Forbright 2024 Sustainability Report Indexes

About This Report

Our annual Sustainability Report, together with the Report Indexes included herein, provide an update on our sustainability commitments and progress against our goals.

To provide stakeholders with meaningful information on our sustainability performance, we annually report against the recommended disclosures for commercial banks, as stated by the Sustainable Accounting Standards Board (SASB) Standards and the recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD). As these standards continue to evolve, we will simultaneously continue to review our disclosure efforts. Further, we have included our annual Principles for Responsible Banking (PRB) Progress Statement.

The full report is available **online.** Within this report, we include sustainability performance metrics that we have determined to be useful in measuring and reporting against our goals. We review these performance metrics annually to confirm their usefulness to our various stakeholders.

These report indexes primarily cover calendar year 2024 activities. Metrics included cover the full year, ending on 12/31/24, and point-in-time metrics are as of 12/31/24, unless otherwise noted. 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 Report Indexes and Forbright Bank's sustainability efforts via email, at sustainability@forbrightbank.com.

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 SASB indicators relevant to 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) 43,019 (2) $2,320,648,894 (b) Small Business (1) 4,837, (2) $1,273,806,036
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	(a) Personal (1) 6,678, (2) $253,899,719 (b) Small Business (1) 1,016, (2) $212,409,836 (c) Corporate (1) 402, (2) $4,965,568,341 Value of loans is based on our total exposure (including outstanding loan amounts and unfunded commitments). Balances do not agree to our 12/31/24 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 that are personal data breaches, (3) number of account holders affected	FN-CB-230a.1	(1) 5, (2) 100%, (3) 303 In 2024, Forbright Bank did not experience any cybersecurity breaches and did not experience any widespread data breaches. In 2024, there were five singular times when a customer's private data was exposed inadvertently by human error. We continue to provide our employees with training and education focused on data privacy best practices.
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	See Data Security and Privacy in Sustainability Report (page 21).
Financial Inclusion and 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) 545, (2) $145,196,000 Includes in-market activity, as defined by the Community Reinvestment Act.
	(1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for 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	Not applicable.
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	540 participants These initiatives included workshops covering essential banking concepts like understanding checking and savings accounts, credit and debit cards, credit building, budgeting, and retirement planning, alongside volunteer involvement in youth-focused programs promoting financial literacy, work readiness, and entrepreneurship.

SASB Standards Index (continued)

Topic	Disclosure	Code	Response
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social, and governance factors in credit analysis	FN-CB-410a.2	See Responsible Finance section of Sustainability Report (page 8).
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	FN-CB-410b.1	Not currently disclosed.
	Gross exposure for each industry by asset class	FN-CB-410b.2	Not currently disclosed.
	Percentage of gross exposure included in the financed emissions calculation	FN-CB-410b.3	Not currently disclosed.
	Description of the methodology used to calculate financed emissions	FN-CB-410b.4	Not currently disclosed.
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 Sustainability Report (page 20).
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	Not applicable; 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 21).

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

In 2021, we set a goal to voluntarily report in alignment with the TCFD (now part of the ISSB's Standards) by 2024. In 2022, we included our first year of TCFD reporting in our annual Sustainability Report, in which we disclosed the recommended disclosures related to Governance and Risk Management. In 2023, we expanded our reporting to include portions of the Strategy and Metrics & Targets recommendations. This year, we furthered our alignment with the TCFD's recommendations by incrementally expanding our disclosures to include a description of the analysis of our organization's strategic resilience under various climate-related scenarios as well as responded to the remaining recommended disclosures related to Strategy and Metrics & Targets. As climate-related reporting standards and best practices continue to evolve, we plan to adapt to promote ongoing transparency and accountability.

