



Forbright[™]

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT 2021



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A Letter From Our ESG Strategy Committee

At Forbright Bank, we believe that embracing responsible business practices, allocating capital to decarbonization and adopting a sustainability mindset aligns with creating long-term value for our customers, our investors, our employees, and society. By integrating environmental, social, and governance (ESG) best practices into our mission, across our operations, and as a part of our loan selection and capital allocation processes, we are reimagining how a bank should operate in a changing world.

While we broadly focus on sustainability, a large part of our work is specifically informed by our view that climate change is a fundamental risk to our world and that we must move to a more sustainable, net-zero economy to avoid its worst impacts. This transition cuts across every industry, and governments cannot fund it alone. Transitioning to net-zero requires extraordinary levels of investment, innovation, and adaptation. As a purpose-driven and agile full-service bank, we have a unique ability to support the next generation of visionaries, inventors, and corporate leaders to accelerate the transition to a sustainable, equitable, and clean energy economy.

We are excited to share Forbright's inaugural ESG report, which demonstrates how we've embarked on numerous activities to lay the foundation for our ESG integration. These include:

- Creating an ESG Lending Working Group, focused on embedding ESG considerations across our lending verticals and an ESG Operations Working Group focused on improving ESG-related practices across our operations;
- Building a Sustainable Finance Framework, guided by internationally recognized standards such as the United Nations Sustainable Development Goals, to outline our methodology for "sustainable" loans and investment opportunities;
- Setting an ambitious goal to dedicate 50% of our assets to Sustainable Finance by 2025;
- Issuing our first Green Bond focused on financing renewable energy and energy efficient projects, making Forbright the eighth U.S. financial institution overall to issue a green bond and the first of our size to do so;
- Becoming the seventh U.S. bank signatory to the United Nations Principles for Responsible Banking;
- Reaching carbon neutrality in our operational footprint for the first time in 2021;
- More than doubling our corporate charitable giving between 2020 and 2021;
- Offering \$2,000 to employees that install solar panels on their home and lease or purchase an electric vehicle in addition to other ESG-aligned employee incentive
- Attracting diverse new hires, with 43% of new hires during 2021 self-identifying as racially or ethnically diverse; and
- Developing pay equity calculations.

While we have always been a values-driven company, we believe our journey towards full ESG integration will allow our institution to learn, grow, and evolve in an exciting and rewarding manner. We invite you to learn about Forbright's foundational ESG efforts, the progress we've made so far, and where we plan to go next in the following pages of this inaugural report.


We are excited about Forbright's future and the progress we know we can help drive by financing a brighter, greener, and more sustainable future.



John Delaney
Chairman & CEO,
Forbright, Inc.
Executive Chairman,
Forbright Bank



Donald F. Cole
CEO,
Forbright Bank



Aaron Juda
EVP,
Chief Strategy
Officer



Anne Balcer
Samantha Norquist
EVP,
Chief ESG Officer



Samantha Norquist
Director,
Head of ESG



Amy Heller
President,
Healthcare Lending



Kenneth Elias
President Specialty,
Lending

Lori Bettinger
Co-President,
Alliance Partners

 **\$5.0Bn+** in owned & managed assets

 **\$369MM** of new equity raised in 2021

 **\$125MM** Green Bond issued in December 2021

 **50%** goal to dedicate assets towards sustainable finance

 **7th** U.S. bank to join the Principles for Responsible Banking



About Forbright Bank

A Bank for a Brighter Future

Forbright is a purpose-driven full-service bank, commercial lender, consumer lender and asset manager committed to accelerating the transition to a sustainable, clean energy economy. We offer a full suite of direct lending, deposit, checking, transaction processing and banking-as-a-service products and capabilities. Through our asset management division, we advise over 300 financial institutions on their loan portfolios. Forbright is organized across

three divisions: Commercial and Business Banking, Consumer Banking, and Asset Management all described in more detail in the following pages. We are headquartered in Chevy Chase, Maryland.

We hold ourselves accountable to responsible business practices and a sustainability mindset and are guided by the belief that banking done right is good for our customers, our business, and society. For more details on our banking solutions, [visit our website](#).

About Forbright Bank, Cont.

Banking in Our Community

Forbright works with local Washington, DC area residents, communities, and small businesses to offer a variety of products and services to meet every banking need. Products include both personal and business banking solutions, including checking and savings accounts, mortgages, and a variety of other specialized cash management solutions.

Asset Management Our subsidiary, Alliance Partners, is the asset manager to BancAlliance, a powerful network of 300+ community banks across the U.S. with the mission to expand the reach of community banking. For more information, read the most recent [BancAlliance Impact Report](#).

Our National Commercial Lending Platform



Healthcare Lending

We work with borrowers throughout the U.S. to provide asset-based working capital financing. We provide bridge-to-HUD (Housing and Urban Development) real estate term loans and loans to support acquisitions, growth, and recapitalizations. During 2022, we launched our HUD lending platform, which helps nursing homes, assisted living facilities and multifamily units gain direct access to HUD resources, which enable the affordable financing and refinancing of healthcare facility projects nationwide.



Specialty Lending

The Specialty Lending division consists of lender finance and specialty commercial real estate segments. The lender finance segment provides debt facilities to growing, middle market specialty finance lenders and investment funds. We work with borrowers, agents, brokers and sponsors throughout the U.S. to provide senior secured asset-based loans, primarily to other lenders, lending platforms, financing companies, passive investors and investment funds. The specialty commercial real estate segment provides value-add bridge and construction loans to real estate sponsors.



Corporate Finance

We work with financial sponsors, agents, and borrowers throughout the U.S. to provide senior secured loans primarily to middle-market companies to support acquisitions, growth, working capital, recapitalizations, and leveraged buyouts.



Technology Banking Services

We partner with select financial technology companies to provide capital to consumers and small businesses in an efficient manner. Current partners include lending platforms like [Lending Club](#), [Marlette](#), [ApplePie](#), and [Funding Circle](#).



Sustainable Lending

We dedicate resources to expand the availability of financing in which the borrower profile, use of funds, or financial product itself promotes environmental or social sustainability, including promotion of a transition to a low carbon economy and/or promotion of affordability and accessibility to essential resources and services, including housing, healthcare, and financial services. Read Our Commitment to Sustainable Finance on page 11 for additional details.



Asset Management

Our subsidiary, Alliance Partners, is the asset manager to BancAlliance, a powerful network of 300+ community banks across the U.S. with the mission to expand the reach of community banking. For more information, read the most recent [BancAlliance Impact Report](#).

About This Report

With this inaugural ESG report, Forbright is taking an initial step towards improving the transparency of our ESG commitments, progress, and future goals.

We developed this report using the recommended disclosures of the Sustainability Accounting Standards Board (SASB) Standards and the Task Force on Climate-related Financial Disclosures (TCFD) and will work towards adherence to these standards over time. For this initial report, we have included a SASB Index in the Appendix covering the recommended disclosures for Commercial Banks. TCFD reporting will be included in future years as we continue on the multi-year journey associated with meeting those recommendations.

This report primarily covers calendar year 2021 activities. Performance metrics included cover the full-year ending 12/31/21, and point-in-time metrics are as of 12/31/21 unless otherwise noted. The report also includes early 2022 initiatives, as relevant. The activities, performance, and data detailed in this report refer to Forbright Bank's national operations unless otherwise stated.

