QNB

QNB Bank A.Ş.
2025 TSRS Compliant Sustainability Report

Content

Purpose of the Report

This report has been prepared to explain how QNB Bank A.Ş. (the "Parent Bank") and its consolidated subsidiaries (collectively referred to as the "Group") manage their material climate-related risks and opportunities, and to disclose the current and anticipated effects of these matters on the Group's financial position, financial performance and cash flows. Viewing sustainability as an integral component of its business strategy and responsible banking approach, the Group presents this report as a reflection of its commitment to transparency and accountability towards the primary users of its reporting.

Presenting the Group's strategies aligned with Türkiye's 2053 Net Zero vision and its contribution to the Sustainable Development Goals through concrete, verifiable, and comparable information, this Report has been structured in accordance with the framework prescribed by the Turkish Sustainability Reporting Standards (TSRS). It addresses sustainability-related matters under four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

Contact

For any questions, comments, or suggestions regarding this report, please get in touch with the Parent Bank's Sustainability Management Team (**sustainability@qnb.com.tr**) or Investor Relations Department (**investor.relations@qnb.com.tr**)

About the Report

1. Reporting Framework

This report has been prepared in full compliance with the Turkish Sustainability Reporting Standards (TSRS), namely, TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information and TSRS 2 Climate-related Disclosures, issued by the Public Oversight, Accounting and Auditing Standards Authority (POA) and published in the Official Gazette on 29 December 2023. The Report fulfills the disclosure requirements set out in TSRS 1 and TSRS 2 and contributes to the transparent presentation of the Group's sustainability performance.

2. Transitional Reliefs

Pursuant to the TSRS transitional provisions introduced by the POA Board Resolution No. 21632, published in the Official Gazette No. 32414 (Repeated) dated 29 December 2023, and the one-year extension granted under the POA Board Resolution No. 75935942-050.01.04-[01/38488] dated 25 December 2025, the Group has applied the following transitional reliefs for the 2025 reporting period:

Disclosure of Sustainability-related Risks (TSRS 1 E5-E6): Availing itself of the transitional relief provided under TSRS 1, the Group has disclosed information only on climate-related risks and opportunities for the current reporting period and has applied the requirements of TSRS 1 solely to the extent that they relate to the disclosure of climate-related risks and opportunities. Accordingly, disclosures on risks and opportunities relating to sustainability matters other than climate, together with the corresponding comparative information, have not been included in this Report.

Reporting Period (TSRS 1 E4): As part of the same extension decision, the transitional relief from the requirement to publish sustainability-related disclosures simultaneously with the financial statements remains applicable for the 2025 reporting period. The Group has elected to apply this transitional relief.

Scope 3 Greenhouse Gas Emissions (TSRS 2 C4(b)): In accordance with Provisional Article 3 of POA Board Resolution No. 21632, disclosure of Scope 3 greenhouse gas emissions is not mandatory during the first two reporting periods in which the TSRS are applied. The Group has elected to apply this transitional relief and, accordingly, Scope 3 greenhouse gas emissions have not been disclosed in this Report.

3. Reporting Entity

QNB Bank A.Ş. was established in 1987 as Finansbank A.Ş.. The majority shares of the Group were acquired by Qatar National Bank (Q.P.S.C.) in 2016, and its trade name was changed to QNB Bank A.Ş. as of 11 October 2024.

Operating with a broad range of products and services, primarily in retail, SME and corporate banking, the Group together with its subsidiaries, employs 13,256 employees and, with total assets of TL 1,911 billion as of year-end 2025, ranks as Türkiye's fifth largest private bank in terms of total assets, customer deposits and net loans.

As of year-end 2025, the Group serves its customers through 13 Regional Offices and a total of 418 branches, of which 416 are located in Türkiye, one abroad (Bahrain) and one in the Atatürk Airport Free Trade Zone. Through its subsidiaries, it also operates in the fields of factoring, investment, financial leasing, insurance, portfolio management and e-transformation services. Guided by its vision of being the architect of every retail and commercial financial plan that will carry Türkiye to success, the Group continues to strengthen its position in the sector as an institution committed to creating lasting value by going beyond expectations.

4. Sector (Parent + Subsidiaries)

In determining the subsidiaries included within the scope of this report, consideration has been given to the Regulation on the Accounting Practices of Banks and the Safeguarding of Documents, together with the other regulations, communiqués, explanations and circulars published by the Banking Regulation and Supervision Agency (BRSA) concerning the accounting and financial reporting principles of banks, as in effect for the Group as of 31 December 2025. For matters not addressed by these regulations, the report is based on the financial subsidiaries consolidated in the financial statements prepared in accordance with the Turkish Financial Reporting Standards (TFRS) issued by the Public Oversight, Accounting and Auditing Standards Authority (POA/KGK), as well as the subsidiaries not consolidated under the BRSA Accounting and Financial Reporting Legislation. The scope has been structured in alignment with the financial statements presented in the Group's 2025 BRSA report, with due regard also given to the consolidation principles of the International Financial Reporting Standards (IFRS).

Subsidiaries

- QNB Yatırım Menkul Değerler A.Ş.
- QNB Portföy Yönetimi A.Ş.
- QNB Finansal Kiralama A.Ş.
- QNB Faktoring A.Ş.
- QNB Varlık Kiralama Şirketi A.Ş.
- QNBeyond Ventures B.V.
- QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş.
- IBTech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş.
- QNB eSolutions Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.

Joint ventures (jointly controlled entities):

- Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.

5. Fair Presentation and Additional Information

The Group's disclosures in this report comply fully with the regulatory frameworks currently in force. The presentation of climate-related disclosures is anchored in the Turkish Sustainability Reporting Standards TSRS 1 and TSRS 2. Furthermore, the identification and reporting of climate-related risks and opportunities strictly adhere to the Guideline on the Management of Climate-related Financial Risks published by the Banking Regulation and Supervision Agency (BRSA).

In preparing this report, the Group meticulously observed the qualitative characteristics of information outlined in TSRS 1. Consequently, all data and statements have been verified to ensure they remain relevant, complete, neutral, accurate, and verifiable under the principle of Fair Presentation. The Group has also taken the utmost care to ensure the information is structured to meet the core tenets of Comparability, Understandability, and Timeliness.

6. Materiality Assessment

The Group deploys both qualitative and quantitative analyses to evaluate the financial impacts of climate-related risks and opportunities. The collaborative engagement of the Sustainability Committee and core risk teams across drives the materiality assessment process. The findings from this prioritization exercise are subsequently reviewed by the Board Risk Committee, the Sustainability Committee, and the Operational Risk Committee. These results are then synthesized with the Group's broader corporate strategy, executive priorities, and global sustainability trends to determine the final list of material issues.

When assessing the financial materiality of these topics, the primary criterion is whether the underlying risks can be effectively quantified, monitored, and managed within the Group's existing enterprise risk management framework in a manner compatible with financial audit processes. This analysis was executed in compliance with the expectations outlined in paragraphs B13-B37 of the TSRS. To provide a comparable, objective baseline for the quantitative analysis of the Group's risk and opportunity landscape the assessment utilizes a threshold value derived from Profit Before Tax (PBT); within this framework, 5% of profit before tax is applied as the materiality threshold. Similarly, the appraisal of climate-related risks and opportunities is anchored in a risk and opportunity appetite metric calculated on the basis of Profit Before Tax, with 1% of profit before tax set as the appetite level.

7. Sector-Specific Suitability Assessment

For sector-specific guidance on the identification, measurement, and disclosure of climate-related risks and opportunities, the Group has referred to the Guide on the Sector-Based Application of TSRS 2. The Guide is derived from the Turkish adaptation of the climate-related metrics developed under the Sustainability Accounting Standards Board (SASB) Standards, which are maintained by the ISSB. Accordingly, the sector-specific metric codes included in each appendix correspond directly to those set out in the SASB Standards. The Report incorporates the metrics prescribed by the SASB Standards as well as the climate-related metrics set out in the Guide on the Sector-Based Application of TSRS 2. Accordingly, the Group's sector-specific disclosures have been prepared with reference to Appendix Volume 16 - Commercial Banks (SASB FN-CB)[1].

8. Reporting Period

This Report covers the one-year reporting period from 1 January to 31 December 2025. Unless otherwise stated, all monetary amounts presented in this Report are denominated in Turkish Lira (TL).

9. Connected Information

This report forms an integral part of the Group's corporate reporting suite. Readers are encouraged to consider it together with the Group's 2025 Integrated Annual Report, the financial statements for the reporting period and the disclosures published on the Public Disclosure Platform (KAP) in order to develop a holistic understanding of the impact of sustainability-related matters on the Group's overall performance and financial position.

Connections between Core Elements

The Group presents its climate-related disclosures as a coherent, complementary whole across the four core pillars of TSRS 2: Governance, Strategy, Risk Management, and Metrics and Targets. The responsibilities defined under Governance drive the management of the climate-related risks and opportunities identified in the Strategy section. These risks and opportunities are subsequently identified, assessed, and prioritized through the processes detailed in the Risk Management section, and are ultimately quantified via the key performance indicators and targets established in the Metrics and Targets section. By cross-referencing how an element disclosed in one pillar corresponds to the others, this interconnected framework enables readers to evaluate the report holistically.

Connections between Sustainability and Climate Disclosures

For the 2025 reporting period, the Group has utilized the transitional reliefs permitted under TSRS 1 to limit its disclosures strictly to climate-related risks and opportunities. Nevertheless, climate change remains an integral part of the Group's broader approach to sustainability. Consequently, these climate-related disclosures are presented in alignment with the Group's Environmental and Social Management System (ESMS), sustainable finance framework, and corporate sustainability strategy. More comprehensive disclosures regarding non-climate sustainability matters can be found in the sustainability sections of the Group's 2025 Integrated Annual Report.

Connections between Sustainability and Climate Disclosures and Financial Statements

The climate-related disclosures presented in this report are prepared on a basis fully consistent with the Group's financial statements. The scope of subsidiaries included herein mirrors the consolidation boundaries applied in the Group's financial reporting. Furthermore, the financial metrics utilized in the financial statements served as the baseline for assessing the financial impacts of climate-related risks and opportunities. The actual and anticipated effects of climate-related risks and opportunities on the Group's financial position, financial performance, and cash flows should be considered together with the BRSA-consolidated financial statements for the reporting period.

10. Value Chain

The Group's value chain comprises an integrated structure extending from upstream funding sources and suppliers, through the banking activities carried out by the Group and its subsidiaries as part of their direct operations, to downstream customers and business partners. The value chain is detailed by activity in the table below.

[1] In applying the SASB metrics, the Group also considered other TSRS 2 sector appendices that may be relevant to its subsidiaries and affiliates operating outside the banking sector, namely Appendix Volume 15 - Asset Management and Custody Activities, Appendix Volume 17 - Insurance, Appendix Volume 18 - Investment Banking and Brokerage, and Appendix Volume 58 - Software and IT Services. However, given the nature and scale of these entities' operations, no meaningful data could be derived under these sector appendices. Accordingly, the relevant metrics have not been included in this Report.

Value Chain Scope

Value Chain Element	Activity	Disclosure	Geographical Scope
Upstream	Funding and Capital Raising	Securing funding from international financial institutions, correspondent banks, and capital markets, including funding through remittance flows and Diversified Payment Rights (DPR) securitisation programmes backed by export receivables	International
	Procurement and Supplier Management	Procurement of IT hardware and software, cybersecurity solutions, operational support services, as well as energy, cleaning, security, logistics, and consultancy services	Primarily Türkiye; International
Operation	Retail and SME Banking	Provision of deposit, lending, card, payment and collection, and e-transformation services to retail customers and small and medium-sized enterprises	Türkiye
	Corporate and Commercial Banking	Provision of lending, project finance, trade finance, and sustainable finance products to corporate and commercial customers	Türkiye
	Payment Systems	Provision of POS, merchant acquiring, and payment solutions through QNBpay	Türkiye
	Treasury and Capital Market Transactions	Liquidity and balance sheet management, trading, derivatives, and customer transactions, together with capital markets activities	Türkiye
	Central Banking Operations	Centralised execution of all non-branch banking operations, including transaction management, payments, and data operations	Türkiye
	Risk Management, Compliance and Internal Audit	Risk management, regulatory compliance, internal control, internal audit, and business continuity activities across the Group	Türkiye
	Subsidiary Operations	Leasing, factoring, asset management, investment services, insurance, and venture capital activities carried out by QNB Finansal Kiralama, QNB Faktoring, QNB Portföy Yönetimi, QNB Yatırım Menkul Değerler, QNB Sağlık Hayat Sigorta ve Emeklilik, QNB Varlık Kiralama, and QNBeyond Ventures B.V.	Türkiye
Downstream	Retail Customers	Lending, deposit, card, and investment products, together with day-to-day banking services provided to retail banking customers	Primarily Türkiye; International
	Corporate and Commercial Customers	Lending, project finance, and foreign trade finance activities serving corporate and commercial customers	Primarily Türkiye; International
	Business Partners	Counterparties and business partners engaged in treasury transactions and investment activities	Primarily Türkiye; International

11. Reference Frameworks

In preparing its climate-related disclosures, the Group has drawn not only on TSRS 1 and TSRS 2 but also on a range of nationally and internationally recognized guides and frameworks. The Guideline on the Management of Climate-related Financial Risks issued by the BRSA has served as the principal reference for the management of climate-related risks and opportunities. Sector-specific metrics have been determined with reference to the Guide on the Sector-Based Application of TSRS 2 and the underlying Sustainability Accounting Standards Board (SASB) Standards. Scenario analyses and forward-looking assessments have been informed by the scenarios published by the Intergovernmental Panel on Climate Change (IPCC), the Network for Greening the Financial System (NGFS), and the International Energy Agency (IEA). The Group has also drawn on the Greenhouse Gas (GHG) Protocol, the Partnership for Carbon Accounting Financials (PCAF) Methodology, and the Net-Zero Banking Alliance (NZBA) in establishing its emission reduction targets and measuring financed emissions.

12. Emission Factors and Calculation References

The Group calculates its greenhouse gas (GHG) emissions consistently across all scopes in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004). For key emission sources, including natural gas consumption, stationary combustion sources, and purchased electricity, emissions are calculated using Türkiye's national inventory emission factors in accordance with the Tier 2 methodology. For all other categories, the Tier 1 approach is applied using internationally recognized emission factors based on activity data. The international emission factors used are sourced from the Intergovernmental Panel on Climate Change (IPCC) and the UK Department for Environment, Food and Rural Affairs (DEFRA). Activity data are processed using the appropriate units, such as kilograms (kg), litres (L), kilowatt-hours (kWh) and tonne-kilometres (tonne-km), with the necessary conversions applied. To ensure methodological consistency, the Group has designated 2021 as its base year and has made no changes to its emissions calculation methodology during the current reporting period. Further details on the emissions calculation methodology and the reported results are provided in the **Metrics and Targets** section.

13. Cross-references

To avoid duplication and preserve the coherence of its reporting, the Group uses cross-references where matters discussed in one section are addressed in greater detail elsewhere in this Report or in the Group's other corporate reports. Accordingly, references are provided to the relevant sections of this Report and, where appropriate, to the Group's 2025 Integrated Annual Report, the BRSA-consolidated financial statements for the reporting period, and the Net Zero Transition Plan Report. Information presented through such cross-references should be read as an integral part of this Report.

14. Comparative Information

Unless otherwise stated, all data presented throughout this Report are disclosed on a comparative basis for the 2024 and 2025 reporting periods.

15. Compliance Statement

The Group declares that its sustainability-related financial disclosures have been prepared in accordance with TSRS 1 and TSRS 2. The accounting policies adopted herein have been applied consistently throughout the reporting year and across previous periods. The disclosed data has been consolidated on a basis consistent with the principles applied in the Group's financial statements.

As part of the mandatory independent audit requirement introduced under the Turkish Sustainability Reporting Standards (TSRS), published by the Public Oversight, Accounting and Auditing Standards Authority (POA) in the Official Gazette dated 29 December 2023 (No. 32414 (Repeated)), this Report has been subject to a limited assurance engagement conducted by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) in accordance with ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ISAE 3410, Assurance Engagements on Greenhouse Gas Statements. The resulting Limited Independent Assurance Report is included in this Report.

16. Judgments and Assumptions

In preparing its sustainability-related disclosures in accordance with the TSRS, the Group has exercised a number of judgments and applied certain assumptions. The judgments underpinning the determination of the financial materiality threshold are described above under "Financial Materiality Approach". The additional key judgments and assumptions that complement this process are set out below.

Determination of the Consolidation Boundaries: In determining whether to include subsidiaries with limited operational scale within the reporting boundary, management exercised judgment in assessing the relative significance of these entities' impact on the Group's climate-related risks and opportunities.

Climate Scenarios and Forward-looking Assumptions: Climate scenarios were selected with reference to the NGFS and IPCC frameworks in assessing both physical and transition risks. The time horizons and key assumptions were determined in consideration of the prevailing scientific consensus and the Group's planning cycles. Assumptions relating to future climate conditions are inherently uncertain, and actual outcomes may differ from those assumed.

Risk Classification: In classifying climate-related risks as either physical or transition risks, management judgment was applied where individual risk factors overlapped multiple categories. The classification was undertaken in accordance with the Group's Enterprise Risk Management Policy and the BRSA's Guideline on the Management of Climate-related Financial Risks.

Estimation Uncertainty in Quantitative Assessments: Greenhouse gas emissions calculations and estimates of climate-related financial impacts are subject to estimation uncertainty arising from data limitations and methodological constraints. Although the calculation methodologies and emission factors applied are based on the best available information, they may be revised in future reporting periods as methodologies evolve or more comprehensive data become available.

This Report may contain forward-looking statements relating to the Group's future plans, targets, projections, and expectations. These statements are based on conditions and assumptions prevailing as of the date of publication of this Report and are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated.

17. Error Corrections

The 2025 reporting period represents the Group's reporting period prepared in full compliance with the TSRS. No quantitative corrections have been made to disclosures reported in previous periods. Nevertheless, since the Group's initial TSRS compliant reporting period, several methodological enhancements have been introduced as reporting practices have matured. These include the integration of scenario analysis into the risk identification process; the expansion of the risk assessment process to include market and operational risk teams alongside the credit risk function; the adoption of SASB sector-specific metrics while excluding metrics not relevant to the Group's operations; and the streamlining of the target framework to focus exclusively on climate-related targets, thereby improving the clarity of the disclosures. These enhancements do not reflect the correction of errors in previously reported information. Rather, they represent methodological improvements aimed at strengthening both the quality of reporting and alignment with the TSRS.

With regards to the Board Resolution of the Public Oversight, Accounting and Auditing Standards Authority (POA) on the Scope of Application of the Turkish Sustainability Reporting Standards (TSRS), entities within the scope of the Resolution are required to prepare their sustainability reports in accordance with the Turkish Sustainability Reporting Standards, pursuant to Article 88 of the Turkish Commercial Code No. 6102 dated 13 January 2011 and Articles 9, 26, 27 and Provisional Article 1 of Decree Law No. 660 dated 26 September 2011.

Accordingly, the Group has prepared its TSRS Report for the year ending on 31 December 2025 in accordance with the following Turkish Sustainability Reporting Standards:

- TSRS 1 - General Requirements for Disclosure of Sustainability-related Financial Information
- TSRS 2 - Climate-related Disclosures

Governance

Responsibilities for Climate-related Risks and Opportunities

At the Parent Bank, ultimate oversight and strategic governance of climate-related risks and opportunities rests with the Board of Directors.

Sustainability matters are brought to the attention of senior management and the Board through the Sustainability Committee, as well as the Corporate Governance Committee and the Risk Committee operating under the Board of Directors.

Further information on the Board of Directors and its committees is provided in **Table 1.**

The Sustainability Committee serves as the Parent Bank's principal executive and decision-making body for sustainability matters. Members of the Sustainability Committee are elected from senior management to support effective decision-making and implementation. Representation from all of the Parent Bank's principal business units ensures that an integrated approach to sustainability governance is embedded across the organization. The Committee is co-chaired by the Chief Executive Officer (CEO), and the Managing Director responsible for Treasury Sales, International Banking and Sustainability Management. The Sustainability Committee is responsible for reviewing sustainability strategy and commitments, identifying priority issues, monitoring performance, and assessing ESG-related risks and opportunities. Key topics deemed necessary by the Sustainability Committee risks and opportunities are reported periodically to the Board of Directors.

Further information on the members of the Sustainability Committee is provided in **Table 2.**

The Corporate Governance Committee[2] is responsible for promoting high implementation standards of corporate governance, monitoring compliance with the corporate governance principles set out in the Banking Law and the capital markets legislation, and ensuring that the composition of the Board of Directors complies with the relevant regulatory requirements. The Committee also supports matters escalated to it by the Parent Bank's Sustainability Committee in the effective implementation of the Parent Bank's sustainability agenda.

The Board Risk Committee is responsible for the comprehensive oversight and assessment of all risks to which the Parent Bank may be exposed. In this capacity, it evaluates climate-related risks in coordination with the Sustainability Committee and ensures that these risks are integrated into the Parent Bank's overall risk management framework. The Committee reports its findings and recommendations to the Board of Directors and facilitates the implementation of appropriate management actions.

Sustainability-related responsibilities are defined at the institutional level through the Sustainability Policy approved by the Board of Directors.

Responsibilities relating to climate-related risks are integrated into the Parent Bank's overall risk management framework through the internal Enterprise Risk Management Policy, which is not publicly available. For lending activities, responsibilities for managing climate-related risks and opportunities are embedded in the Environmental and Social Risk Management (ESRM) Policy, which establishes the methodology for risk assessment together with the roles, responsibilities and workflows of the relevant functions.

The Sustainability Committee meets at least twice a year to review reports on sustainability performance, progress against strategic objectives, and developments relating to ESG risks and opportunities. Extraordinary meetings may be convened where necessary. The Sustainability Committee's deliberations and decisions are submitted to the Board of Directors through the Corporate Governance Committee where appropriate. The activities of the Sustainability Committee are reported to the Board of Directors through this mechanism at least annually. Chief Risk Officer is also a member of the Sustainability Committee, ensuring the effective integration of climate-related risks into the Parent Bank's overall risk management framework.

The Risk Committee monitors climate-related risks alongside other principal risk categories, conducts assessments supported by stress testing and scenario analysis, and reports its activities to the Board of Directors on a regular basis.

The Sustainability Management Team provides the Sustainability Committee and senior management with updates at least twice a year, and more frequently where required, on progress against sustainability targets, sustainable finance performance and relevant regulatory developments.

Climate-related risks and opportunities are taken into account in the strategic and operational decisions made under the oversight of the Board of Directors. The Board considers climate-related objectives and ESG risks in formulating the Parent Bank's strategy, approving material transactions, overseeing risk management processes and reviewing the Parent Bank's policy framework. In doing so, it draws on the analyses and performance assessments prepared by the Sustainability Committee, together with the climate-related risk and opportunity assessments undertaken in coordination with the Risk Committee.