Disclosure	Response
GOVERNANCE: Disclose the organization's governance around climate-related risks and opportunities..	
a) Describe the board's oversight of climate-related risks and opportunities.	(a) Board oversight for climate-related risks and opportunities is assigned to the following board-level committees: • Sustainability Committees of the Forbright Bank and Forbright, Inc. Boards of Directors • Risk Committees of the Forbright Bank and Forbright, Inc. Boards of Directors While the Board Sustainability Committees have explicit oversight of climate risk and opportunities, the Board Risk Committees have oversight over credit risk and operational risk more broadly, of which climate risk is a component.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	(b) The Sustainability Strategy Committee is a cross-functional management-level committee, which guides Forbright's overall sustainability strategy, including climate-related risks and opportunities. The committee is comprised of the following committee members: • EVP, Chief Sustainability Officer (Chairperson) • Executive Chairman • EVP, Chief Credit Officer • EVP, Chief Strategy Officer • EVP, Chief Legal Officer • EVP, Chief Administrative Officer • President, Real Estate Finance • Managing Director, Healthcare Lending • EVP, Chief Audit Executive (Non-voting Member) 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. Additionally, within our lending activities, our Officers' Loan Committee, the management-level committee responsible for all credit approvals, is consulted by the Sustainability Team on any elevated environmental, social, and governance risk present within a lending opportunity, which may include physical or transition climate risk.

TCFD Index (continued)

Disclosure	Response
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.	(a) Climate-related risks and opportunities of relevance to Forbright’s business are identified by our Enterprise Risk Management (ERM) process and subject to active management. These risks and opportunities are listed below, categorized in alignment with TCFD’s guidance. **Climate-related Risks:** • **Physical Risk**: **Acute** - Acute physical climate risk refers to the increased severity of extreme weather events in our operating areas, such as hurricanes and floods. Forbright recognizes that extreme weather events may lead to damage to collateral or the overall financial health of our borrowers within our lending portfolio, the interruption of our own operations, and/or higher insurance costs (within our lending portfolio or operations) among other items. When opening new physical locations, Forbright has formalized a process for conducting new office risk assessments, which includes a subcomponent focused on natural hazard risk. Additionally, our cybersecurity policy contains an environmental section that ensures our technology infrastructure, including intentionally geographically diversified data centers, is protected from weather-related events. Climate-related risks, including physical risks, are also incorporated into our underwriting processes for loans. To date, we have not experienced any significant impacts due to acute physical climate risk in our lending portfolio or operations. • **Physical Risk**: **Chronic** - Chronic physical climate risk refers to longer-term shifts in climate patterns. The effects may be similar to those described under acute physical risk, with the addition of increased difficulty of securing appropriate insurance coverage or increased costs of our operations and/or our borrowers’ operations (i.e. higher cooling costs, etc.). • **Transition Risk**: **Market** - As the transition to a lower-carbon economy continues, market variables (including but not limited to consumer demand and technology) may fluctuate and evolve. These variables may affect our borrowers’ financial health, including but not limited to increased operating costs, increased capital expenditures, or declining revenue as it relates to evolving consumer behavior and/or technology. These same variables could also impact our own operations. The consideration of transition risk is included in Forbright’s loan underwriting process. • **Transition Risk**: **Policy and Legal** - Developments in the regulatory, policy, and legal landscape may require increased climate-related and/or greenhouse gas emissions reporting. This evolution may increase compliance costs or have financial penalties associated with non-compliance. Through our various committees and risk, legal, and compliance teams, we monitor ongoing developments to the legal and regulatory landscape. • **Transition Risk**: **Reputation** - Consumers, investors, and regulators are increasingly demanding transparency and action on climate-related topics by financial institutions. A perceived lack of transparency or action may result in reputational risk, which could result in decreased demand for our products and services, or an increased cost associated with meeting stakeholder expectations. Forbright is committed to honest, transparent disclosure in our sustainability reporting and stakeholder communications, with a prioritization on providing clear and comprehensive information regarding our climate-related efforts and performance. **Climate-related Opportunities:** • **Markets** - Research suggests that individuals increasingly prioritize climate and broader sustainability considerations in their banking decisions. This presents an opportunity to differentiate ourselves as a bank that incorporates climate-related and sustainability topics into both lending decisions and our broader operations. This also presents an opportunity to recruit and retain top talent in an evolving labor market that increasingly considers climate in employment decisions. • **Products / Services** - The growing consumer demand for low-emission products and services may create an opportunity for banks leading this charge. The shift in consumer preferences towards climate-positive or otherwise sustainable products and services presents opportunities to expand our offerings to address this growing demand. • **Resilience** - According to our research, organizations that proactively adapt and respond to climate-related developments benefit from enhanced resilience over the long-term. This presents an opportunity to build long-term resilience through the embedment of climate-related and sustainability considerations into our lending decisions and our broader operations. • **Resource Efficiency** - Proactive management of climate-related factors may allow for improvements in resource efficiency, including lower or more efficient resource consumption (i.e. energy or paper usage, etc.) resulting in reduced costs.

