbright gets it. They were refreshingly unique in their perspective of clean energy finance and were with us every step of the way to turn our dream into reality.”



Joshua Jacobs,
Chief Strategy Officer,
Windsor Healthcare

Our Commitment to Our Communities

We support our communities through corporate philanthropic giving, strategic partnerships with organizations that share our values, and by encouraging employee volunteerism.

2022 Community Highlights

- **\$560K** in corporate contributions in 2022, **>3x** our 2021 amount
- **60** non-profit partnerships
- **\$439** million provided in small business and community development loans
- **1,305** hours volunteered by employees, **~4** hours per employee
- **24** hours of annual Volunteer Paid Time Off provided as a new benefit

Future Community Goals

- 2023** Launch Employee Matching Gift Program and Giving Tuesday Campaign
- 2023** Achieve an average of eight volunteer hours per employee
- 2023** Contribute **\$1MM** to non-profits in alignment with our corporate giving strategy



Philanthropic Giving

Forbright drives purposeful and impactful partnerships with local and national nonprofit organizations to help build a brighter future for all. We provide financial support to nonprofit organizations aligned with our strategic sustainability pillars, including environmental sustainability, affordable housing, accessible healthcare, and financial education and inclusion.

During 2022, we more than tripled our total corporate giving, making \$560K in financial contributions to 60 local non-profit organizations.

“As a board member of the American Red Cross in Montgomery, Howard, and Frederick Counties, Maryland, I have seen firsthand the devastation that people face – not only the physical devastation resulting from an environmental disaster, but also from being displaced afterwards. I am proud knowing that Forbright’s partnership contributes to helping individuals during that sensitive time.”



Amy Heller, President,
Healthcare Lending,
Forbright Bank



American Red Cross

Forbright understands the pressing need for immediate financial assistance when disaster strikes and is proud to provide loans for relocation and rebuilding. In addition, we have committed to a three-year, \$150,000 partnership with the American Red Cross (ARC) chapter in Montgomery, Howard, and Frederick counties of Maryland. The ARC delivers vital services within our local community and globally, including disaster preparedness and relief and life-saving blood.

In addition to this donation, Forbright employees participate in quarterly activities. In October, our team assembled 200 comfort kits for service members and veterans at Walter Reed National Military Medical Center and local military installations. Together, we donated 50 pints of blood through blood drives in March and September.



Salvation Army

In 2022, Forbright participated in its 10th annual Salvation Army Angel Tree Program in the Washington, D.C. metro area and Prince George’s County, Maryland. The Angel Tree Program matches donors with children from families unable to provide gifts and clothing to their children during the holidays. In 2022, we sponsored 263 underserved children in our local community, contributing more than \$26,000 in gifts and gift cards, thanks to the generous involvement of more than 85 of our employees, Board members, and Forbright partners. In addition, Forbright made an additional \$10,000 financial contribution to the Salvation Army National Capital Area Command Angel Tree Program, enough to support gift buying for an additional 100 children. Forbright has been the highest corporate sponsor for two consecutive years (2021 and 2022 Angel Tree Campaign).



Women Palante

Forbright contributed approximately \$30,000 to support the Women Palante 2022 Wellness and Personal Finance series. The 10-week series focused on strengthening the well-being and financial understanding of 28 Latina women in Montgomery County, MD. Forbright employees were also involved, and Adelayda Funes, Senior Vice President of Treasury Solutions, equipped participants with tools to build credit and invest in 401ks. After completing the program, 100% of participants improved budgeting skills and 96% knew how to find their credit score.

“The honor was mine to discuss such important topics and represent our organization. I’m highly impressed with Women Palante’s group of leaders, coordinators, and presenters. And the women participating in the sessions were so involved and engaged. We can truly make a difference with events like this.”



Adelayda Funes,
Senior Vice
President of
Treasury Solutions,
Forbright Bank



Local Initiatives Support Cooperation (LISC) D.C.

Local Initiative Support Corporation (LISC) is a national organization driven by its local presence in 38 regions across the country. LISC works with partners in under-invested communities to bring neighborhood ideas to life. By delivering capital, strategy, and know how, LISC works to create great places to live, work, do business, and raise a family. Since 1982, LISC has invested \$520 million in communities in the Washington, D.C. region, resulting in more than 14,000 affordable homes and 3.7 million square feet of retail, community, and educational space. In 2022, Forbright donated \$30,000 to the LISC D.C. Office to expand their efforts of embedding sustainable practices into their equitable development work. Forbright’s Chief Operations Officer, Eartha Morris, joined LISC D.C.’s Local Advisory Committee in early 2023.

Employee Volunteerism

We encourage employees to support the causes they care about through volunteering. Our Community Action Committee identifies and plans Company-wide community service events aligned to the needs of our communities. We also support employees in planning events that match their interests and serve the needs of the community. We foster multi-year strategic partnerships and programs, with a specific focus on organizations that address environmental issues, serve low- to moderate-income individuals or promote financial literacy and wellbeing. In 2022, we launched a new employee benefit: 24 hours of paid time off to volunteer (per employee, per year) in addition to participation in Forbright-sponsored events.



Urban Alliance

For the past 25 years, Urban Alliance has been connecting high school students to equitable, inclusive careers through paid work experiences, mentorship, and professional development in the greater Washington, D.C. area. In 2022, we launched the Urban Alliance High School Internship Program to create a positive, professional experience for our interns and help them navigate post-high school planning. Mentors were selected through a nomination process, connecting interns to high-level leadership and expertise. Nick Kilavos, Managing Director, Corporate Finance Division at Forbright, serves as an Urban Alliance board member.



Junior Achievement of Greater Washington

Junior Achievement (JA) of Greater Washington is the premier school system advisor with a mission to inspire and prepare young people to succeed in today's economy. They provide lessons in financial literacy, career readiness, and entrepreneurship. In July, Forbright contributed \$15,000 and employee volunteers to support the JA Entrepreneurship Summit. The Forbright team led sessions about entrepreneurship topics and advised students while they developed socially conscious business concepts. Our Founder and Executive Chairman, John Delaney, encouraged students to stay flexible as they aim to solve significant problems in the community through entrepreneurship, and our Chief Executive Officer, Don Cole, judged the final competition.