Climate-related risks and opportunities are embedded in the Parent Bank's corporate strategy and decision-making through two complementary governance channels. The first channel centers on the Sustainability Committee, the Parent Bank's principal executive and decision-making body for sustainability and climate-related matters. The Committee's analyses, performance assessments, and evaluations of priority sustainability issues are escalated to the Board of Directors through the Corporate Governance Committee,via activity reports approved and submitted by the Sustainability Committee, to the Board of Directors ensuring that climate-related strategic priorities are incorporated into the Parent Bank's overall strategic planning process. The second channel focuses on the financial implications of climate-related risks. The potential impacts of climate-related financial risks on the Parent Bank's business model, risk profile, capital position, and liquidity are assessed annually through qualitative and quantitative analyses conducted as part of the Internal Capital Adequacy Assessment Process (ICAAP). The resulting assessments are submitted to the Risk Committee and the Board of Directors for review and approval. Climate risk stress testing performed within the ICAAP framework is integrated into capital adequacy planning and the Parent Bank's long-term corporate strategy, ensuring that climate-related risks and opportunities are systematically reflected in both strategic planning and risk management decisions.

In addressing climate-related risks and opportunities, the Board also evaluates potential trade-offs between environmental impacts and long-term financial sustainability. These assessments help ensure that strategic decisions are aligned with the Parent Bank's environmental commitments while supporting long-term financial resilience. Trade-off assessments are undertaken in direct relation to the climate-related risks to which the Parent Bank is exposed.

To reduce its exposure to transition risks, the Parent Bank has adopted a policy of restricting financing for carbon-intensive activities. Accordingly, new coal-fired power generation and coal mining projects have been included in the Exclusion List, and a commitment to the phased exit of the Parent Bank's coal-related portfolio has been incorporated into its policy framework. This approach reflects a deliberate trade-off, prioritizing the reduction of transition risk exposure and long-term portfolio vulnerability over the short-term lending income that could otherwise be generated from these sectors.

At the same time, rather than pursuing an immediate withdrawal from carbon-intensive sectors, the Parent Bank regards financing its customers' transition to a low-carbon economy as an important strategic trade-off. For example, in emissions-intensive sectors such as cement, the Parent Bank favors transition finance products and project finance solutions that support customers' investments in energy efficiency and lower-carbon production under credible transition plans, rather than discontinuing financing altogether. This approach reflects a transition-aligned trade-off that accepts a degree of short-term profitability in order to preserve client relationships while progressively reducing the emissions intensity of the Parent Bank's portfolio. Similarly, in sectors such as agriculture and water-dependent production industries that are particularly vulnerable to physical risks arising from water stress and drought, the Parent Bank balances its near-term financing appetite against the long-term climate resilience of these sectors. This represents a further example of a trade-off aligned with the management of physical climate risks.

*[2] Further information on the Corporate Governance Committee is provided in the **Integrated Annual Report for 2025**.*

*[3] You can find the policy at the **Sustainability Policy link.***

Table 1: Board of Directors and Committees of the Board

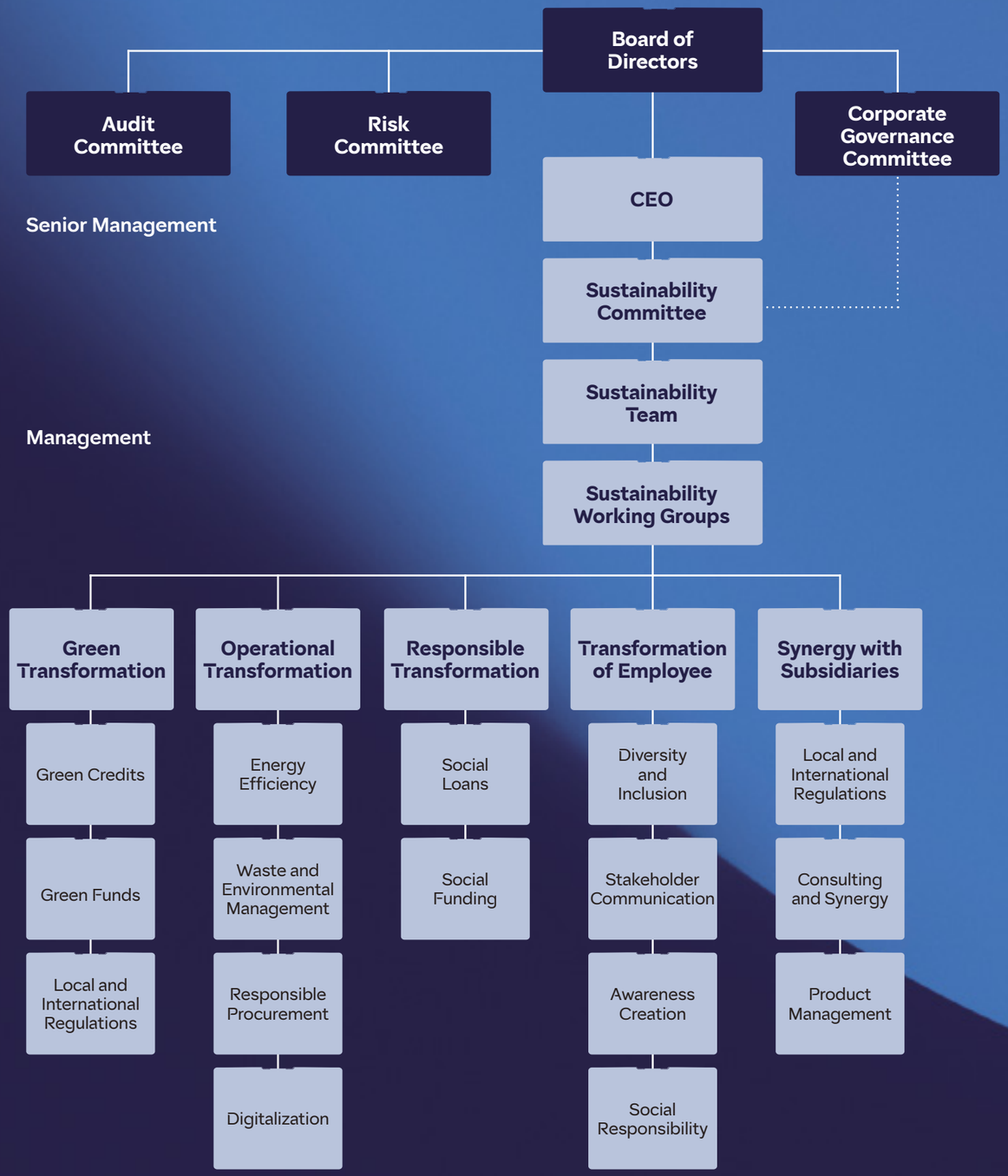


Table 2: Members of the Sustainability Committee[4]

Full Name	Title	Responsible Department
Osman Ömür Tan	Chief Executive Officer (Co-Chair of the Committee)	CEO
Yeliz Ataay Arıkök	Executive Director (Co-Chair of the Committee)	Treasury Sales and International Banking
Adnan Menderes Yayla	Executive Vice President	Financial Control, Planning, Procurement, Investor Relations
Ali Yılmaz	Executive Vice President	Legal Advisory
Armağan Engel	Director	Communications
Burçin Dündar Tüzün	Executive Vice President	Loan Allocation
Cenk Akıncılar	Executive Vice President	Human Resources
Derya Düner[5]	Executive Vice President	Digital Banking and QNBeyond
Engin Turhan	Executive Vice President	SME and Commercial Banking
Enis Kurtoğlu	Executive Vice President	Retail and Business Banking
İsmail Işık	Executive Vice President	Loan Monitoring and Follow-up
Köksal Çoban	Executive Vice President	Treasury
Mehmet Kürşad Demirkol	Executive Vice President	IT, Operations, Channels and Business Development
Murat Koraş[5]	Executive Vice President	Payment Systems
Okay Yıldırım	Executive Director	Digital Bridge and Service Banking
Sercan Kısas	Chief Internal Control and Compliance	Internal Control and Compliance
Zeynep Aydın Demirkıran	Chief Risk Officer	Risk Management
Zeynep Kulalar	Executive Vice President	Corporate Banking and Project Financing

*[4]The biographies of the members of the Board of Directors and Senior Management are presented on pages 26-33 of the **2025 Integrated Annual Report**.*

[5]As part of organizational structure changes in 2026, Burcu Yılmaz was appointed to replace Derya Döner, and Alp Baydar was appointed to replace Murat Koraş.

Oversight Structure

At the Parent Bank, the implementation and oversight of strategies relating to climate-related risks and opportunities are carried out, as previously described, in coordination with the Sustainability Committee, the Risk Corporate Governance Committee. This governance structure ensures that decision-making, implementation, and oversight relating to climate matters are fully integrated into the Parent Bank's overall governance framework. In addition, within the scope of the Internal Capital Adequacy Assessment Process (ICAAP) studies conducted under the BRSA framework, it is expected that assessments of the impact of climate-related financial risks on the Parent Bank's business model and risk profile, as well as qualitative and/or quantitative analyses of the potential effects of these risks on the Parent Bank's capital and liquidity position, are addressed under a separate heading. The assessments included in the annually prepared ICAAP report are reported to, and submitted for approval by, the Board of Directors, the Audit Committee and the Risk Committee. Accordingly, the climate risk stress tests performed by the Risk Management Division are reviewed as part of the ICAAP audit conducted annually by the Board of Internal Auditors. Detailed information is provided in the Risk Management section.

In addition to financial, operational and managerial experience, the appointment of Board members takes into account their knowledge and awareness of environmental and social matters. As part of the Board's annual self-assessment process, members' knowledge and capabilities relating to the oversight of sustainability and climate strategies are evaluated, and targeted training and awareness programs are developed to address identified development needs. In this context, awareness-raising activities for Board members are supported through programs provided to Board members at QNB Group level. These programs cover topics such as corporate governance, leadership, ESG strategies, Artificial Intelligence (AI), and communication, and are intended in particular to strengthen Board members' oversight competencies, especially in sustainability matters.

The Parent Bank extends this approach beyond its governance bodies by seeking to maintain up-to-date climate and sustainability knowledge and capabilities across the organization. Accordingly, during 2025, the Parent Bank implemented a sustainability training program covering both the Parent Bank and its subsidiaries.

Through the Parent Bank's online learning platform, employees were assigned training on Zero Waste and Environmental Awareness, the ISO 50001 Energy Management System, the ISO 14001 Environmental Management System, and the Basic and Advanced Sustainability programs developed by the Parent Bank's Association of Türkiye (BAT).

These programs support the integration of sustainability considerations into decision-making while continuously strengthening technical capabilities across the organization.

Members of the Sustainability Committee are selected from senior executives representing different business lines, ensuring that sustainability and climate-related matters are addressed from a holistic perspective.

Incentive Mechanism

The Parent Bank has established a structured framework for setting, monitoring and linking climate-related targets to performance. The Sustainability Committee develops measurable, time-bound targets aligned with the Parent Bank's strategy and submits them to the Board of Directors for approval. It regularly monitors progress against the approved targets, reports the assessment results to the Board, and recommends revisions where necessary.

Climate-related responsibilities have been incorporated into the job descriptions and key performance indicators (KPIs) of the Chief Executive Officer and senior management. These KPIs cover progress towards environmental objectives, the Parent Bank's performance in climate-related sustainability indices (such as the CDP Climate Change Score), the implementation and governance of the climate transition plan, the delivery of emission reduction initiatives, reductions in emissions intensity and absolute emissions, and improvements in energy efficiency. KPI results directly affect annual incentive payments.

Performance indicators are established at the beginning of each year by the Cost, Strategic Targets and Performance Management function in collaboration with the relevant business line managers and the Sustainability Management Team. The indicators are reviewed and updated where necessary throughout the year, monitored on a quarterly basis, and the results are reported to the Sustainability Committee. This framework enables the Parent Bank to monitor progress against its climate-related targets through a direct link to its performance management and remuneration system, thereby reinforcing accountability at the senior management level.

However, as of the reporting date, climate-related performance metrics have not yet been directly integrated into the Parent Bank's Remuneration Policy; is not included. In this context, work is ongoing to take climate-related targets into account in performance-based variable remuneration practices and to integrate these indicators quantitatively into the remuneration system. In order to strengthen the remuneration system and to integrate the climate strategy into the relevant functions, the definition of dedicated performance criteria for Senior Management and employees is planned in support of the sectoral emission reduction targets.

Management's Role

Responsibility for the day-to-day management and monitoring of climate-related risks and opportunities rests with the executive management. These responsibilities are discharged through the relevant business and control functions under the leadership of the Chief Executive Officer and are coordinated through the Sustainability Committee. Drawing on the current information and analyses provided by the management, the Committee monitors the Parent Bank's climate-related performance, determines any actions required, and reports its findings to the Board of Directors. The Board exercises ongoing oversight through the Corporate Governance Committee, which monitors the activities of the Sustainability Committee.

At the management level, oversight of climate-related risks and opportunities is fully integrated into the Parent Bank's existing internal control and risk management framework. The Sustainability Committee comprises senior executives from across the Parent Bank's business and control functions, ensuring that sustainability considerations are embedded directly into operational decision-making. Each member is responsible for managing environmental and social risks within their respective area of responsibility and for overseeing the effectiveness of the controls established to address those risks.

The participation of the Chief Risk Officer as a member of the Committee further strengthens the alignment of climate-related control outcomes with the Parent Bank's corporate risk management framework.

This governance structure ensures that sustainability-related controls operate in an integrated manner alongside the Parent Bank's Enterprise Risk Management, Internal Control, Compliance and Internal Audit functions, embedding the management of climate-related risks within the Parent Bank's established system of internal controls. A practical example of this integrated approach is the role of the Internal Control Center, operating within the Internal Control and Regulatory Compliance Division. As part of the Risk Control Self-Assessment (RCSA) process, medium- and high-risk issues identified by business units regarding compliance with the Turkish Sustainability Reporting Standards (TSRS) are incorporated into the annual control plan. The Internal Control Center then performs second-line controls over these matters, ensuring that controls relating to sustainability and climate-related risks are systematically incorporated into the Parent Bank's annual control program and monitored on an ongoing basis.

Governance Structure in Subsidiaries

The management of sustainability and climate-related risks and opportunities at the Parent Bank's subsidiaries is carried out within governance mechanisms established in line with each company's field of activity and organizational structure. The Sustainability Unit within the Parent Bank provides guidance to the subsidiaries on sustainability management, supports knowledge sharing, and contributes to ensuring coordination across the Group.

The oversight of sustainability and climate-related risks and opportunities at the subsidiaries is carried out by the Boards of Directors of the respective companies. The presence of representatives of the Parent Bank's senior management on the boards of directors of the subsidiaries supports the reflection of the Parent Bank's sustainability approach and climate-related priorities in the subsidiaries' strategic decision-making processes.

As representatives of the Parent Bank's senior management serve on the boards of directors of the subsidiaries, sustainability and climate governance practices are addressed through a more holistic approach. In this context, climate-related risks and opportunities, environmental and social assessments, and developments on the sustainability agenda are evaluated at board level; guidance is provided on matters deemed necessary from a Group perspective and in a manner consistent with the applicable regulatory framework, and follow-up is carried out in coordination with the relevant functions of the Parent Bank. This structure supports a consistent and coherent governance approach across the Group, aligned with corporate sustainability priorities.

Strategy

Risks and Opportunities

Definitions of Risk and Opportunity Time Horizons

The time horizons used to assess climate-related risks and opportunities—short-, medium-, and long-term—have been established in alignment with the Parent Bank's climate strategy.

Short-term (0-1 year) represents the critical period during which climate-related targets are established and the initial steps towards compliance are taken.

Medium-term (1-5 years) represents the period in which the Parent Bank's climate strategy is embedded across the organization and the operational and governance mechanisms required to manage the transition process are put in place.

Long-term (more than 5 years) encompasses the implementation of the Parent Bank's net zero strategy, the progressive reduction of carbon-intensive exposures, and the expansion of climate-aligned financing models.

These time horizons have been calibrated not only to align with the Parent Bank's climate strategy but also to reflect the maturity profile of its balance sheet. In establishing the short-, medium-, and long-term horizons, account the balance sheet management framework of the Asset-Liability Committee (ALCO), which oversees the maturity profile of the Parent Bank's assets and liabilities and manages its structural asset-liability position. Accordingly, the time horizons used to assess climate-related risks and opportunities have been defined on a basis consistent with the Parent Bank's funding structure and the maturity composition of its balance sheet, ensuring information coherence between the sustainability disclosures and the time horizons underpinning the Parent Bank's financial reporting. This approach reinforces the role of the Report as an integral component of general-purpose financial reporting and enables primary users to assess sustainability-related and financial information in a connected manner.

Strategic objectives are established with reference to these time horizons, and core decision-making processes—including risk assessment, capital allocation, product development and investment planning—are structured to support the Parent Bank's short-, medium-, and long-term climate objectives. The Parent Bank's climate strategy and transition plans are embedded within its broader strategic planning cycle, with the implementation of associated targets and actions monitored through a structured and systematic governance process.

The Group conducts its operations through a banking business model centered on lending, project finance, and sustainable finance solutions. Within this framework, when identifying climate-related risks and opportunities that could reasonably be expected to affect the Group's financial adequacy, the Parent Bank reviews, in each reporting period, information relating to past events, current conditions and forward-looking assumptions, and uses reasonable and supportable information that is available without undue cost or effort.

The assessment covers the Parent Bank's entire value chain, spanning upstream activities involving international funding institutions and suppliers, the Parent Bank's own operations, and downstream activities involving its retail and corporate customers. The climate-related risks and opportunities identified through this process are systematically assessed from three complementary perspectives: understanding (identification and prioritization), mitigation (through portfolio steering, lending policies and adaptation measures), and the calculation of their financial impacts (quantification).

In identifying climate-related risks and opportunities, the Parent Bank has taken into consideration the disclosure topics prescribed for the Commercial Banks sector under the TSRS 2 Industry-Based Application Guide. The risks and opportunities disclosed in this Report have been organized in accordance with those disclosure topics.

The climate-related risks and opportunities identified by the Grup during the reporting year are presented throughout the remainder of the **Strategy** section, in line with the categories used in the identification and prioritization analyses.

Climate-Related Risks

Risk and opportunity assessments were conducted across the entire Group; however, since they did not meet the materiality threshold, they were not included in the risk and opportunity table for this period.

Credit Risks

No	PR1
Risk Type	Physical Risk - Acute
Name of the Risk	Elevated Credit Risk Due to Acute Physical Climate Events
Risk Definition	Acute physical events such as landslides, floods, wildfires, and wind gusts may cause physical damage to, and/or a decline in the value of, borrowers' physical assets, including real estate pledged as collateral. This has the potential to increase credit risk within the loan portfolio by affecting both the value of collateral and borrowers' income-generating capacity.
Timeframe	Medium-Long
Current and Anticipated Effects on the Business Model and Value Chain	As of the 2025 reporting period, acute physical risks have not had any materialized impact on the Parent Bank's lending portfolio that has been recognized in the financial statements. Nevertheless, if climate change leads to a further increase in the frequency and severity of acute physical events, including landslides, floods, wildfires, and wind gusts, the Parent Bank's credit portfolio could face indirect but material financial impacts. Damage to, or impairment in the value of, real estate pledged as collateral could increase loss given default (LGD) and reduce the effectiveness of existing credit risk mitigation measures. Similarly, damage to production facilities and other income-generating physical assets within the project finance portfolio could impair borrowers' income-generating capacity, result in revenue losses and operational disruption, and consequently weaken debt servicing capacity. Such developments could also adversely affect borrower repayment behavior, leading to higher probabilities of default (PD). The reflections of these risk factors on PD and LGD pose an upward risk to Expected Credit Loss (ECL) projections.
Risk Impact Area	The impacts of this risk are concentrated in the downstream segment of the Parent Bank's value chain, primarily affecting its corporate, and commercial customer portfolios. The financial effects of acute physical events are transmitted to the Parent Bank's lending activities through damage to real estate serving as loan collateral and to production facilities and other income-generating physical assets financed under its project finance portfolio. Accordingly, this risk is classified as a credit risk within the context of the Parent Bank's value chain. By comparison, the Parent Bank's own operations and upstream funding activities are expected to be only marginally affected.
Qualitative Assessment	Credit risk impacts are assessed by quantitative analyses and not subject to qualitative assessment.
Impact on Financial Position, Financial Performance, and Cash Flows (Quantitative Assessment)	The analysis indicates the potential for expected credit losses (ECLs) to be adversely affected by acute physical risks by 2030 (medium term), with an indicative impact of approximately: • TL 905 million for landslides; • TL 105 million for floods; • TL 217 million for wildfires; • TL 26 million for wind gusts. On an aggregate basis, the analysis suggests a potential impact on ECLs of approximately TL 1.253 billion over the medium-term horizon. By 2040 (long term), the analysis indicates the potential for acute physical risks to contribute to higher ECLs, with indicative impacts of: • TL 905 million for landslides; • TL 111 million for floods; • TL 335 million for wildfires; • TL 66 million for wind gusts. In aggregate, the analysis suggests a potential impact on ECLs of approximately TL 1.417 billion over the long-term horizon. These estimates are intended to provide an indication of the potential credit risk implications of acute physical risks under the assumptions and scenarios assessed.
Judgments Applied in the Financial Assessment and Measurement Uncertainty	The effects of acute physical risks have been assessed using the RCP 8.5 scenario, which reflects the most severe climate change pathway for climate-related weather events. The analysis is limited to the period ending in 2040 and projects that physical risks will intensify progressively over time, reaching their peak at the end of the assessment horizon. Financial impacts were assessed based on the Parent Bank's credit risk measurement framework, in terms of the increase in ECL. The risk was modeled through two transmission channels: declines in the value of mortgaged real estate collateral were reflected in the LGD parameter, while damage to production facilities and other income-generating physical assets within the project finance portfolio was reflected in borrowers' PD parameter. Risk mapping was conducted separately for each hazard type. This analysis used daily meteorological data for the 2025-2100 period, sourced from the Copernicus database, together with hazard-specific damage functions: for floods, precipitation intensity and river footprint; for landslides, the relationship between extreme precipitation and slope stability; for wind gusts, Beaufort Scale thresholds; and for wildfires, the Fire Weather Index (FWI) and forest density.

Credit Risks

Judgments Applied in the Financial Assessment and Measurement Uncertainty	The analysis covered 41 production plants and other income-generating physical assets belonging to 32 clients. The resulting probabilities were converted into 1-, 5-, 10-, and 15-year cumulative damage ratios, and financial impacts were reported based on the medium- and long-term periods, where the most severe effects were observed. The consolidated impact was derived by scaling the unconsolidated results to reflect the size of subsidiary portfolios. This calculation applied the assumption that, as of year-end, subsidiaries accounted for approximately 8% of legal entity credit risk exposures, excluding the micro segment. The potential effects of acute physical risks on the credit portfolio have been visualized through separate heat maps for four hazard types: floods, wildfires, wind gusts, and landslides. In each map, regions are positioned according to cumulative damage ratios (across five bands ranging from below 1.5% to above 15%) and their corresponding ECL impact, while bubble sizes represent the concentration of collateral values. The analysis indicates significant regional variation in risk exposure. For wildfire risk, the Marmara, Mediterranean, and Aegean regions, together with İzmir and the Black Sea region, are concentrated within the highest damage band. For landslide risk, the Mediterranean and Eastern Anatolia regions exhibit the highest cumulative damage ratios, while the Black Sea region stands out as having the highest projected ECL impact for this hazard. **Physical Risk Heat Map**  The results constitute forward-looking estimates based on climate projections, assumptions embedded in the damage functions, and the assumed operational adaptation capacity of borrowers. Accordingly, they carry measurement uncertainty arising from climate model assumptions, the frequency and severity of physical hazards, and the effectiveness of borrowers' risk mitigation and adaptation measures.
Risk Response / Mitigation Measures	To mitigate the impact of climate change-related physical risks on borrowers' debt-servicing capacity, the Parent Bank is reshaping its business model with a focus on financed emissions and portfolio resilience. The **Environmental and Social Risk Assessment (ESRA) Model** is embedded in credit origination and monitoring processes, ensuring that sustainability-related risks are systematically assessed for high-value and long-tenor lending exposures. To mitigate the risk of impairment in the value of real estate accepted as collateral, the Parent Bank maintains a rigorous and systematic collateral appraisal and valuation process. In 2025, 20,017 property valuation reports were completed, while 66 real estate project finance transactions remained under active monitoring. Together, these practices enable the Parent Bank to incorporate the potential effects of acute physical hazards on collateral values and borrowers' repayment performance into its overall credit risk management framework.
Cost of Risk Response / Resource Allocation	Resources allocated to address this risk are deployed indirectly through the environmental and social risk assessment infrastructure embedded within the ESRA Model, which supports the Parent Bank's credit origination and monitoring processes, as well as through the appraisal and valuation of real estate collateral. Expenditures associated with these activities are monitored as part of the Parent Bank's broader credit risk management and sustainability-related cost base.

