North American Development Bank

2024 GREEN BOND ALLOCATION AND IMPACT REPORT

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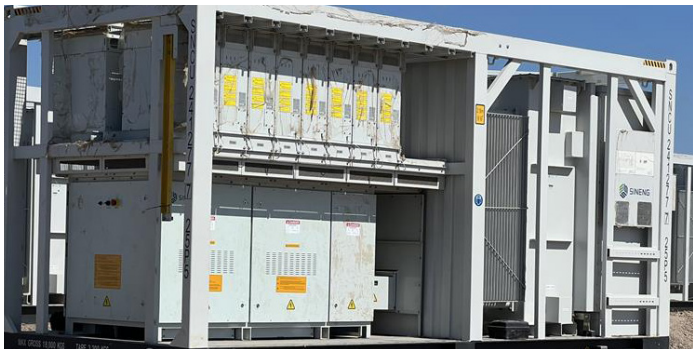


Message from Management

In 2024, NADBank advanced its mission with clarity and purpose. As we celebrated three decades of binational collaboration, we sharpened our focus on what matters most: investing in environmental infrastructure for the well-being of border communities and delivering measurable results across the U.S.–Mexico border region. We made strategic decisions, acted with discipline, and stayed true to our mandate.

Between 2018 and 2024, NADBank mobilized US$573 million through four green bond issuances. These resources have been allocated to projects that advance clean energy, energy efficiency, sustainable water and wastewater management, and pollution control. Collectively, these investments are expected to avoid more than 2.5 million metric tons of air pollutants like NOx and PM annually, while also strengthening water infrastructure across the region, such as adding over 2,000 liters per second of wastewater treatment capacity. Altogether, these efforts contribute to enhanced environmental services and quality of life for over one million residents in the U.S.–Mexico border region.

Since our first green bond in 2018, we have consistently aligned our approach with international best practices in sustainable finance. In 2024, we launched a new Sustainable Financing Framework that strengthens how we select projects, manage proceeds, and report on impact. The framework follows the ICMA Sustainable Bond Principles and the Green and Social Loan Principles and reinforces our governance standards and transparency commitments.

We continue to grow NADBank's role in streamlining the deployment of capital to high-impact solutions. In 2024, we launched the Water Infrastructure Program (WIP) to accelerate financing for water projects, our number one priority. WIP reflects our commitment to respond proactively to the intersection of public health, environmental quality, and infrastructure reliability.

This sixth report covers our 2024 issuance under the Sustainable Financing Framework and provides an aggregated impact reporting for the 2018–2023 period. It offers a summary of the projects financed through our green bonds and tracks our progress toward delivering their intended impact. The report also presents a consolidated view of all bonds issued to date and the tangible results achieved.

As we look ahead, we will continue to mobilize capital with our region's most urgent needs in water, energy reliability, and environmental protection.

We thank our investors and partners for their continued trust and support.

John Beckham
Managing Director

Salvador López Córdova
Chief Environmental Officer

1. NADBank Sustainable Finance Program

1.1 Green Bond Framework (2018-2025)

Between 2018 and 2023, NADBank established and implemented its Green Bond Program, issuing three green bonds in international markets for a total of US$478 million. The proceeds were fully allocated to 17 eligible infrastructure projects across sectors such as renewable energy, energy efficiency, water and wastewater management, and pollution prevention.

These projects were selected and managed under the NADBank Green Bond Framework, originally developed in 2018 and updated in 2020. The framework aligned with the ICMA Green Bond Principles and guided the Bank's early efforts to channel capital toward projects that deliver measurable environmental outcomes.

This foundation paved the way for the evolution of NADBank's sustainable finance strategy. More information on past issuances and the program's impact is available in https://nadbank.org/investor.

1.2 Sustainable Financing Framework (2024)

NADBank updated its Sustainable Financing Framework to respond to the region's infrastructure and environmental needs, while broadening the scope of eligible sectors beyond those covered by the previous green bond program. The framework reflects our binational mandate and aligns with international standards and taxonomies including Mexico's Sustainable Taxonomy and the European Union Green Taxonomy.

