

ASSESSMENT

7 April 2026



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National Bank of Canada

Second Party Opinion – Sustainability Issuance Framework Assigned SQS2 Sustainability Quality Score

Summary

We have assigned an SQS2 sustainability quality score (very good) to National Bank of Canada's (NBC) sustainability issuance framework dated April 2026. The group has established a use-of-proceeds framework with the aim of financing projects across nine eligible green categories and three eligible social categories. The framework is aligned with the four core components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2025, Social Bond Principles (SBP) 2025 and Sustainability Bond Guidelines (SBG) 2021. The framework demonstrates a significant contribution to sustainability.

Sustainability quality score

SQS5
Weak

SQS4
Intermediate

SQS3
Good

SQS2
Very good

SQS1
Excellent

SQS2

Alignment with principles USE OF PROCEEDS

Overall alignment

Not aligned

Partially aligned

Aligned

Best practices

FACTORS	ALIGNMENT
Use of proceeds	██████████ ▾
Evaluation and selection	██████████ ▾
Management of proceeds	██████████ ▾
Reporting	██████████ ▾

Contribution to sustainability

Final contribution to sustainability

Poor

Limited

Moderate

Significant

High

Preliminary contribution to sustainability
Relevance and magnitude

Additional considerations

No adjustment

POINT-IN-TIME ASSESSMENT

Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of NBC's sustainability issuance framework, including the framework's alignment with the ICMA's GBP 2025, SBP 2025 and SBG 2021. Under its framework, NBC plans to issue use-of-proceeds green, social and sustainability bonds to finance projects across nine green categories and three social categories, as outlined in Appendix 3 of this report.

Our assessment is based on the last updated version of the framework received on 26 March 2026, and our opinion reflects our point-in-time assessment¹ of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our [Assessment Framework: Second Party Opinions on Sustainable Debt](#), published in October 2025.

Issuer profile

NBC is Canada's sixth largest bank with reported assets of CAD561 billion as of 31 October 2025, with the bank having approximately 33,200 full-time equivalent employees globally. The bank offers personal and commercial banking, wealth management and capital markets products, predominantly in Canada. NBC's US Specialty Finance and International business segment includes the results of its subsidiaries Credigy, Ltd. (a US specialty finance company) and Advanced Bank of Asia Limited in Cambodia.

Sustainability challenges are primarily related to the exposure of the bank's loan portfolio to physical and transition risks. The bank has established interim reduction targets for the oil and gas producer, commercial real estate and power generation sectors, representing nearly 50% of its disclosed financed emissions, to align with its overall commitment to supporting the transition to a net-zero economy.

Strengths

- » A substantial portion of proceeds will be allocated to the low-carbon energy category, which achieves the highest contribution to sustainability score
- » Eligible categories largely finance relevant sustainability challenges for the bank and in the regional context
- » Comprehensive and transparent process for project evaluation and selection as well as robust mechanisms to assess potential environmental and social risks
- » High likelihood of timely and consistent reporting for future issuances, given the bank's track record of post-issuance reporting for its previous sustainable bonds

Challenges

- » While the framework is in line with current market practices, the inclusion of general corporate purpose loans through pure-play lending introduces potential challenges with respect to tracking of proceeds and impact reporting
- » Although external verification of reported impact metrics may be performed, there is no formal commitment to do so at this time

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Alignment with principles

NBC's sustainability issuance framework is aligned with the four core components of ICMA's GBP 2025 and SBP 2025. For a summary alignment with principles scorecard, please see Appendix 1.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Green Bond Principles (GBP) | <input type="checkbox"/> Green Loan Principles (GLP) |
| <input checked="" type="checkbox"/> Social Bond Principles (SBP) | <input type="checkbox"/> Social Loan Principles (SLP) |
| <input type="checkbox"/> Sustainability-Linked Bond Principles (SLBP) | <input type="checkbox"/> Sustainability Linked Loan Principles (SLLP) |

Use of proceeds



Clarity of the eligible categories – ALIGNED

The bank has clearly communicated the nature of the expenditures, the eligibility and exclusion criteria for most project categories, as well as the target populations for the social categories. The net proceeds from sustainable financing instruments will be allocated to finance or refinance, in whole or in part, new or existing loans, investments, and internal or external projects that meet the eligibility criteria under the framework. The bank has articulated the eligibility criteria for all projects which includes general project descriptions and technical thresholds. However, for some categories the definitions remain broadly defined. The exclusion criteria is defined at the framework level. Eligible projects are expected to be primarily located within NBC's operational footprint in Québec, while allowing for geographic diversification across Canada, Europe and the US.

The cornerstone of the ICMA principles is the full utilization of net bond proceeds to eligible projects with clear environmental or social benefits. NBC's framework includes general corporate purpose loans to pure-play companies that derive at least 90% of their revenue from activities that adhere to the eligibility and exclusion criteria in NBC's framework. General corporate purpose business loans are subject to annual review to ensure their continued compliance with the eligibility criteria set out in the framework, and will be subject to environmental and social risk monitoring according to NBC's risk management approach. The bank has shared that a limited share of proceeds under the framework are allocated to these loans, with the primary focus of its sustainability issuance program being project financing.

In our view, pure play lending introduces potential challenges related to asset-level adherence to sustainability objectives, allocation and traceability, impact reporting, as well as an increased risk of double counting. The bank has provided information that demonstrates suitable measures to identify, select and allocate net proceeds to general corporate purpose facilities that adhere to the sustainability objectives targeted in the framework and also to track and report on the associated sustainability benefits. With these practices in place, coupled with the 90% revenue threshold, we consider the framework to be aligned with the spirit of the ICMA principles and current market practices.

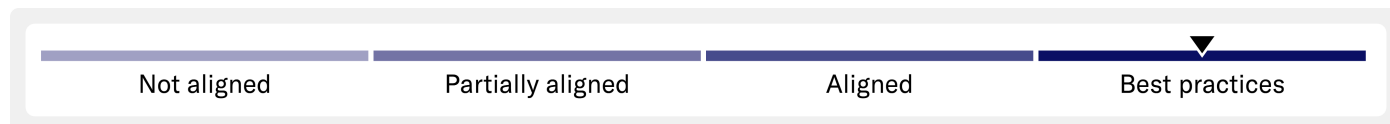
Clarity of the environmental or social objectives – BEST PRACTICES

The bank has clearly outlined the environmental and social objectives associated with all eligible categories. All eligible categories are relevant to the respective objectives to which they aim to contribute. The objectives are coherent with recognized international standards, including the United Nations' (UN) Sustainable Development Goals (SDGs). Please see Appendix 2 for more information.

Clarity of expected benefits – BEST PRACTICES

The bank has identified clear expected benefits for all eligible categories, and these are relevant based on the projects likely to be financed under each category. The benefits are measurable for all project categories, and the issuer will quantify them in its annual post-issuance reporting. The bank commits to communicate to investors the estimated share of refinancing and the look-back period prior to issuance, and the actual share of refinancing will be disclosed in its annual reporting.