Climate-Related Risks

Credit Risks	
No	PR2
Risk Type	Physical Risk - Chronic
Name of the Risk	Elevated Credit Risk Due to Water Stress and Drought
Risk Definition	As climate change reduces water availability and disrupts precipitation patterns, water stress and drought, both chronic physical climate risks, may create structural constraints on borrowers' production processes. This is particularly relevant for businesses operating in sectors that are directly dependent on water resources or require intensive water use in their operations. Such constraints may adversely affect production capacity and revenue generation, thereby impairing borrowers' debt-servicing capacity and increasing credit risk.
Timeframe	Long
Current and Anticipated Effects on the Business Model and Value Chain	As of the 2025 reporting period, chronic physical risks associated with water stress and drought have not had any realized impact on the Parent Bank's credit portfolio or its financial statements. However, as a result of climate change, increasing water stress is expected to emerge as a structural risk factor with the potential to create material financial impacts on the credit portfolio over the long term. If this risk materializes, borrowers operating in sectors such as hydroelectric power generation, agriculture, livestock and poultry farming, pulp and paper, and water utilities may experience constraints on their production capacity, leading to reduced revenues and weakened debt repayment performance. Such developments could increase both Probability of Default (PD) and Expected Credit Losses (ECL), placing downward pressure on the Parent Bank's financial performance and capital adequacy.
Risk Impact Area	The impact of this risk is concentrated within the downstream segment of the Parent Bank's value chain, primarily affecting its corporate customer portfolio. Water stress is transmitted to the Parent Bank's lending activities through borrowers operating in water-dependent or water-intensive sectors, including hydroelectric power generation, agriculture, livestock and poultry farming, pulp and paper, and water utilities, where production capacity and revenue generation are particularly vulnerable to diminishing water availability. Accordingly, this risk is classified as a credit risk within the Parent Bank's value chain. By comparison, the Parent Bank's own operations and upstream funding activities are expected to be only marginally affected.
Qualitative Assessment	Credit risks are not subject to qualitative assessment.
Impact on Financial Position, Financial Performance, and Cash Flows (Quantitative Assessment)	The assessment identified the potential for water stress- and drought-related risks to affect ECLs over the long term, with an indicative impact of approximately TL 690 million under the assumptions applied.
Judgments Applied in the Financial Assessment and Measurement Uncertainty	The financial impact assessment of water-related risk, classified as a chronic physical climate risk, was designed to quantify the effects of increasing water stress on the Parent Bank's credit portfolio through changes in the PD parameter. The analysis assumes that water-related physical constraints reduce borrowers' production capacity and revenue-generating capability, which in turn weakens their debt-servicing performance. Water stress indicators were obtained from the World Resources Institute's (WRI) Aqueduct platform. Projections were evaluated under the RCP 8.5 high-emissions climate scenario, with current and projected levels of water stress across Türkiye compared in order to estimate future increases in water stress.

Credit Risks	
Judgments Applied in the Financial Assessment and Measurement Uncertainty	This approach reflects the assumption that chronic water-related climate risks will become more pronounced over the longer term. The analysis was limited to the Parent Bank's performing corporate loan portfolio, excluding watchlist exposures, and focused on sectors assessed as having high sensitivity to water stress: hydroelectric power generation, agriculture, livestock and poultry farming, pulp and paper, and water utilities. It is assumed that increasing water stress will reduce capacity utilization across these sectors, constraining production or service delivery and resulting in revenue losses. These impacts are, in turn, expected to weaken borrowers' cash flows and debt-servicing capacity, leading to higher Probability of Default (PD) estimates. The financial impact was modeled based on this transmission pathway. As part of the stress-testing exercise, sector-specific assumptions regarding the impact of increasing water stress on production capacity were benchmarked against data published by the Union of Turkish Chambers of Agriculture and other sectoral studies on water risk. These sources consistently indicate that water stress constitutes a structural constraint on productive capacity, particularly in agriculture and other water-dependent industries. Accordingly, the results are presented as forward-looking estimates of potential deterioration in credit risk metrics. The financial impact estimates are inherently subject to measurement uncertainty, as they rely on climate scenario assumptions, water stress projections, and sector-specific assessments of water dependency. Key sources of uncertainty include the spatial resolution of water stress data, the limited availability of borrower-level water consumption information, and differences in borrowers' adaptation capacity. Nevertheless, the methodology is aligned with the Parent Bank's credit risk measurement framework and provides a consistent and comparable basis for assessing the potential financial implications of chronic water-related risks. The scenario analysis was conducted using the Parent Bank's credit portfolio. As many significant borrowers of the Parent Bank's subsidiaries are also included within the Parent Bank's own portfolio, their exposure to climate-related risks was incorporated into the analysis. The Parent Bank's lending portfolio represents a substantial proportion of the Group's consolidated credit portfolio (including subsidiaries). As of year-end, approximately 8% of legal entity credit risk exposures (excluding the micro segment) were held by subsidiaries. Accordingly, the consolidated climate risk impact was derived by scaling the unconsolidated results to reflect the relative size of subsidiary loan portfolios.
Risk Response / Mitigation Measures	To mitigate the impact of chronic physical risks associated with water stress and drought on borrowers' production capacity and debt-servicing performance, the Parent Bank manages its lending portfolio with due consideration of water-related risks. Under this approach, project finance transactions of TL 428 million (USD 10 million equivalent) or more, as well as corporate loans of USD 25 million or more with maturities exceeding two years, are subject to the Environmental and Social Risk Assessment (ESRA) Model. As part of the ESRA process, the Parent Bank's environmental and social risk specialists review technical information contained in the Environmental Impact Assessment (EIA) reports submitted for relevant projects, including water consumption, groundwater abstraction, wastewater treatment methods, and compliance with discharge limits. Where information relating to water security is considered insufficient, the Parent Bank requests additional disclosures from project owners. Where appropriate, an Environmental and Social Action Plan (ESAP) is established to define preventive and corrective measures. For projects located in areas known to be vulnerable to water scarcity, the assessment includes enhanced due diligence on groundwater utilization and projected water consumption. The Parent Bank's physical risk assessment activities are primarily focused on sectors with elevated exposure to water-related risks, including agriculture, energy, manufacturing, livestock farming, forestry, and fisheries. In addition, the Parent Bank has initiated the collection of water consumption data for projects within its project finance portfolio and intends to expand the scope of this dataset over time.
Cost of Risk Response / Resource Allocation	Resources allocated to managing this risk are deployed primarily through the environmental and social risk assessment infrastructure embedded within the ESRA Model, which forms part of the Parent Bank's credit origination and monitoring processes, as well as through initiatives to collect water consumption data for the project finance portfolio. The related expenditures are monitored within the Parent Bank's broader credit risk management and sustainability cost framework.

Climate-Related Risks

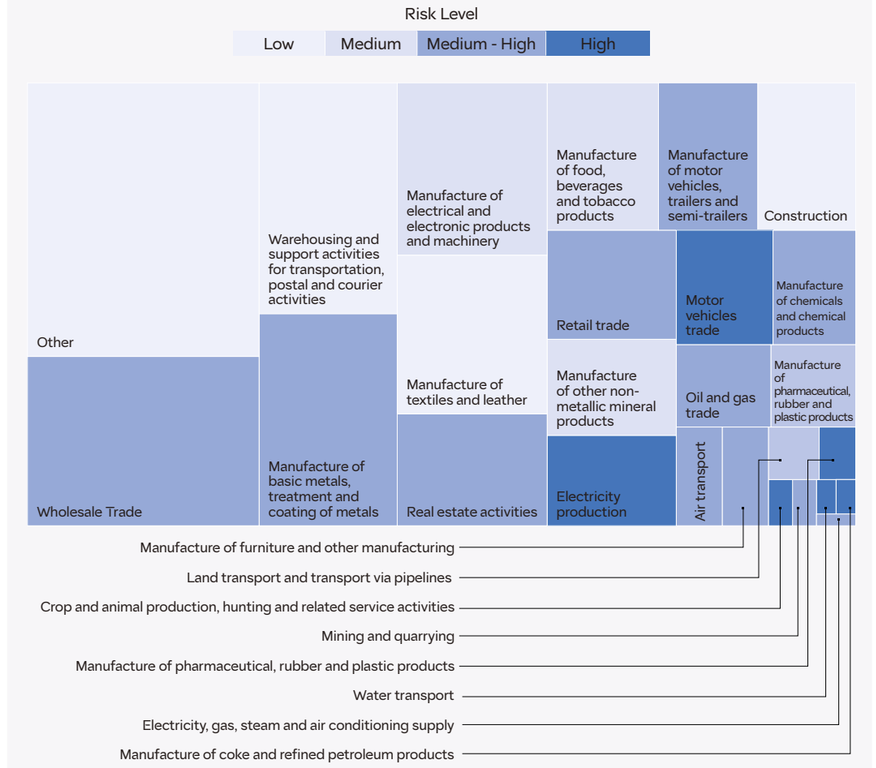
Credit Risks

No	TR1
Risk Type	Transition Risk
Name of the Risk	Elevated Credit Risk Due to Carbon Regulations and Climate Policy Adaptation
Risk Definition	Transition risk arising from carbon regulations and adaptation to climate policies reflects the financial pressures associated with the transition to a low-carbon economy. These pressures stem from carbon pricing mechanisms, emission reduction obligations, and related regulatory requirements, which are expected to increase operating costs, compress profitability, and weaken cash flows, particularly for borrowers operating in carbon-intensive sectors. In line with Türkiye's 2053 net zero target, the Carbon Border Adjustment Mechanism (CBAM) and evolving domestic climate policies, rising carbon costs may undermine borrowers' financial resilience and adversely affect their debt repayment capacity.
Timeframe	Short, Medium, Long
Current and Anticipated Effects on the Business Model and Value Chain	As of the 2025 reporting period, transition risks arising from carbon regulations and adaptation to climate policies have not had any realized or measured impact on the Parent Bank's credit portfolio that has been recognized in the financial statements. If these risks materialize, rising carbon costs are expected to compress the profit margins of borrowers operating in carbon-intensive sectors. In addition, the capital expenditure required to achieve emission reductions is likely to weaken borrowers' Debt Service Coverage Ratio (DSCR). Together, these effects are expected to increase the PDestimates and result in higher Expected Credit Losses (ECLs) across the Parent Bank's lending portfolio. The impact of carbon pricing and regulatory compliance costs is expected to become more pronounced over the medium term, increasing pressure on credit risk. Over the longer term, however, this pressure is expected to moderate as borrowers implement emission reduction investments and advance their low-carbon transition strategies.
Risk Impact Area	The impact of this risk is concentrated within the downstream segment of the Parent Bank's value chain primarily affecting its corporate customer portfolio. The cost implications of carbon pricing and regulatory compliance are transmitted to the Parent Bank's lending activities through borrowers operating in carbon-intensive industries, including power generation, construction, coke and refined petroleum products, automotive manufacturing, chemicals, oil and gas trading, and road transportation, where profitability and debt service coverage ratio may be adversely affected. Accordingly, this risk is classified as a credit risk within the Parent Bank's value chain. By comparison, the Parent Bank's own operations and upstream funding activities are expected to be only marginally affected.
Qualitative Assessment	Credit risks are not subject to qualitative assessment.
Impact on Financial Position, Financial Performance, and Cash Flows (Quantitative Assessment)	Under the Orderly Transition scenario and the assumptions applied, the analysis indicates a potential ECL impact on the Parent Bank's credit portfolio of approximately TL 3.017 billion by 2030 (medium term). Indicative impacts are estimated at approximately TL 2.848 billion in the short term, with modeled impacts peaking in the medium term before decreasing to approximately TL 683 million over the longer term. These estimates are intended to illustrate potential outcomes under the assessed scenario.
Judgments Applied in the Financial Assessment and Measurement Uncertainty	The financial impact assessment of transition risk was designed to quantify the effects of carbon pricing, climate-related regulations, and compliance costs arising from the transition to a low-carbon economy on the Parent Bank's credit portfolio in terms of ECL. The analysis assumes that these transition-related costs place pressure on borrowers' profitability, cash flows, and DSCR, thereby affecting their PD. To assess the financial implications of alternative climate policy pathways, the analysis employed climate scenarios developed by the Network for Greening the Financial System (NGFS). These included four scenarios: Orderly Transition (timely and predictable policy implementation), Disorderly Transition (a delayed and disorderly transition), Hot House World (limited climate policy action), and Too Little, Too Late (insufficient and delayed global policy coordination).The assessment covered the 2026–2050 period and was undertaken across short-, medium-, and long-term time horizons. Using scenario inputs obtained from the NGFS database, the analysis modeled both the carbon tax liabilities associated with borrowers' current emission profiles and the emission reduction and transition investments required under each scenario. The combined financial impact of these factors was assessed to construct a Transition Risk Index for each borrower, defined as a function of its DSCR and profit margin. A higher index value indicates greater exposure to transition risk. For the limited subset of borrowers for which current financial information was unavailable, the analysis used the average Transition Risk Index for the relevant sector where possible. Where sector-level data were also unavailable, the portfolio-wide average risk index was applied. This approach improved portfolio coverage. The relationship between the calculated Transition Risk Index and the Parent Bank's current PD estimates was analyzed using borrowers in the Corporate, Commercial, and SME segments for which 2024 financial data were available. The resulting statistical relationship was then used to project borrowers' forward-looking PDs under each NGFS scenario and to estimate scenario- and year-specific changes in ECL. Results under the NGFS Orderly Transition scenario indicate that the ECL impact of carbon pricing on the credit portfolio is expected to peak in the medium term (2030). Thereafter, as borrowers implement emission reduction investments and transition strategies, the associated credit risk is expected to decline gradually, resulting in a lower and more stable level of portfolio ECL by 2050. The financial impact estimates remain subject to measurement uncertainty arising from assumptions regarding climate scenarios, the future design of carbon pricing mechanisms, the scope and enforceability of climate regulations, and borrowers' ability to implement transition investments effectively and on schedule. Accordingly, the results should be interpreted as forward-looking estimates designed to provide a consistent and comparable assessment of the potential financial effects of transition risk on the Parent Bank's credit portfolio. The scenario analysis was performed using the Parent Bank's lending portfolio. Since many material borrowers of the Parent Bank's subsidiaries are also included within the Parent Bank's own portfolio, their exposure to climate-related risks was incorporated into the analysis. The consolidated impact was derived by scaling the unconsolidated results to reflect the size of subsidiary loan portfolios, recognizing that approximately 8% of legal entity credit risk exposures (excluding the micro segment) were held by subsidiaries at year-end.

Credit Risks

Judgments Applied in the Financial Assessment and Measurement Uncertainty	Sectoral transition risk levels were categorized into four groups, ranging from low to high risk, based on each sector's ECL impact ratio under the 2030 Orderly Transition scenario. Sectors with the lowest carbon intensity and transition exposure, such as wholesale trade, were classified as low risk, while sectors such as retail trade and real estate fell into the medium-risk category. Sectors with moderately high carbon exposure, including automotive and chemicals, were classified as medium-high risk. The highest-risk category comprised sectors with the greatest carbon intensity and transition investment requirements, namely power generation, construction, and petroleum refining. The resulting heat map is presented below.

Transition Risk Heat Map



Risk Response / Mitigation Measures	To manage the impact of transition risks arising from carbon pricing and climate policies on its lending portfolio, the Parent Bank is reshaping its business model with a focus on financed emissions and portfolio resilience. As part of its Net Zero Transition Plan, the Parent Bank conducted a transition risk assessment based on NGFS climate scenarios. The analysis identified the coal, cement, power generation, oil and gas, and iron and steel sectors as having the highest potential ECL impacts due to their high emissions intensity and exposure to climate risks. These sectors have therefore been designated as priority sectors, with 2050 net zero transition pathways and 2030 interim targets established to align resource allocation and lending decisions with the Parent Bank's long-term climate objectives. Accordingly, financing for carbon-intensive activities is being progressively restricted. New coal-fired power plants and coal mining projects have been included in the Parent Bank's Exclusion List, while restrictions have also been introduced on lending to SMEs engaged in coal mining, coal transportation, and coal trading. The Environmental and Social Risk Assessment (ESRA) Model is embedded in credit origination and monitoring processes, ensuring that sustainability-related risks are systematically assessed for high-value or long-tenor lending exposures.
Cost of Risk Response / Resource Allocation	From a capital allocation perspective, transition risks are managed through the Parent Bank's risk appetite framework and sector-specific lending policies, which impose limits on exposures to carbon-intensive activities. Since 2024, the Parent Bank has ceased providing financing for new coal-fired power plants and coal mining projects, and this policy has remained in effect throughout 2025.

Climate-Related Risks

Market Risks	
No	PR3
Risk Type	Physical Risk - Chronic
Name of the Risk	Risk of Net Interest Income Pressure Driven by Climate-Induced Food Inflation and Monetary Policy Tightening
Risk Definition	Climate change-induced drought, water stress and increasingly severe weather conditions may reduce agricultural productivity and increase the frequency of supply-side disruptions, creating upward pressure on global food prices. This is regarded as a primary climate risk for the Parent Bank, while any deterioration in inflationary dynamics caused by rising food prices could result in a stronger inclination for tighter monetary policies, which is an indirect reflection of this climate risk. The policy rate environment, shaped by the Central Bank's monetary policy decisions, directly influences the Parent Bank's asset-liability structure and funding costs. Climate-related inflationary pressures may lead to a tighter monetary policy stance, resulting in a prolonged period of elevated policy rates and higher funding costs. This, in turn, may compress lending-deposit spreads and place downward pressure on the Parent Bank's net interest income, one of its principal sources of earnings.
Timeframe	Short, Medium
Current and Anticipated Effects on the Business Model and Value Chain	As of the 2025 reporting period, no direct or separately identifiable impact of climate change-driven food inflation on the Parent Bank's net interest income has been observed or reflected in the financial statements. While food inflation is not expected to have a direct impact on net interest income given the Parent Bank's business model, the upward pressure climate change places on agricultural commodity prices could influence the cost structures, income stability, and requirements for market risk transactions for agricultural sector clients within the Parent Bank's lending portfolio. This also could point to a probable indirect pressure on the loan repayment performance and portfolio quality in the relevant customer segment. In addition, under a deviation scenario in which persistent food inflation requires the Central Bank to maintain a tighter monetary policy stance for longer than anticipated, funding costs could increase beyond current expectations. Such an environment may exert additional pressure on loan pricing, alter the Parent Bank's funding mix towards relatively higher-cost funding sources, and compress net interest margins. Consequently, climate-related inflationary pressures may indirectly reduce net interest income, particularly over the short to medium term.
Risk Impact Area	The impact of the risk materializes through two channels. The primary and direct impact is concentrated within the Parent Bank's own operations, affecting its asset-liability structure. Through the impact of tighter monetary policy on funding costs and lending-deposit spreads, the risk is transmitted to the Parent Bank's financial performance via net interest income. It is therefore classified as a market risk within the value chain. The secondary and indirect impact is observed in the downstream value chain, particularly among customers operating in the agricultural sector. Pressure on agricultural commodity prices may affect the credit quality of the Parent Bank's loan portfolio by influencing the cost structures and income stability of borrowers in this customer segment and, therefore, also gives rise to a credit risk dimension.
Qualitative Assessment	Market risks are not subject to qualitative assessment.
Impact on Financial Position, Financial Performance, and Cash Flows (Quantitative Assessment)	Under the assessed scenario and assumptions, the analysis suggests the potential for an impact on the Parent Bank's Turkish Lira net interest income (TL NII) in the short term, estimated at approximately TL 1,232,667 thousand.

Market Risks	
Judgments Applied in the Financial Assessment and Measurement Uncertainty	The financial impact assessment is based on the assumption that the materialization of chronic climate change-related physical risks will lead to higher global commodity prices, thereby triggering food inflation. Based on the metadata published by the Turkish Statistical Institute (TurkStat), food is assumed to account for approximately 25% of the Consumer Price Index (CPI) basket. Accordingly, it has been assumed that each additional one basis point increase in food prices would raise annual CPI inflation by 0.25 basis points. It is further assumed that the resulting increase in inflation would lead to a tightening of monetary policy under stress conditions, and a short-term interest rate shock has therefore been applied. The analysis assumes that this interest rate shock would increase funding costs, resulting in additional interest expense and, through this transmission channel, a reduction in net interest income. The magnitude of the impact was quantified using the Parent Bank's TL NII sensitivity analysis, resulting in an estimated loss of TL 1,232,667 thousand net interest income (TL NII). The measurement uncertainty associated with this calculation arises from the multi-stage transmission mechanism through which the impacts materialize and the fact that many of the key variables are exogenous. In particular, the results are sensitive to changes in the pass-through of food price shocks to CPI inflation, revisions to CPI basket weights over time, the timing and magnitude of the monetary policy response to shocks, the extent to which market interest rates move in line with policy rates, and differences in the repricing dynamics of banking assets and liabilities. Additional uncertainty arises from the degree to which higher interest rates are passed through to deposit costs, potential changes in the composition of funding sources, and the secondary effects of customer behavior on net interest margins. Accordingly, the analysis is based on the selected scenario assumptions and sensitivity parameters and is intended to illustrate the potential impact on net interest income under a short-term stress scenario.
Risk Response / Mitigation Measures	To manage the potential pressure of climate-related inflation and monetary policy tightening on net interest income, the Parent Bank applies a structural balance sheet and interest rate risk management framework. The Asset and Liability Committee (ALCO) is responsible for monitoring, controlling, and managing the Parent Bank's balance sheet structure, structural asset-liability mismatches, and liquidity risk. In fulfilling these responsibilities, the Committee reviews the monthly reports prepared by the Risk Management function and identifies matters requiring management attention from a risk perspective. In 2025, particular emphasis was placed on balance sheet management to maintain an appropriate balance between assets and liabilities and preserve the Parent Bank's financial resilience. In response to declining interest rates and heightened volatility in long-term interest rates, the Parent Bank pursued proactive measures to secure lower-cost funding while simultaneously implementing prudent strategies to mitigate potential market movements. On the customer side, the Treasury function offers hedging solutions, including foreign exchange and interest rate risk management products, derivative structures, and interest rate swaps (IRS), enabling customers to manage interest rate volatility. These solutions also support customers across the real sector, including those operating in the agricultural sector, in managing fluctuations in financing costs.
Cost of Risk Response / Resource Allocation	Resources allocated to address this risk are deployed indirectly through the monitoring, hedging, and funding management activities performed by the Asset and Liability Committee (ALCO) and the Treasury function as part of the Parent Bank's structural balance sheet and interest rate risk management framework. The associated costs are monitored.