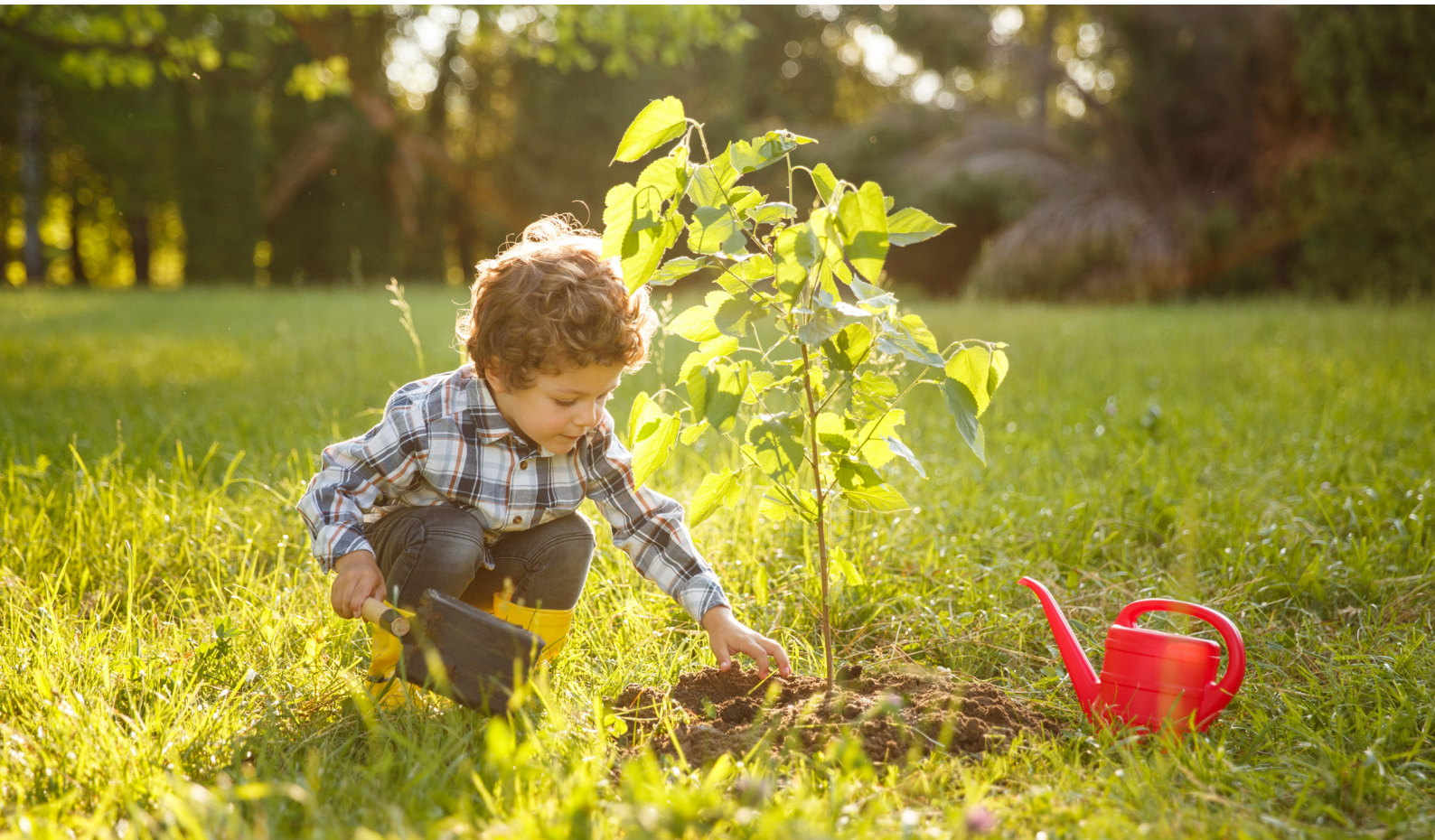
NADBank's Sustainable Financing Framework includes a diverse set of eligible investment areas, aligned with NADBank's environmental mandate and objectives.

- Water and wastewater management
- Sustainable production
- Waste management solutions
- Resiliency and adaptation
- Air Quality improvement
- Access to basic services
- Sustainable urban development
- Reduced exposure to air quality hazards
- Renewable energy projects

Project selection is informed by a structured internal certification process and robust E&S due diligence.