Process for project evaluation and selection

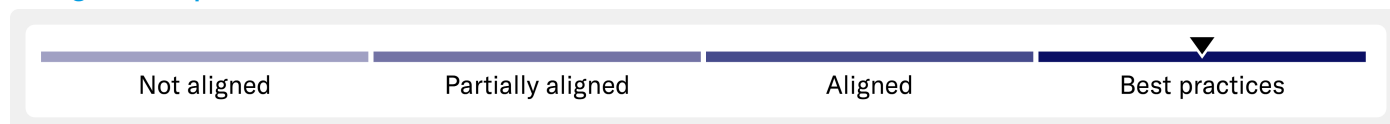


Transparency and clarity of the process for defining and monitoring eligible projects – BEST PRACTICES

The bank's decision-making process for the evaluation and selection of projects is clear and structured, and outlined in its framework. NBC's sustainability bond committee (SBC), composed of senior representatives from relevant departments, is responsible for the implementation of the framework and the review, validation and monitoring of the continued compliance of eligible assets. The bank has established a sustainability asset register to monitor the allocation of proceeds from sustainable financing instruments to eligible assets. Eligible assets in the sustainability asset register will be reviewed quarterly at each SBC meeting and monitored through the life of the instrument. In case an eligible asset becomes no longer eligible, the bank will remove the asset from the sustainability asset register and apply additional review procedures to monitor compliance across the portfolio.

NBC has established a comprehensive environmental and social (E&S) risk management process to identify, assess, monitor and mitigate E&S risks. Business lines evaluate prospective loans, investments and projects against the framework's eligible categories and manage associated risks in accordance with NBC's enterprise risk management framework, including material sustainability and climate-related risks. This process is articulated in both the framework and in publicly available documentation.

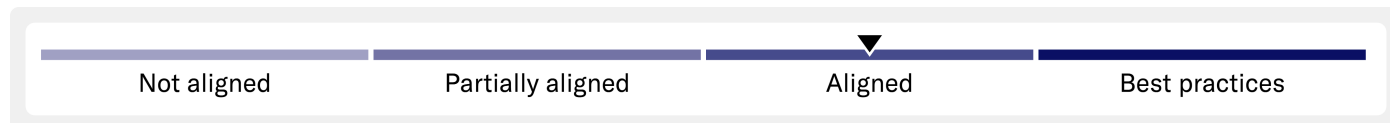
Management of proceeds



Allocation and tracking of proceeds – BEST PRACTICES

The bank has defined a clear process for the management and allocation of proceeds for eligible assets in its framework. Net proceeds from sustainable financing instruments will be deposited in a general funding account and earmarked toward eligible assets in the sustainability asset register. The allocation period is 18 months, in line with the market best practice of less than 24 months. The bank will make periodic adjustments of the tracked proceeds to match allocation to eligible projects biannually. Temporarily unallocated proceeds will be held in accordance with NBC's normal liquidity guidelines and the exclusion criteria set out in the framework.

Reporting



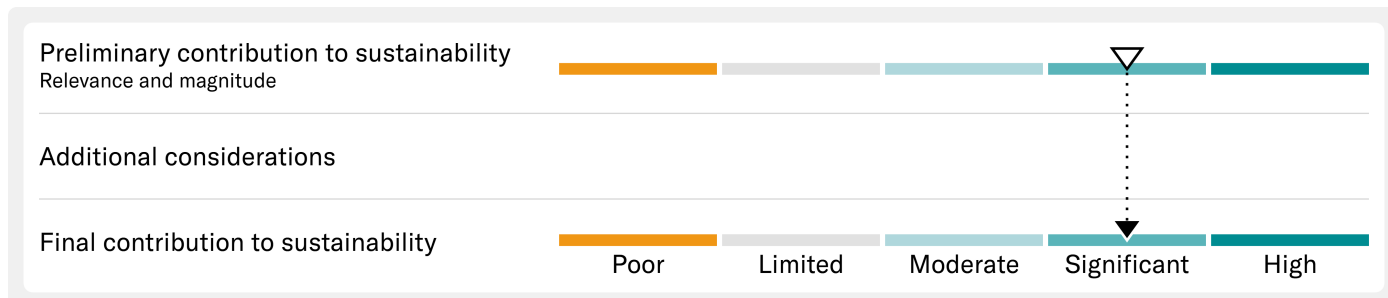
Reporting transparency – ALIGNED

The bank will publish annual sustainability bond reports, which will include allocation and impact reporting. This reporting will be made publicly available on the bank's website. Both allocation and impact reporting will occur as long as there are outstanding sustainable financing instruments. The reporting is exhaustive and includes details on amount of proceeds allocated to each eligible category, the balance of unallocated proceeds, the proportion of financed and refinanced eligible assets, and expected environmental and social benefits. The proposed impact indicators disclosed in the framework are clear, relevant and aligned with the expected environmental or social outcomes across all eligible categories. The bank will disclose the relevant calculation methodologies for impact metrics as part of its impact reporting. An external independent party will verify the allocation of proceeds to eligible projects. While the bank may consider external verification of reported impact metrics in the future, it has not committed to doing so at this stage.

NBC is an experienced sustainable bond issuer. The bank established its inaugural sustainability bond framework in 2018 and has since maintained an active issuance program, with issuance and outstanding volumes totaling CAD3.2 billion as of 31 October 2025. The bank's annual post-issuance reporting on its labeled issuances follows the commitments in its prior sustainability bond framework, suggesting a high likelihood of continued timely and consistent reporting for future issuances.

Contribution to sustainability

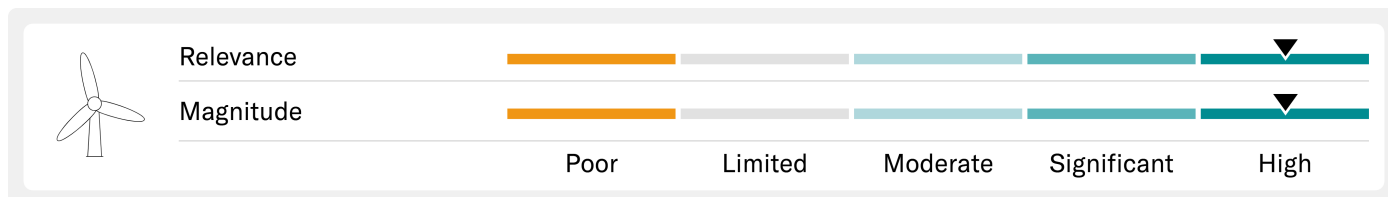
The framework demonstrates a significant overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of significant, based on the relevance and magnitude of the eligible project categories, and we have not made an adjustment to the preliminary score based on additional contribution to sustainability considerations.



Preliminary contribution to sustainability

The preliminary contribution to significant, based on the relevance and magnitude of the eligible project categories. Based on information provided by the bank, we expect most of the proceeds from forthcoming issuances to be allocated to the low-carbon energy, green buildings, affordable housing, energy efficiency, and access to basic and essential services and infrastructure project categories. We have therefore assigned higher weights to those categories in our assessment of the overall framework's contribution to sustainability. A detailed assessment by eligible category has been provided below.

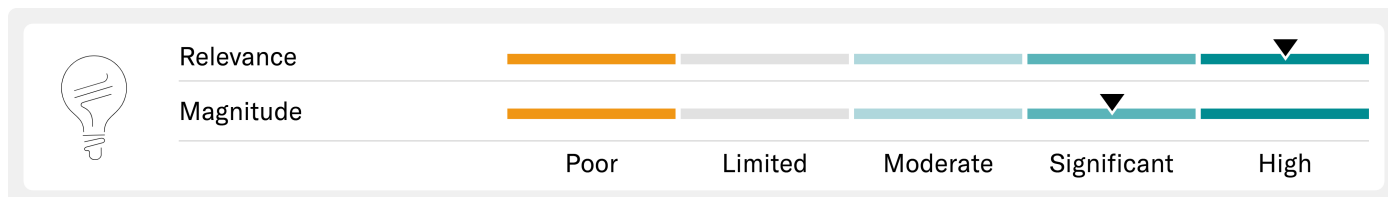
Low-carbon energy



Investments in low-carbon energy are highly relevant to the banking sector, given its central role in mobilizing capital to support climate change mitigation and the decarbonization of energy systems. The International Energy Agency estimates that renewable energy will need to account for over 60% of global electricity generation by 2030 and nearly 90% by 2050 under its Net Zero by 2050 scenario.² In this context, renewable energy is a key focus area within the bank's portfolio, supported by the bank's CAD20 billion renewable energy lending commitment by 2030 and a target to reduce scope 1 financed emissions intensity from fuel combustion for power generation by 33% from 2019 levels by 2030.