Community Reinvestment Act

Forbright is committed to serving the credit needs of our local communities, including the needs of low- to moderate-income individuals and people residing in low- to moderate-income communities. As a part of our efforts, we strive to increase our positive impacts as defined by the Community Reinvestment Act (CRA) and beyond. We have a designated CRA Officer to plan, review, assess, and advise in all CRA matters.

Over the past three years, Forbright originated an average of approximately \$59 million in community development loans per year and had an outstanding balance of prior period investments of \$11 million. Using our past performance, we anticipate meeting or exceeding the goals set in our CRA Strategic Plan. Lending and investment goals will be based upon a percentage of projected average assets over the next three years. During 2022, we made 104 loans, representing \$131.7 million, to programs designed to promote small businesses and community development in our market.



Our Commitment to Strong Governance

We are committed to embracing strong governance practices, being transparent about our business activities, and operating to a high standard of ethics.

2022 Governance Highlights

- **83%** and **91%** of Board Directors are independent on the Forbright Bank and Forbright, Inc. Boards, respectively
- Approximately **17.9%** of total supplier spend with diverse and small businesses

Future Governance Goals

- 2023+** Maintain diverse and small business vendor spend **> 10%**
- 2023** Tie executive compensation to ESG and diversity, equity, and inclusion (DEI) metrics⁴

⁴ This has been pushed back from our original completion goal of 2022 due to the complexities faced when refining executive compensation.





Business Ethics

Forbright is committed to conducting our business honestly and with integrity. A high standard of ethical, moral, and legal business conduct is fundamental to our reputation and success. Our Code of Ethics aligns our business practices with our corporate values and specifies what we expect of all employees, officers, and agents.

Our Code of Conduct and Ethics for Directors provides written standards outlining Forbright’s expectations regarding the ethical standards to which each Director is required to adhere, including honest and ethical conduct, compliance with applicable rules and regulations, and accountability.

In line with our commitments to a high standard of ethics and open communication, our Whistleblower Policy provides an avenue for employees to raise concerns and receive reassurance that they will be protected from reprisals or victimization. In addition to defined reporting processes, we maintain an anonymous Whistleblower Hotline, with a 24/7 answering service.

Board of Directors Composition

Forbright Bank is the wholly-owned, FDIC insured, depository bank subsidiary of Forbright, Inc., a bank holding company. Both parent and subsidiary are governed by independent Boards of Directors.

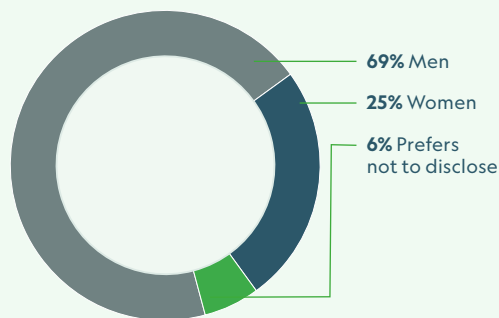
Forbright Bank’s Board of Directors is composed of 12 directors and three committees, including Audit; Risk and Compliance; and Nominating, Compensation, and Governance. The average tenure of Forbright Bank Directors is approximately eight years. In 2022, approximately 83% of Directors were independent. The Board meets at least four times per year. In 2022, Directors had an average meeting attendance rate of 97%.

Forbright, Inc.’s Board of Directors is composed of 11 Directors and five committees, including Audit; Nominating; Sustainability; Risk and Credit; and Compensation. The Sustainability Committee was established in 2021, and oversees sustainability initiatives across the organization.

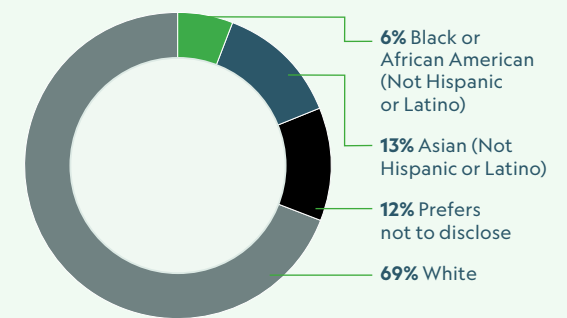
The average tenure of Forbright, Inc. Directors is approximately six years. In 2022, 91% of Forbright, Inc. Directors were independent. The Forbright, Inc. Board meets at least four times per year. In 2022, Directors had an average meeting attendance rate of 98%.

We strive to have our Boards of Directors reflect the diversity of the markets we serve. In 2022, 25% of all Directors (including those that sit on the Forbright Bank and Forbright, Inc. Boards) self-identified as women, and approximately 19% self-identified as racially or ethnically diverse.

Gender Representation



Race/Ethnicity Representation



Supplier Engagement

We are committed to supporting a diverse group of third-party vendors, advisors, and local small businesses through our purchasing decisions. In support of this commitment, in 2021, we added an additional step to our vendor onboarding process to track women-owned, minority-owned, and small business vendors. In 2022, 17.9% of our overall spend was to women-owned, minority-owned, and small business suppliers.

Our top five large organization vendors (by spend) each have a public commitment to sustainability and/or corporate responsibility. In 2022, we updated our vendor selection criteria and now request that significant vendors we work with have their own diversity goals.

Data Security & Privacy

Forbright performs periodic cybersecurity risk assessments and has implemented programs designed to identify and address data security risks aligned to the National Institute of Standards and Technology (NIST) 800-53 controls framework.

This includes programs for information security, vulnerability management, change management, incident response, security awareness, acceptable use, vendor management, disaster recovery, threat modeling, and business continuity.