"Forbright Bank", "Forbright", "we," "us," "our," and "the Company" refer to Forbright, Inc., Forbright Bank, and its subsidiaries collectively.

We welcome your questions about this report and Forbright Bank's ESG efforts via email at ESG@forbrightbank.com.

Our Approach to Environmental, Social, and Governance Practices

As a values-driven organization, we hold ourselves accountable to responsible business practices and are committed to embedding sustainability throughout our entire business. A sharp focus on Environmental, Social, and Governance (ESG) best practices aligns with our corporate values and creates long term value for all of our stakeholders. While we broadly focus on sustainability, our approach to ESG is specifically informed by our view that climate change is a fundamental risk to our world and that we must move to a more sustainable, net-zero economy to avoid its worst impacts.

Our approach to ESG is also guided in part by the [United Nations Principles for Responsible Banking \(Principles\)](#). In September 2021, Forbright became the seventh U.S. bank to sign the Principles, joining 275 other signatories globally with U.S. \$72 TRN in total assets. The Principles are the leading framework for ensuring that banks' strategy and practices align with the [United Nations Sustainable Development Goals](#) and the Paris Climate Agreement. Banks that have signed the Principles 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.

Forbright has initiated the first step in implementing the Principles by undertaking an Impact Analysis on our core lending activities. We have 18 months to complete this detailed analysis and report our progress. We plan to include the results of this assessment in our next ESG Report.

Key features of the United Nations Principles for Responsible Banking



Comprehensive framework addressing the strategic, portfolio and transaction level across all of the bank's business areas



Alignment with the Sustainable Development Goals and the Paris Climate Agreement



Target-Setting in the areas of most significant positive and negative impact



Transparency and Accountability through public reporting and review



Guidance, expert advice and peer learning to support implementation

Setting our ESG Priorities

Responsible ESG practices are central to our commitment to all of our stakeholders, including our investors, the [environment](#), our [employees](#), our [customers](#), and our [communities](#). To define our priority ESG topics, we engaged with internal stakeholders; reviewed relevant sustainability 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 United Nations Principles for Responsible Banking, the Global Impact Investing Network's IRIS+ Thematic Taxonomy, as well as green, social and sustainability principles published by the Loan Syndication and Trading Association (LSTA) and International Capital Market Association (ICMA); and benchmarked peers and industry leaders' ESG strategies.

We then reviewed our list of potential ESG topics with our ESG Strategy Committee and ESG Working Groups to confirm our priorities. We prioritize, among others, the following ESG-related topics, which are discussed in more detail in this report:

- Sustainable Finance
- Employee, Supplier, and Board Diversity, Equity, and Inclusion
- Employee Engagement and Growth
- Financial Inclusion
- Community Reinvestment Act
- Data Security & Privacy
- Incorporation of ESG Factors in Credit Underwriting and Analysis
- Environmental Footprint of Operations and Loan Portfolio
- Business Ethics
- Systemic Risk Management

Forbright intends to formalize our stakeholder engagement strategy in the coming year to enhance and address stakeholder feedback, live up to our ESG commitments, and improve reporting over time. Examples of ways we engage with our stakeholders are included in the following sections of this report.

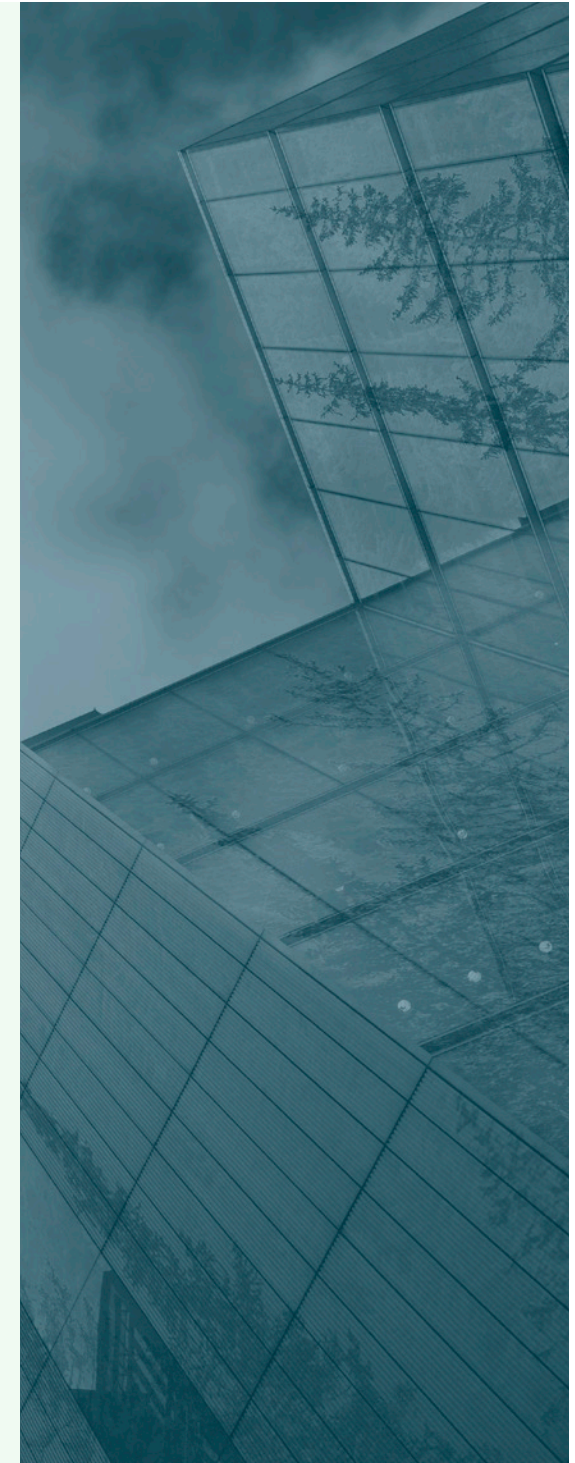
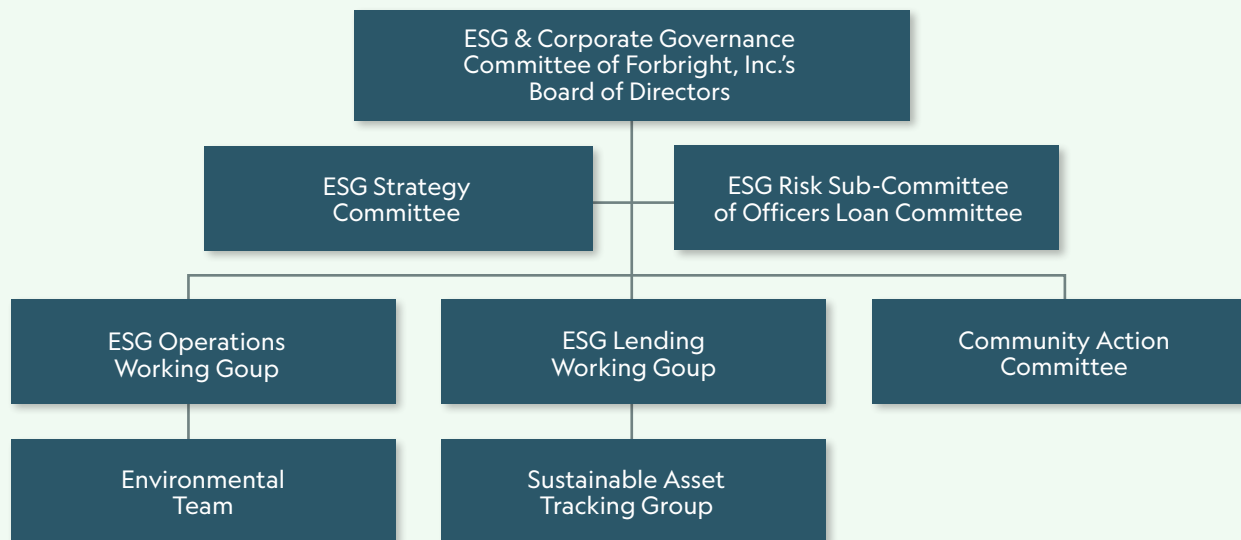
We are also committed to measuring our most significant impacts, disclosing ESG performance metrics relevant to our stakeholders, setting goals to guide our efforts and improve our performance, and demonstrating accountability by transparently reporting our progress. You can find 2021 highlights and future goals at the beginning of each section of this report and a list of performance metrics in the [Appendix](#).