TCFD Index (continued)

Disclosure	Response
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	(b) Please see disclosure (a) above, where we have this year incorporated the associated impacts of our climate-related risks and opportunities.
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	(c) To assess the resilience of our strategy against different climate-related scenarios, Forbright partnered with a third-party climate expert to conduct a comprehensive scenario analysis, focusing on both physical and transition climate risk, for the first time during 2024. This analysis evaluated our loan portfolio across 12 physical hazards at over 500 locations, considering two time horizons (2030 and 2050). We examined a range of climate scenarios, including a middle-of-the-road 2°C scenario, a high-impact 4°C scenario, and a rapid policy implementation 1.4°C scenario. Our analysis concluded that the loan portfolio is well-diversified geographically, mitigating potential near-term financial impacts from physical climate risk events. Regarding transition risk, our lending portfolio's current industry mix, largely composed of sectors with relatively low Scope 1 and 2 emissions, indicates that a future carbon cost does not represent a material risk to borrower repayment at this point in time.
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.	(a) The following areas are assessed for climate risk exposure as part of our sustainability strategy by cross-functional department leaders and in collaboration with our enterprise risk management (ERM) process. • Our funding sources • Our operations (including facilities, vendor management, and employee practices) • Our IT environment • Our lending practices Forbright has identified and assessed climate-related risks of relevance to our business through annual in-depth interviews with our Chief Financial Officer, Chief Administrative Officer, Chief Technology Officer, Chief Credit Officer, and Chief Risk Officer guided by the TCFD risk and opportunity classification system. Leaders across the functions listed above, as well as our Chief Sustainability Officer and Chief Risk Officer, annually assess these risks and identify new potential risks. With regard to our lending practices, climate-related risks are evaluated in conjunction with credit underwriting and analysis as a part of our responsible loan assessment process, in alignment with our Responsible Investment Policy.
b) Describe the organization's processes for managing climate-related risks.	(b) 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 that supports our efforts towards strengthening our approach to the consideration and management of climate-related risks across our lending activities. 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 makes recommendations to further the embedment of climate-related best practices within our loan due diligence and portfolio management processes, including the deployment of third-party data intended to supplement our understanding and evaluation of the climate-related risk specific to a transaction. Further, the working group developed a more standardized process for the evaluation and documentation of physical and transition climate risk within our credit underwriting documentation.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	(c) Our broader ERM framework serves as our overall approach to identify, assess, and manage risks associated with climate-related factors. Specific climate-related metrics tracked at the management and Board levels include: the amount of new originations classified as "Green" (i.e. in alignment with an environmental goal or theme), the percentage of our portfolio with "elevated" environmental risk, our estimated greenhouse gas emissions (both operational and financed), our percentage of electricity usage from renewable sources, and the portion of our physical locations that are LEED-certified. GHG emissions are presented to management and the Boards at least annually, while all other climate-related metrics mentioned above are presented quarterly.