Our established data-related processes and controls help protect systems that store or use employee and/or customer personal information to promote data privacy. Data is further safeguarded through appropriate user access established and monitored throughout the organization.

We regularly evaluate and implement technologies to reduce the attack surface and move towards a security posture based on the principles of a Zero Trust Architecture (ZTA), per NIST SP 800-207. Our Incident Response Policy addresses the notification of affected parties and regulators in a timely and compliant manner. Disaster recovery and cybersecurity-based tabletops are conducted on a regular basis to both identify and address potential issues or vulnerable areas and to train IT and departmental staff on incident response procedures.

Data security oversight is provided by the Board and an IT Steering Committee, chaired by our Chief Technology Officer. Third parties also perform independent assessments for both internal and external audit. All Forbright employees are trained on data security and privacy best practices as a part of two mandatory annual trainings: Data Security Awareness and Data Privacy Compliance.



Systemic Risk Management

We focus on sound risk management throughout the organization. In 2022, Forbright hired a Chief Risk Officer (CRO) who is responsible for enterprise risk management. Our CRO conducts both quantitative and qualitative risk assessments across all business units, as well as at an enterprise level. This helps aid senior management and the Board in understanding risks, particularly credit, financial, operational, compliance, and reputation, and supports the development of appropriate mechanisms to report risk.

Forbright Bank, along with the entire banking industry, is required to comply with capital adequacy standards established by federal banking regulators. Our capital adequacy remains strong and exceeds the well-capitalized requirements currently in effect. The Forbright Bank Board of Directors, either directly or through committees, assesses major economic and operational risks. We view capital stress testing as an integral part of Forbright Bank's enterprise risk management and strategic planning activities. The primary objective of the stress test is to confirm that Forbright Bank will maintain sufficient capital to continue operations throughout times of economic and financial stress. Forbright Bank leadership also uses the stress testing framework to evaluate decisions relating to loan concentrations, capital deployment, and possible mergers and acquisitions to assess if strategic decisions align with Forbright's acceptable risk tolerance.

Forward-Looking Statements

Certain statements that we make may constitute “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. The Company and its representatives may, from time to time, make written or verbal forward-looking statements. Those statements relate to developments, results, conditions, or other events the Company expects or anticipates will occur in the future. The Company intends words such as “believes,” “anticipates,” “plans,” “expects,” and similar expressions to identify forward-looking statements. Without limiting the foregoing, those statements may relate to future revenues, earnings, store openings, market conditions, new strategies, and the competitive environment. Forward-looking statements are based on management’s then-current views and assumptions. And, as a result, are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Any such forward-looking statements are qualified by key important risk factors that could cause actual results to differ materially from those predicted by the forward-looking statements. Such risks include, but are not limited to, risks related to general economic conditions, competitive pressures, consumer demand, regulatory and litigation developments, and other factors and unanticipated events that could adversely affect the Company. The Company does not undertake to revise any forward-looking statement to reflect events or circumstances that occur after the date the statement is made.

Appendix

About This Report

Our annual Sustainability Report provides an overview of our activities and operations, including our commitments and progress in support of a more sustainable economy.

To provide stakeholders with meaningful information on our sustainability performance, we report against the recommended disclosures for Commercial Banks, as stated by the Sustainable Accounting Standards Board (SASB) Standards, which we believe are most relevant to our core capabilities, and the recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD). Further, we have included the United Nations Principles for Responsible Banking (PRB) Reporting and Self-Assessment. We also included additional sustainability performance metrics that we have determined to be useful in measuring and reporting against our goals. We are committed to annually revisiting these collective performance metrics to enhance the usefulness to our various stakeholders.

This report primarily covers calendar year 2022 activities. Performance metrics included cover the full year, ending on 12/31/22, and point-in-time metrics are as of 12/31/22, unless otherwise noted. The report also includes early 2023 initiatives, as relevant. The activities, performance, and data detailed in this report refer to Forbright Bank's national operations, unless otherwise stated.

Forbright, Inc. is the bank holding company of Forbright Bank. Forbright, Inc. and Forbright Bank are collectively referred to as "Forbright," "we," "us," and "the Company" throughout this document.

We welcome your questions about this Sustainability Report and Forbright Bank's sustainability efforts via email at sustainability@forbrightbank.com.

Sustainability Performance Metrics

Stakeholder	Disclosure	2022	2021
Environment	LEED-certified square footage	45,004 square feet; 65% of physical locations	37,551 square feet; 64% of physical locations
Environment	Electricity usage ⁵	422,182 kWh	231,017 kWh
Environment	Greenhouse gas emissions ⁶	Total (Scope 1, 2, 3): 4,574 metric tons Scope 1 (Fuels): 13 metric tons Scope 2 (Electricity): 117 metric tons Scope 3* (Total): 4,444 metric tons Business travel: 1,167 metric tons Employee commuting: 61 metric tons Work from home: 75 metric tons Fuels and energy related: 8 metric tons Purchased goods: 3,032 metric tons Capital goods: 81 metric tons Waste: 20 metric tons	Total (Scope 1, 2, 3): 365 metric tons Scope 1 (Fuels): 18 metric tons Scope 2 (Electricity): 79 metric tons Scope 3* (Total): 268 metric tons Business travel: 114 metric tons Employee commuting: 31 metric tons Work from home: 117 metric tons Fuels and energy related: 6 metric tons Purchased goods: Not calculated in 2021 Capital goods: Not calculated in 2021 Waste: Not calculated in 2021
Environment	Emissions intensity ⁷	5.0 tCO2e/million USD of revenue 3.8 tCO2e/FTE 2.0 tCO2e/100 sq. ft.	2.8 tCO2e/million USD of revenue 1.3 tCO2e/FTE 0.7 tCO2e/100 sq. ft.
Environment	Renewable energy credits purchased	423,000 kWh	N/A
Environment	Carbon offsets purchased ⁸	1,324 metric tons	397 metric tons
Environment	Pages printed at HQ & branches ⁹	228,897 pages (698 per employee)	269,403 pages (<1K per employee)
Environment	Electronic waste diverted from landfill ¹⁰	\$153,333 of total electronics value; 100% of total electronics responsibly recycled	\$102,735 of total electronics value; 100% of total electronics responsibly recycled

5 Electricity usage for our Simi Valley, New York, and Security Lane locations was estimated based on square footage, given that actual data was unavailable from building owners. This is an updated approach from 2021, where electricity usage was reflective of all locations, where the data was available but did not include an estimate for location-specific unavailable information.