ESG Oversight

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

To complement the ESG 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 all segments of our operations. These working groups (together, the ESG Working Groups) meet quarterly and have ownership over implementing our overall ESG strategy. The ESG 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 ESG strategy is ultimately overseen by the ESG & Corporate Governance Committee of the Board of Directors. Our Chief ESG Officer along with executive-level members of the ESG Strategy Committee are responsible for providing quarterly updates to the ESG & Corporate Governance Committee regarding progress on ongoing ESG program initiatives as well as future plans.



ESG Policies

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

- ESG Policy
- Responsible Investment Policy
- Credit Policy Manual & Underwriting Guidelines
- Community Reinvestment Act (CRA) Plan & Policy
- Diversity, Equity & Inclusion Policy
- HR Employee Handbook
- Information & Cybersecurity Policy
- Vendor Risk Management Program Policy
- Business Ethics Policy
- Business Continuity and Disaster Recovery Plan
- Alliance Partners Compliance Manual
- Crisis Management Plan

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. 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.

2021 ESG Highlights



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



64%
of physical locations
are LEED® certified



41.6%
of employees self-identify
as women



Set goal to dedicate
50% of our assets
to Sustainable
Finance by 2025



100%
of electronic
waste recycled



~2.5x increase
in corporate donations across
42 non-profit partnerships



Achieved carbon
neutrality of our
operational footprint



42.7%
of new hires self-
identified as racially
or ethnically diverse



10.5%
of total supplier spend with
diverse and small businesses

"In a short amount of time and with full support from our leadership, Forbright Bank has laid the foundation for an industry leading ESG program. I am proud of what our team has accomplished thus far, and I am excited about the work that lies ahead of us. As we continue to invest in our communities, empower our workforce, and finance a more sustainable and equitable future, we are committed to transparency every step of the way."

Samatha Norquist, Chief ESG Officer, Forbright Bank

Our Commitment to Sustainable Finance

We have set an ambitious goal to dedicate half of our assets to sustainable finance by 2025, 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.

Banks connect savers with borrowers and in doing so they shape economic activity. How banks allocate capital determines where they will have an impact. We believe one of the most significant ways we can create positive environmental and social impact is through the deployment of our capital across our lending and investing activities.

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.

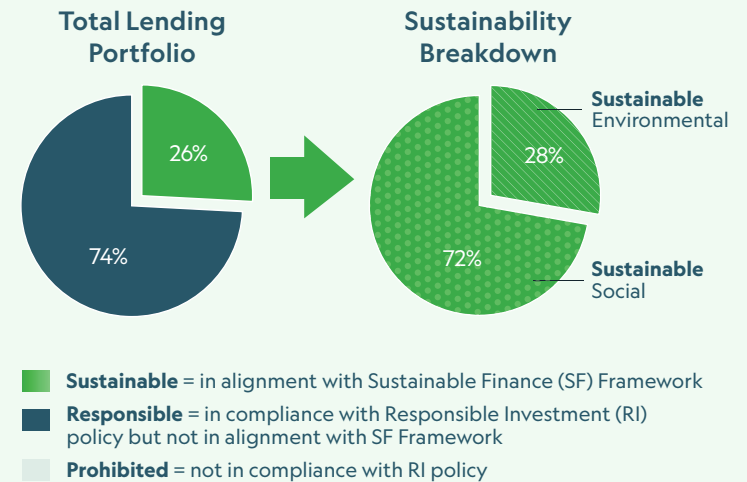
Our Sustainable Finance Framework is guided by:



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



As of 12/31/21, 26% of our lending portfolio¹ is in alignment with our Sustainable Finance Framework:



¹ Represents total loan commitments (including outstanding loan amounts and unfunded commitments) as of 12/31/21. Excludes Paycheck Protection Program loans.

We have undertaken several strategic initiatives to advance our sustainable finance goal, several of which are included in more detail on the pages that follow.

Issuing our First Green Bond

We issued our first Green Bond in December 2021, specifically focused on financing renewable energy and energy efficiency projects. Forbright's [Green Financing Framework](#) will guide our initial Green Bond issuance, of which Sustainalytics has provided a [Second-Party Opinion](#). Forbright is the the first U.S. bank holding company with under \$150 billion in consolidated total assets, and only the eighth financial institution overall, to issue a Green Bond.



Helping People Switch to Solar at Home

In April 2021, Forbright announced a \$1.5 billion, multi-year loan purchase program with Solar Mosaic, Inc. (Mosaic), a leading financing platform for U.S. residential solar and energy-efficient home improvement projects. Mosaic accelerates the adoption of clean energy in homes across the U.S. by making solar energy accessible and affordable, with no money down loans with fixed interest rates and multiple term options. "Forbright Bank shares Mosaic's commitment to combating climate change and supports our mission to empower millions of people to prosper from clean energy. We're excited to work with Forbright to help even more families reap the benefits from solar through fast and simple financing solutions," said Billy Parish, founder and CEO of Mosaic. As of 12/31/21, Forbright has funded 3,663 residential solar loans through Mosaic, representing \$148MM.



Assisting Underserved Consumers with Responsible Credit Building

In September 2021, Forbright began a partnership with Grain Technology, Inc. (Grain), a financial technology platform focused on democratizing access to consumer credit. The company qualifies consumers for a line of credit based on their cash flow activity instead of using traditional FICO score-based qualifications. This increases financial inclusion and provides a more equitable alternative to the status quo both in terms of access to credit and the overall financial health of consumers. Through this partnership, Forbright is proud to assist underserved consumers and support responsible credit management habits.

Making Clean Energy Easy to Implement in Commercial Buildings

During 2021, we launched a Commercial Property-assessed Clean Energy (C-PACE) segment. This provides a specialized financing approach in which commercial property owners can obtain low-cost upfront financing for clean energy and other qualifying improvement projects that is later repaid through a voluntary assessment as an addition to the owner's property taxes.