Climate-related Opportunities

Credit Opportunities	
No	01
Opportunity Type	Credit Opportunity - Sustainable Products and Services
Opportunity Name	Opportunity to Expand the Sustainable Loan Portfolio Through Financing the Blue Economy and Sustainable Tourism
Description of Opportunity	In Türkiye, increasing environmental regulations, national strategies and alignment with international certification schemes (such as GSTC and ASC) are accelerating the adoption of practices aimed at protecting biodiversity, water resources, forests and marine ecosystems. This transformation drives the demand for finance from sectors operating within the blue economy and sustainable tourism, presenting a strategic opportunity for the banking sector to develop sustainability-linked lending products. In this respect, the Parent Bank has conducted a sustainable finance assessment covering companies holding Aquaculture Stewardship Council (ASC) certification in the fisheries sector and Global Sustainable Tourism Council (GSTC) certification in the tourism and hospitality sector, evaluating the lending eligibility of businesses that meet responsible aquaculture and environmental and social sustainability criteria.
Timeframe	Medium
Current and Anticipated Effects on the Business Model and Value Chain	The Parent Bank's issuance of Türkiye's first USD 25 million Blue Bond in October 2024 and the launch of its Blue Loan products have enhanced the Parent Bank's access to thematic and sustainable funding sources, strengthened relationships with international investors, and enabled these funds to be channeled towards blue economy sectors such as tourism, maritime, fisheries and aquaculture. The Blue Loan Program offered to GSTC- and ASC-certified customers has expanded the Parent Bank's sustainable finance portfolio, increased lending volumes, and cemented its market position. Looking ahead, increasing regulatory expectations arising from the implementation of the National Biodiversity Strategy and Action Plan, the EU Green Deal and the Kunming-Montreal Global Biodiversity Framework are expected to drive corporate demand for financing biodiversity-related transition investments and measures aimed at reducing biodiversity impacts. Furthermore, under Türkiye's objective of increasing the number of GSTC-certified hotels by 2030, approximately 20,000 additional hotels are expected to enter the certification process, generating substantial financing demand across the sector. Having established an early market position through its Blue Bond issuance and Blue Loan products, the Parent Bank is well-positioned to respond to this regulation-driven demand while further aligning its business model with a biodiversity-focused transition.
Opportunity Impact Area	The opportunity is concentrated across two segments of the value chain. Its primary impact is observed in the downstream value chain, where lending and project finance provided to certified corporate and commercial clients operating in the tourism and hospitality, fisheries, aquaculture, and maritime sectors expand the Parent Bank's sustainable lending portfolio. A secondary benefit materializes within the Parent Bank's own operations through the development of Blue Bonds and other thematic lending products, broadening its product offering while reinforcing its funding base.
Qualitative Assessment	**Likelihood:** Likely - Resources are available; implementation requires prioritization and management approval. **Impact category:** Impact on business objectives **Impact significance:** Very high **Gross opportunity score:** 20 **Net opportunity score:** 14
Impact on Financial Position, Financial Performance, and Cash Flows (Quantitative Assessment)	Looking ahead, in line with Türkiye's target for the number of GSTC-certified hotels, Blue Bond-funded lending is projected to range between TL 642 million (minimum scenario) and TL 9.0 billion (maximum scenario) by the end of 2030.

Credit Opportunities	
Judgments Applied in the Financial Assessment and Measurement Uncertainty	The quantitative assessment was designed to measure The Parent Bank's potential to capture transition finance demand arising from the sustainable tourism and hospitality sector through its blue finance products. Accordingly, the opportunity scenario centers on GSTC certification requirements introduced under Türkiye's sustainable tourism policies, and the scope of the quantitative assessment is confined to the tourism and hospitality sector. Other blue economy sectors identified in the IFC Guidelines for Blue Finance were excluded from the quantitative calculation because the regulatory frameworks, investment requirements, and demand projections for these sectors in Türkiye are not equally quantifiable, leading to a high degree of measurement uncertainty. According to information published by GSTC, 2,005 hotels in Türkiye held GSTC certification as of the reporting period. The analysis assumes that this figure will reach 22,000 hotels by 2030, consistent with the national policy target. On this basis, an additional 19,995 hotels are assumed to undergo certification during the assessment period. To estimate financing requirements on a per-hotel basis, funding amounts published under official public subsidy programs were used as representative benchmarks for transition investments and certification preparation costs. Specifically, the lower and upper grant thresholds announced under the Western Mediterranean Development Agency (BAKA) support program served as reference values, resulting in assumed investment requirements of TL 500,000 per hotel under the lower-case scenario and TL 7,000,000 under the upper-case scenario. Auditor fees and certificate issuance costs were also incorporated into the analysis, based on the assumption of two audits and two certificate issuances per hotel over a five-year period. Based on these assumptions, the sector's total financing requirement by 2030 is estimated to range from TL 17,097,500,000 under the lower-case scenario to TL 239,365,000,000 under the upper-case scenario. The assessment further assumes that 80% of the required investment will be financed through bank lending, with the remaining 20% funded through equity. The Parent Bank's potential participation is assumed to remain constant at 4.7% throughout the period, reflecting its current market share within the tourism and hospitality segment. Applying these assumptions (total sector financing requirement × 80% credit ratio × 4.7% market share), the Parent Bank's potential lending volume to the tourism and hospitality sector by 2030 is estimated to range between TL 642,866,000 under the lower-case scenario and TL 9,000,124,000 under the upper-case scenario. These estimates are subject to significant measurement uncertainty arising from potential revisions to the 2030 certification target and its implementation timeline, considerable variation in transition investment requirements across individual hotels, changes to the availability and conditions of public support programs, the sensitivity of tourism investment and borrowing demand to macroeconomic conditions, and the assumption that the Parent Bank's market share remains unchanged throughout the assessment period.
Opportunity Realization Actions	To capitalize on the opportunities arising from the blue economy and sustainable tourism finance, the Parent Bank has embedded thematic product development, certification-based client selection, and international partnerships into its business strategy. In 2024, it issued Türkiye's first Blue Bond and launched its Blue Loan products. Through the QNB Blue Loan program, which is designed to support marine ecosystems, water resources and climate-friendly investments, businesses holding Global Sustainable Tourism Council (GSTC) and Aquaculture Stewardship Council (ASC) certifications are provided with structured, long-term financing solutions at preferential interest rates, enabling access to cost-effective funding. In addition, through the Blue Sustainability Loan Program, implemented in collaboration with the International Finance Corporation (IFC) for SME and commercial banking clients, blue transition investments undertaken by GSTC- and ASC-certified customers are supported through interest discount incentives. Within this framework, financing is offered on preferential terms, particularly to businesses operating in the tourism sector. As part of its sustainable finance assessments, the Parent Bank evaluates the credit eligibility of certified businesses operating in the tourism and hospitality and fisheries sectors. This approach has enabled the early development of financing solutions centered on biodiversity and marine ecosystem conservation while establishing the Parent Bank as an early mover in this market.
Capital/Resource Allocation Towards the Opportunity	Resource allocation supporting this opportunity is reflected in both funding activities and extensions. On the funding side, the Parent Bank secured TL 4.4 billion (USD 125 million) in 2024 through Green Bond issuances and Türkiye's inaugural Blue Bond, executed in partnership with IFC and the European Bank for Reconstruction and Development (EBRD). These proceeds have established a dedicated thematic funding base for financing blue economy-related sectors. On the extension side, the outstanding loan volume under the Blue Loan Program rose from approximately TL 60.3 million (EUR 1.2 million) in 2024 to approximately TL 4.07 billion (EUR 81 million) in 2025, representing year-on-year growth of approximately 6,650%. As of year-end 2025, customers holding Sustainable Tourism certification accounted for 62% of the Parent Bank's total tourism and hospitality portfolio, while 58% of total loan disbursements within this portfolio were extended to certified customers. Monitoring of certified customers commenced in 2025 through manual verification using the Türkiye Tourism Promotion and Development Agency website. Accordingly, comparable data for 2024 are not available.

Climate-related Opportunities

Credit Opportunities	
No	02
Opportunity Type	Credit Opportunity - Sustainable Project Finance
Opportunity Name	Opportunity for Project Finance Driven by the Rise in Electrification and Renewable Energy Investments
Description of Opportunity	The accelerating electrification of multiple sectors in Türkiye, particularly transportation, heating and industry, is broadening the share of electricity in final energy consumption. Against the backdrop of Türkiye's high dependence on imported energy and its energy-related current account deficit, the anticipated growth in electricity demand is elevating renewable power generation, self-consumption energy systems, energy storage solutions and energy efficiency investments to strategic priorities. This transition is expected to drive demand for long-term, thematic financing for renewable energy and energy efficiency projects, creating significant growth opportunities for banks in sustainable project finance and sustainable finance more broadly.
Timeframe	Medium
Current and Anticipated Effects on the Business Model and Value Chain	The Parent Bank has identified the energy transition as a strategic priority within its green transition agenda and continues to scale up financing for renewable energy generation and energy efficiency investments. Supported by the Parent Bank's sustainable project finance capabilities and its focus on medium- and long-term lending, this approach is contributing to growth in both lending volumes and interest income as electricity demand and electrification trends continue to gather momentum. During the reporting period, priority was given to renewable energy projects—particularly unlicensed solar photovoltaic (PV) installations developed for self-consumption—and sustainability-linked project finance facilities extended to these projects made a tangible contribution to the Parent Bank's loan portfolio and interest income. In the medium term, rising electricity demand and national policy objectives to expand installed renewable energy capacity are expected to stimulate financing demand for renewable power generation, self-consumption solar PV systems, energy storage and energy efficiency investments. This growing demand is expected to enlarge the Parent Bank's long-term lending portfolio, increase the share of renewable energy project finance and energy efficiency loans within its overall project finance portfolio, and support the development of a more stable and predictable interest income profile. At the same time, the increasing number and scale of eligible projects are expected to further consolidate the Parent Bank's position in the sustainable finance market.
Opportunity Impact Area	The opportunity impact is concentrated within the downstream segment of the value chain, primarily among corporate and commercial customers. Through the provision of long-term project finance and sustainability-linked loans to businesses investing in renewable power generation, unlicensed self-consumption solar PV systems, energy storage, and energy efficiency projects, the opportunity translates into higher lending volumes and interest income for the Parent Bank. Accordingly, it is classified within the value chain as a credit / sustainable project finance opportunity. Realization of this opportunity is also expected to deepen the Parent Bank's relationships with energy-intensive sectors and corporate clients undergoing transition, while the upstream funding segment of the value chain plays a supporting role by providing the funding sources required to finance these activities.
Qualitative Assessment	**Likelihood:** Likely - Resources are available; implementation requires prioritization and management approval. **Impact category:** Impact on business objectives **Impact significance:** Very high **Gross opportunity score:** 20 **Net opportunity score:** 18
Impact on Financial Position, Financial Performance, and Cash Flows (Quantitative Assessment)	As of the 2025 reporting year, the Parent Bank's total disbursements for renewable energy project finance amounted to TL 17.4 billion (USD 405 million). Taking into account Türkiye's renewable energy installed capacity expansion targets, the Parent Bank estimates that cumulative lending in this area could reach between TL 10.6 billion (minimum scenario) and TL 17.9 billion (maximum scenario) by the end of 2030.

Credit Opportunities	
Judgments Applied in the Financial Assessment and Measurement Uncertainty	The quantitative assessment is based on the assumption that increasing electricity demand driven by electrification will accelerate investments in expanding Türkiye's installed renewable energy capacity in line with national energy policies, creating a medium-term (2030) growth opportunity for the banking sector through project finance. Owing to data availability and the quantifiability of national targets, the analysis is limited to hydropower, wind, and solar photovoltaic (PV) investments. Other renewable technologies, including geothermal and biomass, as well as energy storage and energy efficiency investments, were excluded because comparable national targets and cost data are not available with the same level of consistency. Türkiye's total installed electricity generation capacity for 2025 and the distribution across hydropower, wind and solar were derived from data published by the Ministry of Energy and Natural Resources. As of 2025, total installed capacity stood at 122.5 GW, comprising 32.3 GW of hydropower (26.4%), 14.8 GW of wind power (12.1%), and 25.1 GW of solar power (20.5%). According to the official targets set out in Türkiye's National Energy Plan, installed capacity is expected to reach 35.1 GW for hydropower, 18.1 GW for wind, and 32.9 GW for solar power by 2030. Achieving these targets would require the addition of approximately 2.8 GW of hydropower, 3.3 GW of wind capacity, and 7.8 GW of solar power capacity between 2025 and 2030. The associated investment requirement was estimated using unit cost assumptions published in the International Renewable Energy Agency (IRENA) report Renewable Power Generation Costs in 2024. As offshore wind projects are not currently deployed in Türkiye, onshore wind investment costs were used as the relevant benchmark. Unit capital costs were assumed to be USD 2,267/kW for hydropower, USD 1,041/kW for wind power, and USD 691/kW for solar PV. Based on these assumptions, cumulative investment requirements through 2030 were estimated at approximately USD 6.25 billion for hydropower, USD 6.38 billion for wind power, and USD 5.38 billion for solar PV, representing a total renewable energy investment requirement of approximately USD 18.0 billion. The analysis further assumes that 75% of total investment requirements will be financed through borrowing/loan and 25% through equity. The Parent Bank is assumed to finance 2.2% of this investment requirement under the lower-case scenario and 3.7% under the upper-case scenario. On this basis, potential borrowing demand directed to the Parent Bank for renewable energy projects by 2030 is estimated at USD 2,480,528,168 under the lower-case scenario and USD 4,171,797,367 under the upper-case scenario. Using the USD/TL exchange rate as of 31 December 2025, this corresponds to approximately TL 106.5 billion and TL 179.1 billion, respectively. These estimates are subject to measurement uncertainty arising from several factors, including the pace and extent of progress towards the 2030 installed capacity targets, project development constraints such as permitting, grid connection capacity and resource availability, changes in technology costs and financing conditions, potential fluctuations in the Parent Bank's assumed market share due to competitive dynamics and portfolio priorities, and the fact that IRENA's unit cost assumptions reflect global averages rather than project costs specific to Türkiye.
Opportunity Realization Actions	To capitalize on the renewable energy project finance opportunity, the Parent Bank has positioned the energy transition as a strategic priority within its green transition agenda and, in line with its sustainability strategy, provides financing for renewable energy investments through a self-consumption model designed to help businesses reduce both energy costs and carbon footprints. Through its Project and Structured Finance function, the Parent Bank offers a range of financing solutions, including project finance loans, export credit agency (ECA) facilities, syndicated loans, and secondary market loans, while prioritizing renewable energy projects—particularly unlicensed solar PV installations developed for self-consumption. In 2025, renewable energy investments represented the largest share of project finance lending. The renewable energy project finance portfolio comprised 38% solar, 37% hydropower, 15% wind, and 10% geothermal projects. The Parent Bank also participated in the EIF Energy Expo, held between 8-10 October 2025, to raise awareness of its financing solutions for the energy sector. In addition, initiatives were undertaken to strengthen the sector-specific knowledge and technical capabilities of employees joining its corporate and commercial banking branches, supporting the Parent Bank's capacity to serve clients throughout the energy transition.
Capital/Resource Allocation Towards the Opportunity	Resource allocation in support of this opportunity is reflected in the Parent Bank's lending and project finance activities for the renewable energy sector. Total lending extended to the sector increased from TL 1.63 billion in 2024 to TL 4.5 billion (USD 106 million) during the 2025 reporting period. Over the same period, project finance provided for renewable energy projects rose from TL 11.6 billion in 2024 to TL 17.3 billion (USD 405 million) in 2025. These facilities finance projects related to electricity generation, energy infrastructure, and low-carbon technologies. The figures presented above represent the Parent Bank's lending and project finance extended to the renewable energy sector. The resources supporting this opportunity are sourced through sustainability-themed external funding instruments that underpin the implementation of the Parent Bank's strategy. Details of these funding sources are provided under the **"Resource/ Capital Allocation to the Opportunity" section of Opportunity F4**.

Climate-related Opportunities

Credit Opportunities	
No	03
Opportunity Type	Credit Opportunity - Sustainable Products and Services
Opportunity Name	Sustainable Financing Opportunity Driven by Carbon Regulations and Green Taxonomy Alignment
Description of Opportunity	Türkiye's updated Nationally Determined Contribution (NDC) in line with its 2053 net zero emissions target, ongoing work on the Climate Law, and the establishment of an Emissions Trading System (ETS) are expected to make carbon an explicit economic cost and position emissions reduction as a strategic priority for businesses. As energy policies, carbon pricing mechanisms and green taxonomy frameworks continue to evolve, companies are expected to accelerate investments in renewable energy, energy efficiency and low-carbon production in order to comply with regulatory requirements and reduce carbon-related costs. This evolving policy and regulatory landscape presents a structural opportunity for banks by increasing demand for sustainability-aligned lending and sustainability-linked project finance, thereby supporting the expansion of sustainable finance portfolios.
Timeframe	Medium-Long
Current and Anticipated Effects on the Business Model and Value Chain	As carbon regulations and sustainability expectations continue to strengthen, customers are expected to increase investments in renewable energy, energy efficiency, and low-carbon production to reduce emissions and comply with evolving regulatory requirements. Accordingly, the volume of renewable energy financing and sustainability-aligned project finance increased during the 2025 reporting period compared with the previous year (see Opportunity O2 - "Capital/Resource Allocation Towards the Opportunity"). The increasing share of the Parent Bank's sustainability-aligned financing within its overall lending portfolio is contributing positively to both sustainable lending volumes and interest income. As this trend is expected to continue over the medium and long term, further growth in green and sustainable project finance is anticipated, supporting higher interest and fee income.
Opportunity Impact Area	The opportunity is concentrated primarily within the downstream value chain, through the Parent Bank's corporate, commercial, and retail customer segments. By providing sustainability-aligned loans and project finance to customers investing in renewable energy, energy efficiency and low-carbon production to reduce carbon costs and comply with regulatory requirements, the opportunity is reflected in the Parent Bank's sustainable lending portfolio and is therefore classified under the credit/sustainable finance category within the value chain. The continued growth of sustainability-aligned financing also reinforces the Parent Bank's position as a financing partner supporting customers throughout the climate transition, while the upstream funding segment of the value chain plays a supporting role by providing the funding base required to capture this opportunity.
Qualitative Assessment	**Likelihood:** Possible: Feasible, but requires cross-functional changes and/or moderate capital expenditure. **Impact category:** Impact on business objectives **Impact significance:** Very high **Gross opportunity score:** 15 **Net opportunity score:** 10.5
Impact on Financial Position, Financial Performance, and Cash Flows (Quantitative Assessment)	The combined financial impact of this opportunity on the Parent Bank's financial position and performance could not be quantified with sufficient reliability due to the evolving nature of the regulatory framework, significant uncertainties surrounding market and customer behavior, and the high degree of reliance on forward-looking assumptions. From a qualitative perspective, however, the expected increase in emission reduction investments driven by carbon regulations and green taxonomy requirements is considered likely to have a positive effect on the Parent Bank's sustainable and green lending portfolio. Rising demand for financing renewable energy, energy efficiency, and low-carbon production projects is expected to expand the share of sustainability-aligned lending and project finance products, supporting both interest income generation and greater diversification of the Parent Bank's credit portfolio across sectors and products, thereby enhancing portfolio resilience.

Credit Opportunities	
Impact on Financial Position, Financial Performance, and Cash Flows (Quantitative Assessment)	This combined effect comprises the Blue Economy and Sustainable Tourism Financing opportunity (F1) and the Electrification and Renewable Energy Project Finance opportunity (F2), both of which are driven by the same underlying regulatory and market developments. Under F1, additional lending potential through Blue Bonds and Blue Loan products is estimated at between TL 642 million and TL 9.0 billion, while under F2, additional lending to renewable energy projects is estimated at between TL 106 billion and TL 172 billion.
Judgments Applied in the Financial Assessment and Measurement Uncertainty	No separate quantitative financial impact assessment was performed for this opportunity. A robust quantification of its overall impact on the Parent Bank's financial position and performance was not considered feasible due to the evolving nature of the relevant regulatory framework (including the green taxonomy, the Emissions Trading System (ETS), and the Climate Law), the high degree of uncertainty surrounding market and customer behavior, and the significant reliance on forward-looking assumptions. The extent to which the opportunity materializes will largely depend on factors beyond the Parent Bank's direct control, including the pace of customers' investments in emission-reduction technologies, sector-specific regulatory developments, technology costs, public incentives, macroeconomic conditions, and access to financing. These factors make it difficult to attribute increases in sustainable financing volumes directly to Bank-specific financial outcomes. Accordingly, the financial implications of the opportunity have been assessed qualitatively rather than quantitatively. The direction and potential magnitude of the impact are based on the scenarios developed for Blue Economy and Sustainable Tourism Financing (F1) and Renewable Energy Project Finance (F2), together with the assumptions underpinning those scenarios. The methodologies and measurement uncertainties associated with the F1 and F2 scenarios are discussed in detail under the respective opportunity disclosures.
Opportunity Realization Actions	To capture the sustainable finance opportunity arising from carbon regulations and alignment with the green taxonomy, the Parent Bank continues to expand its portfolio of sustainability-aligned lending and financial products under the QNB Sustainable Finance and Product Framework. Through its Green Transition Loan Program, the Parent Bank supports customers' green transition investments aimed at reducing their carbon footprints. Under the program, the Green Performance Loan, which offers progressively lower interest rates as customers achieve their carbon reduction targets, provides step-down pricing over the life of the loan based on sustainability performance. The program also supports circular economy practices by providing financing and refinancing for machinery and equipment investments that enable the use of recycled or recovered raw materials. In addition, training programs for both field staff and management teams help customers navigate compliance with evolving sustainability regulations. On the retail banking side, the Parent Bank offers products that promote low-carbon consumption, including preferential loan pricing and a 50% discount on loan allocation fees for the purchase of residential properties with Energy Performance Certificate (EPC) ratings of A or B, as well as for electric and hybrid vehicles.
Capital/Resource Allocation Towards the Opportunity	Capital allocation towards this opportunity is reflected in the volume of sustainability-aligned financing. The share of project finance loans with maturities of at least two years and values of TL 428 million (USD 10 million) or more that are aligned with the QNB Sustainable Finance and Product Framework rose to 33.64% in 2024, corresponding to TL 36.6 billion (USD 855,167,426) of financing. In 2025, this share rose further to 37.8%, while the total financing provided under the framework amounted to TL 44 billion (USD 1,031,744,985). In the environmentally friendly housing and consumer lending portfolio, the Parent Bank disbursed TL 8.1 million of green loans in 2024, followed by TL 3.25 million of Energy Class B Housing Loans during 2025. The Parent Bank also supports the sustainable finance ecosystem through climate-themed investment products. QNB Portfolio manages the Clean Energy and Water Fund of Funds, which invests in mutual funds and exchange-traded funds with at least 80% of their portfolios allocated to clean energy and water themes (with a minimum 40% allocation to each theme). The sustainable investment portfolio tracking the QNB Clean Energy Index reached TL 117.5 million as of year-end 2025, compared with TL 71.4 million at year-end 2024.