6 Greenhouse gas emissions calculated in alignment with the GHG Protocol, the internationally recognized standard for corporate emissions accounting. Direct emissions (Scope 1) are those originating from owned or controlled sources by the reporting entity (including energy/heat generation). Indirect emissions (Scope 2 and 3) are generated as a result of the reporting entity's activities, yet they occur at sources owned or controlled by another entity (including purchased electricity, heat & cooling, employee commuting, business travel, and work-from-home energy usage). The only category not included in Scope 3 is our financed emissions, which we are calculating for the first time during 2023.

7 Emissions Intensity Metrics compare only the emissions calculated in both years, including Scope 1, Scope 2, and partial Scope 3 emissions related to business travel, employee commuting, and work from home emissions (1,527 total emissions for 2022 vs. 365 total emissions for 2021).

8 Carbon offset projects include forest conservation and wind power projects in the United States. Offset projects were diligenced by South Pole, and each project offset was certified by the Climate Action Reserve, American Carbon Registry, or Verified Carbon Standard. In line with market best practice, carbon offsets were purchased for Scope 1 and partial Scope 3 emissions, including business travel, employee commuting, and work from home emissions, to achieve carbon neutrality in our operational footprint. Renewable energy credits were purchased for our Scope 2 emissions (purchased electricity).

9 Includes headquarter location Chevy Chase, MD, five branch locations across D.C., Maryland, and Virginia, as well as corporate offices in San Diego, CA, and Manhattan, NY.

10 Includes all electronic equipment disposed of during the year, which was 100% recycled through a third-party equipment recycling solution.

Sustainability Performance Metrics (continued)

Stakeholder	Disclosure	2022	2021
Environment	Environmentally Sensitive Loans ¹¹	See chart on page 21 .	See chart in 2021 ESG Report , page 19.
Employees	Number of employees	377	278
Employees	Voluntary turnover ¹²	12.9%	8.5%
Employees	Number of new hires during the year ¹³	188 new hires, of which 41% self-identified as women and 46% of which self-identified as racially/ethnically diverse	96 new hires, of which 32% self-identified as women and 43% of which self-identified as racially/ethnically diverse
Employees	Training hours ¹⁴	4,762 hours (~13 hours per employee)	1,967 hours (~7 hours per employee)
Employees	Percentage of employees that have received training on diversity and inclusion ¹⁵	100%	100%
Employees / BOD	Race & ethnicity representation ¹⁶	See charts on page 28 and 38 .	See chart in 2021 ESG Report , page 22.
Employees / BOD	Gender representation ¹⁷	See charts on page 28 and 38 .	See chart in 2021 ESG Report , page 22.
Customers	Number and amount of small business loans originated ¹⁸	6,618; \$304,638,000	25; \$9,269,000
Customers	Number and amount of community development loans originated ¹⁹	21; \$134,492,000	24; \$48,964,000

11 Represents total loan commitments (including outstanding loan amounts and unfunded commitments). Excludes consumer and small business loan flow programs through our third-party fintech partnerships and Paycheck Protection Program lending.

12 Includes all voluntary resignations during the year, calculated as the number of separated employees divided by the average number of employees at each year-end. Involuntary terminations are not reflected.

13 Includes all newly hired employees during the year.

14 Represents total required training hours across all employees through an external bank-focused training provider. The Bank conducts a number of additional formal and informal trainings throughout the year that are not currently tracked.

15 Includes all full- and part-time employees.

16 Represents all full- and part-time employees. Racial categories and job levels are defined by the US Equal Employment Opportunity Commission. Leadership includes Executives/Senior Level Officials and Managers (executive management) and First/Mid-Level Officials and Managers (non-executive management). "Prefers Not to Disclose" represents individuals who chose not to disclose gender or race & ethnicity data. Board diversity metrics are based on voluntary disclosures of members of the Forbright Bank and Forbright, Inc. Boards of Directors.

17 Ibid.

18 Includes in-market activity as defined by the Community Reinvestment Act (CRA) for the year in addition to certain out-of-market activity as available. Forbright Bank is currently developing a process to track lending activity outside of its CRA assessment area as a more complete representation of its small business and community development lending initiatives. Dollar amount rounded to thousands.

19 Ibid.

Sustainability Performance Metrics (continued)

Stakeholder	Disclosure	2022	2021
Customers	Number and amount of PPP loans originated ²⁰	0; \$0	925; \$170,788,335 during 2021 2,612; \$570,110,743 program-to-date
Community	Total contributions to non-profits ²¹	\$559,833 (0.8% of net income)	\$176,810 (0.5% of net income)
Community	Non-profit partnerships ²²	60 non-profit organizations	42 non-profit organizations
Community	Number of employee volunteer hours ²³	1,305 hours (~4 hours / employee)	Not tracked
Governance	Number of Board members ²⁴	16 total directors (12 Forbriht Bank directors; 11 Forbriht, Inc. directors)	24 total directors (19 Forbriht Bank directors; 11 Forbriht, Inc. directors)
Governance	Percentage of independent directors ²⁵	83% (FB); 91% (FI)	79% (FB); 91% (FI)
Governance	Average tenure of BOD members ²⁶	8.5 years (FB); 5.6 years (FI)	9.4 years (FB); 4.8 years (FI)
Governance	Number of BOD meetings ²⁷	11 meetings (FB); 5 meetings (FI)	7 meetings (FB); 6 meetings (FI)
Governance	Average attendance at BOD meetings ²⁸	97% (FB); 98% (FI)	93% (FB); 95% (FI)
Governance	Number of data breaches	0	0
Community	Number of non-profit board seats held by our BOD members ²⁹	16	21
Governance	Diverse and small business vendor spend ³⁰	\$9,941,939 (17.9% of total vendor spend)	\$4,647,172 (10.4% of total vendor spend) ³¹
Sustainable Finance	Sustainable Finance Portfolio Composition ³²	See chart on page 13 .	See chart in 2021 ESG Report , page 12.