Eligible C-PACE Measures



HVAC



Renewable Energy



Building Envelope



Lighting and Electricity



Water Efficiency



Resiliency

Benefits of C-PACE

Fixed Rate financing

Non-Resourse

Up to 100% financing

Low-cost alternative to Mezzanine debt

Off Balance Sheet Financing and Transferrable

Reserved Working Capital

First payment deferral and Interest-Only Options

Costs can be shared with tenants

For more examples of the positive impact our partners and customers are creating, [see page 27](#).

Contributing to a Cleaner Future by Engaging Small Businesses

We partner with Sunstone Credit, Inc. (Sunstone) to fund affordable and easy-to-understand solar loans made to small and medium-sized businesses in the U.S. "Sunstone was founded with the mission of helping more businesses choose solar," said Josh Goldberg, Co-Founder of Sunstone. "We are thrilled that Forbright Bank has elected to further its relationship with Sunstone, by not only investing, but also providing the funds to back our loans as strategic partners. Together we are committed to building a platform that will drive commercial sales growth for our solar developer partners and enable cost savings for borrowers, while contributing to a cleaner future for the planet."



Our Commitment to the Environment

We are committed to minimizing our impact on the environment through thoughtful management of our operations and capital allocation process.

2021 ENVIRONMENTAL PERFORMANCE HIGHLIGHTS

- Achieved carbon neutrality of our operational footprint
- Established employee-led environmental team that identifies and implements measures to improve our environmental performance
- Achieved LEED® certification in 64% of our owned and leased space
- Recycled 100% of electronic waste using certified responsible vendors

FUTURE ENVIRONMENTAL GOALS

- 2022** Publish Environmental Policy
- 2022** Shift electricity usage to renewable energy where possible and purchase renewable energy credits where solar opt-in programs are not available
- 2024** Voluntarily report in alignment with the Task Force on Climate-related Financial Disclosures



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

In 2021, Forbright engaged a third-party consultant to measure our Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased energy) and partial Scope 3 (indirect emissions including employee commuting, business travel and work-from-home emissions) emissions footprint. We followed the framework established by the **Greenhouse Gas Protocol**, the most widely used GHG accounting standard.

This measurement process has helped us establish a GHG baseline, an important first step towards measuring annual progress, making meaningful emissions reductions, and setting future targets. In 2021, we used 231,017 MWh of electricity and produced 396.8 metric tons of carbon dioxide equivalent (tCO₂e). The largest sources of emissions came from energy used while employees worked from home and those associated with business travel. In the future, our emissions by source may change given a gradual return to pre-pandemic business travel and employee commuting levels.

We focus on energy efficiency to reduce our emissions.

Forbright pivoted to a hybrid remote workforce in response to the pandemic, which significantly reduced our energy, water, and paper usage, as well as the emissions associated with employee commuting.

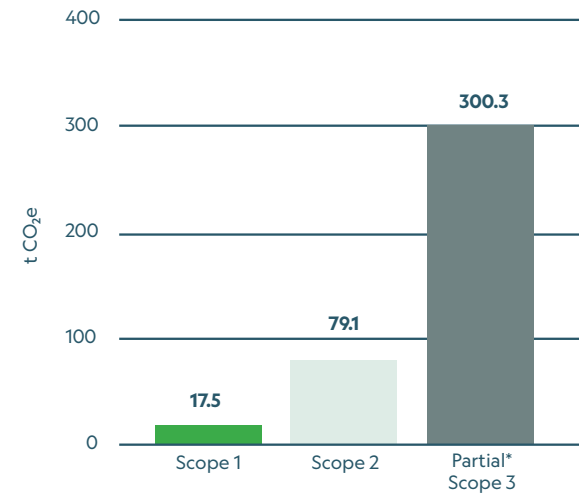
In 2020, we upgraded our lighting system and installed energy efficient lighting throughout our headquarters location. Additionally, we pivoted to cloud-based data storage which drastically decreased energy usage related to our servers. All of these efforts have had a positive effect on our overall electricity usage and between 2019 and 2021 we reduced our total electricity usage by 4%.

To achieve carbon neutrality in 2021, we purchased carbon offsets in collaboration with a third-party expert, investing in projects with proven impacts and those in alignment with the goals of the Paris Agreement and the Sustainable Development Goals. We will continue to work to further reduce emissions through improved operational efficiencies and will purchase offsets for unavoidable emissions.

Forbright's Footprint

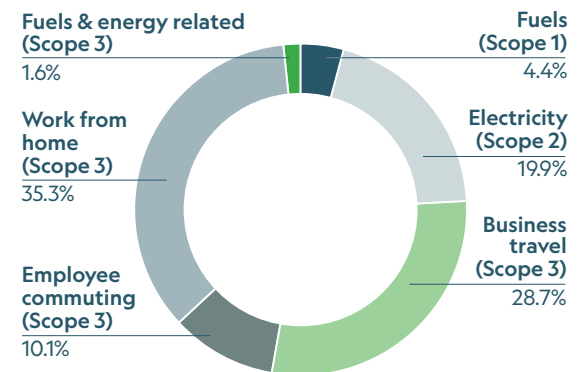
Emissions in 2021 - 396.8 tCO₂e

Emissions by scope



* Categories not included in this GHG accounting phase for Forbright are the following: investments, purchased goods & services, capital goods, franchises, operational waste, leased facilities, transport & distribution, processing of sold products, use of sold products, and end of life for products.

Emissions by source



Spotlight on Our Carbon Offset Projects

Improving carbon sequestration on one of New Jersey's largest working farms.

Hudson Farm, located on 3,600 acres of mixed hardwoods, oak-hickory, and northern conifer in northern New Jersey, harvests using improved forest management practices in order to maintain a healthy and thriving forest. These practices improve the forest's carbon sequestration capacity and biodiversity conservation. The farm also provides a positive social impact, serving as a much-loved recreation amenity for urban communities nearby. We contributed to offsetting 12,000 metric tons of CO₂e and supported 16+ plant species by purchasing Hudson Farm offsets.



Protecting California's towering redwood forests for generations to come.

Along California's northern coast are ancient redwood forests, home to the tallest trees on Earth, rich wildlife, and stunning landscapes. Decades of aggressive timber harvesting has depleted this landscape and battered the local economy. The Garcia River Forest project, a collaboration between a non-profit organization, private and public entities, and community stakeholders, is the first large non-profit owned working forest. This project stores more carbon per hectare than any other forest type and will help keep this remarkable forest standing and local economy supported for years to come. By purchasing offsets from Garcia River Forest, we contributed to offsetting 77,000 metric tons of CO₂e, while helping to create 200+ jobs and protect 9,600+ hectares of forest.



Green Buildings and Certifications

Forbright's headquarters, located in the Chase Tower in Chevy Chase, Maryland has received Leadership in Energy and Environmental Design (LEED®) Gold Certification as well as an ENERGY STAR Score of 77, meaning that it is more energy efficient than 77% of similar properties nationwide. In 2020, we combined our two headquarter locations into the Chevy Chase location, which increased LEED® certified square footage from 21,135 square feet to 37,551 square feet. As of year-end 2021, 64% of our physical locations are LEED® certified.