The magnitude is high, as projects financed under this category are likely to deliver long-term environmental benefits through power sector decarbonization. The bank has indicated that the majority of proceeds will be allocated to wind and solar projects, which are best in class technologies for emissions reduction and are expected to contribute meaningfully to climate change mitigation with limited environmental externalities. Other eligible projects reference recognized market-based emissions thresholds, while any future waste biomass projects would be required to rely on sustainable feedstocks that do not compete with food production or pose material biodiversity risks.

Energy efficiency

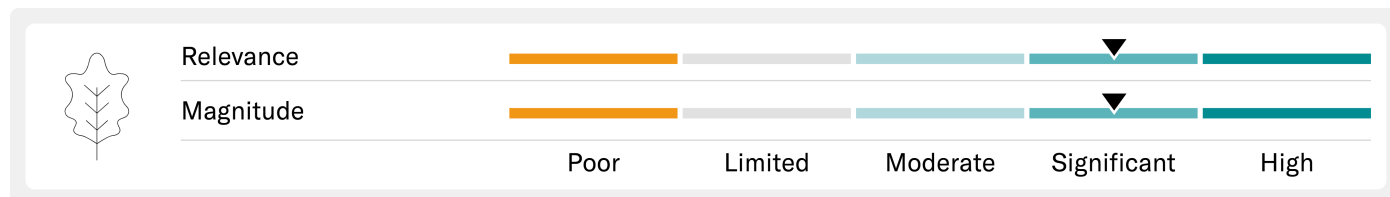


The project category relevance is high. Energy efficiency investments play an important role in reducing energy-related emissions across the Canadian economy and support Canada's climate objectives, through its goal of reducing 40-45% of greenhouse gas emissions (GHG) from 2005 levels by 2030 and the achievement of net-zero emissions by 2050.³

The magnitude is significant. Eligible assets such as energy efficient lighting, district heating, network investments and energy performance monitoring equipment and systems, are required to deliver at least a 30% improvement in energy efficiency or emissions reduction relative to a defined baseline, consistent with recognized market thresholds. The bank has indicated that near-term allocations under this category are likely to be primarily directed toward battery storage projects, alongside more limited investments in dual smart meters. While battery storage investments are expected to support long-term climate change mitigation, there is limited visibility into final end use energy savings from the various individual measures.

NBC has also communicated that data center financing is likely to represent a minor share of near-term allocations, with projects likely to be located in Canada and the US. The framework references design or operational power usage effectiveness (PUE) thresholds that are broadly in line with the Climate Neutral Data Centre Pact's PUE criteria for energy-efficient data centers. The prioritization of water-efficient and low-impact cooling technologies provides some assurance that water-management risks are addressed; however, no explicit water use efficiency performance threshold is defined. Eligible facilities are required to source at least a portion of their energy from renewable generation, though the absence of a minimum renewable share constrains visibility into the long-term emissions reduction potential. The requirement that eligible data center facilities demonstrate no new fossil fuel connections is a positive, however.

Pollution prevention and control

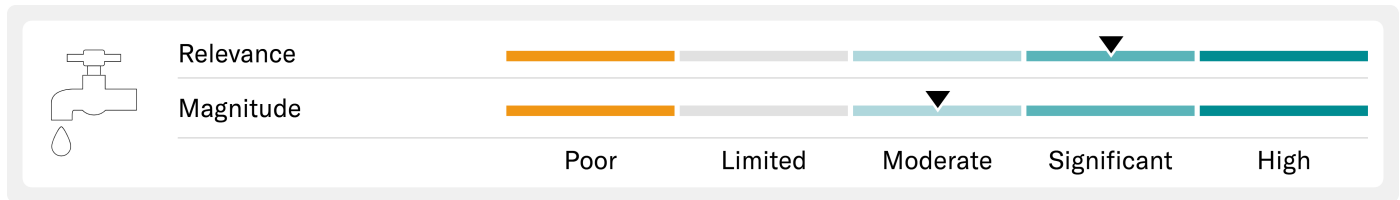


Projects under this category address relevant environmental challenges within the local context. Canada's strong federal and provincial regulatory frameworks already mitigate many waste management risks, resulting in comparatively lower exposure to pollution risks on a global basis. Carbon management technologies, including carbon capture and storage (CCS), are recognized as important tools for decarbonizing hard-to-abate heavy industrial sectors and are expected to require further scaling to support Canada's pathway to net-zero emissions by 2050,⁴ supporting the category's significant relevance.

The magnitude is significant. The bank has indicated that financing decisions will be guided by the waste mitigation hierarchy, prioritizing waste reduction, reuse and recycling, which support long-term pollution prevention and emissions reduction outcomes. In addition, the bank follows market standards for mitigation criteria related to landfill gas recovery, which consider at least 75% capture levels, the use of closed landfills no longer accepting waste, and the use of gas being limited to electricity generation, natural gas grids or vehicle fuel.

Eligible CCS projects include direct air capture and permanent storage technologies, with assets required to be designed for capture rates of at least 90%, in line with prevailing market standards. CCS eligibility is limited to applications targeting high-emitting, hard-to-abate industrial sectors, while the use of CCS for enhanced oil recovery or fossil fuel production is explicitly excluded. While CCS technologies have the potential to contribute to climate change mitigation, uncertainty remains regarding achieved operational capture rates, which constrains the likely near-term impact. The bank has communicated that CCS projects are not anticipated to be financed in the near term.

Sustainable water and wastewater management

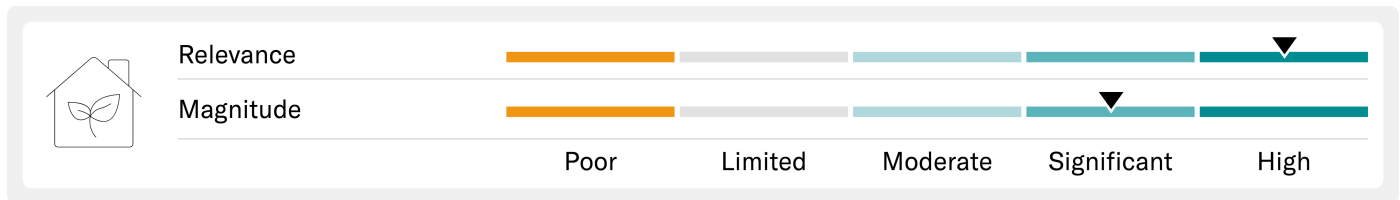


Sustainable water and wastewater management projects address significantly relevant challenges in the context of urban growth and industry expansion in the Canadian and provincial context. Desalination projects to be financed under this category may be located in California, a region exposed to high water stress risks, where they can contribute to augmenting local water supplies.