20 Includes all loans funded through the Small Business Association's Paycheck Protection Program, designed to help small businesses keep their workforce employed during the COVID-19 pandemic. Activity represents loans funded during the year, as well as total loans funded over the life of the program (beginning in April 2020). Dollar amount rounded to millions.

21 Represents total contributions made to non-profit (501c3) organizations during the year.

22 Represents all non-profit (501c3) organizations, which were the beneficiary of either a financial or service contribution during the year.

23 Represents total tracked volunteer hours during the year divided by the average number of employees throughout the year.

24 Represents data related to members of the Forbriht Bank (FB) and Forbriht, Inc. (FI) Board of Directors, respectively. Meetings and attendance data relates to meetings held by the FB and FI Board of Directors, respectively.

25 Ibid.

26 Ibid.

27 Ibid.

28 Ibid.

29 Includes members of the Forbriht Bank or Forbriht, Inc. Board of Directors who are also on the Board of Directors of a non-profit (501c3) organization.

30 Includes all third-party vendor spend to small business, woman-owned, and/or minority-owned vendors during the year. Small business vendor is defined as vendors with fewer than 50 employees. Total vendor spend is estimated as total payments made to third-parties during the year, excluding those fees & payments made to governmental entities, regulators, other banks or similar costs for which the Company does not have an option in selecting the vendor, given the nature of the fee. We have restated last year's amounts for purposes of comparability, given a refined approach to calculating total vendor spend in the current year.

31 The 2021 diverse and small business vendor spend has been restated to correct an error. Last year, we reported \$3,190,627 (~11% of total vendor spend) for 2021.

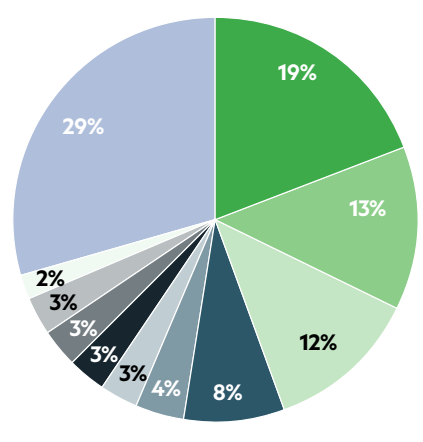
32 Represents total loan commitments (including outstanding loan amounts and unfunded commitments). Excludes Paycheck Protection Program loans.

Sustainability Accounting Standards Board (SASB) Standards Index

The SASB Standards, now part of the International Financial Reporting Standards (IFRS) Foundation, are a set of standards to guide the disclosure of sustainability information by companies to their investors. The following Index maps our disclosures to certain SASB indicators for the financial sector relevant for commercial banks.

Topic	Disclosure	Code	Response
Activity Metrics	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	(a) Personal (1) 1,457, (2) \$108,167,403 (b) Small Business (1) 4,529, (2) \$4,370,901,567
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	(a) Personal (1) 47,208, (2) \$735,177,062 (b) Small Business (1) 7,403, (2) \$272,516,285 (c) Corporate (1) 589, (2) \$5,436,298,123 Value of loans is based on our total exposure (including outstanding loan amounts and unfunded commitments). Balances do not agree to our 12/31/22 Call Report, given the exclusion of Mortgage Held-for-Sale and Paycheck Protection Program loans and because the presentation above is gross of unearned fees.
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1	(1) 0, (2) 0%, (3) 0
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	See Data Security & Privacy section of Sustainability Report (page 39).
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	(1) 104, (2) \$131,691,000 Includes in-market only activity, as defined by the Community Reinvestment Act.
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	Not currently disclosed.
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	None. Forbright Bank offers a no-fee checking and savings account for students under 25 years old that participate in programs offered by our non-profit partners. In addition, Forbright Bank has historically focused primarily on business clients of all sizes.
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	231 participants

Sustainability Accounting Standards Board (SASB) Standards Index (continued)

Topic	Disclosure	Code	Response
Incorporation of ESG Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1	<p>We incorporate ESG factors in our credit analysis across all commercial lending. Our commercial and industrial credit exposure by our top ten 3-digit NAICS codes is as follows:³³</p>  <ul style="list-style-type: none"> Nursing and Residential Care Facilities Professional, Scientific and Technical Services Utilities Ambulatory Health Care Services Electrical Equipment, Appliances, and Components Chemicals Specialty Trade Contractors Plastics and Rubber Products Construction of Buildings Merchant Wholesalers, Durable Goods Other
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	See Incorporating ESG Factors in our Credit Underwriting and Analysis section of Sustainability Report (page 10).
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	Based on consultation with our legal counsel, we have not identified any material liabilities for such matters in on our review of historical or ongoing legal matters.
	Description of whistleblower policies and procedures	FN-CB-510a.2	See Business Ethics section of our Sustainability Report (page 38).
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	N/A; Forbright Bank is not identified as a Global Systemically Important Bank (G-SIB).
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	See Systemic Risk Management section of Sustainability Report (page 40).

³³ Does not include PPP loans or forward flow platform loans.

Task Force on Climate-related Financial Disclosures (TCFD) Index

Last year, we set a goal to voluntarily report in alignment with the TCFD by 2024. This year, we’re reporting our progress against the Governance and Risk Management pillars and related recommended disclosures. Next year, we plan to additionally include disclosures in alignment with the recommendations related to the Strategy & Metrics and Targets pillars (shown as “Not Currently Disclosed” below).