Forbright is an active 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. We are also exploring other environmentally focused certifications and memberships in pursuit of maintaining best-in-class practices around our operational footprint.



Waste Reduction, Reuse, and Recycling

At Forbright Bank, we reduce waste in multiple ways. At our headquarters, reusable dishware is available, and any single-use items provided are largely compostable. All new hires are also given a reusable beverage tumbler to reduce the usage of single-use plastics at a company-wide level. Our headquarters includes multiple recycling stations. During 2022, we added composting bins at our headquarters and hired a local service to maintain our compost collection and train our employees to encourage proper participation.

Forbright has become increasingly paperless over the past several years and is releasing a new electronic data retention policy in 2022 to make progress towards becoming a paper-free company. As an indicator of our successful transition, we reduced the number of pages printed by 45% between 2020 and 2021, using 269,403 total pages in 2021 across our headquarters and branch locations.

Forbright also strives to get the most use possible out of its equipment by using functional equipment longer than the depreciation schedule. Once equipment has reached the end of its useful life, we recycle all electronics using a certified vendor. In 2021, 100% of all electronic waste was recycled.

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

64% of our physical locations are LEED® certified

45% making progress towards becoming a paper-free company, we've reduced the number of pages printed by 45%

Environmentally Thoughtful Banking

Our environmental footprint is in large part due to the impact from companies we finance. In 2021, Forbright formally established a Sustainable Lending vertical, which is guided by our Sustainable Finance Framework. Our goal is to dedicate half of our assets to Sustainable Finance by 2025. 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 risks present within our loan portfolio by leveraging best practices from the Task Force on Climate-related Financial Disclosures (TCFD), the Partnership for Carbon Accounting Financials (PCAF), and the Science Based Targets initiative (SBTi). 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 addition, the environmental section included within our Credit Policy Manual & Underwriting Guidelines 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. Certain property types (i.e. gas stations, automotive repair facilities, and agricultural and undeveloped land) must also have a Phase I environmental study conducted by an accredited firm before any funding occurs. Overall, loans involving environmental or hazardous waste issues are considered to be "riskier loans" with due diligence and underwriting commensurate with the risk.

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.

Forbright looks for opportunities to increase our thoughtfulness around the impact of our products and services. In 2021, we set customer bank statements to default to electronic statements with paper statements available for a fee. In 2022, we plan to release a green savings account, defined by our [Green Financing Framework](#). This follows our first Green Bond issuance in December 2021, described in more detail on [page 14](#).

The following existing loans are in environmentally sensitive sectors as of 12/31/21:

Sector	Number of Loans	Value of Loans	% of Total Loans
Paper	2	\$7,254	55
Plastics & Other Chemical Manufacturing	9	\$63,471	55
Oil & Gas, including Mining, Petroleum & Coal Products, and Pipeline Transport	1	\$145	55
Total	12	\$71,140	55

Environmentally sensitive sectors include NAICS codes beginning with 21, 322, 323, 324, 325, 326, 481, 484 and 486. Represents total loan commitments (including outstanding loan amounts and unfunded commitments) as of 12/31/21 (rounded to thousands). Excludes Technology Banking Services and Paycheck Protection Program lending.

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 environmental team has three sub-committees, focused on environmentally friendly office adaptations, promoting employee participation, and maintaining environmental-related certifications including our participation in the Maryland Green Registry.

In 2022, we launched several employee incentives to increase participation. These include providing up to:

- \$2,000 for employees that install solar panels on their home;
- \$250 for employees that opt into community solar through their existing electricity provider;
- \$2,000 for employees that lease or purchase an electric vehicle;
- \$250 per year for employees that walk or bike to work at least three days a week;
- \$50 per month for employees that utilize public transportation; and
- \$250 per year for employees that choose sustainable subscriptions, such as a compost program or Imperfect Foods subscription.



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Our Commitment to Our Employees

The strength of our 280+ team members directly impacts the strength of our business. We are committed to providing competitive and equitable wages and benefits to employees, supporting professional development, and providing the flexibility our employees need to lead the future of banking. Our human capital management 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.

2021 WORKFORCE HIGHLIGHTS

- 42.7% of new hires self-identified as racially or ethnically diverse
- 32.3% of new hires self-identified as women
- 8.9% voluntary turnover, meeting our goal to maintain voluntary turnover below 10%

FUTURE WORKFORCE GOALS

- 2022 Distribute first employee engagement survey
- 2022 Develop pay equity calculation and analysis
- 2025 Increase employee training hours by 15%



Diversity, Equity & Inclusion

Forbricht is committed to fostering a culture of diversity, equity, and inclusion (DEI). Our team members are the most valuable assets we have. The collective sum of the individual differences, life experiences, self-expressions, unique capabilities, and talents that our team members invest in their work represents a significant part of our culture, our reputation, and our achievements.

We embrace and celebrate employee's differences and are committed to providing equal opportunity to our employees and applicants, regardless of age, color, race, ethnicity, family or marital status, gender identity or expression, language, national origin, physical or mental abilities, religion, sexual orientation, socio-economic status, veteran status, and or any other category protected by federal, state, or local law and any other characteristics that make our team members unique.

These commitments are formalized in our Diversity, Equity & Inclusion Policy, which specifies that our commitment to providing equal opportunity encompasses all phases of employment, including recruitment, selection, assignment, classification, development, promotion, demotion, transfer, layoff and terminations, and selection for training.

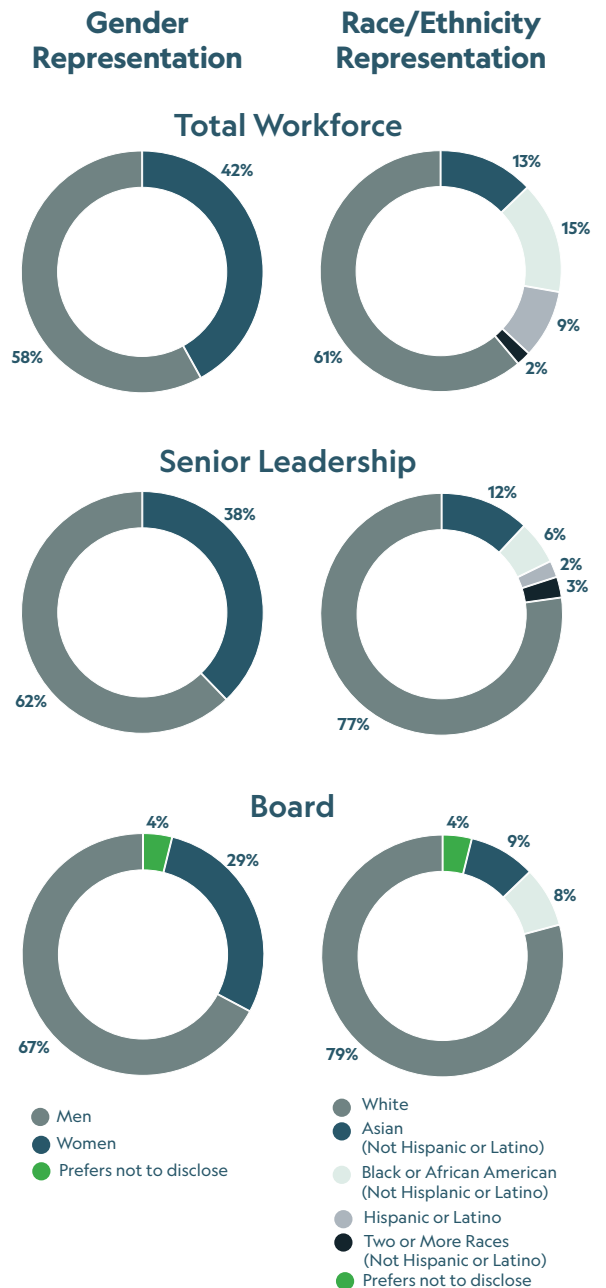
Similarly, we are committed to pay equity, and our commitment applies to all salaries, wages, other compensation, insurance programs, pension and other retirement programs, social and recreation programs, and all other benefits or privileges of employment. In 2022, we began work on creating a pay equity analysis methodology as a step towards holding ourselves accountable to our pay equity commitment.