The magnitude is moderate. Water collection, distribution, supply and wastewater treatment projects financed under this category are likely to support improvements in the quality and efficiency of water infrastructure for local stakeholders and help mitigate risks to public health, the environment and biodiversity. The bank has indicated that eligible assets are informed by the IFC Blue Finance Guidelines (Version 2.0) and are expected to meet minimum performance thresholds related to improving water efficiency, including reductions in water abstraction per unit of service across municipal, industrial, agribusiness and commercial sectors. However, an energy efficiency threshold is not established for such facilities.

The bank has shared that financed desalination plants will be limited to those powered by renewables or where the carbon intensity of the plant is at or below 100gCO₂e/kWh. The bank has also indicated that project screening will include brine management policies to mitigate potential biodiversity impacts. When potential eligible assets under this category are identified, NBC plans to assess their potential benefits and externalities. At this time, the bank anticipates that desalination projects will represent a minor share of allocations under this category.

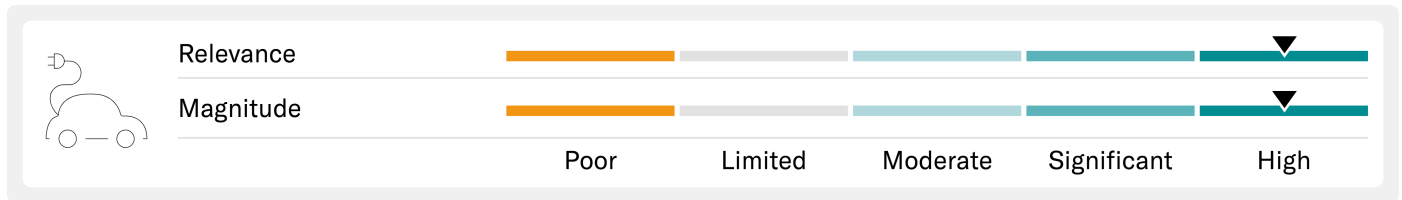
Green buildings



The relevance of this category is high, as decarbonizing the building sector remains a core priority within the Canadian context. Operational emissions from buildings account for approximately 18% of national GHG emissions,⁵ underscoring the need for increased investment in energy-efficient, low-carbon heating solutions. According to NBC's 2025 sustainability report, the real estate sector, primarily through its retail business for residential mortgages and commercial real estate loan activities, were responsible for a combined 7% of the bank's financed scope 1 and 2 emissions in 2024, highlighting the importance of green building assets to reduce portfolio-level emissions.

Eligible green building projects are expected to have a significantly positive impact on emissions reduction. The framework prioritizes assets that have achieved, based on third-party attestation, a 30% reduction in energy consumption or GHG emissions from the baseline, which enhances the decarbonization potential of qualifying assets. The bank has also shared that assets are benchmarked against the National Energy Code of Canada for Buildings (NECB) 2020, which is a more stringent baseline compared to the prevailing NECB 2017 code. Qualifying assets may further improve their sustainability credentials through the attainment of internationally recognized green building certifications such as LEED, as well as local standards including the Toronto Green Standard and the BC Energy Step Code. However, some eligible certification pathways under the framework do not require achievement of the most stringent performance levels (for example, both LEED Gold and Platinum are eligible). By contrast, other eligible standards, such as the Canada Green Building Council's Zero Carbon Building Standard, may offer stronger indications of adhering to best in class performance, including requirements for embodied carbon assessment within the local jurisdiction.

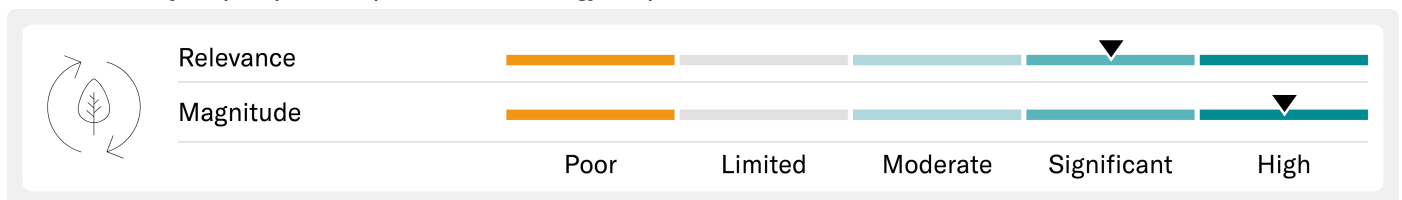
Clean transportation



The relevance is high, as transportation represents the second largest source of GHG emissions in Canada,⁶ and decarbonizing the sector is critical to achieving national climate objectives. According to the bank's 2025 sustainability report, transportation-related lending, primarily in retail motor vehicles and non-retail transportation lending, accounted for roughly 14% of the bank's financed scope 1 and 2 emissions in 2024, underscoring the materiality of the issue for the bank.

The magnitude is high because the category focuses on financing best available technologies, including vehicles with zero tailpipe emissions and associated enabling infrastructure. Eligible investments include electric mobility solutions such as passenger vehicles, light commercial vehicles, zero-emission freight and public transport, as well as rail infrastructure. The category explicitly excludes the transportation of fossil fuels for freight. Enabling assets, including electric vehicle charging infrastructure, are also eligible and are expected to support broader adoption of electric mobility solutions.

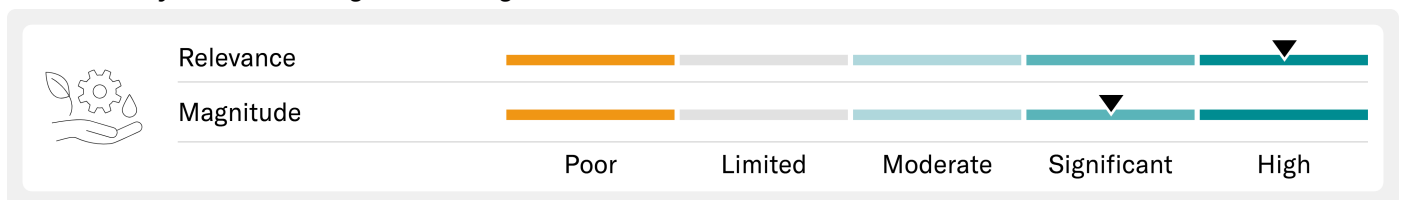
Circular economy adapted products, production technology and processes



Circular economy measures address a significantly relevant sustainability challenge in Canada. The national circularity rate across all economic activities in 2020 measured 6.1%, broadly in line with the global circularity rate of 6.9%,⁷ while the Province of Québec recorded a lower circularity rate at 2.5%,⁸ highlighting opportunities to further promote circularity initiatives within the local context. These measures directly address priorities within the waste hierarchy by promoting closed-loop models and strengthening local waste management systems.

The magnitude is high reflecting the likely long-term benefits of enhancing responsible consumption and production practices. Eligible projects, services and programs are likely to support circular initiatives such as product reuse, refurbishment and repair, with the objective of extending product lifecycles and reducing material intensity. The bank has also indicated that, where relevant, eligibility thresholds may require products to incorporate 100% secondary material substitution, which would further reduce reliance on virgin raw materials and natural resources.