TCFD Index (continued)

Disclosure	Response
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.	(a) We measure and disclose our direct (Scope 1 and 2) and a portion of our indirect (Scope 3) GHG emissions, with the advisory of a third-party expert, to assess climate-related risk in line with our strategy and risk management processes. This includes measurement of our financed emissions, in alignment with the Partnership for Carbon Accounting Financials (PCAF) methodology, to provide consistent and comparable data. Although we do not disclose our financed emissions publicly, we are completing our third annual measurement for the period ended December 31, 2024, as a part of understanding our baseline.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	(b) See further discussion in the Forbright's Footprint section on page 12 and our Sustainability Performance Metrics on page 23 of our 2024 Sustainability Report.
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	(c) In alignment with our commitment as a Principles for Responsible Banking (PRB) signatory, we set specific origination targets within our key impact areas (decarbonization and affordable housing). Relevant to climate, we strive to originate $1.75Bn of financing aligned with decarbonization by 2030 as defined by our Sustainable Finance Framework. Performance against this target is tracked and reported internally on a quarterly basis and externally on an annual basis. For more information, see our PRB Progress Statement on page 7.

Principles for Responsible Banking (PRB) Progress Statement Index

Summary

Principle 1 Alignment	Principle 2 Impact	Principle 3 Clients and Customers
Content Forbright seeks to implement responsible investment and sustainability policies across our offerings and operations, which include full-service banking, commercial lending, and asset management. Our approach to sustainability is integrated within our business strategy. Forbright Bank is committed to supporting our customers and clients by financing sustainability-oriented companies and projects. A portion of our lending portfolio is aligned to our Sustainable Finance Framework which documents our focus areas in alignment with one or more Sustainable Development Goals and its corresponding targets. Forbright has pledged to maintain carbon neutrality in our operational footprint, which we have achieved each year since 2021.	**Content** Based on the scope, portfolio composition, and geographical context of our impact analysis, we have identified decarbonization (climate stability) and affordable housing (availability, accessibility, affordability, and quality of resources and services) as our top two prioritized impact areas. **Progress Indicators** 1. By 2030, originate $1.75Bn of financing aligned with decarbonization as defined by our Sustainable Finance Framework. 2. By 2030, originate $400MM of financing aligned with affordable housing as defined by our Sustainable Finance Framework.	**Content** Our Responsible Investment Policy governs our approach towards evaluating transaction-level sustainability factors within our commercial lending business. This policy encourages transparency, accountability, and active consideration of environmental and social implications of our borrowers, as well as their corporate governance standards. Our lending teams work with customers to evaluate and mitigate material sustainability factors that may impact the long-term risk/return profile of a transaction. There were no material changes to this policy in 2024. In 2024, we enhanced our digital banking platform and expanded our consumer offerings, including our Growth Savings account, which helps customers align their financial goals with environmental stewardship through our partnership with the National Park Foundation among other features. **Progress Indicators** 1. 100% of our portfolio is in compliance with our Responsible Investment Policy 2. $317MM sustainable originations in 2024 3. $2.7Bn sustainable originations since inception
Links & references See our [2024 Sustainability Report], **2023 Sustainability Report** (p. 17, 63), **2022 Sustainability Report** (p. 12-13, 51), and **2021 Sustainability Report** (p. 11-12)	**Links & references** See our webpages **Who We Are** and Impact, as well as our **2023 Sustainability Report** (p. 65-68), **2022 Sustainability Report** (p. 52-57), and **2021 Sustainability Report** (p. 6, 19)	**Links & references** See our [2024 Sustainability Report] and **2023 Sustainability Report** (p. 69-70)

Principles for Responsible Banking (PRB) Progress Statement Index (continued)