Disclosure	Response	Other Source(s)
GOVERNANCE: Disclose the organization’s governance around climate-related risks and opportunities.		
a) Describe the board’s oversight of climate-related risks and opportunities.	<p>Board oversight for climate-related risks and opportunities is assigned to the following board-level committees:</p> <ul style="list-style-type: none">• Sustainability Committee of the Forbright, Inc. Board of Directors• Risk and Credit Committee of the Forbright, Inc. Board of Directors• Risk and Compliance Committee of the Forbright Bank Board of Directors <p>While the Sustainability Committee has explicit oversight of climate risk and opportunities, the Risk and Credit Committee and Risk and Compliance Committee have oversight over credit risk and operational risk more broadly, of which climate risk is a key component.</p>	See further discussion in the Sustainability Oversight section on page 9.
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	<p>The Sustainability Strategy Committee is a cross-functional executive-level committee, which guides Forbright’s overall sustainability strategy, including climate-related risks and opportunities. The committee is comprised of the following members:</p> <ul style="list-style-type: none">• EVP, Chief Sustainability Officer (Chairperson)• Executive Chairman• EVP, Chief Risk Officer• EVP, Chief Strategy Officer• EVP, General Counsel• EVP, Chief Administrative Officer• Co-President of Alliance Partners• President of Healthcare Lending Division• President of Specialty Lending Division <p>The Sustainability Strategy Committee is ultimately responsible for reporting key actions taken and significant matters discussed related to climate risks and opportunities to the Management Risk Committee, which oversees the enterprise-wide risk management strategy.</p>	

Task Force on Climate-related Financial Disclosures (TCFD) Index (continued)

Disclosure	Response	Other Source(s)
STRATEGY: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Not currently disclosed.	
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Not currently disclosed.	
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Not currently disclosed.	
RISK MANAGEMENT: Disclose how the organization identifies, assesses and manages climate-related risks.		
a) Describe the organization's processes for identifying and assessing climate-related risks.	<p>Forbright has identified and assessed climate-related risks of relevance to our business across the following areas as part of our sustainability strategy and in collaboration with our enterprise risk management (ERM) process.</p> <ul style="list-style-type: none"> • Our funding sources • Our operations (including facilities, vendor management, and employee practices) • Our IT environment • Our lending practices <p>Leaders across the functions listed above, as well as our Chief Sustainability Officer and Chief Risk Officer, annually assess these risks. With regard to our lending practices, climate-related risks are evaluated in credit underwriting and analysis as a part of our ESG assessment process, in alignment with our Responsible Investment Policy.</p>	See further discussion of our current climate-related practices in the Environmentally Thoughtful Banking section, on page 21 .

Task Force on Climate-related Financial Disclosures (TCFD) Index (continued)

Disclosure	Response	Other Source(s)
b) Describe the organization's processes for managing climate-related risks.	We believe our most significant potential exposure to climate-related risk is within our lending portfolio. Climate-related risks related to funding sources, operations and our IT environment are managed by our Chief Sustainability Officer and Chief Risk Officer in partnership with an extended group of internal business functions and stakeholders, and supported by external consultants. Regarding the climate-related risk within our lending practices, we developed a cross-functional Climate Risk Working Group to lead our efforts towards strengthening our approach to the consideration and management of climate-related risks across our lending. This working group is comprised of representatives across each of our lending verticals, as well as executive sponsorship from our Chief Credit Officer and Chief Risk Officer. The working group will make recommendations for further embedment of climate-related best practices within our loan due diligence and portfolio management processes, including researching third-party tools and data that may be useful in supplementing our evaluation of climate-related risks and opportunities.	
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Like all enterprise risks, our ERM framework serves as our overall approach to identify, assess, and manage risks associated with the climate. Climate-related risk is factored into our quarterly risk appetite dashboard. Specifically, the percentage of our portfolio classified as "Sustainable" and the percentage of our portfolio with "elevated" ESG risk, as well as our estimated greenhouse gas emissions per employee, are monitored within our reputation risk profile within the risk appetite dashboard. This dashboard is presented to the Board on a quarterly basis.	See further discussion in the Systemic Risk Management section on page 40.
METRICS AND TARGETS: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities		
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Not currently disclosed.	
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Not currently disclosed.	
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Not currently disclosed.	

Principles for Responsible Banking (PRB) Reporting & Self-Assessment Index

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.

Business model

Describe (high-level) your bank’s business model, including the main customer segments served, types of products and services provided, the main sectors, and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank’s portfolio (%) in terms of geographies, segments (i.e. by balance sheet, and/or off-balance sheet), or by disclosing the number of customers and clients served.

Forbright is a full-service bank committed to playing an important role in accelerating the transition to a sustainable, clean energy economy. The Bank provides specialty lending and banking services to clients across the United States. We offer a full suite of direct lending, deposit, checking, and transaction processing capabilities. We have deep and dedicated industry expertise in the following areas:

- Companies pursuing clean energy, low-carbon, and sustainability strategies
- Healthcare services, including senior housing, home healthcare, behavioral healthcare, and outpatient care
- Renewable energy, including residential, community, and corporate solar and efficiency, wind and hydro, energy storage and efficiency, and clean energy infrastructure
- Financial services, including commercial and consumer lenders and asset owners, and financial technology and transaction services
- Real estate investors and developers
- Technology and software companies
- Business and government services
- Building products and advanced manufacturing

We offer the following financial solutions to meet the needs of our clients:

- Full service commercial banking services, including deposit, checking, liquidity management, and transaction processing
- Secured term and revolving loans used to finance acquisitions, growth, and recapitalizations
- Consumer loans to finance residential solar and energy efficiency system
- Consumer and commercial lines of credit
- Commercial real estate loans
- Commercial Property Assessed Clean Energy (“C-PACE”) loan programs
- FHA/HUD Lending

See further discussion in the [Forbright Overview](#) on our website and the [About Forbright Bank section, on page 3](#).