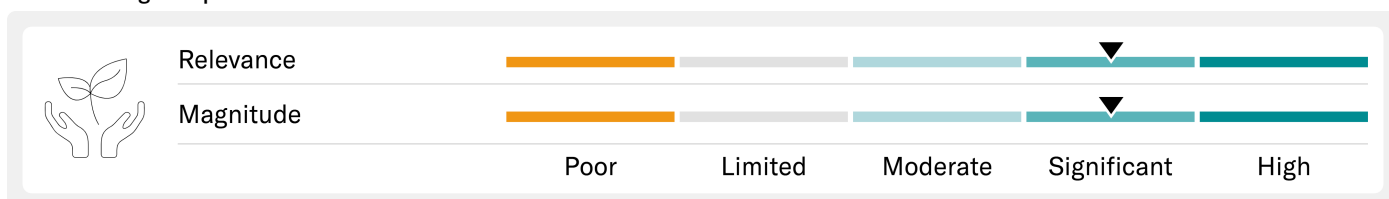
Environmentally sustainable management of living and natural resources and land use



The relevance of this category is high because projects related to nature, biodiversity, forestry and agriculture address material sustainability challenges in the Canadian context. Canada's extensive forest ecosystems play a critical role in supporting biodiversity, carbon sequestration and soil health. Eligible projects are aligned with Québec's 2030 Nature Plan, which aims to address biodiversity loss and conserve 30% of Québec's lands and waters by 2030, as well as Québec's Sustainable Agriculture Plan 2020–2030, which promotes the adoption of sustainable agricultural best practices. A persistent climate finance gap in biodiversity and agriculture highlights the role of financial institutions in channeling capital toward sustainability enhancing activities in these sectors.

The projects are likely to generate significant long-term environmental benefits and avoid lock in effects. However, the broad scope of eligible activities limits visibility on the consistent application of best-in-class practices across the category. Potential projects in nature and biodiversity include management of pollinator habitats, biodiversity enhancement initiatives and environmental education. Projects demonstrating measurable biodiversity benefits are expected to be informed by internationally recognized frameworks, including the ICMA's Sustainable Bonds for Nature: A Practitioner's Guide, the IFC Biodiversity Finance Reference Guide and the Kunming-Montreal Global Biodiversity Framework. Sustainable forestry and food production activities (including agricultural crop, fishery and aquaculture operations) are required to be certified under relevant sector-specific standards, but variations in the scope and stringency of certification criteria introduce uncertainty regarding the depth of environmental benefits and the mitigation of potential negative externalities. Other sustainable agriculture and food activities include projects that advance sustainable production and consumption of alternative proteins, and technologies that improve resource use efficiency (energy and water), reduce GHG emissions and enhance climate resilience, which are likely to contribute positively to sustainable agriculture and food production systems. Livestock farming is excluded.

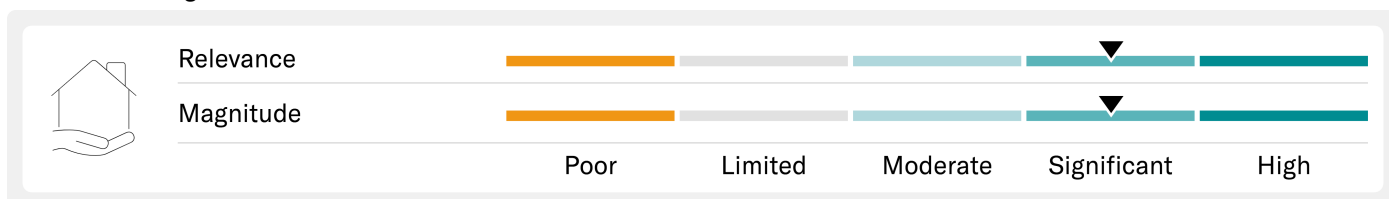
Climate change adaptation and resilience



Projects under this category have significant relevance to promote climate resilience of infrastructure amid rising climate change risks. According to the bank, adaptation activities are likely to be focused in Québec and across the Canadian market. While exposure to physical climate risks is relatively low in the areas where the bank's projects are likely to be financed, certain regions and sectors within the province and the country face elevated exposure to climate hazards, underscoring the need for targeted adaptation financing. The banking sector plays a central role to provide capital flows for adaptation projects.

The magnitude is significant as projects will likely deliver long-term environmental benefits related to climate change adaptation. The category finances assets that aim to reduce climate-related vulnerabilities and/or enhance the adaptive capacity of assets and communities. Eligible projects may include upgrades to infrastructure to fortify against natural hazards, information and communications technology solutions for climate monitoring and data collection or management to support climate resilience, and measures to increase resilience against extreme weather events. The bank indicates that eligible projects are likely to follow the Climate Bonds Resilience Taxonomy dated 2024, which provides a degree of assurance that potential maladaptation risks are likely to be identified and minimized. While no lock-in effects were identified, there is limited visibility on whether financed adaptation projects will consistently apply best-available, location-specific approaches to address the relevant climate risks given the broad category description. All adapted activities financed under this category will meet the eligibility criteria set out in the framework.

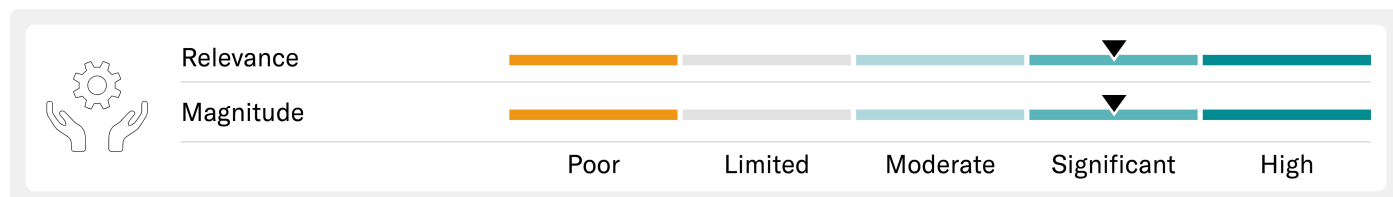
Affordable housing



While Canada benefits from relatively strong housing access compared to global averages, affordability challenges persist in certain provinces and regions where housing supply constraints have disproportionately affected vulnerable populations. In Québec, renter affordability remains a key challenge, and the homeownership rate is below the national average and that of several other provinces. Although the overall incidence of core housing need is lower than the national level, households in the lowest income quintile are disproportionately affected, with one-third⁹ experiencing core housing need. This highlights the continued need to expand targeted affordable housing solutions in affected regions.

The magnitude is significant because the projects will provide structural improvement to the housing challenges faced by a vulnerable population. Historically, proceeds under this eligible category have been primarily allocated to social and community housing assets supported through the Société d'habitation du Québec's Accès-Logis Québec program, which was replaced in 2022 by the Programme d'habitation abordable Québec, an affordable rental housing program for low- to moderate-income households. This successor program remains the core focus of allocations, while the bank continues to identify additional eligible affordable housing assets across Canada. While the financed projects support improved access to housing for vulnerable populations, the eligible category is not exclusively targeted to the most vulnerable communities or households in the lowest income bands.

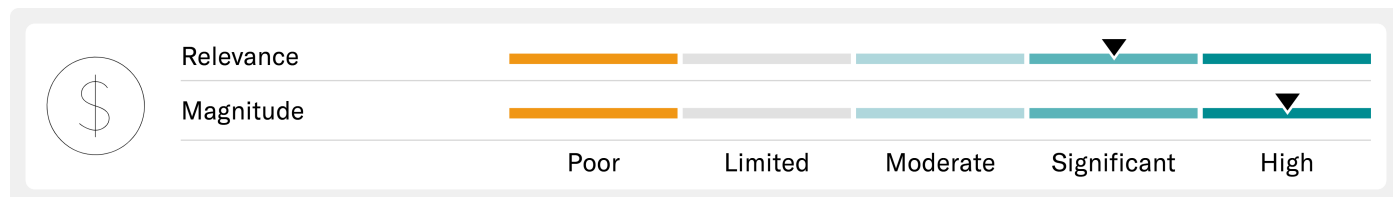
Access to basic and essential services and infrastructure



The project category has significant relevance. The provision of essential services is not a major social challenge in Canada given strong institutions, resources and programs for healthcare, care centers, education and broadband in line with those of other advanced economies. Still, continued investment in core infrastructure remains important to sustain service quality and affordability over time amid population and economic growth.