Principle 4 Stakeholders	Principle 5 Governance & Culture	Principle 6 Transparency & Accountability
Content We proactively and regularly engage with our key stakeholders, which are employees, company leadership, customers, investors, community partners, and industry and business groups. We have a formalized stakeholder engagement plan and sustainability strategic plan across the following pillars: (1) driving progress through responsible banking; (2) integrating sustainable business practices; (3) supporting our communities; and (4) communicating transparently with our stakeholders.	**Content** Implementation of the PRB is part of our broader sustainability strategy, which is integrated within our existing governance structures and is overseen by the Sustainability Committees of the Board of Directors. Our Chief Sustainability Officer, along with executive-level members of our Sustainability Strategy Committee, met with the Board-level Sustainability Committee on four occasions in 2024 to discuss ongoing sustainability program initiatives and future plans. We promote a culture of responsible banking through impact measurement, clear goal-setting, and transparent reporting. To further accountability, progress towards the Company's sustainability goals is a component of our 2024 executive compensation plan. **Progress Indicators** 1. Achieved >9 hours of volunteer service per employee 2. Offered four free financial literacy workshops 3. 22% of corporate spend with diverse and small business vendors	**Content** To provide stakeholders with meaningful information on our sustainability performance, we report the recommended disclosures for commercial banks as stated by the Sustainable Accounting Standards Board (SASB) (now part of the International Financial Reporting Standards (IFRS) Foundation) and the Task Force on Climate-Related Disclosures. In 2024, we published our required California AB 1305 Disclosure related to our carbon neutrality commitment We have not voluntarily obtained independent limited assurance for our decarbonization and affordable housing impact targets. We will annually reevaluate this decision.
Links & references See our 2023 Sustainability Report (p. 9-10), 2022 Sustainability Report (p. 8), 2021 Sustainability Report (p. 7)	**Links & references** See our [2024 Sustainability Report], 2023 Sustainability Report (Sustainability Oversight on p. 11 and Empowering a Thriving Workforce on p. 34), 2022 Sustainability Report (p. 46-50), 2021 Sustainability Report (p. 31-33)	**Links & references** See Sustainability Performance Metrics in our [2024 Sustainability Report], [2024 SASB Index], [2024 TCFD Report], and **California AB 1305 Disclosure**

Supplemental Information
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.

Impact Analysis
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 sustainability topics, and refine our sustainability strategy. We consulted relevant sustainability standards and reporting frameworks, including the Sustainable Accounting Standards Board (SASB) Standards (now part of the International Financial Reporting Standards [IFRS] Foundation), the IFRS's climate-related disclosures (formerly the Task Force on Climate-Related Financial Disclosures, or TCFD), the Sustainable Development Goals (SDGs), the Global Impact Investing Network's IRIS+ Thematic Taxonomy, the Loan Syndication and Trading Association (LSTA), and the International Capital Market Association (ICMA). We also benchmarked peers and industry leaders' sustainability strategies.
This formal materiality assessment helped guide the impact analysis that was performed by our Sustainability Team and informed by the UNEP FI Impact Analysis Context Module. The results were reviewed and discussed with our Sustainability Strategy Committee (management-level committee) and our Sustainability Committee of the Board of Directors.

Scope
We analyzed the products, services, and activities in the Bank's corporate and commercial real estate lending portfolio, which has a geographic footprint solely in the United States and is entirely denominated in U.S. Dollars (USD). Our retail banking and asset management businesses were not covered in the analysis at this stage.

Portfolio Composition
The main sectors we finance across the U.S. on our balance sheet include, as of 12/31/24, financial services (35%), healthcare (25%), real estate (16%), commercial and industrial (16%), and other (8%; comprised of industries including energy efficiency, green project finance, and economic mobility).

Context
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 and services (social pillar), (2) climate stability, (3) biodiversity and healthy ecosystems, and (4) circularity (natural environment pillar). Within these impact areas, international research indicates the following priority impact topics: availability, accessibility, affordability, and quality of food (as indicated by a prevalence of obesity in the total population) and housing (housing cost over-burden among low-income owners with mortgages); climate stability (metric tons of CO_2 emissions per capita); water bodies (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).

Impact Results
Based on the scope, portfolio composition, and geographical context of our impact analysis, as well as the Bank's ability to positively influence the relevant challenges and priorities, we have identified **decarbonization** (climate stability) and **affordable housing** (availability, accessibility, affordability, and quality of resources and services) as our top two prioritized impact areas.