Additional highlights of Forbricht's DEI commitment include:

- A focus on respectful communication and cooperation between all team members;
- Offering diversity training for new hires and annually for existing team members;
- Recruiting on diverse websites, including Handshake which is used by many Historically Black Colleges and Universities;
- Promoting work/life balance to accommodate employees' varying needs; and
- Contributing to nonprofits in the communities we serve that increase inclusion and equity, which also promotes a greater understanding and respect for diversity amongst our team members.

While we are deeply committed to promoting DEI within our organization, we still have significant work to do and are committed to being transparent about our progress along the way.

DEI Performance Metrics*



* See our Appendix for further details on our DEI Performance Metrics.

Employee Engagement and Experience

We are a dynamic, high energy, fun, and fast-paced organization that has an exciting growth trajectory, meaningful mission, and ESG practices embedded into our daily interactions. We offer our team members a culture of collaboration, inclusion, flexibility, recognition, and giving. We regularly provide COVID-safe opportunities to gather socially by coordinating happy hours, summer and holiday parties, lunch and learns, and more.

We are committed to providing the flexibility our employees need to be successful. This commitment was exemplified by our quick response to the pandemic and shift to a primarily remote workforce in March 2020. Management, alongside our crisis management team, works to maintain a plan that prioritizes the safety of employees while remaining nimble and preserving workplace flexibility.

During 2021, our executive leadership began hosting virtual company-wide town hall meetings on a quarterly basis. Meetings include a company update from our CEO and Chairman of the Board and dedicated time for a Q&A with employees, during which all employees have the opportunity to submit questions anonymously. This has provided a meaningful time to connect as an organization during a year in which most employees worked remotely and to solicit feedback and questions from across departments and roles. We have received a very positive response to these town halls from our employees, who have indicated an appreciation for the open and proactive communication from senior leadership.

We use the Forbright Intranet to communicate with employees and celebrate employees' work anniversaries, birthdays, new hires, and more. The platform includes details on upcoming events, a people directory and organizational chart, and other resources for employees. We also recognize milestone anniversaries with gifts from a company that provides employee recognition and awards.

In 2022, we began developing our first Employee Engagement and Satisfaction survey, which will solicit feedback from employees regarding Forbright's leadership, corporate culture, communications, work environment, training and development, compensation, and overall employment experience. Survey results will be an integral part of refining our human capital strategy and goals. In future reports, we plan to report an overall employee engagement score resulting from this survey.



Employee Training and Development

We are committed to providing opportunities for learning and growth that lead to a well-trained, qualified, and skilled workforce. Training and development goals and specific courses are identified in conjunction with employees' supervisors. In 2021, employees completed 1,967 total training hours, an average of seven hours per employee. While these represent formally tracked training hours, we recognize that the most valuable training often occurs throughout the workday and encourage a culture of collaboration and open-door access to leadership. We also offer reimbursement for approved certification courses and development initiatives.

Employee Benefits

Forbright offers a comprehensive benefits package, including medical, dental, vision, voluntary life, voluntary AD&D, short-term and long-term disability, flexible spending accounts, pre-tax transportation, and 401-K with a competitive employer match. We engage an outside benefits expert and reevaluate our benefits package on an annual basis to remain in line with evolving best practices.

Employee Health & Wellness

Forbright provides employees with 20 days of paid time off on the first day of each calendar year to take time off for vacation, sick leave, and personal days. In addition, the Company provides parental leave benefits and an Employee Assistance Program that can be used to help with work/life balance and to seek mental health support. We partner with United HealthCare to offer incentives for completing certain health screenings and provide rewards for meeting certain health milestones. We also have a free fitness facility at our corporate office for team members.



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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.

2021 CUSTOMER HIGHLIGHTS

- Launched fee-free checking accounts, with no minimum balance and unlimited free ATM uses to community partners
- Upgraded digital banking platform to reimagine our customers' experience by digitizing the customer's touchpoints and providing the ability to self-serve on the channel of their choice
- Launched partnership with Zelle® for person-to-person payment capabilities
- Funded 2,612 Paycheck Protection Program loans (representing \$570MM)

FUTURE CUSTOMER GOALS

- 2022** Launch digital green savings account using our Green Financing Framework
- 2023** Offer free financial literacy workshops to customers or prospective unbanked/underbanked customers semi-annually



Customer Spotlights:



Forbright borrower **Banneker Ventures** is based in Silver Spring, Maryland and provides value-added construction and real estate development services throughout the Mid-Atlantic Region of the United States. In 2019, Banneker was ranked as #81 on Black Enterprise (BE) magazine's BE 100 List, which recognizes the nation's largest Black-owned businesses in the country.

"We are appreciative of the partnership with Forbright Bank which over the past few years has led to preserving much needed affordable housing in the District of Columbia and which is currently producing much needed housing and retail in Prince George's County. Forbright's leadership team, including Craig Underhill and Ebenezer Botchway, have been amazing and are leading the way to equitable lending in the region."

Omar A. Karim, President, Banneker Ventures



In 2021, Forbright syndicated and led a \$140MM lending relationship with **PosiGen, Inc.** (PosiGen), a leading residential solar leasing and energy efficiency provider to low-to-moderate income communities and communities of color. PosiGen provides affordable, no-money-down solar panel leases and energy upgrades, in order to offer cleaner electricity and immediate savings on utility bills. Our partnership will help PosiGen considerably grow their available capital base to finance additional affordable solar installations to PosiGen's growing base of customers.

Photo: PosiGen



Sterling Care is a network of five rehabilitation, nursing care, and assisted living facilities in Maryland that offers a full spectrum of care, from short-term rehabilitation to long-term skilled nursing. Sterling'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. Jeff Kagan, President of Sterling Senior Care, also sits on the board of Rockville Nursing Home Foundation, which provides scholarships for nursing students committed to the compassionate care of others.

"Throughout the pandemic, the focus was primarily on loss, but we are here to share a different story; one of perseverance, love, compassion, and commitment. Our people put their lives on the line to care for some of the most vulnerable members of our communities. Let us mourn the loss but let us also recognize and honor our employees and celebrate the lives that were saved."