The magnitude of the projects is significant, as they are expected to deliver long-term benefits to vulnerable target populations while also supporting the broader Canadian population. Eligible projects are limited to not-for-profit, free or subsidized services, primarily in the Québec market, that enhance access to essential services and reduce the financial burden on target populations. Canada's universal healthcare and publicly funded education systems provide baseline assurance regarding the accessibility and affordability of these services. Other eligible assets include digital infrastructure that improves mobile and internet access in government-defined underserved areas lacking high-speed connectivity of at least 50 Mbps download and 10 Mbps upload speeds. The bank has indicated that it will prioritize infrastructure and services that promote lower prices to support affordability.

Socioeconomic advancement and empowerment



The relevance of this project category is significant. While Canada benefits from strong institutions, social protection systems and relatively high living standards overall, significant challenges remain in addressing the socioeconomic disparities and systemic inequalities – such as income, employment, education and housing – within marginalized groups. While progress has been made, continued targeted policy actions remain essential to improving socioeconomic conditions and reducing disparities, particularly for the Indigenous Peoples communities. Across all Indigenous groups, median individual income and employment rates are lower, and the incidence of poverty is higher than among the non-Indigenous population. The banking sector plays a critical role in closing the estimated CAD350-500 billion funding gap¹⁰ for the Indigenous Peoples to support economic development initiatives by enhancing financing access to projects that facilitate equity ownership, such as through relevant provincial and national loan guarantee programs. While micro-, small- and medium-sized enterprises (MSME) financing addresses a material social issue for the banking sector, the relative need for MSME support in advanced economies is lower than in emerging markets.

The magnitude of this category is high, as NBC aims to support financial inclusion and the socioeconomic development of vulnerable target populations, defined as businesses that are at least 51% owned and operated by Indigenous Peoples, women or people of color. The bank's potential eligible lending activities are likely to enable Indigenous equity ownership for funded projects, such as power generation projects that meet the green eligibility criteria under the low-carbon energy category. We expect that these loans are likely to drive long-term impact in improving socioeconomic outcomes for the most vulnerable population. For MSME lending, the bank

intends to prioritize loans supporting micro-enterprises owned by the defined target populations, further contributing positively to the social objective for the most vulnerable segment of the target population. Finally, the bank offers financial literacy programs and maintains relationship-based initiatives with its MSME borrowers.

Additional contribution to sustainability considerations

We have not made an adjustment to the preliminary contribution to sustainability score based on additional considerations.

NBC has comprehensive policies and procedures in place to identify and manage E&S risks associated with financed projects. ESG risk considerations are embedded within the bank's broader risk management framework, which includes a climate risk management standard. The bank's climate risk framework addresses both physical and transition risks, and climate scenario analysis is applied across the loan portfolio to assess potential impacts arising from these risks.

The bank has committed to supporting the transition to a net-zero economy across its activities and the framework is coherent with its sustainability strategy. This commitment is underpinned by portfolio-wide emissions reduction objectives, supported by sector-specific decarbonization strategies and targets, including interim emissions reduction goals for material carbon-intensive sectors. On the social side, the bank has articulated commitments to facilitate access to banking services for underbanked populations and to support the development and success of women and minority communities. The bank further demonstrates its sustainability commitment through participation in several industry initiatives and partnerships.

Appendix 1 - Alignment with principles scorecard for NBC's sustainability issuance framework

Factor	Sub-factor	Component	Component score	Sub-factor score	Factor score	
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Aligned	Aligned	
		Definition of content, eligibility and exclusion criteria for nearly all categories	A			
		Location	A			
		BP: Definition of content, eligibility and exclusion criteria for all categories	No			
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Best practices		
		Coherence of project category objectives with standards for nearly all categories	A			
		BP: Objectives are defined, relevant and coherent for all categories	Yes			
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Best practices		
		Measurability of expected benefits for nearly all categories	A			
		BP: Relevant benefits are identified for all categories	Yes			
		BP: Benefits are measurable for all categories	Yes			
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	Yes			
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes			
	Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A		Best practices
			Disclosure of the process	A		
Transparency of the environmental and social risk mitigation process			A			
BP: Monitoring of continued project compliance			Yes			
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Best practices		
		Periodic adjustment of proceeds to match allocations	A			
		Disclosure of the intended types of temporary placements of unallocated proceeds	A			
		BP: Disclosure of the proceeds management process	Yes			
		BP: Allocation period is 24 months or less	Yes			
Reporting	Reporting transparency	Reporting frequency	A	Aligned		
		Reporting duration	A			
		Report disclosure	A			
		Reporting exhaustivity	A			
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	Yes			
		BP: Clarity and relevance of the indicators on the sustainability benefits	Yes			
		BP: Disclosure of reporting methodology and calculation assumptions	Yes			
		BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	Yes			
		BP: Independent impact assessment on environmental and social benefits	No			
Overall alignment with principles score:					Aligned	

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The 12 eligible categories included in NBC's framework are likely to contribute to 15 of the United Nations' Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals		SDG Targets
GOAL 1: No Poverty	Access to basic & essential services & infrastructure	1.3: Implement social protection systems and measures for all, and achieve substantial coverage of the poor and the vulnerable
GOAL 2: Zero Hunger	Environmentally sustainable management of living & natural resources & land use	2.4: Ensure sustainable food production systems that improve productivity and support ecosystems and climate change adaptation
GOAL 3: Good Health and Well-being	Access to basic & essential services & infrastructure	3.8: Achieve universal health coverage with access to quality and affordable essential health-care services and medicines for all
GOAL 4: Quality Education	Access to basic & essential services & infrastructure	4.3: Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education
GOAL 5: Gender Equality	Socio-economic advancement & empowerment	5.A: Establish women's equal rights to economic resources, access to ownership and control over property and financial services
GOAL 6: Clean Water and Sanitation	Sustainable water & wastewater management	6.3: Improve water quality by reducing pollution, eliminating dumping and minimizing hazardous chemicals and materials 6.4: Increase water-use efficiency across all sectors and ensure sustainable supply of freshwater to reduce water scarcity
GOAL 7: Affordable and Clean Energy	Low-carbon energy	7.2: Increase substantially the share of renewable energy in the global energy mix
	Energy efficiency; Green buildings	7.3: Double the global rate of improvement in energy efficiency
GOAL 8: Decent Work and Economic Growth	Socio-economic advancement & empowerment	8.3: Promote policies that support productivity, job creation, entrepreneurship, innovation, and encourage the growth of SMEs
	Circular economy adapted products, production technology & processes	8.4: Improve global resource efficiency and endeavour to decouple economic growth from environmental degradation
	Socio-economic advancement & empowerment	8.10: Strengthen the capacity of domestic financial institutions to expand access to insurance and financial services for all
GOAL 9: Industry, Innovation and Infrastructure	Clean transportation; Energy efficiency; Green buildings	9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with all countries taking action
	Energy efficiency; Access to basic & essential services & infrastructure	9.C: Increase access to information and communications technology and provide universal and affordable access to the Internet
GOAL 10: Reduced Inequality	Socio-economic advancement & empowerment	10.2: Empower and promote the social, economic and political inclusion of all