- **Decarbonization**: Our impact analysis showed that financing companies and projects aligned with decarbonization efforts in the U.S. is critical to mitigate the effects of climate change, create clean energy jobs, and secure a sustainable and prosperous future. Based on our sizeable existing portfolio of loans in the energy efficiency and renewable energy industries, the Bank's national footprint in the U.S., our subsidiary Energy Loan Network (ELN), and our lending teams' developer and capital markets relationships, we identified decarbonization as one of the areas where we can make the most significant positive impact given our strategy and expertise.
- **Affordable Housing**: Our impact analysis showed that financing affordable housing projects is essential for the U.S. to better address housing insecurity, improve economic mobility, and foster healthier and more stable communities. Per the National Low Income Housing Coalition, the U.S. is facing a housing shortage of at least 7 million affordable housing units needed for extremely low-income families. Based on our track record as a lender to housing projects (ground-up, renovation, and stabilized projects), the Bank's national footprint in the U.S., our 2024 addition of a dedicated Housing and Urban Development (HUD) lending business, and our strategic focus on growing our outstanding portfolio of commercial and multifamily real estate loans, we identified affordable housing as a target impact area with a clear need for capital investment in our geographic footprint.

Performance Measurement
Regarding **decarbonization**, we measure our "green" financing activity, including five themes within our Sustainable Finance Framework which captures financing that proactively contributes to decarbonization across renewable energy, energy efficiency, green buildings, sustainable waste, water and agriculture and sustainable transportation. In addition to balance sheet originations, we measure originations within Energy Loan Network (ELN), a subsidiary of Forbright, which offers affordable financing for home energy efficiency upgrades like solar, roofing, and HVAC. Further, we annually estimate our Scope 3 financed emissions in alignment with the Partnership for Carbon Accounting Financials (PCAF) methodology to ensure consistent and comparable data against other financial institutions.
We also measure our **affordable housing** financing activity, which is prioritized within our Sustainable Finance Framework as a topic within the "social" theme. We finance affordable housing projects on our balance sheet within our commercial real estate lending business, and we also have a HUD lending platform to provide financing for multifamily real estate projects, including affordable housing for low-to-moderate income residents.

We are committed to the multi-year journey required to adequately capture, report on, mitigate, and minimize any potential negative environmental and social impacts of our financing activities.

Links & references
- Decarbonization: United States Energy & Employment Report 2024, published by the U.S. Department of Energy
- Decarbonization: The Sixth Assessment Report published by the Intergovernmental Panel on Climate Change (IPCC)
- Decarbonization: Renewable Energy Prospects (United States of America), published by the International Renewable Energy Agency (IRENA)
- Affordable housing: National Low Income Housing Coalition's research on the affordable housing shortage in the United States
- Affordable housing: Pew Research Center's article, A look at the state of affordable housing in the U.S.
- Affordable housing: The U.S. Department of Housing and Urban Development's (HUD) 2023 report to Congress, Worst Case Housing Needs

Targets

We have set a financing target for **decarbonization** of $1.75Bn in financing originated by 2030. We have set a financing target for **affordable housing** of $400MM in financing originated by 2030.

Alignment and Baseline
Our Sustainable Finance Framework – aligned with global standards including the Sustainable Development Goals and International Capital Markets Association principles – guides our methodology for directing capital to sustainable borrowers and projects. The starting measurement date for our decarbonization and affordable housing originations targets is FY 2021 (the year we implemented our Sustainable Finance Framework).

Target Implementation & Monitoring
We will monitor progress towards our 2030 decarbonization and affordable housing originations targets on a quarterly basis.

We will track key performance indicators (KPIs) for our **decarbonization** target including committed loan dollars, number of projects, types of projects, and location of projects. If applicable to the specific project/financing type, we will also track KPIs such as renewable energy produced (MW) and energy storage capacity (MW/MWh).

For our **affordable housing** target, we will track KPIs including committed loan dollars, number of projects, number of units created or preserved, types of projects, and location of projects. If applicable to the specific project/financing type, we will also track KPIs such as affordability income-restriction parameters (as a % of area median income or AMI) and affordability types/programs.


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