Climate-related Opportunities

Market Opportunities	
No	I4
Opportunity Type	Resource/Funding Opportunity - Sustainable Borrowing and Access to Capital
Opportunity Name	Green and Thematic Borrowing Opportunity Linked with Carbon Regulations and Green Taxonomy
Description of Opportunity	As global and national climate policies become more stringent, sustainable debt markets continue to expand, and green, social, and sustainable bond instruments become increasingly prevalent in capital markets, banks' access to sustainable funding sources is improving significantly. Against this backdrop, banks have an opportunity to issue green and thematic debt instruments, broaden their international investor base and diversify their sustainable funding sources.
Timeframe	Short, Medium, Long
Current and Anticipated Effects on the Business Model and Value Chain	As the global sustainable debt market expands and Türkiye's capital markets regulatory framework continues to evolve, banks are gaining greater access to green and thematic bond markets. In this context, the Parent Bank issued a global Climate Transition Bond in 2025, aligned with ICMA standards and supported by the IFC. The transaction broadened the Parent Bank's sustainable funding base and expanded its access to international investors. In addition, sustainable bond issuances and syndicated loans executed in partnership with the EBRD diversified the Parent Bank's external funding sources and had a tangible impact on both its finance strategy and funding structure. As global investor demand for green, sustainable and climate transition-themed debt instruments continues to grow, banks are expected to gain access to a broader international investor base. The Parent Bank's early experience in these markets is expected to support greater diversification of its international funding sources and improve the maturity profile of its external borrowings over the medium term, thereby strengthening both funding maturity and funding source diversification. Furthermore, the increasing use of green and thematic debt instruments supports greater diversification of long-term international borrowings on the liabilities side of the balance sheet. This is expected to enhance the Parent Bank's ability to extend the maturity profile of its funding, reduce short-term refinancing risk, and reinforce the stability and sustainability of its overall funding structure.
Opportunity Impact Area	The opportunity is concentrated within the upstream funding segment of the value chain and the Parent Bank's own balance sheet and treasury management activities. Unlike the Parent Bank's other climate-related opportunities, this opportunity relates directly to the Parent Bank's funding sources rather than customer lending. Through the issuance of green, social, sustainable, and climate transition-themed bonds, together with sustainability-linked syndicated loans, the Parent Bank expands access to international investors and diversifies its external funding base. Accordingly, this opportunity is classified within the funding/market category of the value chain. While the opportunity primarily strengthens the liabilities side of the Parent Bank's balance sheet through long-term international funding, the proceeds are subsequently channeled into sustainable lending products, thereby indirectly supporting downstream lending activities.
Qualitative Assessment	**Probability:** High: "Quick Win." Can be implemented using existing resources and budget. **Impact category:** Impact on business objectives **Impact significance**: Very high **Gross opportunity score:** 25 **Net opportunity score:** 17.5
Impact on Financial Position, Financial Performance, and Cash Flows (Quantitative Assessment)	A reliable quantitative assessment of this opportunity's financial impact on the Parent Bank's financial position and performance was not considered feasible due to the high degree of uncertainty surrounding global market conditions and investor behavior. From a qualitative perspective, however, increased issuance of green and thematic debt instruments is expected to expand the Parent Bank's long-term international borrowings and increase their share within total liabilities. At the same time, as a greater proportion of these funding proceeds is deployed through sustainable finance products, both the overall size of the loan portfolio and the share of green and sustainable lending within the total portfolio are expected to increase.

Market Opportunities	
Impact on Financial Position, Financial Performance, and Cash Flows (Quantitative Assessment)	From an income statement perspective, growth in the loan portfolio, together with relatively more favorable funding costs, is expected to support higher net interest income. In addition, increased transaction volumes and structuring activities associated with sustainable finance products are expected to contribute positively to net fee and commission income. Where issuances are executed under favorable market conditions, they may also reduce interest expense and contribute to a more predictable funding cost profile.
Judgments Applied in the Financial Assessment and Measurement Uncertainty	No separate quantitative financial impact assessment was performed for this opportunity. A reliable quantification of the opportunity's impact on the Parent Bank's financial position and financial performance was not considered feasible due to the high degree of uncertainty surrounding global market conditions and investor behavior. The financial impact of the opportunity depends largely on factors beyond the Parent Bank's direct control, including liquidity conditions in international capital markets, investor demand, the timing of issuances, the interest rate environment, developments in credit ratings, and changes in the regulatory framework. The cost advantages, contribution to funding maturity, and effects on balance sheet resilience associated with funding raised through green and thematic debt instruments may vary over time and across individual instruments depending on market conditions. As a result, these effects cannot be directly measured through a single line item in the financial statements. Accordingly, the opportunity has been assessed qualitatively rather than quantitatively, in terms of its potential positive implications for long-term funding strategy, balance sheet flexibility, and value creation capacity.
Opportunity Realization Actions	The Parent Bank continues to strengthen the transparency and credibility of its sustainability profile, which underpins its access to sustainable funding sources. In this context, it published its first TSRS Report in 2025, began reporting its Green Asset Ratio to the BRSA from the second quarter of 2025 onwards, and has continued to disclose its sustainability performance regularly to investors and the public through CDP disclosures and its Integrated Annual Reports. Bolstered by robust corporate governance and compliance mechanisms, this transparency framework strengthens the Parent Bank's credibility among international ESG investors, facilitating access to sustainable debt instruments and green and thematic funding sources. Building on this foundation, the Parent Bank has positioned sustainable funding instruments and international partnerships at the core of its funding strategy to capitalize on green and thematic financing opportunities. It has adopted a policy of executing all syndicated loans under sustainability-themed structures. In 2025, the Parent Bank secured a USD 600 million sustainability-linked syndicated loan comprising one-, two-, and three-year tranches, as well as Türkiye's first sustainability-linked syndicated loan consisting exclusively of two- and three-year tranches, amounting to USD 450 million, setting a market precedent. On the bond issuance side, in partnership with IFC, the Parent Bank issued Türkiye's first Climate Transition Bond aligned with ICMA standards. In collaboration with the EBRD, it also structured the Triple Impact Bond, bringing together three distinct impact themes—climate, women, and youth—within a single financing instrument. The Parent Bank further issued Green Bonds to finance renewable energy and sustainable infrastructure projects, alongside Social Bonds supporting social inclusion initiatives. In addition, it introduced the market's first sustainable deposit product and executed its first sustainability-linked derivative transaction, broadening its suite of sustainable funding and treasury solutions.
Capital/Resource Allocation Towards the Opportunity	Capital allocation in support of this opportunity is reflected in the volume of funding raised through sustainable borrowing instruments. In 2024, the Parent Bank raised TL 17.64 billion (USD 500 million) through its inaugural Sustainability Eurobond issuance, together with TL 4.4 billion (USD 125 million) through Green Bonds issued in partnership with IFC and EBRD, and Türkiye's first Blue Bond issuance. In 2025, the Parent Bank issued Türkiye's first five-year Climate Transition Bond in collaboration with IFC, raising TL 4.2 billion (USD 100 million), and a five-year Triple Impact Bond with the EBRD for an additional TL 4.2 billion (USD 100 million). Sustainability-linked syndicated loans grew from TL 23.0 billion (USD 650 million) in 2024 to TL 44.9 billion in 2025. Sustainable funding instruments accounted for 34.4% of the Parent Bank's total external borrowings at year-end 2024, equivalent to TL 73 billion (USD 2.1 billion). By year-end 2025, the outstanding amount had reached TL 107 billion (USD 2.5 billion), representing 30.4% of total external borrowings. Through its Green/Sustainable Deposit product, the Parent Bank mobilized TL 5.3 billion in funding in 2024 and a further TL 1.06 billion in 2025.

Total Amount of Assets or Business Activities Vulnerable to Risks[1]

The aggregate carrying amount of assets within the Parent Bank's loan portfolio identified as vulnerable to climate-related risks is presented below. These amounts have been determined based on the scenario analyses conducted for both physical and transition climate risks.

Risk Category	Vulnerable Asset Definition	Amount of Vulnerable Assets (TL)	Share in Total Portfolio (%)[2]
Transition Risk Elevated Credit Risk Due to Carbon Regulations and Climate Policy Adaptation	Under the Orderly Transition scenario, where the impacts of transition risk are highest, the vulnerable portfolio is defined as the one projected to generate additional Expected Credit Losses (ECLs) driven by transition-related climate risks. No sectoral segmentation has been applied in the transition risk analysis; all customers expected to be affected by transition risks under the NGFS scenarios are included within the scope.	543,849,099,850	35.0%
Physical Risk - Elevated Credit Risk Due to Water Stress and Drought	The vulnerable portfolio comprises borrowers operating primarily in sectors directly dependent on water resources or requiring intensive water use in their operations, for which additional Expected Credit Losses (ECLs) arising from water stress are projected.	15,638,789,948	1.0%
Physical Risk- Elevated Credit Risk Due to Acute Physical Climate Events	The vulnerable portfolio is expected to incur additional Expected Credit Losses (ECLs) under the RCP 8.5 scenario, where physical risk impacts are projected to be most severe. This includes borrowers whose collateral consists of real estate pledged to the Parent Bank, as well as borrowers within the project finance portfolio whose production facilities or income-generating assets are exposed to any of the four physical hazards assessed.	137,660,489,210	7.8%
Unduplicated Total		563,414,923,716	36.2%

[1] In accordance with Articles B6 and B10 of TSRS 2, all reasonable and supportable information available as of the reporting date, obtained without incurring excessive costs and/or effort, has been disclosed for this period as part of the Parent Bank's financial information.

[2] The total portfolio figure considered when determining the percentage of vulnerable assets is the unconsolidated cash risk balance subject to the "Expected Credit Risk Calculation."

Since individual borrowers may be exposed to more than one climate risk category, the same borrower's exposure may be reflected in the amounts presented under more than one risk category. After eliminating duplicate exposures, the total carrying amount of the portfolio exposed to at least one climate-related risk is TL 563,414,923,716.

Although the portfolio included in the transition risk assessment represents 35.0% of the total portfolio, customers whose Expected Credit Losses (ECLs) are projected to grow by more than 50% under the 2030 Orderly Transition Scenario, which produces the highest estimated impact, account for 5.0% of the total portfolio.

Similarly, although the portfolio included in the acute physical risk assessment represents 7.8% of the total portfolio, customers whose Expected Credit Losses (ECLs) are projected to grow by more than 50% under the long-term horizon, where the highest impacts are expected, account for 1.9% of the total portfolio.

Total Amount of Assets or Business Activities Aligned with Climate-related Opportunities[1]

Information on the amount of assets aligned with climate-related opportunities and their share of the Parent Bank's total portfolio is presented below.

Opportunity Name[2]	Aligned Asset Definition	Aligned Asset Amount (TL)	Share (%)[3]
Expanding the Sustainable Loan Portfolio Through Financing the Blue Economy and Sustainable Tourism	Current loan portfolio for the tourism and hospitality sector	16,641,853,909.74	1.1%
Project Finance Driven by the Rise in Electrification and Renewable Energy Investments	Current loan portfolio for renewable energy projects	17,352,508,500.00	1.1%
Sustainable Financing Driven by Carbon Regulations and Green Taxonomy Alignment	Loan portfolio classified as sustainable	44,205,836,103.81	2.8%
Green and Thematic Borrowing Linked with Carbon Regulations and Green Taxonomy	Total syndicated loans and borrowed funds classified as sustainable	107,114,250,000.00	5.6%

[1] In accordance with Articles B6 and B10 of TSRS 2, all reasonable and supportable information available as of the reporting date, obtained without incurring excessive cost and/or effort, has been disclosed for this period as part of the Parent Bank's information.

[2] Since there may be portfolio overlap among opportunity categories, the sum of the above amounts may include duplicates.

[3] The total portfolio figure considered when determining the compliant asset percentage is the unconsolidated cash risk balance.

Transition Plan

The Group has developed a comprehensive transition plan to manage climate-related transition risks and support the transition to a low-carbon economy, intending to achieve net-zero financed emissions by 2050. The plan has been structured within the framework of a transition finance strategy aligned with Türkiye's 2053 net zero pathway.

The transition plan has been developed based on science-based scenarios aligned with global and national climate objectives. In this context, the International Energy Agency (IEA) Net Zero Emissions by 2050 Scenario, together with scenarios published by the Network for Greening the Financial System (NGFS), served as the primary analytical basis, while the frameworks of the Science Based Targets initiative (SBTi), the Glasgow Financial Alliance for Net Zero (GFANZ) and the United Nations Environment Program Finance Initiative (UNEP FI) were used as key reference frameworks.

The plan adopts a phased approach focusing on five priority sectors within the Group lending portfolio that are both material and emissions-intensive: electricity generation, cement, iron and steel, oil and gas, and coal. Sector prioritization was based on three principal criteria: each sector's materiality within the Group's loan portfolio, its contribution to national and global greenhouse gas emissions, and its emissions reduction potential. The priority sectors identified by the Net-Zero Banking Alliance (NZBA), together with global and domestic peer benchmarking, were also taken into consideration. This phased approach enables the Parent Bank to address sectors with the highest emissions intensity and portfolio materiality first, while progressively extending the scope of the transition plan to additional sectors over time.

The transition plan is based on the assumption that the transition to a low-carbon economy will occur progressively. The Group's expects customers operating in the priority sectors to advance their transition pathways over time in line with investment cycles, technological maturity and financial capacity. Another key assumption underpinning the plan is that financed emissions are the principal determinant of the Group's climate performance. Given the relatively limited scale of its operational emissions, the Group's has therefore placed the reduction of financed emissions associated with its lending portfolio at the center of the plan.

The Group acknowledges that implementation of the transition plan depends to a significant extent on external factors beyond direct control. The success of the plan is influenced by the direction and timing of public policies, the availability and cost of low-carbon technologies, and customers' capacity to undertake their transition. Accordingly, the Group reviews the transition plan and its underlying assumptions on a regular basis.

Beyond its hypothetical framework, the transition plan is built on a concrete implementation architecture. Execution is driven through the expansion of transition finance solutions for corporate customers, project finance products supporting decarbonization investments, tailored lending and advisory solutions for SMEs, and sector-specific action plans. At the portfolio level, the Group aims to progressively broaden the share of green assets while reducing its exposure to emissions-intensive assets. Existing coal-related exposures are managed through refinancing channels that support the transition towards renewable energy and other low-carbon investments.

Interim emission intensity reduction targets for the five priority sectors by 2030, together with their baseline years, underlying scenario assumptions and implementation progress, are presented in the "TSRS Metrics and Targets - Targets and Progress Analysis" section. The governance arrangements for monitoring and reporting performance against these targets are described in detail in the Governance section.

Targets Achievement Plan

The Group's plan for achieving its climate-related targets is built around three core pillars: reducing emissions and improving resource management within the Group's own operations; managing financed emissions in line with sector-specific transition pathways; and implementing the lending policies, environmental, social, and governance (ESG) risk management practices, and sustainable funding and product solutions that enable these two pillars. This section explains the methods, tools, and resources through which the Parent Bank intends to achieve the targets presented in the Targets section (Targets No. 1-9). Time-bound milestones and quantitative interim targets are presented in the relevant target tables.

The Group's approach to achieving its operational emissions target (Target No. 1) combines the procurement of electricity from renewable sources (Target No. 2) with energy efficiency initiatives. While maintaining its practice of reducing market-based Scope 2 emissions to zero through a robust renewable procurement and verification framework, the Parent Bank expands energy efficiency investments across its buildings and branches. Key measures include the use of high-efficiency equipment in electrical and mechanical systems, the transition to LED lighting, upgrades to heating, ventilation and air-conditioning (HVAC) systems, building automation and monitoring systems, deployment of next-generation inverter air-conditioning units, and the expansion of the hybrid and electric vehicle fleet together with the associated charging infrastructure.

With respect to adaptation to physical climate risks and operational continuity, the plan focuses on strengthening the resilience of the Parent Bank's critical information technologies infrastructure against extreme weather events and natural disasters. Progress relating to the development of the new LEED-certified data center is presented under Target No. 3.

For resource management targets, including water consumption and wastewater management, the plan prioritizes reducing water consumption and wastewater discharge while scaling up circular resource management practices. Water management is primarily supported through ongoing infrastructure improvements (including water recovery solutions incorporated into the Kristal Kule environmental drainage system) and the regular monitoring of water performance. The Parent Bank's CDP Water Security A Score, which demonstrates the maturity of its corporate water management practices, serves as an indicator supporting the continuity of this approach. Progress on rolling out zero-waste practices across the branch network within waste management is presented in Target No. 4.

As part of the Parent Bank's mitigation and adaptation investments relating to its own operations, TL 15.5 million was allocated in 2024 to energy efficiency, waste and water management, and environmental infrastructure improvements, while a total of TL 233.3 million was allocated in 2025 to environmental protection investments. The significant increase in 2025 was primarily attributable to the TL 217.8 million investment in the Yozgat self-consumption solar power plant (SPP) and the related land acquisition, which accounted for approximately 93.4% of total environmental investments and is presented under Target No. 2. In addition, TL 5.9 million was invested in water treatment equipment to strengthen water management infrastructure, while approximately TL 0.2 million in 2024 and TL 3.9 million in 2025 were allocated to reporting and advisory services for the development and implementation of the Parent Bank's net zero strategy.

The plan for achieving the financed emissions targets (Targets No. 5-9) is implemented through sector-specific emissions intensity targets and the lending allocation mechanisms that support their achievement. The baseline years, underlying scenario assumptions, and 2030 interim targets for each sector are presented in the Targets section (Targets No. 5-9). This approach is built around three complementary elements: risk appetite limits and lending policies governing carbon-intensive activities; transition finance products and project finance solutions that support customers' decarbonization investments; and the gradual reallocation of the portfolio towards lower-emissions-intensity assets. Progress against portfolio targets is monitored through the calculation of financed emissions using the PCAF methodology and ongoing improvements in data quality. One of the plan's key risk mitigation measures is the continued application of restrictive policy instruments for carbon-intensive activities, including the Exclusion List. Under this framework, the Parent Bank has adopted a policy of not providing financing for new coal-fired power plants or coal mining projects, while its commitment to reducing coal-related portfolio exposure has been embedded within its policy framework. Time-bound milestones relating to the phase-out of coal financing are presented under Target No 9. The systematic integration of ESG risks into lending processes through the ESRA model and related policies and procedures serves as a "preventive control" mechanism supporting the achievement of these targets. The scope of implementation is described under **Risk Management - Integration with Enterprise Risk Structure.**

Resilience

The Group's climate resilience assessment is based on the findings of scenario analysis conducted under two contrasting climate pathways: a low-temperature pathway aligned with the Paris Agreement and a higher-temperature pathway reflecting more severe warming. While these global and macro-level scenarios are not intended to provide definitive forecasts, they enable the Group to compare the implications of alternative climate futures and assess the resilience of its strategy and preparedness. The methodology, the model and reference sets used, and period-specific findings are described in detail in the following section, Scenario Analysis. The parameters included under this heading are limited to the scenarios used in the judgment of risks and opportunities prioritized and financially evaluated in the Climate - Related Risks and Climate - Related Opportunities sections; the potential impact of each parameter on the Group has been addressed in connection with the relevant risks and opportunities.

Scenario findings indicate that the Group's strategy and business model should be positioned to respond to climate-related impacts across two key dimensions.

From a financial intermediation perspective, the effects of transition risks—including carbon pricing and emissions trading schemes—as well as physical climate risks on borrowers' repayment capacity require the portfolio to be managed with a focus on financed emissions and resilience. The implications of these impacts at the individual risk and opportunity level, together with the Parent Bank's strategic responses, are presented separately for each identified risk and opportunity in the **Climate-related Risks** and **Climate-related Opportunities** sections.

From an operational continuity perspective, the findings relating to energy supply security, rising electricity demand, and the increasing criticality of digital infrastructure shape the Group's approach to strengthening the resilience of its own operations.

The principal uncertainties identified in the resilience assessment relate to the scope, consistency and timing of climate policies; the pace of power sector decarbonization and improvements in system flexibility; the impact of growing electricity demand driven by data centers and technological developments on the electricity grid; the energy sources that will meet this additional demand; and the increasing prominence of physical climate risks under the higher-temperature pathway as climate hazards intensify. These uncertainties provide the principal rationale for assessing resilience under two contrasting climate pathways and for interpreting the findings as a range of sensitivities rather than as definitive projections.

The Group's capacity to adapt its strategy to climate change over the short, medium, and long term is assessed across three key dimensions.

The first dimension is the availability and flexibility of financial resources to respond to the impacts identified under the scenario analysis. The Parent Bank's low-carbon transition strategy is supported through both internal resources and external financing instruments, providing the flexibility to respond to climate-related risks while capturing the growing demand for sustainable finance.

The second dimension is the Parent Bank's capacity to adapt its existing assets and maintain operational continuity. This capacity is supported by the design of critical operations, information technologies infrastructure, and data center architecture to minimize service disruption risks under different climate scenarios.

Third is the impact of current and planned investments in climate-related mitigation, adaptation, and resilience opportunities; operational environmental and energy efficiency investments presented in the 'Targets Achievement Plan' (including self-consumption solar power plants, water recovery infrastructure, and a LEED-certified data center), together with transition financing and portfolio steering mechanisms on the financial intermediation side, collectively strengthen the Parent Bank's adaptive capacity against the prominent impacts highlighted in the scenarios. Sector-specific emissions intensity targets and their interim 2030 milestones are presented in the **Targets** section (Targets No. 5-9).

Scenario Analysis

The scenario analysis was designed to assess the Group's resilience to climate-related transition and physical risks by considering two contrasting climate pathways: a low-temperature pathway aligned with the Paris Agreement and a higher-temperature pathway reflecting more severe warming. Rather than assuming a single "most likely future", the analysis evaluates the sensitivity of the Parent Bank's resilience under alternative scenarios characterized by different policy and regulatory trajectories, the pace of energy system decarbonization, levels of technology development, and physical climate impacts. Accordingly, the scenario set was designed to capture a broad range of parameters associated with both transition risks (including climate policies and regulations, carbon pricing, the energy mix, and technology investments) and physical risks (including temperature, precipitation, and extreme weather events).

The scenarios summarized below serve two distinct functions. A portion of them were used as direct inputs in the financial impact calculations for the prioritized risks and opportunities identified in the Climate-related Risks and Climate-related Opportunities sections; specifically, NGFS transition scenarios served as direct inputs for transition risk (GR1) calculations, while IPCC high-emission (RCP 8.5) projections were used for physical risk (FR1 and FR2) calculations. Other scenarios, while not directly entering financial calculations, support and reinforce parameter analyses by verifying the assumptions underlying these direct scenarios through different models and source.

The assessment of energy system transformation and transition risks used in Transition Risk (TR1) are based on the International Energy Agency (IEA) World Energy Outlook 2024 and 2025, specifically the Net Zero Emissions by 2050 (NZE) scenario and the Stated Policies Scenario (STEPS). The NZE scenario reflects a global energy transition pathway consistent with limiting warming to 1.5°C, while the STEPS scenario represents an outlook based on the continuation of currently announced policies and commitments.

To assess systemic transition risks affecting the financial system, the Network for Greening the Financial System (NGFS) Phase 5 scenario framework was applied, incorporating the Net Zero 2050, Below 2°C and Current Policies scenarios. These scenarios were selected as the primary basis for the financial impact calculations of the prioritized transition risk (GR1). Within the scope of GR1, carbon prices and transition costs derived from these scenarios were financialized through the Risk Index, Probability of Default (PD), and Expected Credit Loss (ECL) channels. NGFS data were obtained through the International Institute for Applied Systems Analysis (IIASA) NGFS Phase 5 Scenario Explorer. The REMIND-MAgPIE 3.3-4.8 model was used for carbon price trajectories and macroeconomic variables, while the GCAM 6.0 NGFS model was used for primary energy demand. Projections relating to greenhouse gas emissions, electricity sector indicators, energy investments, and renewable energy capacity additions were based on REMIND-MAgPIE outputs, whereas carbon capture and storage (CCS) indicators were assessed using the GCAM 6.0 NGFS model. The selection of these models enabled the integrated assessment of energy transition pathways, carbon pricing trajectories, macroeconomic impacts, and investment dynamics.