UN SDG 17 Goals		SDG Targets
GOAL 11: Sustainable Cities and Communities	<i>Affordable housing</i>	11.1: Ensure access for all to adequate, safe and affordable housing and <u>basic services and upgrade slums</u>
	<i>Clean transportation; Pollution prevention & control</i>	11.6: Reduce the adverse per capita environmental impact of cities, with special attention to air quality and waste management
	<i>Climate change adaptation & resilience</i>	11.B: Increase number of cities with plans towards inclusion, resource efficiency, and climate change and disaster resiliency
GOAL 12: Responsible Consumption and Production	<i>Circular economy adapted products, production technology & processes</i>	12.2: Achieve the sustainable management and efficient use of natural resources
	<i>Pollution prevention & control; Sustainable water & wastewater management</i>	12.4: Achieve environmental management of chemicals and all wastes, and reduce their release to air, water and soil
	<i>Circular economy adapted products, production technology & processes</i>	12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse
GOAL 13: Climate Action	<i>Climate change adaptation & resilience</i>	13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
		13.3: Improve awareness and human and institutional capacity on climate change mitigation, adaptation and impact reduction
GOAL 14: Life Below Water	<i>Environmentally sustainable management of living & natural resources & land use</i>	14.2: Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts
		14.6: Prohibit certain forms of fisheries subsidies contributing to overfishing and eliminate subsidies leading to unregulated fishing
GOAL 15: Life on Land	<i>Environmentally sustainable management of living & natural resources & land use</i>	15.1: Ensure the conservation and sustainable use of terrestrial and inland freshwater ecosystems and their services
		15.2: Promote the implementation of sustainable management of all types of <u>forests</u>
		15.5: Reduce the degradation of natural habitats and biodiversity loss, and prevent the extinction of threatened species
		15.A: Mobilize and increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems

The United Nations' Sustainable Development Goals (SDGs) mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the bank's financing framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 3 - Summary of eligible categories in NBC's framework

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Low-carbon energy	<p>Acquisition, operation, maintenance, manufacturing, construction, renovation, equipment, of the following low-carbon energy sources:</p> <p>Eligible Types of Renewable Energy:</p> <ul style="list-style-type: none"> - Wind - Solar - Geothermal with direct emissions $\leq 100\text{gCO}_2\text{e/kWh}$ - Tidal - Hydropower - Waste biomass and renewable biofuels whose sources include sustainable feedstock with direct emissions $\leq 100\text{gCO}_2\text{e/kWh}$ <p>Transmission and Distribution of Electricity:</p> <ul style="list-style-type: none"> - Infrastructure and equipment that complies with at least one of the following criteria: <ul style="list-style-type: none"> • The average system grid emissions factor is below the threshold value of $100\text{gCO}_2\text{e/kWh}$, on a life-cycle basis, over a rolling five-year period, or • More than 67% of newly enabled generation capacity is below the generation threshold value of $100\text{gCO}_2\text{e/kWh}$, over a rolling five-year period - Development or improvement of existing or new transmission and distribution systems dedicated to connecting renewable energy generation capacity to the grid 	Climate change mitigation	<ul style="list-style-type: none"> • GHG emissions reduced/avoided per year (tCO₂e) • Renewable energy generated (MWh) or installed capacity (MW) • New transmission and distribution lines installed (kilometres)
Energy efficiency	<p>Acquisition, construction, infrastructure, development, retrofitting, manufacturing, maintenance, and equipment of eligible assets including:</p> <ul style="list-style-type: none"> - Assets that reduce energy consumption or mitigate greenhouse gas ("GHG") emissions by more than 30% over the baseline, such as: <ul style="list-style-type: none"> • Energy efficient lighting, district heating and cooling systems including HVAC systems • Energy performance monitoring equipment and systems such as dual smart meters • Network investments, including modernization, reconfiguration, or optimization of existing networks and infrastructure, such as replacing legacy copper wiring with fiber-optic networks or 5G - Energy storage systems or infrastructure connected to low-carbon energy sources or system grids complying with the criteria for the Transmission and Distribution of Electricity - Data centers that meet or are expected to meet the following Power Usage Effectiveness ("PUE") requirements: <ul style="list-style-type: none"> • Data centers constructed prior to January 1, 2025, design or operational PUE of ≤ 1.4 • Data centers constructed on or after January 1, 2025 design or operational PUE of ≤ 1.3 	Climate change mitigation	<ul style="list-style-type: none"> • GHG emissions reduced/avoided per year (tCO₂e) • Expected energy savings per year (MWh) • Energy storage capacity installed (MWh) • Portfolio power usage effectiveness (PUE) for data centers

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Pollution prevention & control	<p>Construction, development, operation, acquisition and maintenance of assets used for the following activities:</p> <ul style="list-style-type: none"> - Facilities, systems and equipment that are used to divert waste from landfills or reduce emissions, such as composting and anaerobic digestion - Collection, treatment/remediation, recycling or reuse of emissions, waste or contaminated soil - Methane capture projects used for energy generation or captured from closed/decommissioned landfill with high gas capture efficiency of $\geq 75\%$ where the landfill is not accepting further waste (with the exception of restoration materials) - Carbon capture and storage ("CCS") and direct air capture projects with permanent CO₂ storage, designed for a capture efficiency design of $\geq 90\%$ 	Pollution prevention and control	<ul style="list-style-type: none"> • GHG emissions or pollutants reduced/avoided per year (tCO₂e) • Waste diverted from landfill (tonnes) • Number of carbon capture projects financed (#)
Sustainable water & wastewater management	<p>Acquisition, construction, development, operation, renovation and/or maintenance of facilities, systems or equipment used for sustainable water and wastewater management, such as:</p> <ul style="list-style-type: none"> - Collection, treatment, recycling and/or reuse of water, rainwater, or wastewater (includes desalination plants) - Water supply infrastructure and distribution systems with improved efficiency - Smart water metering activities 	Pollution prevention and control; Natural resource conservation	<ul style="list-style-type: none"> • Volume of water saved/reduced/treated (m³, reduction in water use in %) • Volume of wastewater treated/reused/avoided (m³, reduction in %)
Green buildings	<p>Construction, development, renovation, retrofit, acquisition, operation, and maintenance of commercial and residential buildings that have :</p> <ul style="list-style-type: none"> - achieved, or demonstrated ability to achieve a minimum of 30% reduction in energy consumption or GHG emissions from the baseline through retrofits and building envelopes improvements. - complied with the requirements, or that are expected to comply with recognized environmental certification or standards based on the construction and operation plans. This includes, but is not limited to: <ul style="list-style-type: none"> • LEED – Gold or Platinum • BOMA BEST – Gold or Platinum • BREEAM – Excellent or Outstanding • CAGBC Zero Carbon Building Standard Design or Performance • ENERGY STAR with a score of 85 or higher • Other equivalent certification or standard 	Climate change mitigation; Natural resource conservation	<ul style="list-style-type: none"> • GHG emissions reduced/avoided per year (tCO₂e) • Energy saved (MWh) • Units of water saved and/or processed (m³) • Number of buildings/infrastructures/units built (#) • Sustainability certifications achieved • Floor space of green real estate (ha)
Clean transportation	<p>Manufacturing, construction, development, operation, acquisition and maintenance of low carbon transport assets and related infrastructure, such as:</p> <ul style="list-style-type: none"> - Zero-direct emission passenger cars and light commercial vehicles - Zero-direct emission freight and public transport (road and rail), including vehicles, rolling stock, and supporting rail infrastructure - Electric vehicle charging infrastructure 	Climate change mitigation; Pollution prevention and control	<ul style="list-style-type: none"> • GHG emissions reduced/avoided per year (tCO₂e) • Number of infrastructures/units built (#)