Designed to meet investor expectations and promote long-term value creation, the framework strengthens accountability across all stages of the financing cycle. It also enables us to evolve with market practices, providing a flexible yet disciplined approach to supporting high-impact infrastructure that addresses critical challenges in the U.S.–Mexico border region.

To validate our approach, S&P Global Ratings issued a second-party opinion confirming the framework's alignment with internationally recognized principles for green, social, and sustainability financing.



2. Use and Allocation of Proceeds

Cumulative Use of Proceeds by Category (2018–2024)

This overview summarizes the cumulative use of proceeds across NADBank's four green bond issuances from 2018 through 2024. The table below highlights the total amounts allocated, number of projects supported, and the corresponding environmental and service delivery impacts.

Table 1 Portfolio Summary: NADBank Green Bond Allocations and Impacts

Year	Green Bond Issue	% Allocated	No. of Projects Supported[1]	Project Impacts[2]		
				CO_2 Avoided (CO_2 tons/year)	Population Benefitted by Water or Wastewater Service	New Solid Waste Management Capacity (tons/day)
2024	CHF 140M maturing 2030	58.6	2	60,008[3]	–	–
2020	CHF 160M maturing 2033	100	9	415,391	17,558	130
2020	CHF 180M maturing 2028	100	8	1,288,084	809,232	–
2018	CHF 125M maturing 2026	100	6	1,447,951	–	–

[1] 2018-2020 issuances supported 17 projects, as six of them received allocations from more than one bond.

[2] Actual impacts of entire project during first year of operation, based on Closeouts Reports, unless otherwise noted.

[3] Estimated impacts at time of approval, based on corresponding project certification document.

Table 2 Allocation by Sector (Million USD, as of December 31, 2024)

Green Bond Issue	Renewable Energy & Energy Efficiency	Sustainable Water & Wastewater Management	Pollution Prevention & Control	Total Allocation
CHF 140M maturing 2030[1]	96			96
CHF 160M maturing 2033	134	29	3	166
CHF 180M maturing 2028	175	11	–	186
CHF 125M maturing 2026	$ 126	$ –	$ –	$ 126
Total	**$ 532**	**$ 40**	**$ 3**	**$ 478**

[1] Issuance still pending to allocate resources

Detailed project-level data for the prior 2018-2020 bonds, including use-of-proceeds by sector, KPIs, and methodologies, are provided in past Green Bond Reports. Full technical and impact details to refer to those publications are available on our investor disclosure site. https://nadbank.org/investor.

We conduct allocation and impact reporting annually. Under our Sustainable Financing Framework, we allocate proceeds to eligible projects either within 24 months after bond issuance, or retroactively, to projects disbursed up to 24 months prior to issuance.

Proceeds may fund new projects or refinance existing ones, including projects originally funded in part by earlier bonds. In every case, we assign proceeds to clearly identified eligible projects with specific environmental or social impact indicators, as required by our Framework. Unallocated proceeds are held in our general account and invested according to our treasury guidelines until deployment.

In 2024, we issued our fourth green bond for CHF 140 million (approx. US$163 million), maturing in 2030. As of December 31, 2024, we have allocated 58.6% of proceeds to two utility-scale energy storage projects designed to strengthen grid flexibility and support renewable integration. The remaining balance remains unallocated and is managed under our Treasury Policy.

Table 3 Green Bond Maturing in 2030 Summary of Allocation of Proceeds and Impact

Project	Sector	State, Country	Impacts[1]	Bond Allocation	Share of Bond	Bond Share of Project Costs
			CO_2 Emissions Avoided (tons/year)	Million USD	%	%
Pome BESS Project	Energy Storage	Cal, USA	31,854	49.4	30.3	25.3
Arroyo Energy Storage Portfolio	Energy Storage	Texas, USA	28,154	46.0	28.2	27.1
Total			**60,008**	**$ 95.5**	**58.6**	

[1] Estimated project impacts at time of approval, based on corresponding project certification document.