The assumptions relating to physical climate risks were developed primarily with reference to the Intergovernmental Panel on Climate Change (IPCC) Climate Change 2021: The Physical Science Basis report. Regional temperature and precipitation projections were assessed using the IPCC Working Group I (WG I) Interactive Atlas. Accordingly, assumptions regarding the intensification of physical climate risks under higher-temperature pathways are grounded in established scientific projections. The two extreme pathways were represented by IPCC AR6 SSP scenarios: SSP1-2.6 (equivalent to RCP 2.6) for the low-warming pathway, and SSP5-8.5 (equivalent to RCP 8.5) for the high-warming pathway. Since calculations for the prioritized physical risks (Credit Risk from Acute Physical Events - FR1, and Credit Risk from Water Stress/Drought - FR2) were conducted based on the high-emission pathway (RCP 8.5) where the highest impact is observed, physical parameter findings are presented primarily in relation to this pathway.

Macroeconomic and demographic projections were developed using the IIASA Shared Socioeconomic Pathways (SSP) Database and the OECD ENV-Growth 2023 Model. Population and human capital indicators were obtained from the SSP Population database and the Wittgenstein Center Human Capital Data Explorer. Urbanization trends were assessed using the CDM Urbanization 2024 Model, as it provides outputs that are consistent with the SSP scenarios.

In evaluating parameters related to energy system transformation, the IEA NZE and STEPS scenarios were utilized not as direct inputs for financial impact calculations, but to support the direct scenarios mentioned above. They verify the assumptions of NGFS transition scenarios with an independent source, thereby reinforcing findings related to energy policies, fossil fuel demand, and electrification. Thus, the context of opportunities linked to energy transformation (particularly Renewable Energy Project Finance - F2) is strengthened by the consistent signals of two independent scenario families.

The scenario analysis was conducted using parameters grouped under five principal categories: Policy and Regulation, Economy, Social, Environment and Energy, and Technology. Assessments were performed across short-, medium-, and long-term time horizons, while also considering a 2050 outlook based on the projections provided by the global climate scenarios.

The scope of the assessment covered the Group's entire operations and organizational structure. The scenario analysis was reviewed and updated for the reporting period from 1 January 2025 to 31 December 2025 using the most recent available reference sources.

In some drivers, rather than a single scenario, complementary scenarios representing the same temperature pathway were used together. As explained above, this approach strengthens the design of the analysis and increases the robustness of the findings by verifying the assumptions of direct scenarios (NGFS transition and IPCC physical projections) with supporting scenarios (specifically IEA NZE and STEPS). The key assumptions underlying the scenarios and the potential impacts assessed across each evaluation area are summarized in the tables below.

Scenario Findings on Policy and Regulation

Driver	Energy Policies	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	NGFS- Net Zero 2050 / NZE	NGFS- Current Policies, CPS
Key Assumptions	Under this pathway, energy policies are built on the quick adoption of net-zero commitments and the transition of clean energy from the commitment phase to large-scale implementation and investment. According to the State of Energy Policy report (September 2024), the European Union and 98 countries have committed to climate or carbon neutrality, collectively covering approximately 87% of global energy-related CO_2 emissions. This reflects the broadening scope and ambition of climate policy worldwide. The Net Zero Emissions by 2050 (NZE) scenario presented in the IEA World Energy Outlook 2025 (IEA WEO 2025) links this broader policy coverage into a quantified transition pathway. Under the scenario, energy sector emissions are assumed to reach net zero by 2050. Achieving this outcome is expected to require the implementation of more ambitious policy measures, particularly through 2035, to expand system components such as grid flexibility and energy storage. The scenario projects a marked increase in flexibility requirements by 2035, alongside battery storage capacity reaching approximately 2,900 GW. Accordingly, the scenario assumes that energy policies and supporting regulatory measures will continue to strengthen through 2035 to accelerate the energy transition, before remaining at a high level of ambition thereafter to support the completion of the transition to a net-zero energy system by 2050.	Under this pathway, energy policies are built on a mismatch between policy commitments and climate targets, together with limited policy continuity. The IEA Climate Pledges Explorer indicates that current Nationally Determined Contributions (NDCs) are insufficient to achieve long-term climate objectives and notes that updated NDCs are expected to be announced in 2025, pointing to a policy landscape in which the future direction remains uncertain. While the State of Energy Policy report notes that, since 2023, 35 countries representing one-fifth of energy sector CO_2 emissions have introduced new energy regulations, the Current Policies Scenario (CPS) in the IEA World Energy Outlook 2025 (IEA WEO 2025) quantitatively describes a pathway in which these measures do not provide the continuity required to accelerate the transition. Under this scenario, global energy-related CO_2 emissions are assumed to continue rising until the early 2030s before plateauing at a high level through 2050, increasing from approximately 38 Gt in 2024 to around 39 Gt and remaining broadly unchanged thereafter. This pathway is consistent with a global warming outcome of approximately 2.9°C by 2100. The scenario further assumes that, although electricity demand continues to grow, the increase is met predominantly by fossil fuel-based generation owing to limited efficiency improvements and the constrained deployment of clean technologies. It also assumes that investment in energy storage and electricity grids does not progress at a scale sufficient to accelerate the transition, with battery storage capacity reaching approximately 1,400 GW by 2035. Accordingly, energy policy development is expected to remain limited and fragmented through the period from 2025 to the early 2030s, before losing momentum and plateauing thereafter, resulting in a pace of transition that remains inconsistent with long-term climate objectives.
Potential Impact on the Parent Bank	For the Parent Bank, this policy pathway primarily points to rising demand for transition finance across the downstream value chain, particularly among retail and corporate customers. As policy support accelerates the energy transition, customers—especially those operating in energy-intensive sectors—are expected to increase investments in renewable energy, energy efficiency and electrification, presenting an opportunity to widen the share of sustainability-related lending within the Parent Bank's credit portfolio. At the same time, as carbon-intensive activities come under growing policy pressure, credit and market risks may become more pronounced for customers with limited transition capacity, heightening the importance of portfolio selectivity from a sectoral composition perspective. From an operational perspective, while the tightening of energy policies does not directly increase the Parent Bank's exposure to physical risks, it heightens the importance of reporting, data management, and compliance processes as part of transition risk management. As sustainable finance activities continue to scale, classification, monitoring and reporting requirements are expected to become more extensive in operational processes, making the effective management of operational risks increasingly important to the Parent Bank's resilience.	For the Parent Bank, this policy pathway sets the ground for the gradual accumulation of credit and market risks, particularly across the downstream value chain. The slower pace of the energy transition and the continued reliance on fossil fuels give rise to a customer base that is more exposed to energy cost pressures and regulatory uncertainty. This may place pressure on the financial resilience of customers, particularly those operating in emissions-intensive sectors such as industry and transport. Consequently, transition risks within the Parent Bank's credit portfolio are more likely to materialize at a later stage, but with less orderly and potentially more pronounced impacts From an operational perspective, while insufficient progress in energy policy does not directly give rise to transition costs for the Parent Bank's own operations, it creates a macroeconomic backdrop that contributes to the intensification of physical risks over the longer term under a high-warming pathway. In this context, weak energy policy does not constitute a direct operational risk for the Parent Bank; rather, it acts as a background factor that may indirectly affect the Parent Bank's operational resilience through mounting physical risk pressures.

Scenario Findings on Policy and Regulation

Driver	Carbon Regulations and Pricing	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	NGFS- Net Zero 2050 & Below 2°C	NGFS- Current Policies, CPS
Key Assumptions	Under this temperature pathway, carbon pricing is assumed to function as a policy instrument that is high, predictable, and increases rapidly over time in line with climate objectives. The NGFS Phase 5 Net Zero 2050 and Below 2°C scenarios are based on a pathway in which the carbon price signal strengthens significantly, particularly from the 2030s onwards. According to the NGFS time series, the global carbon price under the Below 2°C scenario increases from US$2010 18.41/$tCO_2$ in 2025 to US$2010 32.11/$tCO_2$ in 2030, US$2010 48.73/$tCO_2$ in 2035, US$2010 135.00/$tCO_2$ in 2050 and US$2010 344.54/$tCO_2$ by 2100. Under the Net Zero 2050 scenario, the same metric rises from US$2010 98.38/$tCO_2$ in 2025 to US$2010 183.30/$tCO_2$ in 2030, US$2010 294.95/$tCO_2$ in 2035, US$2010 748.80/$tCO_2$ in 2050 and US$2010 1,063.78/$tCO_2$ by 2100. IEA World Energy Outlook 2025 (Table B.6) further indicates that carbon prices in advanced economies with net zero commitments are projected to reach USD 180/tCO_2, USD 205/tCO_2 and USD 250/tCO_2 in the 2035, 2040 and 2050 time horizons, respectively, while corresponding carbon prices in emerging market economies with net zero commitments are projected at USD 125/tCO_2, USD 160/tCO_2 and USD 200/tCO_2. Accordingly, this pathway assumes that carbon prices increase at an accelerating pace throughout the 2030s before reaching high levels by 2050.	Under this temperature pathway, carbon pricing is assumed to remain a weak, fragmented, and low-level policy signal. The NGFS Current Policies scenario is based on a pathway in which carbon price signals do not strengthen, and carbon pricing does not reach a level sufficient to drive the transition. According to the NGFS time series, the global carbon price under the Current Policies scenario stands at US$2010 10.69/$tCO_2$ in 2025, changes only marginally to US$2010 10.30/$tCO_2$ in 2030, US$2010 10.16/$tCO_2$ in 2035, US$2010 11.13/$tCO_2$ in 2050 and US$2010 28.00/$tCO_2$ by 2100. The IEA World Energy Outlook 2025 Current Policies Scenario (CPS) likewise supports the view that carbon prices do not rise to levels capable of accelerating the transition, projecting a carbon price of USD 87/tCO_2 for the European Union in 2035, 2040 and 2050. Accordingly, this pathway assumes that carbon prices remain low and broadly flat throughout the 2030s and, although they increase over the longer term, do not reach levels sufficient to drive the transition.
Potential Impact on the Parent Bank	This carbon pricing pathway brings along both risks and opportunities for the Parent Bank, primarily across the downstream value chain through its customers. A predictable rise in carbon costs could lead to an increase in ECL in the loan portfolio by affecting PD parameters through the profitability and debt-servicing capacity of customers in emission-intensive sectors; this is directly related to Credit Risk Arising from Compliance with Carbon Regulations and Climate Policies (TR1). Conversely, the demand for financing directed toward low-carbon production, energy efficiency, and renewable energy investments—aimed at reducing carbon costs—fuels the Sustainable Finance Opportunity (O3) and the Renewable Energy Project Finance Opportunity (O2) for the Parent Bank. Across the upstream value chain (international funding providers), a strong carbon price signal may reinforce investor expectations for climate-aligned financing, presenting opportunities for the Parent Bank to expand its access to thematic and sustainable funding sources. Operationally, carbon pricing is not expected to be a direct cost item for the Parent Bank. Instead, because carbon costs must be incorporated more systematically into credit assessments and portfolio monitoring, it will likely drive the need for enhanced data and methodologies to better manage transition risk.	For the Parent Bank, this pathway may cause transition risks across the downstream value chain (customers) to remain relatively limited in the short term, while increasing the likelihood that they materialize more unevenly and cumulatively over the medium to long term. A weak carbon price signal may delay transition investments in emissions-intensive sectors, heightening the risk of vulnerabilities accumulating across the credit portfolio. In the upstream value chain (international funding institutions), misaligned climate targets and weak carbon pricing may intensify the selectivity of sustainability-focused lenders, thereby elevating funding source risks. From an operational perspective, while insufficient carbon pricing does not generate direct transition costs, it contributes to a macroeconomic environment in which physical risks become increasingly pronounced under the high-warming pathway. As such, it constitutes a background factor that may indirectly affect the Parent Bank's resilience.

Scenario Findings on Economy

Driver	Financial Implications of Climate Risks	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	NGFS- Net Zero 2050	NGFS- Current Policies, CPS
Key Assumptions	Under this pathway, the economic impacts of climate risk are projected within a framework in which physical and transition risks are considered jointly and are mitigated through rapid and coordinated policy responses. According to the NGFS Net Zero 2050 scenario (IIASA NGFS Phase 5 Scenario Explorer; 2017 PPP USD), the combined downward impact of physical and transition risks on global GDP is estimated at approximately 6% by 2030, increasing to 8.49% by 2050. Qualitatively, these outcomes are associated with strong and timely policy responses aimed at limiting global warming to around 1.4°C, rapid technological progress, and the medium-to-high deployment of carbon mitigation measures. Accordingly, under the low-temperature pathway, economic losses emerge in the earlier years as transition costs are incurred; however, over the longer term, these impacts are contained, limiting the macroeconomic damage associated with physical climate risks.	Under this pathway, the economic impacts of climate risk are driven predominantly by physical risks. According to the NGFS Current Policies scenario (IIASA NGFS Phase 5 Scenario Explorer; 2017 PPP USD), the decline in global GDP is projected at approximately 5.29% by 2030, deepening to 14.76% by 2050. Qualitatively, the scenario assumes a world in which policy responses remain absent, existing policies are maintained without further strengthening, technological progress advances slowly, and carbon mitigation measures are deployed only to a limited extent. Within this framework, while transition risks remain relatively limited, the progressive accumulation and intensification of physical risks lead to substantially greater economic losses over the medium to long term. Accordingly, under the high-temperature pathway, the economic impacts are assumed to be relatively modest in the initial years but to evolve into a much more severe loss profile beyond 2050.
Potential Impact on the Parent Bank	For the Parent Bank, this pathway provides a more predictable macroeconomic environment across the downstream value chain (customers), particularly for companies with a strong capacity to adapt to the transition. Keeping economic losses contained creates a supportive backdrop for credit repayment performance, while the early and orderly recognition of transition costs may cause credit and market risks to materialize earlier but in a more manageable manner. This creates opportunities for customers undertaking transition investments within the Parent Bank's portfolio, while increasing the importance of selectivity in sectors with more limited adaptation capacity. Across the upstream value chain (international funding providers), contained macroeconomic losses and a predictable policy environment may help support relatively stable funding conditions.	Under the NGFS "Current Policies" scenario, where economic losses are primarily driven by physical risks and the decline in global GDP deepens to approximately 14.8% by 2050, this indicates that credit and market risks will intensify in the medium- to long-term for the Parent Bank along the downstream value chain. An increase in macroeconomic losses stemming from physical risks exerts pressure on customers' production capacity, income stability, and collateral values, thereby amplifying the credit risks driven jointly by TR1 and PR1/PR2. While the deferral of transition risks may seem reassuring in the short term, the erratic and more severe emergence of physical risks challenges the Parent Bank's portfolio resilience. From an operational perspective, although this pathway does not generate direct transition costs for the Parent Bank's own operations, it sets a macroeconomic backdrop in which the intensification of high-warming-related physical risks may indirectly threaten business continuity and operational resilience. Across the upstream value chain, rising expectations of macroeconomic damage may also emerge as a source of risk by increasing uncertainty surrounding international funding conditions.

Scenario Findings on Economy

Driver	Counterfactual GDP Path Measured at Market Exchange Rates (MER), Excluding Climate Damage Functions	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	NGFS- Net Zero 2050 & Below 2°C	NGFS- Current Policies, CPS
Key Assumptions	Under this temperature pathway, the counterfactual GDP trajectory (excluding climate damages) reflects the macroeconomic effects of strong transition policies introduced early and implemented progressively under the NGFS Net Zero 2050 and Below 2°C scenarios. According to data from the IIASA NGFS Phase 5 Scenario Explorer, global GDP (MER) under the damage-free counterfactual scenario reaches approximately USD 79.8 trillion (2010 prices) in 2020, rising to around USD 155 trillion by 2050 and approximately USD 320 trillion by 2100 under the Below 2°C pathway. Under the Net Zero 2050 scenario, the earlier and more stringent policy interventions are assumed to generate short-term transition-related growth frictions, particularly during the 2030-2040 period. Over the medium to long term, however, the growth trajectory is expected to stabilize as a result of technological learning, the reallocation of capital towards clean technologies, and productivity gains. As physical climate damages are excluded from this metric, the projected growth path reflects the costs of transition policies and the associated reallocation effects. Accordingly, under the low-temperature pathway, economic growth is assumed to be characterized by limited transition-related costs in the short term, followed by stable, technology-driven growth over the medium to long term.	Under this pathway, the counterfactual GDP trajectory reflects a conventional pattern of economic growth under the NGFS Current Policies scenario, shaped by limited policy intervention and weak carbon price signals. According to IIASA NGFS Phase 5 data, damage-free counterfactual GDP (MER) is again approximately USD 79.8 trillion in 2020, rising to around USD 156.5 trillion by 2050 and approximately USD 320 trillion by 2100. Along this pathway, transition-related costs remain relatively low over the short to medium term, with growth driven by traditional factors such as population, productivity and investment cycles. However, because this metric excludes physical climate damages, it does not capture the actual welfare losses associated with the high-warming pathway. Accordingly, under the high-temperature pathway, the growth outlook is assumed to follow a smoother trajectory in the short term, but one that becomes unsustainable over the longer term as physical risks accumulate.
Potential Impact on the Parent Bank	The counterfactual GDP path (calculated without applying climate damage functions) on the NGFS Net Zero 2050 & Below 2°C trajectory serves as a baseline that isolates the macroeconomic impact of transition policies by excluding physical damage; in this regard, it complements the “Economic Implications of Climate Risks” parameter. For the Parent Bank, this scenario provides a more predictable and stable macroeconomic environment for sectors in the downstream value chain (customers) that are able to adapt to the transition process. Short-term growth frictions, particularly in capital-intensive sectors requiring significant transition investments, may increase financing needs, creating an opportunity for the Parent Bank to support growing demand for sustainable and transition finance. Over the medium to long term, the re-establishment of a stable growth trajectory is expected to provide a more balanced backdrop for borrowers' repayment capacity and overall portfolio quality. Within the upstream value chain (international funding institutions), the transition's manageable macroeconomic costs may support access to long-term funding and sustainable finance instruments by reinforcing a favorable financing environment.	For the Parent Bank, this outlook may initially provide an environment that supports credit demand within the downstream value chain (customers), as transition costs are lower in the early stages; however, this effect is considered temporary. Because physical climate damages are not reflected in the counterfactual GDP series, risks may appear understated in the short term, while increasing the likelihood that, should physical risks materialize over the longer term, credit and market risks could emerge more abruptly and irregularly. Within the upstream value chain, although the growth outlook may be supportive in the near term, expectations of rising physical climate risks over the longer term may create uncertainty in international funding conditions.

Scenario Findings on Environment

Driver	Rising Temperature	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	IPCC AR6 - SSP1-2,6 (≈ RCP 2,6)	IPCC AR6 - SSP5-8,5 (≈ RCP 8,5)
Key Assumptions	This temperature pathway is represented by the SSP1-2.6 physical climate scenario under the IPCC Sixth Assessment Report (AR6, 2021). I. According to the Coupled Model Intercomparison Project Phase 6 (CMIP6) climate models used by Working Group I (WG I), global mean surface temperature continues to rise under all scenarios at least until the middle of the century. Under the SSP1-2.6 pathway, global warming is projected to reach approximately 1.5°C in the near term (2021-2040). Over the medium term (2041-2060), the best estimate increases to 1.7°C, while over the long term (2081-2100), warming is projected to stabilize at around 1.8°C. Under this scenario, the long-term "very likely" temperature range remains between 1.3°C and 2.4°C, and it is considered unlikely that global warming will exceed the 2°C threshold relative to the 1850-1900 reference period during the twenty-first century. Accordingly, this pathway represents a physical climate trajectory in which the rate of warming slows after mid-century and gradually stabilizes.	This temperature pathway is represented by the SSP5-8.5 physical climate scenario. According to the CMIP6 projections presented in Working Group I (WG I) of the IPCC Sixth Assessment Report (AR6), in the absence of significant reductions in greenhouse gas emissions, global warming continues to accelerate throughout the twenty-first century. Global warming is projected to reach approximately 1.6°C in the near term (2021-2040), with the best estimate increasing to 2.4°C over the medium term (2041-2060) and to approximately 4.4°C over the long term (2081-2100). Under this scenario, the long-term "very likely" temperature range widens to 3.3-5.7°C, and global warming exceeding 2°C relative to the 1850-1900 baseline is considered inevitable during the twenty-first century. Accordingly, this pathway represents a physical climate trajectory characterized by cumulative and accelerating warming, accompanied by a high degree of uncertainty.
Potential Impact on the Parent Bank	For the Parent Bank, this temperature pathway provides a macroeconomic backdrop in which the severity of physical climate risks remains contained. This may allow climate-related impacts—particularly extreme heat, acute climate events, and the associated production disruptions affecting customers within the downstream value chain—to remain more limited and predictable. From a credit portfolio perspective, physical climate risks are expected to evolve gradually and remain manageable over time, with comparatively limited pressure on collateral values and borrowers' cash flows. This pathway represents a physical climate backdrop in which climate-related financial risks can be managed in a gradual and planned manner.	For the Parent Bank, this temperature pathway creates conditions in which physical climate risks become the dominant and defining source of risk, particularly within the downstream value chain (customers). Higher levels of warming may increase both the frequency and severity of extreme heatwaves, droughts, floods, and other climate-related events, giving rise to more abrupt and less predictable disruptions to business continuity, asset values, and collateral quality. As a result, risks within the credit portfolio may accumulate through deteriorating debt repayment capacity and declining collateral values attributable to physical climate impacts. This pathway represents a climate backdrop in which physical climate risks become a key determinant of the Parent Bank's financial resilience over the medium to long term.