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Circular economy adapted products, production technology & processes	<p>Construction, design, development, operation, acquisition and maintenance of circular economy adapted assets, such as:</p> <ul style="list-style-type: none"> - Recycling facilities, systems, equipment and infrastructure that support the source segregation of waste such as electronic waste - Products, services, platforms that increase capacity utilization during their useful life, such as refurbishment, reconditioning, product and repairing - Products, services, business models, platforms, and tools that enable circularity across different segments of the materials life cycle, including increased intensity of use (e.g., sharing platforms) - Production of products that can be recycled or composted where the input feedstock is from sustainable recycled/reused waste 	Natural resource conservation	<ul style="list-style-type: none"> • GHG emissions reduced/avoided per year (tCO2e) • Waste diverted from landfill (tonne/yr)
Environmentally sustainable management of living & natural resources & land use	<p>Acquisition, development and/or operation of sustainably managed resources, such as:</p> <p>Preservation of Nature & Biodiversity:</p> <ul style="list-style-type: none"> - Activities with measurable biodiversity benefits such as: <ul style="list-style-type: none"> • Restoration and conservation of terrestrial and aquatic ecosystems • Creation, management or enhancement of nature-based solutions, such as ecological corridors, pollinator habitats and other projects that measurably increase local species richness <p>Sustainable Forestry:</p> <ul style="list-style-type: none"> - Forests certified under sustainable forest management standards, such as the Forest Stewardship Council, Sustainable Forest Initiative or the Program for the Endorsement of Forest Certification - Afforestation or reforestation of native forests <p>Sustainable Agriculture & Food:</p> <ul style="list-style-type: none"> - Food production, including agricultural crop, fishery and aquaculture operation - Activities that advance sustainable production and consumption of alternative proteins - Agricultural activities, facilities and technologies that improve resource use efficiency including energy and water, and/or reduce GHG emissions, or improve climate resilience, such as: <ul style="list-style-type: none"> • Advanced irrigation technologies • Precision farming • Protected agriculture • Use of climate smart seeds, natural pesticides, and herbicides, including Rainforest Alliance certified biological crop protection • Regenerative agriculture activities, including no-till farming and cover cropping 	Biodiversity; Natural resource conservation	<ul style="list-style-type: none"> • Number of initiatives launched to enhance biodiversity (#) • Increase in area under certified organic or sustainable agriculture (ha and % of acreage farmed) • Increase in feedstock supply chain certification coverage (% of total feedstock volume) • Increase of sustainable seafood production (tonnes) • Number of GHG financed
Climate change adaptation & resilience	<p>Acquisition, construction, development, operation, renovation and/or maintenance of assets that reduce climate change vulnerability or increase the adaptive capacity of assets and communities including projects related to:</p> <ul style="list-style-type: none"> - Upgrade of built infrastructure to withstand natural hazards - Information and communications technology (“ICT”) solutions for climate monitoring and data collection/management, to facilitate climate resilience - Increasing resilience against extreme weather events, such as flood prevention, flood defense or erosion, sea level change, drought, or wildfire mitigation and management 	Climate change adaptation	<ul style="list-style-type: none"> • Number and type of adaptation and resilience measures installed (#)

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Affordable housing	<p>Construction, development, renovation, retrofit, acquisition or operation of residential and/or commercial facilities, services, systems, or equipment used for accredited or registered affordable housing based on the relevant regional jurisdiction, halfway homes and shelters, or that contribute to low income populations. This includes but is not limited to:</p> <ul style="list-style-type: none"> - Rent-to-own initiatives aimed at households with income levels < 80% of the Area Median Income (“AMI”), or up to 120% of AMI in high-cost markets, where monthly payments represent ≤ 30% of gross household income - Residential properties that meet affordability criteria established under federal and provincial programs, such as the Canada Mortgage and Housing Corporation - No-cost housing solutions such as shelters and transitional housing for vulnerable families and individuals, such as homeless individuals, including their related essential services 	Affordable housing	<ul style="list-style-type: none"> • Number of buildings/infrastructures/units built (#) • Number of individuals/communities with access to safe, affordable and sustainable housing (#)
Access to basic & essential services & infrastructure	<p>Construction, development, operation, renovation and/or maintenance of facilities, services, systems, or equipment intended for target population that enhance:</p> <p>Access to Essential Services by Enabling the Provision of Not-for-Profit, Free or Subsidized Services, such as:</p> <ul style="list-style-type: none"> - Healthcare: <ul style="list-style-type: none"> • Public hospitals, clinics, healthcare centres, long-term care facilities, hospices, medical and diagnostic equipment, medical transportation, and digital healthcare • Mental health facilities, programs, and services • Homes or health facilities for elderly or people with disabilities • Digital healthcare - Care Centres: <ul style="list-style-type: none"> • Day care services • Childcare centres • Community centres • Senior care centres - Education & Employment: <ul style="list-style-type: none"> • Public and government-subsidized universities, schools, and training centres • Digital learning - Community welfare <p>Access to Basic Infrastructure, such as:</p> <ul style="list-style-type: none"> - Infrastructure to enhance digital connectivity for underserved or unconnected areas and populations (including mobile and internet access) to enhance infrastructure digital connectivity 	Access to essential services	<ul style="list-style-type: none"> • Number of buildings/infrastructures/units built (#) • Number of individuals/communities with new/improved access to basic infrastructure (#)
Socio-economic advancement & empowerment	<p>Financial services to Indigenous Peoples, governments, bands, councils and/or community owned, economic development corporations or businesses with at least 51% ownership that enable Indigenous ownership and equity participation in economic projects</p> <p>Lending and financing to micro-, small- and medium-sized enterprises (“MSME”) where at least 51% of the owners of the enterprise are a member of a historically excluded and/or marginalized population including women, Indigenous Peoples, or People of Colour</p>	Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> • Number (#) and value (\$) of loans provided • Number of individuals/communities/businesses supported (#)

Endnotes

- [1](#) Point-in-time assessment is applicable only on date of assignment or update.
- [2](#) International Energy Agency, [Net Zero by 2050](#), accessed March 2026
- [3](#) Government of Canada, [Greenhouse Gas Emissions, Canadian Environmental Sustainability Indicators](#), accessed March 2026
- [4](#) Government of Canada, [Canada's Carbon Management Strategy](#), accessed March 2026
- [5](#) Government of Canada, [The Canada Green Buildings Strategy: Transforming Canada's building sector for a net-zero and resilient future](#), accessed March 2026
- [6](#) Government of Canada, [Greenhouse Gas Emissions, Canadian Environmental Sustainability Indicators](#), accessed March 2026
- [7](#) Council of Canadian Academies, [Turning Point: The Expert Panel on the Circular Economy in Canada](#), accessed March 2026
- [8](#) Circle Economy, [The Circularity Gap Report Québec 2025 Update](#), accessed March 2026
- [9](#) Institut de la statistique du Québec, [Besoins impérieux en matière de logement](#), retrieved March 2026
- [10](#) Addenda Capital, [The \\$500 Billion Gap: Understanding Indigenous Finance Challenges in Canada](#), accessed March 2026

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REPORT NUMBER 147778