Pome BESS Project

The Pome BESS Project in San Diego County, California consists of the design, construction and operation of a standalone, four-hour duration battery energy storage system (BESS), with a total capacity of 100 megawatts of alternating current (MW_{AC}). In addition to the BESS, the project includes the construction of a step-up substation and installation of a 685-foot underground transmission line to interconnect the project to the grid and an energy management system to monitor, operate and track the BESS remotely, as well as document the performance of the system. The BESS will be capable of charging and discharging up to 400 MWh of electricity per day, the equivalent of serving 128,750 households for four hours. As a result, the project will displace the emission of an estimated 31,854 metric tons/year of CO_2, 46 metric tons/year of NO_x and 0.81 of a metric ton/year of SO_2.

3. Project Selection

All our projects undergo a thorough certification and approval process that takes into consideration environmental, technical and financial criteria, as well as ensure public access to information. Each project must demonstrate compliance with all applicable environmental regulations, as well as help prevent, control, or reduce environmental pollutants, improve the drinking water supply, protect flora and fauna, to improve human health, promote sustainable development or contribute to a higher quality of life.

Projects are approved by the NADBank Board of Directors, which includes representatives from the Mexican Ministry of Environment and Natural Resources (SEMARNAT) and the U.S. Environmental Protection Agency (EPA).

Throughout the approval process, NADBank solicits public feedback to identify potential issues that may need to be addressed. Projects funded by green bonds must also comply with our Sustainable Financing Framework. We review the projects to determine eligibility under the framework and external consultants, and risk advisors might be engaged as needed.

4. Impact Measurement

NADBank estimates the expected impact of the projects to be financed prior to approval and routinely verifies actual project impact after the initiation of operations. All projects financed by NADBank undergo an internal certification process prior to funding approval. The due-diligence review performed by NADBank as part of this process includes the environmental, technical and financial aspects of the proposed project.

Through its Results Measurement System, NADBank tracks and evaluates actual project performance and impact with respect to the targets set for environmental results during the approval process. Because of the level of due diligence performed by NADBank during that process, the actual results of most projects are reasonably close to those anticipated at approval. The methodologies, sources and references for estimating impacts are detailed in documents included on each project web page.

Key indicators are selected and quantified for each project type. Anticipated impacts are based on many well-researched assumptions (such as production rates, state energy matrices and emission factors) and expected project scope.

Additionally, NADBank integrates environmental and social risk management throughout the project lifecycle using its Environmental and Social Risk Management System (ESRMS). This system is applied

during the certification process to identify potential environmental and social risks and define mitigation measures aligned with international standards. ESRMS includes risk categorization, and requirements for stakeholder engagement and public disclosure, where applicable. This structured approach strengthens NADBank's ability to ensure that financed projects deliver measurable, sustainable impact while minimizing adverse effects on communities and environment.

Table 4 summarizes the environmental outcomes and impacts of the projects supported by our four green bonds.

Table 4 NADBank Green Bonds (Cumulative, 2018-2024)
Summary of Environmental Outcomes and Impacts

	Environmental Outcomes	Environmental Benefits
Renewable Energy & Energy Efficiency	Installed capacity – 1,685 megawatts Annual energy production – 4,324 gigawatt-hours Energy storage – 173.5 megawatts CO_2 emissions avoided – 2,042,368 tons CO_2/year	Emissions reduction Provision of low-carbon infrastructure Affordable and clean energy
Sustainable Water & Wastewater Management	Drinking water treatment capacity – 44 liter per second (lps) Wastewater treatment capacity – 2,381 lps Water savings – 346 m^3/day Population served – 826,790	Emissions reduction Access to basic water and wastewater services Conservation of water resources
Pollution Prevention & Control	New solid waste management capacity – 130 tons/day	Emissions reduction Solid waste pollution control Air quality improvement

Key indicators are selected and quantified based on the type and purpose of the project. Anticipated impacts are calculated based on the expected project scope and appropriate well-established assumptions, such as detailed census data, state energy matrices and emissions factors at the time of project certification. A detailed explanation of the analysis and due-diligence activities performed for each project, including calculations for setting environmental impact targets, is provided in the project certification document.

NADBank provides information on every project it finances on its webpage. Tables 5, 6 and 7 of this report include the weblink to each project funded by a green bond and provide the details of each eligible project financed by the green bonds. The projects are organized by project category and the data provided includes the actual project impacts, the green bond allocations and the share of the total project that these allocations represent.