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Principles for Responsible Banking (PRB) Reporting & Self-Assessment Index (continued)

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☐ UN Guiding Principles on Business and Human Rights

☐ International Labour Organization fundamental conventions

☐ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☐ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk – please specify which ones: _____


☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery – please specify which ones: _____

☒ None of the above

We are allocating capital to sustainable finance, with the aim of accelerating the transition to a lower carbon-intensive and more inclusive economy, through financing the industries and activities most directly contributing to these goals. As of December 31, 2022, 29% of our lending portfolio is aligned to our Sustainable Finance Framework.

See further information in the [Sustainable Finance section, on page 12](#).

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products, and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly³⁴ and fulfill the following requirements/elements (a-d)³⁵:

a) Scope: What is the scope of your bank’s impact analysis? Please describe which parts of the bank’s core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

The scope of our impact analysis covered our total lending portfolio (corporate banking), which is entirely denominated in USD. The impact analysis does not cover our assets under management or our capital investments.

N/A

34 That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded, as well as the quality of the impact analysis improved over time.

35 Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

Principles for Responsible Banking (PRB) Reporting & Self-Assessment Index (continued)

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries³⁶ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Our lending portfolio is entirely denominated in USD. See our portfolio break-down by segment (personal, small business, and corporate) and our commercial and industrial portfolio by top ten 3-digit NAICS code in the Sustainability Accounting Standards Board (SASB) Standards Index on pages [46](#) and [47](#), respectively.

See further discussion in our [Sustainable Finance](#) and Environmentally [Thoughtful Banking](#) sections on pages [12](#) and [21](#), respectively.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?³⁷

Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Given our lending presence in the United States, the priority impact areas that emerged with the highest level of need from our analysis were: (1) availability, accessibility, affordability, and quality of resources & services (social pillar), (2) climate stability, (3) biodiversity & healthy ecosystems, and (4) circularity (natural environment pillar). Within these impact areas, international research indicates the following priority impact topics: availability, accessibility, affordability & quality of **food** (as indicated by a prevalence of obesity in the total population) & **housing** (housing cost over-burden among low-income owners with mortgage); **climate stability** (metric tons of CO2 emissions per capita); **waterbodies** (proportion of water bodies with good ambient water quality); **resource intensity** (energy consumption per capita, water withdrawals per capita, in cubic meters per year, and material footprint (RMC) per capita); and **waste** (annual municipal solid waste per capita).

These priority impact areas were identified through desktop research performed by our Chief Sustainability Officer, informed by the UNEP FI Impact Analysis Context Module released during 2022. The results were reviewed & discussed by our Sustainability Strategy Committee (management-level committee) and our Sustainability Committee of the Board of Directors.

N/A

³⁶ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

³⁷ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

Principles for Responsible Banking (PRB) Reporting & Self-Assessment Index (continued)

Based on these first three elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)³⁸? Please disclose.

Based on the scope, portfolio composition & geographical context of our impact analysis, we have identified decarbonization (climate stability), affordable housing , and accessible quality healthcare (availability, accessibility, affordability, and quality of resources and services) as our most significant impact topic areas.	N/A
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d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Per the PRB timeline for reporting and checklist for self-assessment, this is noted to be a recommendation for our second reporting year.	N/A
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38. To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b), and c) will be important, e.g. through stakeholder engagement and further geographic contextualization.

Principles for Responsible Banking (PRB) Reporting & Self-Assessment Index (continued)

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input checked="" type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: **affordable housing** and **accessible quality healthcare**

How recent is the data used for and disclosed in the impact analysis?

☒ Up to 6 months prior to publication

☐ Up to 12 months prior to publication

☐ Up to 18 months prior to publication

☐ Longer than 18 months prior to publication

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets³⁹ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant, and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional, or national policy frameworks to align your bank’s portfolio with⁴⁰ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national, or regional frameworks.

You can build upon the context items under 2.1.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

Per the PRB timeline for reporting and checklist for self-assessment, this is noted to be a recommendation for our third reporting year.

N/A

39 Operational targets (relating to for example water consumption in office buildings, gender equality on the bank’s management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

40 Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals, such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

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Principles for Responsible Banking (PRB) Reporting & Self-Assessment Index (continued)

SMART targets (incl. key performance indicators (KPIs)⁴¹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Per the PRB timeline for reporting and checklist for self-assessment, this is noted to be a recommendation for our third reporting year. N/A

Action plan: which actions including milestones have you defined to meet the set targets? Please describe.
Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Per the PRB timeline for reporting and checklist for self-assessment, this is noted to be a recommendation for our third reporting year. N/A

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your ...

	... first area of most significant impact: decarbonization	... second area of most significant impact: ... affordable housing	... your third (and subsequent) area(s) of impact: accessible quality healthcare
Alignment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No

⁴¹ KPIs are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Principles for Responsible Banking (PRB) Reporting & Self-Assessment Index (continued)

2.3 Target implementation and monitoring (Key Step 2) For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target. Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2. Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans), and explain why those changes have become necessary.	
Per the PRB timeline for reporting and checklist for self-assessment, this is noted to be a recommendation for our third reporting year.	N/A

Principles for Responsible Banking (PRB) Reporting & Self-Assessment Index (continued)

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers⁴² in place to encourage sustainable practices?

- ☐ Yes ☐ In progress ☒ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

- ☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities⁴³. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting, and action plans put in place by the bank (see P2).