Scenario Findings on Environment		
Driver	Precipitation Variability	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	IPCC AR6 - SSP1-2,6 (≈ RCP 2,6)	IPCC AR6 - SSP5-8,5 (≈ RCP 8,5)
Key Assumptions	Under this temperature pathway, precipitation patterns are represented by the IPCC Sixth Assessment Report (AR6) Working Group I (WG I) SSP1-2.6 physical climate scenario. As global surface temperatures rise, the atmosphere is assumed to retain more moisture, resulting in an upward trend in precipitation, particularly in regions such as the equatorial belt, the Pacific Basin, and Southeast Asia (relative to the 1850-1900 baseline period).I. The WG I Interactive Atlas and CMIP6 projections indicate a gradual increase in total annual global precipitation under the SSP1-2.6 scenario over the near term (2021-2040), medium term (2041-2060), and long term (2081-2100). The median global average daily precipitation remains at approximately 3.0 mm/day throughout the projection period, while the uncertainty ranges (P25-P75 and P10-P90) remain relatively narrow. Accordingly, this pathway represents a physical climate trajectory in which global precipitation increases, but the magnitude and distribution of that increase remain relatively moderate and predictable.	Under this temperature pathway, precipitation patterns are assessed under the SSP5-8.5 physical climate scenario. According to findings from the IPCC Sixth Assessment Report (AR6) Working Group I (WG I) Interactive Atlas, higher levels of warming intensify atmospheric moisture processes, resulting in more pronounced increases in global precipitation and greater spatial variability. Under the SSP5-8.5 scenario, the median global average daily precipitation is projected to rise to approximately 3.2 mm/day over the long term (2081-2100), while the uncertainty ranges widen relative to the SSP1-2.6 scenario. Accordingly, this pathway represents a physical climate trajectory in which changes in precipitation become more pronounced not only in terms of overall volume but also in terms of variability and extremity.
Potential Impact on the Parent Bank	This precipitation pathway does generate direct transition costs for the Parent Bank; rather, it provides a defining backdrop that shapes the physical risk profile of sectors across the downstream value chain (customers). The risks of sudden and widespread damage caused by excessive rainfall in agriculture, infrastructure, and industrial activities remain at a more manageable level; this allows for the Acute Physical Event-Related Credit Risk (PR1) stemming from floods and landslides, as well as the Water Stress and Drought-Related Credit Risk (PR2) linked to the water cycle, to be monitored in a phased and predictable manner within the Parent Bank's loan portfolio. The fact that pressure on agricultural yields remains limited also mitigates macroeconomic effects stemming from food and commodity prices, thereby indirectly signaling a mitigating effect on the transmission mechanism underpinning Climate-Driven Food Inflation and Monetary Policy Risk (PR3). As a result, it provides a framework in which physical risks within the Parent Bank's credit portfolio can be monitored in a gradual and more predictable manner.	For the Parent Bank, this precipitation pathway creates conditions in which physical risks become more irregular and severe, particularly within the downstream value chain. An increase in the frequency and intensity of extreme precipitation events may adversely affect customers' cash flows and collateral structures due to production disruptions and damage to assets across sectors such as agriculture, infrastructure, logistics, and urban activities. As a result, it creates conditions under which physical climate-related losses within the credit portfolio may materialize more abruptly and with greater unpredictability. From the Parent Bank's perspective, this pathway represents a climate context in which precipitation-related physical risks become an increasingly significant challenge to financial resilience over the medium to long term.

Scenario Findings on Environment		
Driver	Changes in the Speed and Direction of Wind	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	IPCC AR6 - SSP1-2,6 (≈ RCP 2,6)	IPCC AR6 - SSP5-8,5 (≈ RCP 8,5)
Key Assumptions	Under this pathway, wind patterns are represented by the SSP1-2.6 scenario in the IPCC Sixth Assessment Report (AR6) Working Group I (WG I) Interactive Atlas. As climate change affects large-scale atmospheric circulation, regional variations in wind speed and direction are assumed to occur, with wind speeds decreasing in some regions and increasing in others. Global projections indicate that the median wind speed remains at approximately 6.2 m/s over the near term (2021-2040), medium term (2041-2060), and long term (2081-2100), while the uncertainty range remains relatively narrow (P25-P75 approximately 6.2-6.3 m/s; extreme percentiles P5-P95 approximately 5.8-6.5 m/s). Accordingly, this pathway assumes relatively limited changes in global average wind speed, with the primary changes arising from regional variability rather than a pronounced shift in the global mean.	Under this pathway, wind patterns are represented by the SSP5-8.5 scenario. Under higher levels of warming, changes in atmospheric circulation are expected to become more pronounced, leading to greater regional variation in wind speed and direction, particularly across inland continental areas located further from the influence of the oceans. While global projections continue to indicate a median wind speed of approximately 6.2 m/s, they also point to a modest widening of the uncertainty ranges over the long term (for example, long-term P25-P75 of approximately 6.1-6.3 m/s, P10-P90 of 5.8-6.4 m/s, and P5-P95 of 5.8-6.5 m/s). Accordingly, this pathway suggests a physical climate context in which spatial variability becomes more significant than changes in the global average wind regime.
Potential Impact on the Parent Bank	This parameter does not, in itself, indicate a material financial impact channel for the Parent Bank. Nevertheless, it may contribute to limited fluctuations in the operational performance of customers in the downstream value chain whose activities are sensitive to wind patterns, such as wind power projects, open-air logistics operations, and certain infrastructure assets. Stability in wind patterns also provides limited support for the predictability of the generation profile and cash flow of customers with wind energy projects (Renewable Energy Project Financing Opportunity - O2). Overall, its impact is expected to remain secondary and limited.	An increase in regional variability in wind patterns along the SSP5-8.5 (≈ RCP 8.5) pathway, increases volatility for the Parent Bank in the downstream value chain, where activities are susceptible to severe wind damage (operations sensitive to wind/friction-induced damage or cash flows sensitive to the wind production profile). This acts as a complementary parameter feeding into the loss functions under Acute Physical Event-Driven Credit Risk (PR1) and may also affect the performance of wind energy projects (O2). Even so, this parameter is not expected to have a material standalone effect on the Parent Bank's operations or funding structure. Rather, it is best viewed as a complementary background factor whose significance arises primarily in combination with other physical climate parameters, such as storm intensity and extreme weather events.

Scenario Findings on Environment

Driver	Heightened Frequency of Extreme Heat Days	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	IPCC AR6 - SSP1-2,6 (≈ RCP 2,6)	IPCC AR6 - SSP5-8,5 (≈ RCP 8,5)
Key Assumptions	Under this pathway (SSP1-2.6), IPCC Working Group I (WG I) Interactive Atlas projections indicate that, from the second quarter of the century onwards, the number of extreme heat days is expected to increase, particularly across the Southern Hemisphere and equatorial regions. Quantitative projections for the "extreme heat day" indicator show a global median increase of 2.8 days in the near term, 4.1 days in the medium term, and 4.3 days in the long term. The associated uncertainty ranges are relatively contained, with P25-P75 intervals of 2.2–3.8 days (P5-P95: 1.7-5.4) in the near term, 3.2-5.6 days (P5-P95: 2.5-7.9) in the medium term, and 3.6-6.6 days (P5-P95: 2.1-9.4) in the long term.	Under this pathway (SSP5-8.5), the increase in extreme heat days is projected to become both more geographically widespread and substantially more pronounced over time. From the second quarter of the century onwards, the frequency of extreme heat days is expected to increase across the entire Southern Hemisphere and extend throughout much of the Northern Hemisphere, reaching areas as far north as the Arctic Circle. Quantitative projections indicate that the global median increase rises to 3.6 days in the near term, 7.9 days in the medium term, and 19.2 days in the long term. Uncertainty ranges also widen progressively, with P25-P75 intervals of 2.7–4.1 days (P5-P95: 2.1-6.3) in the near term, 6.0-8.9 days (P5-P95: 5.0-13.3) in the medium term, and 17.5-26.1 days (P5-P95: 12.7-30.9) in the long term.
Potential Impact on the Parent Bank	Although this pathway signals an increase in physical climate risk, the scale of the increase remains within a more manageable range. For the Parent Bank, the primary impacts are therefore expected to arise through its own operations (buildings and branches) and the downstream value chain (customers). Operationally, a greater number of extreme heat days may increase the need for measures supporting business continuity and the management of employee welfare and facility performance. Across the customer base, it may gradually influence the credit risk profile of sectors particularly exposed to extreme heat (such as the agriculture and food value chain, tourism, and certain manufacturing industries) through its effects on business continuity and cost volatility.	As the scale and prevalence of extreme heat days increase along the SSP5-8.5 (≈ RCP 8.5) pathway, the dominant risk channel for the Parent Bank is credit risk stemming from physical risks faced by customers in the downstream value chain (PR1/PR2) The increasing frequency and duration of extreme heat create stress on cooling/energy demand, labor productivity, asset operability, and supply continuity, thereby increasing cash flow fragility and the PDECL effect among heat-sensitive customers. By increasing the risk of wildfires, it directly feeds into PR1 damage functions; by suppressing agricultural and food yields, it also indirectly sends a signal in the same direction through PR3's macro transmission mechanism. From an operational perspective, greater exposure to high temperatures may also increase the need to strengthen the resilience of branch and building infrastructure and enhance business continuity planning, reinforcing operational risk considerations for the Parent Bank.

Scenario Findings on Energy

Driver	Demand for Fossil Fuel	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	NGFS- Net Zero 2050	NGFS- Current Policies, CPS
Key Assumptions	According to the IEA World Energy Outlook 2024, global demand for fossil fuels under the Net Zero Emissions by 2050 (NZE 2050) scenario follows a structural and irreversible downward trajectory. The share of fossil fuels in the global energy mix has already declined from 82% to 80% over the past decade, with a much steeper decline projected after 2030 under the NZE pathway. Under this scenario, the combined net income of oil and gas producers is projected to fall to approximately USD 680 billion by 2035—around 70% below current levels. Despite the contraction in demand, Asia's dependence on energy imports is expected to increase, with 60–70% of global oil and gas imports projected to be destined for Asia by 2050. Fossil fuel prices are expected to converge towards the marginal operating costs of the projects required to meet declining demand, while the policy framework remains the primary mechanism preventing prices from stimulating renewed demand growth.	Under the STEPS scenario, global energy policies remain limited to current and announced measures, allowing fossil fuel demand to remain relatively resilient over the short to medium term. According to IEA projections, the combined net income of oil and gas producers remains broadly stable at around USD 2,400 billion through 2035. Although demand growth slows, global oil demand is projected to peak by 2030 before entering a gradual decline thereafter. Despite ongoing geopolitical risks, supply-side flexibility is expected to be supported by spare production capacity of around 8 million barrels per day by 2030 and an approximately 50% increase in LNG export capacity. Under this scenario, fossil fuel demand remains elevated, and emissions likewise remain at high levels.
Potential Impact on the Parent Bank	Under this temperature pathway, the structural decline in fossil fuel demand generates credit and business model transition risks for corporate customers in the downstream value chain with direct exposure to the oil and gas value chain. By weakening the capacity to repay capital, it increases financial fragility—particularly among high-cost producers—and sensitivity to PDECL under Credit Risk Arising from Compliance with Carbon Regulations and Climate Policies (TR1). Conversely, the shift toward clean energy strengthens the Parent Bank's Renewable Energy Project Financing Opportunity (O2). The impact is concentrated in customer segments heavily reliant on fossil fuels rather than the overall portfolio. Upstream, the transition also creates a comparatively favorable environment for the Parent Bank's access to international funding sources that are increasingly aligned with the energy transition and sustainable finance criteria. The impact is concentrated in carbon-intensive customer segments exposed to fossil fuels, rather than the general portfolio.	Under this temperature pathway, relatively resilient fossil fuel demand may support revenue continuity for customers operating in fossil fuel-intensive sectors across the downstream value chain over the short to medium term. Over the longer term, however, the risk of abrupt regulatory interventions and intensifying physical climate risks increases. This may result in future credit repricing and collateral risks within the loan portfolio. Upstream, geopolitical uncertainties and volatility associated with energy supply may also contribute to fluctuations in international funding conditions, creating an additional source of uncertainty for the Parent Bank.

Scenario Findings on Energy		
Driver	Final Energy Consumption	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	NGFS- Net Zero 2050	NGFS- Current Policies, CPS
Key Assumptions	According to the IEA World Energy Outlook 2024, global final energy consumption under the Net Zero Emissions by 2050 (NZE 2050) scenario enters a structural downward trajectory despite continued economic growth, driven by improvements in energy efficiency and rapid electrification. Global final energy consumption currently stands at approximately 445 exajoules (EJ). Under the NZE scenario, the pace of improvements in energy intensity more than doubles by 2035, reflecting accelerated electrification across industry buildings, and transport, together with the faster phase-out of traditional biomass use. As a result, total final energy demand is projected to be approximately 15% lower by 2035 than current levels. The decline in final energy consumption is therefore driven not by weaker demand, but by structural efficiency gains and the transformation of energy carriers.	Under the STEPS scenario, global final energy consumption continues to rise, although at a markedly slower pace than in previous decades. From a current level of approximately 445 exajoules (EJ), global final energy consumption is projected to exceed 530 exajoules (EJ) by 2050. Between 2023 and 2035, final energy consumption is expected to grow at an average annual rate of around 0.5%, approximately three times slower than historical trends. This moderation reflects not weaker economic growth but gradual improvements in the efficiency of key energy services, including lighting, cooling, and mobility. Over the same period, global GDP is projected to expand at an average annual rate of around 3%.
Potential Impact on the Parent Bank	Under this scenario, the Parent Bank is expected to see a shift in the investment priorities of customers operating in energy-intensive sectors across the downstream value chain. The decline in final energy consumption reflects not a contraction in absolute energy demand, but an increasing need for investments in energy efficiency, electrification, and low-carbon technologies. This creates financing opportunities for the Parent Bank in supporting transition investments, while making the divergence in credit risk between customers that successfully adapt to higher energy efficiency standards and those that do not more pronounced. Upstream, the scenario also provides a favorable backdrop for access to international funding sources aligned with sustainable finance criteria. The principal impact on the Parent Bank arises not from lower overall energy demand, but from the structural transformation in how energy is consumed.	Under this temperature pathway, continued growth in final energy consumption provides a relatively stable operating environment over the short to medium term for customers in energy demand-dependent sectors across the downstream value chain. However, the marked slowdown in consumption growth means that differences in energy efficiency are likely to become an increasingly important determinant of financial performance, particularly in highly energy-intensive industries. As a result, the loan portfolio may experience greater risk differentiation between customers with lower levels of energy efficiency and those who are better positioned to adapt. Upstream, the more limited policy momentum behind the energy transition is expected to result in a more gradual expansion of demand for sustainable finance instruments than under the NZE scenario. Rather than direct exposure, the impact is experienced indirectly through decelerating demand growth and variances in efficiency.

Scenario Findings on Energy		
Driver	Energy Mix (%), Coal Demand, Clean Energy Demand (Electrification)	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	NGFS- Net Zero 2050	NGFS- Current Policies, CPS
Key Assumptions	Under this pathway, the energy system undergoes rapid transformation through coordinated transition policies (NGFS Net Zero 2050). Low-carbon energy sources account for an increasing share of the primary energy mix: NGFS projections indicate that the share of renewables (including hydropower) rises to approximately 24% by 2030 and 77% by 2050, while coal's share declines to around 9% by 2030 and 2% by 2050. Electrification is the principal driver of this transition on the demand side. Under the IEA World Energy Outlook (WEO) NZE 2050 pathway, electricity's share of final energy consumption is projected to increase from 20% in 2024 to 36% by 2035, while around 90% of global energy demand is expected to be met by clean energy by 2050. Achieving this outcome requires a rapid expansion of clean energy generation capacity. The assumption that annual solar generation capacity additions continue to scale significantly beyond the current level of approximately 1,100 GW per year illustrates the scale of deployment required (IEA WEO).	Under this pathway, the energy system evolves largely within the framework of existing policies, resulting in a more limited pace of transition (NGFS Current Policies and IEA WEO STEPS). NGFS projections indicate that the share of renewables rises to approximately 17% by 2030 and 24% by 2050, while coal's share declines only modestly, to around 13% by 2030 and 11% by 2050. The quantitative outlook therefore continues to reflect a primary energy mix in which fossil fuels retain a dominant role. Electrification also progresses on the demand side, but more slowly and unevenly than under the transition pathway: Under the IEA WEO STEPS pathway, electricity's share of final energy consumption is projected to rise from around 20% to 26% by 2035. Although clean energy is expected to meet almost all incremental growth in total energy demand between 2023 and 2035, the pace of deployment is not considered sufficient to deliver the transition required under a 1.5°C pathway.
Potential Impact on the Parent Bank	Under this pathway, the acceleration of transition investments expands the opportunity set across the downstream value chain (customers): Demand for lending and project finance is expected to mount in areas such as energy efficiency, electrification, renewable energy integration, grid and storage infrastructure, and supplier transformation. At the same time, the rapid decline in coal's share of the energy mix and the broader reduction in fossil fuel dependence intensify transition pressures on customers operating in coal- and carbon-intensive sectors. For customer segments with more limited transition capacity, this may lead to more pronounced repricing risk, deterioration in loan tenor and collateral quality, and greater cash flow volatility. Upstream (international financial institutions and suppliers), growing flows of net zero-aligned finance may create opportunities for the Parent Bank to expand its access to sustainable financing instruments and diversify its product offering. At the same time, increasingly stringent taxonomy, alignment, monitoring, and reporting requirements imposed by funding providers may heighten funding-related risks.	Under this pathway, transition investments continue across the downstream value chain (customers), but at a more limited pace. While this may keep transition pressures relatively subdued in the short term, the continued dominance of fossil fuels in the energy system may allow structural vulnerabilities to accumulate in carbon-intensive sectors over the medium to long term. For the Parent Bank this could result in credit and market risks emerging later but in a more uneven manner across certain customer segments. Delays in transition investments may also widen technology and competitiveness gaps, placing additional pressure on customers' financial resilience. The impact on the upstream value chain is expected to be more limited. Slower global progress in transition finance may moderate the expansion of sustainable funding flows, while the coexistence of differing standards and frameworks could lead to greater fragmentation in alignment expectations, adding complexity to funding-related risks.

Scenario Findings on Energy

Driver	Global Total Electricity Generation (Secondary Energy | Electricity), Electricity Consumption within Final Energy Consumption (Final Energy | Electricity)	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	NGFS- Net Zero 2050	NGFS- Current Policies, CPS
Key Assumptions	Under the NGFS Net Zero 2050 scenario, global electricity demand is assumed to grow more rapidly than total final energy demand, driven by deep electrification across transport, heating, and industry This transition simultaneously increases both electricity generation (Secondary Energy / Electricity) and electricity's share of final energy consumption (Final Energy / Electricity). According to NGFS projections, global electricity generation increases by approximately 2.6 times between 2020 and 2050, while the absolute use of electricity in final energy consumption rises at a similar pace. Nearly all of this growth is supplied by renewable and other low-carbon energy sources, with fossil fuel-based generation being rapidly phased out. Consistent with the IPCC 1.5°C pathway, this scenario assumes a structural transformation of the energy system and a rapid decline in carbon intensity.	Under the NGFS Current Policies scenario, global electricity generation and final electricity consumption continue to increase, but the pace of growth reflects a more gradual electrification pathway constrained by existing policies. Although electricity generation expands between 2020 and 2050, coal- and natural gas-fired generation continues to account for a substantial share of the generation mix. Electricity's share of final energy consumption also increases, but the direct use of fossil fuels persists across many end-use sectors. As a result, rising electricity demand does not translate into a significant decline in carbon intensity, leaving the energy system on a trajectory that is insufficient to deliver meaningful emission reductions.
Potential Impact on the Parent Bank	Under this scenario, the Parent Bank's lending portfolio and product strategy are expected to shift increasingly towards transition projects focused on electricity infrastructure, renewable power generation, grid investments, and electrification. Rising electricity demand creates a significant growth opportunity for project finance, long-term investment lending, and sustainable finance products. At the same time, the rapid decline in the value of fossil fuel-based activities increases credit risks associated with carbon-intensive sectors and reinforces the need for portfolio rebalancing. Decarbonizing the electricity system also enables the Parent Bank to achieve a more manageable profile in terms of the carbon intensity and transition risks associated with its credit exposures related to electricity demand.	Under this scenario, rising electricity demand creates more limited investment and financing opportunities for the Parent Bank, while fossil fuel-based sectors continue to account for a significant share of economic activity. As a result, should carbon pricing mechanisms and regulatory tightening accelerate, credit risks may accumulate over the medium to long term. The slower pace of electrification may constrain the expansion of the Parent Bank's sustainable finance portfolio, while energy price volatility and supply security risks could place pressure on the cash flows of financed customers. The principal impact is therefore expected to be reflected in the portfolio's risk profile and the Parent Bank's exposure to transition risk.

Scenario Findings on Technology

Driver	Annual Investment in the Global Energy Supply System	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	NGFS- Net Zero 2050 & Below 2°C	NGFS- Current Policies, CPS
Key Assumptions	Under the NGFS Net Zero 2050 and Below 2°C scenarios, annual investments in global energy supply increase rapidly until 2030 and pivot toward decarbonized infrastructure. According to the Net Zero 2050 scenario, global energy supply investments reach approximately 3.4 trillion USD2010/year in 2030 and 4.1 trillion USD2010/year in 2035; the majority of these investments are directed toward renewable generation, grid flexibility, storage, hydrogen, and CCUS infrastructure. According to the Below 2°C scenario, investment volume rises to 2.5 trillion USD2010/year in 2030 and 2.9 trillion USD2010/year in 2035; as fossil fuel investments decline, low-carbon technologies become dominant. In both scenarios, new investment in fossil fuel infrastructure is restricted, existing assets are rapidly decommissioned, and the capital reallocation process accelerates. While a high CAPEX requirement emerges in the short term, system costs and physical climate risks decrease over the long term.	Under the Current Policies scenario, although global energy supply investments continue to increase, their direction is not aligned with decarbonization.Global energy supply investments stand at approximately 2.1 trillion USD2010/year in 2030 and 2.3 trillion USD2010/year in 2035. A significant portion of investments is concentrated in coal, oil, and particularly natural gas infrastructure; although renewable and grid investments increase, they remain insufficient for the transformation. In this scenario, stranded asset risk accumulates over time due to investments made in carbon-intensive infrastructure, while vulnerability to physical climate risks and policy shocks increases.
Potential Impact on the Parent Bank	Under the NGFS Net Zero 2050 and Below 2°C pathways, the rapid acceleration of global energy supply investments and their reorientation toward carbon-free infrastructure (approximately USD 3.4 trillion per year by 2030) creates an environment that significantly expands long-term project finance and sustainable financing volumes for renewable energy, grid, storage, and hydrogen projects for the Parent Bank; this directly scales up the Renewable Energy Project Finance Opportunity (O2) and green/thematic funding (O4) volumes. Capital flowing into low-carbon infrastructure provides the Parent Bank with the opportunity to increase the share of assets with low transition risk and regulatory alignment within its portfolio, thereby improving the outlook for Credit Risk Arising from Compliance with Carbon Regulations and Climate Policies (TR1) At the same time, refinancing and restructuring needs arising from the phase-out of fossil fuel assets render short-term credit risk management critical. The restriction of new investment in fossil fuel infrastructure reduces stranded asset risk within the Parent Bank's portfolio.	Under the NGFS Current Policies pathway, although energy supply investments continue to grow, their misalignment with decarbonization and the concentration of a substantial portion in fossil fuel infrastructure result in the Parent Bank's portfolio exposure to carbon-intensive sectors remaining relatively high. While investment volumes support credit demand in the short term, the likelihood of stranded asset risk, erosion of collateral values, and rising funding costs strengthens over the medium to long term; this implies limited development of Opportunity O2 and a cumulative build-up of TR1 exposure. For the Parent Bank, this entails a cumulative increase in credit risk in sectors where physical risks are concentrated and a weakening of portfolio resilience.