Jeff Kagan, President, Sterling Senior Care



Providing Pandemic Support to Businesses

Forbright had an outsized impact through our involvement in the Paycheck Protection Program during 2020 and 2021. We funded 2,612 loans representing ~\$570MM and supporting ~60,000 employees of these small businesses throughout the program. We specifically focused on serving our customers as well as small businesses in our community. Our median loan amount was ~\$50,000, and ~75% of loans made were provided to businesses with fewer than 20 employees.

We also worked closely with existing borrowers to navigate the business disruptions presented by the pandemic and supported their liquidity needs by funding revolving lines of credit and in certain instances, deferring principal or interest payments for the hardest hit businesses and industries.

Our Commitment to Our Communities

We are committed to maintaining a strong linkage with our communities through corporate philanthropic giving, supporting community organizations aligned with our values through strategic partnerships, and encouraging employee volunteerism.

2021 COMMUNITY HIGHLIGHTS

- 42 non-profit partnerships
- Board members on 21 non-profit boards
- ~2.5x increase in corporate donations between 2021 and 2020
- Maintained Satisfactory CRA rating in meeting community credit needs
- \$9.3MM provided in small business loans
- \$49.0MM provided in community development loans

FUTURE COMMUNITY GOALS

- 2022** Increase corporate donations to 2% of net income
- 2023** Achieve an average of eight volunteer hours per employee



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 designated a CRA Officer to assist in the development of our annual CRA Plan, to review and assess our CRA Plan activities, and to advise senior management on related matters.

Our goals for these efforts are to increase the volume of small business loans (loans under \$1MM made to businesses, as defined by CRA) and the volume of community development loans (CRA-specific commercial loans such as providing affordable housing, revitalizing neighborhoods, providing employment opportunities to low- to moderate-income individuals, and healthcare lending that provides services for Medicaid recipients) we provide. During 2021, we made 44 loans representing almost \$50MM to programs designed to promote small businesses and community development.

In 2021, Forbright contributed \$50,000 to the [Black Student Fund](#), which has provided supplemental grants and essential support services to students in grades pre-kindergarten through 12 in the Washington, DC metro area since 1964. In addition, Forbright employees participated in virtual workshops with students during the year, and we launched a no-fee checking and savings account for Black Student Fund students that attend



our events. Forbright hosted its inaugural financial literacy course in partnership with the Black Student Fund in November 2021. Ten Forbright employees participated in the event, and 40+ students attended the event.

Philanthropic Giving

Through our Community Action Committee (CAC), we foster positive societal and economic change through employee leadership, volunteering, and philanthropy. The CAC is a key tool in demonstrating Forbright's corporate citizenship and commitment to the communities we serve. Our current giving priorities focus on decarbonization, financial inclusion, and serving and responding to our local communities. We believe that Forbright can serve as a leader, fostering positive societal and economic change through our commitment to our community.

Forbright nearly tripled our 2020 total corporate giving, making financial contributions to 42 local non-profit organizations during 2021.

Forbright also contributed \$50,000 to the [American Red Cross](#) (ARC) during 2021. The ARC delivers vital services within our local community and globally, including disaster preparedness and relief and lifesaving blood



donations. As a part of our multi-year commitment to the organization, we host quarterly employee events, including an annual blood drive at our headquarters.

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 foster multi-year strategic partnerships and programs, with a specific focus on organizations that serve low- to moderate-income individuals or promote financial literacy.



of classroom curriculum where students learn to set goals around saving, budgeting, shopping, and bill paying followed by a high-impact simulation where students get to navigate the hypothetical impacts of those financial decisions.

Junior Achievement of Greater Washington is a nonprofit organization and the premier school system implementer of equitable, rigorous, scaled, and sequenced future-readiness curricula and experiences for students, with a focus on financial literacy, work readiness, and entrepreneurship programs. Our volunteers participate in Junior Achievement’s Finance Park, an innovative and experiential combination

Throughout the school year, Kids In Need Distributors (**KIND**) delivers food to schools across Montgomery County, Maryland. Each Friday, school staff members discretely slip food – which serves as sustenance for the weekend – into the backpacks of students. Over the years, Forbright has sponsored KIND’s support for the Dr. Charles R. Drew Elementary School in Silver Spring, Maryland. Our volunteers have participated in a variety of capacities, including bag packing events and food pick-up and delivery.



Each year, Forbright participates in the Salvation Army’s Angel Tree Program in the Washington, DC 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 2021, we sponsored 245 underserved children in our local community, contributing more than \$19,000 in gifts and gift cards, thanks to the generous involvement of more than 90 of our employees and Board members. In addition to this record level of involvement, Forbright made a \$10,605 financial contribution to match all employee financial contributions, which supported gift buying for an additional 100+ children in our area. The Salvation Army National Capital Area Command has recognized Forbright as one of the top corporate sponsors over the past four years and as the top corporate sponsor of the 2021 Angel Tree campaign. Forbright’s donations enabled The Salvation Army National Capital Area Command to bring holiday cheer to over 5,400 families.

Our Commitment to Strong Governance

We are committed to embracing strong governance practices; being transparent about our business activities; operating in a manner consistent with our Values, Code of Business Conduct, and Business Objectives; fostering diversity and inclusion amongst our leadership and supply chain; and operating to a high standard of ethics.

2021 GOVERNANCE HIGHLIGHTS

- Became the seventh U.S. signatory of the Principles for Responsible Banking
- 79% and 91% of Board Directors are independent on the Forbright Bank and Forbright, Inc. Boards, respectively
- 10.5% of total supplier spend with diverse and small businesses
- In 2022, we tied executive compensation to ESG metrics by including diversity targets in our bonus structure

FUTURE GOVERNANCE GOALS

- 2025 Maintain diverse and small business vendor spend > 10%



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 Conduct aligns our business practices with our corporate values and specifies what we expect of all employees, officers, and vendors.

Our Board of Directors Code of Conduct & Ethics Policy 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.

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 is composed of 19 directors and five committees, including Asset-Liability; Audit; Board Development; Directors' Loan; and the Executive Committee. The average tenure of Forbright Bank Directors is approximately nine years and in 2021 Directors had an average attendance rate of 93%. In 2021, 79% of Directors were independent. The Board meets at least six times per year.

The Forbright, Inc.'s Board is composed of 11 Directors and five committees, including Audit; Nomination; ESG & Corporate Governance; Risk & Credit; and Compensation. The designated ESG & Corporate Governance sub-committee was established in 2021 and oversees ESG initiatives across the organization. The average tenure of Forbright, Inc. Directors is approximately five years and in 2021 Directors had an average attendance rate of 95%. In 2021, 91% of Forbright, Inc. Directors were independent. The Forbright Inc. Board meets no less than four times per year.

We are working to create Boards that reflects the diversity of the markets we serve. In 2021, 29% of all Directors (including those that sit on the Forbright Bank and Forbright, Inc. Boards) self-identified as women, and 21% self-identified as racially or ethnically diverse.

Executive Compensation

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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 Hot Line, with a 24-hour per day, seven-day per week answering service.

Supplier Engagement

We are committed to supporting a diverse group of third-party vendors and advisers and local small businesses through our purchasing decisions. During 2021, we added an additional step to our vendor onboarding process to track women-owned, minority-owned, and small business vendors in support of this commitment. In 2021, 10.5% of our overall spend was to small businesses, women-owned, or minority-owned suppliers.