Detailed information for all NADBank-financed projects, including the certification documents, is available on our website. https://nadbank.org/our-projects/financed-projects

The following tables present the detailed allocation of green bond proceeds by project and sector. Table 5 provides a breakdown of the 2024 green bond issuance, which was allocated to two energy storage projects under the energy efficiency category. These projects aim to strengthen grid flexibility and support the integration of cleaner energy sources.

Table 5 Energy Efficiency NADBank 2024 Green Bond

Project	Country	Description	Impacts[1]			Allocations	Total GB share of project (%)
			Installed capacity (MW)	Energy production (GWh)	CO_2 emissions avoided (tons/yr)	2030 GB MUSD	
Wildcat Energy Storage [2]	US	Design, construction and operation of the first phase of an energy storage system (1.5 MW charging capacity) in Riverside, California	1.5[3]		819	1	25
Zier Solar [2]	US	Design, construction and operation of a 160-MW solar park and a 40 MWAC, two-hour battery energy storage system in Kinney Cunty, Texas	160 + 40[3]	414	186,398	31	12

[1] Actual impacts of entire project during first year of operation, based on Closeouts Reports, unless otherwise noted.
[2] Estimated impacts time of approval, based on corresponding project certification document.
[3] Energy storage capacity.
GB = Green bond; MUSD = Million U.S. dollars

Tables 6 and 7 summarize the project-level allocations and reported impacts from previous green bond issuances (2018–2023), categorized by sector. These tables reflect actual or estimated project impacts as reported through NADBank's Results Measurement System and aligned with the certification process outlined earlier in this report.

Table 6 Renewable Energy & Energy Efficiency NADBank Green Bonds (2018-2023)

Project	Country	Description	Impacts[1]			Allocations			Total GB share of project (%)
			Installed capacity (MW)	Energy production (GWh)	CO_2 emissions avoided (ton/yr)	2026 GB MUSD	2028 GB MUSD	2033 GB MUSD	
EDPR Wind Farm	MX	Design, construction and operation of a 199.5-MW wind farm in General Cepeda, Coahuila	200	708	353,929	53			15
Puerto Libertad Solar Park	MX	Design, construction and operation of a 317.5-MW solar park in Pitiquito, Sonora	318	918	418,371	34	1		9
El Mezquite Wind Farm	MX	Design, construction and operation of a 250-MW wind farm in Mina, Nuevo León	250	763	367,601	17	21		12
Santa Maria Solar Park	MX	Design, construction and operation of a 148-MW solar park in Galeana, Chihuahua	148	362	148,775	10	17		20
Orejana Solar Park	MX	Design, construction and operation of a 125-MW solar park in Hermosillo, Sonora	125	335	155,178	8	16		20
SEPV Imperial Solar Park	US	Design, construction and operation of two solar facilities: SEPV Dixieland West (3.0 MW) and SEPV Dixieland East (2.0 MW) in California	5	15	4,097	3	5		49
Don Diego Solar Park [2]	MX	Design, construction and operation of a 125-MW solar park in Benjamín Hill, Sonora	125	369	169,443		100		77
El Centro Solar Park	US	Construction, rehabilitation and operation of a 20-MW solar park in El Centro, CA. Replacement of all inverters and upgrade to SCADA system	20	52	15,036		14	37	54
Baywa Corazon Solar Park	US	Design, construction and operation of a 200-MW solar park in Webb County, TX	200	380	182,038			63	21
Wildcat Energy Storage [2]	US	Design, construction and operation of the first phase of an energy storage system (1.5 MW charging capacity) in Riverside, California	1.5[3]		819			1	25
Enersmart Energy Storage [2]	US	Design construction, and operation of 44 energy storage systems (132 MW of charging capacity) in San Diego County, California	132[3]		31,100			2	2
Zier Solar [2]	US	Design, construction and operation of a 160-MW solar park and a 40 MWAC, two-hour battery energy storage system in Kinney Cunty, Texas	160 + 40[3]	414	186,398			31	12

1 Actual impacts of entire project during first year of operation, based on Closeouts Reports, unless otherwise noted.
[2] Impacts of this project are of the entire project estimated at time of approval, based on corresponding project certification document.
[3] Energy storage capacity.
GB = Green bond; MUSD = Million U.S. dollars