Our Responsible Investment (RI) Policy guides our philosophy and approach towards evaluating ESG factors within our lending platform. ESG factors are an important input into our credit analysis and decision making, and we believe that appropriate management of ESG matters reduces credit risk and enhances loan opportunities. Our RI Policy encourages transparency, accountability, and active consideration of the environmental and social implications of our borrowers, as well as their corporate governance standards throughout the life of a loan. Further, our RI Policy includes a negative screening tool, which details the industries & activities to which we do not lend as well as those industries & activities which require additional scrutiny as a part of diligence. Prohibited industries include:

- Tobacco production
- Coal generated power & mining (including thermal coal)
- Oil & gas extraction
- Pornography
- Controversial military weapons (e.g., chemical/biological, nuclear, landmines, cluster munitions)
- For-profit prisons (excluding third-party healthcare services provided to prison population)
- Predatory or deceptive lending

See further information in the [Policies Covering ESG Topics](#) section on page 10.

⁴² A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.
⁴³ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient, and sustainable economy.

Principles for Responsible Banking (PRB) Reporting & Self-Assessment Index (continued)

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

As of December 31, 2022, 29% of our lending portfolio is aligned to our Sustainable Finance Framework.

In December 2021, we issued our first Green Bond, specifically focused on financing Renewable Energy and Energy Efficiency projects. We then published our inaugural Green Bond Impact Report in December 2022, which demonstrated that proceeds of the Green Bond were successfully allocated and resulted in nearly 12,000 metric tons of estimated annual carbon equivalent emissions avoided.

During 2023, we plan to launch a corporate green deposit product based on our Green Financing Framework. And during 2024, we plan to launch a consumer green savings account following a similar model.

See the [Sustainable Finance](#) and [Customers](#) sections on page 12 and 29, respectively, as well as our [Green Financing Framework](#), [Second-Party Opinion](#), and [Green Bond Impact Report](#) on our website for further information.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate, and partner with stakeholders (or stakeholder groups⁴⁴) you have identified as relevant in relation to the impact analysis and target setting process?

☐ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/ results achieved and how they fed into the action planning process.

During 2022, we formalized an ESG materiality analysis, stakeholder engagement plan, and a sustainability strategic plan across the following pillars: (1) **driving progress through sustainable finance**; (2) **integrating sustainable business practices**; (3) **supporting our communities**; and (4) **communicating with our stakeholders**.

See more information in the [Setting Our Priorities](#) section on page 7.

44 Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous populations, and non-profit organizations

Principles for Responsible Banking (PRB) Reporting & Self-Assessment Index (continued)

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies, and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about which committee has responsibility over the sustainability strategy, as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to), details about the chair of the committee, and the process and frequency for the Board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved, or unexpected negative impacts being detected), as well as remuneration practices linked to sustainability targets.

Our sustainability strategy is ultimately overseen by the Sustainability Committee of the Board of Directors. Our Chief Sustainability Officer, along with executive-level members of the Sustainability Strategy Committee, are responsible for providing quarterly updates to the Sustainability BOD Committee regarding progress on ongoing sustainability program initiatives, as well as future plans.

See more information in the [Sustainability Oversight](#) section on page [9](#).

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures, and performance management and leadership communication, amongst others).

There are a number of initiatives and performance metrics aimed at fostering a cohesive culture of responsible banking among our employees. We are committed to building a culture of collaboration, inclusion, flexibility, recognition, and giving so that profitability goes hand-in-hand with a sense of purpose and responsibility.

See more information in the [Sustainability Oversight](#) and [Employees](#) sections on page [9](#) and [24](#), respectively.

Principles for Responsible Banking (PRB) Reporting & Self-Assessment Index (continued)

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?⁴⁵ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks, and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Our Responsible Investment (RI) Policy guides our philosophy and approach towards evaluating ESG factors within our lending platform. Lending teams utilize Forbright’s proprietary ESG Due Diligence Toolkit to evaluate material ESG topics in the context of a prospective borrower’s unique business, operations, and industry.

See more information in the [Policies Covering ESG Topics](#) section on page 10.

Self-assessment summary

Do the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?

☒ Yes ☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes ☐ In progress ☐ No

⁴⁵ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistleblower policies, etc., or any applicable national guidelines related to social risks.

Principles for Responsible Banking (PRB) Reporting & Self-Assessment Index (continued)

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☐ Yes

☐ Partially

☒ No

If applicable, please include the link or description of the assurance statement.

Per the PRB timeline for reporting and checklist for self-assessment, this is noted to be a recommendation for our second or third reporting year.	N/A
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6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

☐ GRI

☒ SASB

☐ CDP

☐ IFRS Sustainability Disclosure Standards (to be published)

☒ TCFD

☐ Other: ...

To provide stakeholders with meaningful information on our sustainability performance, we report against the recommended disclosures for Commercial Banks, as stated by the Sustainable Accounting Standards Board (SASB) Standards, which we believe are most relevant to our core capabilities, and the recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD).	See more information in the SASB Standards Index and TCFD Index sections on page 46 and 48 , respectively.
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6.3 Outlook

What are the next steps your bank will undertake in next 12-month reporting period (particularly on impact analysis⁴⁶, target setting⁴⁷, and governance structure for implementing the PRB)? Please describe briefly.

Over the next 12-month reporting period, we will complete a refresh of our impact analysis, including the final step focused on performance measurement. This will lay the groundwork for target setting, which will then be incorporated into the management-level and BOD-level oversight already defined within our sustainability governance structure.	N/A
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⁴⁶ For example, outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context, and performance measurement

⁴⁷ For example, outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans, etc.

Principles for Responsible Banking (PRB) Reporting & Self-Assessment Index (continued)

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

- ☐ Embedding PRB oversight into governance
- ☐ Gaining or maintaining momentum in the bank
- ☐ Getting started: where to start and what to focus on in the beginning
- ☒ Conducting an impact analysis
- ☐ Assessing negative environmental and social impacts
- ☐ Choosing the right performance measurement methodology/ies
- ☐ Setting targets
- ☐ Other: ...
- ☒ Customer engagement
- ☐ Stakeholder engagement
- ☒ Data availability
- ☐ Data quality
- ☐ Access to resources
- ☐ Reporting
- ☐ Assurance
- ☐ Prioritizing actions internally

ForbrightTM

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