Our top five vendors (by spend) are larger organizations, and 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 a number of 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.

In 2021, Forbright saw an increasing trend in targeted attacks, particularly spear phishing and password spraying. 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 all aspects of risk management and analysis across the Bank and to guide management in achieving organizational and financial objectives consistent with our mission and values. Our CRO works with both quantitative and qualitative evaluation across all business units, and at an enterprise level, to aid senior management and the Board in understanding all conceivable forms of risks, with a particular focus on technology, investments, marketing, operations, and finance, and 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. Our Board of Directors, either directly or through committees, assesses major economic and operational risks. We view capital stress testing as an integral part of the Bank's 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. Bank leadership also uses the stress testing framework to evaluate decisions relating to pricing, 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

Performance metrics included cover the full-year ending 12/31/21, and point-in-time metrics are as of 12/31/21 unless otherwise noted. The report also includes early 2022 initiatives, as relevant. The activities, performance, and data detailed in this report refer to Forbright Bank's national operations unless otherwise stated.

Sustainability Accounting Standards Board (SASB) Standards Index

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) 2,327, (2) \$212,462,411 (b) Small Business (1) 5,178, (2) \$2,910,814,679
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	(a) Personal (1) 17,774, (2) \$765,669,266 (b) Small Business (1) 2,332, (2) \$71,409,674 (c) Corporate (1) 451, (2) \$3,476,219,588 Value of loans is based on our total exposure (including outstanding loan amounts and unfunded commitments). Balances do not agree to our 12/31/21 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 ESG Report (page 7)
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) 49, (2) \$58,233,000 Includes in-market activity as defined by the Community Reinvestment Act in addition to certain out-of-market activity as available.
	(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	N/A; Forbright Bank has not historically offered retail banking services to individuals but rather is primarily focused on business clients of all sizes.
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	In light of the ongoing pandemic, many of the Bank's participation activities were paused or moved to a virtual setting. Forbright hosted its inaugural financial literacy course in partnership with the Black Student Fund in November 2021. Ten Bank employees participated in the event, and 40+ students attended the event.

Sustainability Accounting Standards Board (SASB) Standards Index

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 lending. As such, we have presented our total exposure (including outstanding loan amounts and unfunded commitments) across our community and national lending verticals (rather than commercial and industrial credit exposure as defined by SASB). Balances do not agree to our 12/31/21 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.</p> <p>Community Lending: 590; \$519,781,414 Healthcare Lending: 112; \$1,120,837,762 Specialty Lending: 6,078; \$1,648,912,988 Corporate Finance: 261; \$717,901,039 Technology Banking Services: 13,514; \$295,865,313 Sustainable Lending: 2; \$10,000,000</p>
	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 ESG 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 ESG Policies section of ESG Report (page 34)
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 ESG Report (page 35)

Additional ESG Performance Metrics

Stakeholder	Disclosure	Response	Note
Environment	LEED-certified square footage	37,551 square feet; 64% of physical locations	Includes headquarter location in Chevy Chase, MD and five branch locations across DC, Maryland and Virginia.
Environment	Electricity usage	231,017 MWh	
Environment	Greenhouse gas emissions	Scope 1: 17.5 metric tons Scope 2: 79.1 metric tons Scope 3*: 300.3 metric tons Total Calculated: 396.8 metric tons	Includes headquarter location in Chevy Chase, MD and five branch locations across DC, Maryland and Virginia. 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). *Categories not included in this GHG accounting phase for Forbright are the following: investments, purchased goods & services, capital goods, franchises, operational waste, leased facilities, transport & distribution, processing of sold products, use of sold products, and end of life for products.
Environment	Carbon offsets purchased	397 metric tons	Carbon offset projects include forest conservation and landfill gas 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.
Environment	Pages printed at HQ & branches	269,403 pages (<1K per employee)	Includes all activity at headquarter location in Chevy Chase, MD and five branch locations across DC, Maryland and Virginia during the year.
Environment	Electronic waste diverted from landfill	\$102,735 of total electronics value; 100% of total electronics disposed	Includes all electronic equipment disposed during the year, which was 100% recycled through a third-party equipment recycling solution.
Environment	Environmentally Sensitive Loans	See chart on page 20.	Represents total loan commitments (including outstanding loan amounts and unfunded commitments). Excludes Technology Banking Services and Paycheck Protection Program loans.
Employees	Number of employees	281	Represents total number of employees across the Bank's headquarter location in Chevy Chase, MD, five branch locations across DC, Maryland and Virginia and fully-remote employees located throughout the U.S.
Employees	Voluntary turnover	8.9%	Includes all voluntary resignations during the year. Involuntary terminations are not reflected.

Additional ESG Performance Metrics

Stakeholder	Disclosure	Response	Note
Employees	Number of new hires during the year	96 new hires, of which 32.3% self-identified as women and 42.7% of which self-identified as racially/ethnically diverse	Includes all newly hired employees during the year.
Employees	Training hours	1,967 hours (7 hours per employee)	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.
Employees	Percentage of employees that have received training on diversity and inclusion	100%	Includes all full- and part-time employees.
Employees / BOD	Race & ethnicity representation	See charts on page 23.	Represents all full- and part-time employees. Racial categories and job levels are defined by the US Equal Employment Opportunity Commission. Senior leadership includes executive and 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.
Employees / BOD	Gender representation	See charts on page 23.	
Customers	Number and amount of small business loans originated	25; \$9,269,000	Includes in-market activity only as defined by the Community Reinvestment Act ("CRA") for the year. The 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.
Customers	Number and amount of community development loans originated	24; \$48,964,000	
Customers	Number and amount of PPP loans originated	925; \$170,788,335 during 2021 2,612; \$570,110,743 program-to-date	Includes all loans funded through the SBA'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.
Community	Total donations	\$176,810 (0.5% of net income)	Represents total donations made to non-profit (501c3) organizations during the year.
Community	Non-profit partnerships	42 non-profit organizations	Represents all non-profit (501c3) organizations which were the beneficiary of either a financial or service contribution during the year.

Additional ESG Performance Metrics

Stakeholder	Disclosure	Response	Note
Governance	Number of BOD members	24 total directors (19 Forbright Bank directors; 11 Forbright, Inc. directors)	Represents members of the Forbright Bank and Forbright, Inc. Board of Directors, respectively. Meetings and attendance reflect the BOD meetings held during the year.
Governance	Percentage of independent directors	79%; 91%	
Governance	Average tenure of BOD members	9.4 years; 4.8 years	
Governance	Number of BOD meetings	7 meetings; 6 meetings	
Governance	Average attendance at BOD meetings	93%; 95%	
Community	Number of non-profit board seats held by our BOD members	21	Includes members of the Forbright Bank or Forbright, Inc. Board of Directors who are also on the Board of Directors of a non-profit (501c3) organization.
Governance	Diverse & small business vendor spend	\$3,190,627 (10.5% of total vendor spend)	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.
Sustainable Finance	Sustainable Finance Portfolio Composition	See chart on page 13.	Represents total loan commitments (including outstanding loan amounts and unfunded commitments). Excludes Paycheck Protection Program loans.

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