Table 7 Sustainable Water and Wastewater Management & Pollution Prevention and Control NADBank Green Bonds (Cumulative, 2018-2023)

Project	Country	Description	Impacts[1]								Allocations			
			Installed capacity (MW)	Energy production (GWh)	CO_2 Emissions avoided (tons/year)	New potable water treatment capacity (lps)	New wastewater treatment capacity (lps)	Water savings (m3/day)	Population benefitted by water or wastewater service	New solid waste management capacity (ton/day)	2026 GB MUSD	2028 GB MUSD	2033 GB MUSD	Total GB share of project (%)
Potable water improvements in Jim Hogg County, TX	US	Water infrastructure to address natural arsenic and water meters					44	43	4,558				4	94
Potable water improvements in Presidio, TX[2]	US	Basic infrastructure services for Las Pampas Colonia						303	4,000				2	33
Lower Valley Water District, water and wastewater improvements in El Paso County, TX[2]	US	Improvement and expansion of the water distribution and wastewater collection systems and increased treatment capacity for several small communities				6			9,000				23	100
Wastewater treatment plants + cogeneration in Chihuahua, Chih.[2]	MX	Rehabilitation and upgrade of two wastewater treatment plants, with combined capacity of 2,375 lps, and cogeneration facility	1.3	8.5	9,583	2,375			809,232			11		65
Landfill expansion in Maverick County, TX	US	Expansion of landfill to provide capacity for current solid waste generation								130			3	78

[1] Actual impacts of entire project during first year of operation, based on Closeouts Reports, unless otherwise noted.
[2] Impacts of this project are of the entire project estimated at time of approval, based on corresponding project certification document.
GB = Green bond; MUSD = Million U.S. dollars

Arroyo Energy Storage Portfolio

The Arroyo Energy Storage Portfolio in Cameron County, Texas consists of the design and construction of a portfolio of seven standalone battery energy storage systems (BESS), with a total capacity of 180 megawatts of alternating current (MW_{AC}). In addition to the BESS, the project includes the construction of a substation to receive and store power delivered from the grid, a 200-foot transmission line to interconnect the project to the grid and an energy management system to monitor, operate and track the BESS remotely, as well as document the performance of the system.

The project is expected to store up to 69,367 MWh of energy a year, which is equivalent to serving up to 36,754 households and displace the emission of an estimated 28,154 metric tons/year of CO_2, 16 metric tons/year of NOx and 22 metric tons/year of SO_2.

5. Management of Proceeds

Proceeds from the green bonds are kept in NADBank's general accounts until they are allocated to projects. NADBank follows its Financial Operating Policy in terms of its required liquidity and investment principles. Our investment portfolio adheres to conservative guidelines, prioritizing security and stability. Investments are made in U.S. Treasuries, issuances of U.S. agencies, Mexican Government securities, or investment-grade corporate notes and bonds rated 'A' or better. This strategy ensures that unallocated proceeds are managed prudently until they are fully utilized for eligible projects.

NADBank maintains a rigorous oversight of the proceeds of the green bonds until these are disbursed to eligible green projects, according to the Green Bond Framework. Funds are tracked monthly, and detailed reports are presented to management on a quarterly basis. This frequent monitoring ensures compliance with internal protocols and guarantees that the proceeds are being used as intended.

6. References

Below is the list of general references used to obtain data to calculate environmental impact targets for projects.

Census information, including population, household and socioeconomic data:

- United States Census Bureau, https://data.census.gov/
- Instituto Nacional de Estadística, Geografía e Informática (INEGI), https://www.inegi.org.mx/app/areas-geograficas/default.aspx#collapse-Resumen

State energy matrices and emissions factors:

- U.S. Energy Information Administration, https://www.eia.gov/electricity/
- Centro Nacional de Control de Energía (CENACE), Programa de Desarrollo del Sistema Eléctrico Nacional (PRODESEN), https://www.cenace.gob.mx/Paginas/SIM/Prodesen.aspx
- Sistema de Información Energética (SIE), https://sie.energia.gob.mx/

Credits

If you would like to learn more about NADBank in general and our commitment to sustainability and green bonds, you will find detailed information at www.nadb.org or you can contact the NADBank's Institutional Relations and Communication Unit:

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