Scenario Findings on Technology		
Driver	Total Global Installed Capacity for Electricity/Solar & Total Global Installed Capacity for Electricity/Wind	
Temperature Pathway	1.5 °C	> 3-4°C
Scenarios Applied	NGFS- Net Zero 2050 & Below 2°C	NGFS- Current Policies, CPS
Key Assumptions	Under the NGFS Net Zero 2050 and Below 2°C scenarios, the power generation system undergoes a rapid and structural transformation, evolving into a structure based on solar and wind energy. On a global scale, installed solar capacity stood at approximately 709 GW in 2020, rising to a range of 6,300-8,500 GW by 2030, and reaching levels of approximately 24,800-27,400 GW by 2050. Similarly, installed wind capacity reaches a range of 2,200-3,000 GW by 2030 from 721 GW in 2020, and hits approximately 7,000-8,900 GW by 2050. This capacity expansion enables the rapid decline of fossil fuels' baseload role in power generation, the scaling up of grid flexibility and energy storage investments, and a reduction in marginal power generation costs. Although high capital requirements emerge in the short term, the long-term investment return profiles of renewable projects strengthen due to carbon pricing, regulatory pressures, and declining technology costs.	Under the NGFS Current Policies scenario, although solar and wind capacity continues to expand, the growth rate falls significantly behind the 1.5°C pathway due to weak policy signals, limited carbon pricing, and insufficient grid investments. In this scenario, global installed solar capacity remains limited to approximately 17,800 GW by 2050, while installed wind capacity reaches around 4,600 GW. Fossil fuels largely maintain their baseload role in the power system, and despite the expansion of renewable capacity, the total emissions intensity of the system shows a slow downward trend. This structure causes volatility in energy prices and the continuation of supply security risks.
Potential Impact on the Parent Bank	Under the NGFS Net Zero 2050 and Below 2°C pathways, the rapid scaling of installed solar and wind capacity positions these projects as one of the core value creation areas within the Parent Bank's credit and investment portfolio. The acceleration of large-scale solar and wind projects, together with grid and storage investments in Türkiye, generates strong demand for long-term project finance, sustainable debt instruments, and green bond issuances, directly feeding the Renewable Energy Project Finance Opportunity (O2) and the Green and Thematic Funding Opportunity (O4); the quantitative basis of the relevant opportunity is consistent with the installed capacity targets set out in the F2 assessment. This works to increase the share of low-carbon assets in the Parent Bank's portfolio, thereby mitigating credit risk associated with physical climate risks (PR1/PR2) and transition risk (TR1) over the long term. In the early stages of the transition, however, rising investment volumes and construction-phase-specific risks require close monitoring of project development and implementation risks within credit assessments. Accordingly, growth in renewable capacity reduces the carbon intensity of the Parent Bank's lending to the energy sector.	Under the NGFS Current Policies pathway, the failure of renewable capacity growth to reach the scale required to accelerate the transition leaves the Parent Bank's credit portfolio exposed to a carbon-intensive energy mix for a longer period. Although renewable energy projects continue to present a financing opportunity (O2), these opportunities remain constrained in scale and volume due to limited capacity expansion. By contrast, for fossil fuel-dependent energy and industrial clients, stranded asset risk, pressure on collateral values, and cash flow risks linked to energy price volatility (TR1) become pronounced over the medium to long term. While the delay in the transition sustains credit demand in the short term, over the long term it produces a more fragile outlook for the Parent Bank in terms of portfolio resilience and climate-related financial risks.

Risk Management

Identification of Risks and Opportunities

The identification and prioritization of climate-related risks and opportunities are based on an integrated assessment of regulatory and legal expectations, peer benchmarking, stakeholder perspectives, and the Group's long-term strategic objectives aligned with its Net Zero by 2050 commitment. In this context, the Parent Bank regularly monitors the Türkiye Sustainability Reporting Standards (TSRS) issued by the Public Oversight, Accounting and Auditing Standards Authority, the Banking Regulation and Supervision Agency's (BRSA) expectations regarding climate-related financial risks under the Internal Capital Adequacy Assessment Process (ICAAP), the sustainability principles set out in the Corporate Governance Communiqué, and international developments such as the European Union's sustainable finance regulations and the Carbon Border Adjustment Mechanism (CBAM). The Parent Bank also evaluates the environmental and social requirements of international funding institutions, the assessment methodologies of investors and credit rating agencies, and the evolving sustainable finance and transition finance needs of its corporate, commercial and retail customer segments.

The Parent Bank's risk management process is led jointly by the Risk Committee and the Sustainability Committee, with ultimate and integrated oversight resting with the Board of Directors. The Risk Management Department (RMD) is responsible for identifying and measuring climate change- and sustainability-related risks. Qualitative and/or quantitative risk assessments are conducted within a structured framework underpinned by scenario analysis and stress testing. Climate change-related risk assessments are reviewed annually in light of global and domestic developments and are reported to the Board of Directors and Risk Committe in the scope of ICAAP. In fulfilling its responsibilities, the Risk Committee monitors climate-related physical and transition risks alongside other risk categories in an integrated manner, reviews the results of relevant analyses and assessments, and reports its activities to the Board.

Climate-related risks and opportunities are reviewed annually by the Sustainability Committee and submitted to the Board of Directors through the Corporate Governance Committee. Within this process, the Corporate Governance Committee monitors the alignment of sustainability-related matters with corporate governance principles and applicable regulations, evaluates the recommendations submitted by the Sustainability Committee, and supports the Board by reviewing matters requiring its approval.

Climate-related risks and opportunities are assessed across the Parent Bank's operations and value chain, taking into account their potential impacts over the short, medium, and long term. Risks are further classified according to value chain categories (summarized in **Table 1**). Risk identification, assessment, and prioritization are conducted based on these categories. The value chain segmentation applied in the analysis and the corresponding risk categories are presented below.

Value chain segmentation and associated risk categories used in the assessment of climate-related risks and opportunities:

Table 1: Value Chain and Risk Categories

Value Chain Stage	Value Chain Scope	Category of Risk by Value Chain
Upstream	• International Funders • Suppliers (Goods and Services, IT, Cyber Security, and Operational Support Providers)	• Funding risks • Supply chain risks
Operation	• Operations of the Parent Bank and its subsidiaries • Head Office and Regional Directorates • Data Center Buildings • Branches and ATMs	• Operational risk • Business continuity risk
Downstream	• Customers and Business Partners (Retail Banking, Corporate and Commercial Banking, Treasury Transactions, and Investment Activities)	• Credit Risk • Market risk • Reputational Risk • Regulatory Compliance Risk

In assessing climate-related risks and opportunities, the Parent Bank considers scenario analyses, the SASB sector-specific metrics for Commercial Banks, and peer benchmarking studies.

The scenario analysis process first identifies priority variables across the policy and regulatory, economic, social, environmental, energy, and technology dimensions. Changes in these variables are then evaluated under the relevant climate scenarios. Based on the results of these analyses, climate-related risks and opportunities are identified across the Parent Bank's value chain, categorized according to the framework described above, and incorporated into the Parent Bank's risk and opportunity inventory. Detailed information on the scenario parameters assessed is provided in the Strategy - Resilience section of this report.

The climate-related metrics evaluated when identifying risks and opportunities for the Parent Bank and its subsidiaries are fully aligned with the Sectoral Appendices of the Turkish Sustainability Reporting Standards. These include TSRS 2 Appendix Volume 15 'Asset Management & Custody Activities', TSRS 2 Appendix Volume 16 'Commercial Banks', TSRS 2 Appendix Volume 17 'Insurance', TSRS 2 Appendix Volume 18 'Investment Banking & Brokerage', and TSRS 2 Appendix Volume 58 'Software & IT Services'. In addition to these metrics, industry-specific metrics under the SASB Standards relevant to the Group and its subsidiaries are also evaluated. The Group and its subsidiaries assess the applicability of sector-specific metrics and identify sustainability- and climate-related risks and opportunities based on those deemed relevant and applicable.

As part of its peer benchmarking process, the Group reviews publicly disclosed climate-related risk and opportunity assessments published by domestic and international financial institutions with operational and/or financial characteristics comparable to the Group's. Based on this review, sector-wide risks and opportunities are evaluated, and those considered reasonably relevant to the Group's business model and operating environment are incorporated into the Group's risk and opportunity inventory.

Assessment of Risks and Opportunities

Risk Assessment

Following the identification of sustainability- and climate-related risks, the Group consolidates these risks within its central risk inventory. Each risk is subsequently assessed and prioritized through the Parent Bank's enterprise risk management framework based on a materiality assessment. The assessment methodologies applied differ according to the nature of each risk category.

For market risk and liquidity risk, the scope of scenario analysis has been expanded for the purposes of TSRS reporting, incorporating sustainability-related risks that were not included in the previous reporting period.

Operational risks are assessed through a two-stage qualitative and quantitative approach. In evaluating operational risks, the Group applies the Risk and Control Self-Assessment (RCSA) methodology defined in its Operational Risk Management Policy. Under this methodology, operational risks are qualitatively assessed using a two-dimensional approach based on their potential impact and likelihood of occurrence.

The likelihood scale comprises six levels. (Risks expected to occur once every ten years or less frequently are assigned a score of 1, whereas risks expected to occur at least once per month are assigned a score of 6.)

On the impact scale, the potential impact of each risk is assessed using a six-point scoring system across ten dimensions: Confidentiality, Integrity, Availability, Legal Impact, Regulatory Compliance, Reputation, Process Disruption, Business Objectives, Human and Social Impact, and Climate Change (a score of 0 indicates no impact, while a score of 6 represents the highest level of impact defined for the relevant dimension).

The gross risk score is calculated by multiplying the likelihood score by the impact score. The risk classification framework and associated threshold values have been established in line with the Parent Bank's risk appetite as defined under its Enterprise Risk Management Policy. Based on the gross risk score, risks are classified into five categories: Very High (Critical), High (Significant), Medium, Low, and Very Low. Risks with a gross risk score of 13 or above are classified as High (Significant) and are subject to ongoing monitoring.

The effectiveness of the control environment is subsequently assessed for each risk to determine the net risk score. The net risk score is calculated by multiplying the gross risk score by the control environment factor. The control environment factor ranges from 0.1, where existing controls are considered highly effective, to 1.0, where no controls are in place. Risks with a net risk score of 9 or above trigger a detailed review. Where this review provides sufficient data and assumptions to support quantitative assessment, the Parent Bank proceeds with quantitative risk analysis.

Sustainability- and climate change-related risks that are considered likely to affect credit risk or market risk are assessed directly through quantitative analysis, without undergoing the qualitative assessment process, given that their financial impacts can be quantified.

For risks subject to quantitative assessment, potential financial impacts are estimated through scenario analysis and stress testing. The resulting impacts are then compared against threshold values defined based on the Group's key financial indicators. Details of these threshold values are provided in the **"About This Report / Materiality Assessment"** section.

Assessment of Opportunities

The Group assesses climate-related opportunities through a two-stage process comprising qualitative and quantitative assessments, following an approach similar to that used for Operational Risk.

Under the qualitative assessment, opportunities are evaluated using a two-dimensional approach based on their potential impact and likelihood of realization.

A six-point scale is used to assess likelihood, where opportunities with a very low or speculative probability of materializing receive a score of 1, while opportunities that are considered certain or feasible for implementation in the short term receive a score of 6.

On the impact scale, the potential impact of each opportunity is assessed using a six-point scoring system across ten dimensions: Confidentiality, Integrity, Availability, Legal, Regulatory Compliance, Reputation, Process Disruption, Business Objectives, Human and Social Impact, and Climate Change (a score of 0 indicates no impact, while a score of 6 represents the highest level of impact defined for the relevant dimension).

The gross opportunity score is calculated by multiplying the likelihood score by the impact score. Based on the gross opportunity score, opportunities are classified into five categories: Golden Opportunity (24-36), Strategic Bet (13-23), Quick Win (9-12), Monitor (4-8), and Disregard (1-3). Opportunities with a gross opportunity score of 13 or above are classified as Significant and are subject to ongoing monitoring.

The Parent Bank then assesses its level of organizational readiness and capability for each opportunity. The net opportunity score is calculated by multiplying the gross opportunity score by the organizational readiness/capability factor. This factor ranges from 0.1, where the necessary capabilities or technologies are not currently available, to 1.0, where the Parent Bank's processes, capabilities, and technological infrastructure are fully prepared to realize the opportunity. Opportunities with a net opportunity score of 9 or above trigger a detailed review. Where this review provides sufficient data and assumptions to support quantitative assessment, the Parent Bank proceeds with quantitative opportunity analysis.

The risk and opportunity assessment scales and impact matrices are illustrated in the tables below.

Likelihood Scales:

Risk:

Description	Level
May occur once or more per month	6
May occur 1-11 times per year	5
May occur once or twice every 2 years	4
May occur once or twice every 3-4 years	3
May occur once or twice every 5 years	2
May occur once every 10 years or more	1

Opportunity:

Description	Frequency	Score
Certain: Can be implemented immediately; pilot implementation is ready.	Regular (once or more per month)	6
High: "Quick Win". Can be implemented using existing resources and budget.	High likelihood (1-11 times per year)	5
Likely: Resources are available; requires prioritization and management approval.	Likely (once or twice every 2 years)	4
Possible: Feasible, but requires cross-functional changes or moderate capital expenditure.	Likely (once or twice every 3-4 years)	3
Low: Technology and/ or resource gaps exist; significant investment is required for implementation.	Unlikely (once or twice every 5 years)	2
Very Low: Success depends on external factors beyond the Parent Bank's control; highly speculative.	Rare (once every 10 years or more)	1

Impact Scale: (Applicable to Both Risks and Opportunities)

0	1	2	3	4	5	6
None	Insignificant	Low	Moderate	Significant	Major	Critical

Risk and Opportunity Matrix (Likelihood × Impact)

Likelihood \ Impact	None 0	Insignificant 1	Low 2	Moderate 3	Significant 4	Major 5	Critical 6
6	0	6	12	18	24	30	36
5	0	5	10	15	20	25	30
4	0	4	8	12	16	20	24
3	0	3	6	9	12	15	18
2	0	2	4	6	8	10	12
1	0	1	2	3	4	5	6

1-3 Very Low	4-8 Low	9-12 Moderate	13-23 High	24-36 Very High (Critical)

Monitoring Risks and Opportunities

Monitoring Risks

The Group monitors climate-related risks identified as Significant through a multi-layered governance structure supported by periodic review processes.

The management of climate-related risks follows a two-stage process. In the first stage, risks are identified and assessed through comprehensive analyses conducted by the Risk Management Department. Risks determined to be Significant as a result of these analyses are subsequently included in the monitoring process. Further information on the identification and assessment processes is provided in the **"Identification of Risks and Opportunities"** and **"Assessment of Risks and Opportunities"** sections above.

The monitoring process constitutes a continuation of the analyses performed during the first stage and includes the periodic review of the evolution of identified risks over time, the validity of the underlying assumptions, and their potential financial impacts.

Climate change-related risks are quantified through scenario analysis and stress testing. (Further information on the relevant scenario analyses is provided under the "Risks and Opportunities" section of the Strategy section.) In addition, greenhouse gas emissions associated with the financed loan portfolio are calculated by the Risk Management Department. The scenarios, assumptions, and methodologies used in these analyses are reviewed annually, updated where necessary, and submitted to the Board Risk Committee for approval.

The resulting metrics and portfolio risk distributions are monitored on a quarterly basis and incorporated into the Parent Bank's risk management reports submitted to the Board Risk Committee. These analyses are also reported annually as part of the ICAAP report and submitted to the Board Risk Committee, the Audit Committee, and the Board of Directors for review and approval.

The Operational Risk Management Committee meets quarterly to ensure that sustainability-related risks are incorporated into the Parent Bank's business continuity planning. The Committee monitors operational risks and losses, with particular emphasis on those that could affect the Parent Bank's business strategy, and initiates appropriate actions where the Parent Bank's risk profile is not aligned with its strategic objectives.

The Risk and Control Self-Assessment (RCSA) process, which is used to assess all operational risks, including sustainability- and climate-related operational risks, is a recurring annual process. Maintaining the continuity of the core components of the RCSA framework is considered critical. Primary responsibility for defining business processes rests with the respective process owners within the business units. To ensure that the process model remains current and effective, risk owners regularly update the processes under their responsibility. During the annual assessment cycle, they may revise previously identified risks and controls as necessary and update the risk inventory by incorporating newly identified risks.

Key Risk Indicators (KRIs) are quantitative metrics used to measure operational risks, including sustainability- and climate-related operational risks, and to monitor changes in those risks over time. An optimal set of KRIs is maintained to enable effective monitoring of both the likelihood and severity of operational risks. Tolerance thresholds for each KRI are established jointly by Operational Risk Management and the relevant business units, monitored on an ongoing basis, and reviewed annually. Where tolerance thresholds are exceeded, the relevant risks and control environment are reassessed, and appropriate risk mitigation action plans are developed. Changes in KRI values are used to evaluate the effectiveness of these actions and their impact on the Parent Bank's risk and control environment.

Credit and market risks, including sustainability- and climate-related credit risks, are reviewed annually by the relevant risk owners. This monitoring process includes validating the continued relevance of the data sources, assumptions, and expert judgments underpinning the quantitative analyses, updating the analyses using the latest available data, and repeating the quantitative assessment on an annual basis. Where updates to the underlying assumptions are required, the scenario analyses supporting the quantitative assessment are also refreshed accordingly.

The Internal Audit Department reviews climate risk annually as part of the Internal Capital Adequacy Assessment Process (ICAAP). Within this scope, the Parent Bank's activities relating to climate change mitigation and adaptation, together with the qualitative climate risk assessments conducted by the Risk Management Department under the ICAAP framework, are reviewed during audit engagements. The reviews take into consideration the Parent Bank's climate risk policies, procedures, and practices, as well as nationally and internationally recognized standards, guidance, and reference frameworks. In addition, climate stress testing exercises conducted in line with generally accepted industry practices are included within the scope of the audit.

The Operational Risk Management Department continuously reviews and monitors the Parent Bank's operational risk exposure and operational risk profile, ensures the adequacy of data quality and data flows, and reports the Parent Bank's operational risks—including sustainability- and climate-related operational risks—to the Risk Committee, the Audit Committee, and the Operational Risk Management Committee through the Head of Risk Management.

The continuous enhancement of sustainability- and climate-related risk analysis forms one of the objectives of the Risk Management Department. Through various completed and ongoing initiatives, the Parent Bank regularly implements measures to strengthen the effectiveness of its risk monitoring processes.

Monitoring Opportunities

Sustainability- and climate-related opportunities are assessed and monitored annually across the Group Business units designated as opportunity owners are responsible for defining, prioritizing, and updating the processes associated with the opportunities assigned to them, as required.

The monitoring of opportunities classified as Significant is the responsibility of the Sustainability Committee. The Committee convenes at least annually to review developments, key performance indicators, and the implementation status of these opportunities.

The performance of sustainability- and climate-related opportunities is monitored through the strategic objectives of the relevant business units and the sustainability- and climate-related key performance indicators (KPIs) associated with those objectives. The outcomes of this monitoring process provide input to the Group's governance and decision-making processes.

Integration with Enterprise Risk Structure

At the Group, the management of climate-relatedrisks is coordinated by the Risk Management Department and is carried out under the oversight of the Board of Directors, with regular review, monitoring, and guidance provided by the Sustainability Committee and the Risk Committee.

The identification, assessment, and management of climate-related risks are conducted within the framework of the Group's Enterprise Risk Management Policy and form an integral part of its overall risk management approach. To ensure that climate-related risks are managed holistically alongside other risk categories, these risks are incorporated into the Group's Risk Appetite Statement and are reviewed regularly by the Board Risk Committee. In addition, climate-related risks have been integrated into the Parent Bank's risk identification, measurement, monitoring, and reporting processes. To support this approach, the Group's has established and implemented the necessary processes and supporting policy framework.

The Group's sustainability and climate risk management process begins with comprehensive analyses conducted by the Risk Management Department. The results of these analyses are reported periodically to the Board Risk Committee. Based on these reports, the Board Risk Committee monitors the impacts of sustainability- and climate-related risks on the Group's credit portfolio, market risk, and operational risk management activities, evaluates initiatives aimed at integrating climate risk into business processes, and reviews and approves climate risk scenario analyses.

The Operational Risk Management Committee ensures that physical climate risks are incorporated into the Parent Bank's business continuity planning and coordinates the integration of climate-related physical risks into the Parent Bank's business continuity plans.

The identification, assessment, and management of the Group's climate-relatedrisks have been integrated into its overall risk management approach through the Enterprise Risk Management Policy.

The Sustainability Committee is responsible for reviewing the Parent Bank's sustainability strategy and commitments, identifying priority issues, monitoring performance, and evaluating ESG-related risks and opportunities. Where appropriate, the Committee escalates key risks and opportunities to the Board of Directors. The Board-approved Sustainability Policy sets out the sustainability approach, ESG commitments, and governance framework. Environmental and social risk assessments for lending activities and projects are conducted in accordance with the Environmental and Social Risk Assessment Policy and the Sustainability Policy, encompassing climate-related risks as part of the assessment process.

Environmental and social risks are systematically integrated into the Parent Bank's lending processes. The Exclusion List serves as the initial screening tool for all lending transactions. Financing is not provided to customers or projects engaged in activities included on this list.

Project finance facilities with a minimum loan amount of USD 10 million and a maturity of 24 months or longer, as well as all other loans with a minimum amount of USD 25 million and a maturity of 24 months or longer, are subject to assessment under the Environmental and Social Risk Assessment (ESRA) Model, through which the environmental and social risk category of the financed project is determined.

Projects are classified according to the magnitude of their potential adverse environmental and social impacts, the nature of the sector in which they operate, the manageability of environmental and social issues, and the likelihood of those impacts occurring. The environmental and social risk categories are as follows:

Category A: Projects with potentially significant adverse environmental and social impacts or risks that are diverse, irreversible, or unprecedented.

Category B+: Projects with significant adverse environmental and social impacts and specific risks that are generally site-specific and can be mitigated through appropriate mitigation measures.

Category B–: Projects with limited potential adverse environmental and social impacts or risks that are site-specific and can be effectively addressed through well-established mitigation measures.

Category C: Projects with minimal or no adverse environmental and social impacts or risks.

As an output of the Environmental and Social Risk Assessment Model, an Environmental and Social Action Plan (ESAP) is prepared, where applicable, depending on the project's risk category. The purpose of the ESAP is to minimize the potential environmental and social impacts arising from projects classified as Category A, Category B+, and Category B–.

The Environmental and Social Risk Specialist provides advisory support to business units, the Sustainability Team, and senior management on sustainability-related matters, including responding to inquiries and complaints from both internal and external stakeholders.

Metrics

1. Cross-Industry Metrics

To manage climate-related risks and capture climate-related opportunities in line with its net zero ambition, the Group monitors and manages greenhouse gas (GHG) emissions across Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased energy), and Scope 3 (indirect emissions arising from value chain activities, including capital investments, the loan portfolio, and project finance). The Group has applied the transitional reliefs described in the About This Report section. Accordingly, Scope 3 GHG emissions are not disclosed in this reporting period.

The Group's medium- and long-term emission reduction targets are established with reference to internationally and nationally recognized frameworks and methodologies, including the GHG Protocol, the Partnership for Carbon Accounting Financials (PCAF) methodology, the Net-Zero Banking Alliance (NZBA), sectoral pathways published by the International Energy Agency (IEA), and the Türkiye Long-Term Climate Strategy.

The Group continues to implement initiatives aligned with its strategic objectives of improving energy efficiency, expanding the use of renewable energy, and enhancing waste reduction and recycling practices. These objectives form an integral part of the Group's broader strategy to combat climate change and support the transition to a low-carbon economy.

1.1 Greenhouse Gas Emissions

The Group calculates its greenhouse gas (GHG) emissions consistently across all scopes in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004). This methodology has been adopted because it provides sector-specific guidance for financial institutions, covers a comprehensive range of emissions—including Scope 3—and is fully aligned with internationally recognized reporting frameworks such as the Carbon Disclosure Project (CDP), the European Sustainability Reporting Standards (ESRS), and the Science Based Targets initiative (SBTi).

The greenhouse gas emissions data for the 2025 reporting period have been prepared for Scope 1 and Scope 2 emissions (both market-based and location-based) and were subject to a limited assurance engagement by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) in accordance with ISAE 3000 and ISAE 3410. As a result of the audit procedures performed, no matter has come to our attention that causes us to believe that the report has not been prepared in accordance with the reporting criteria. The Independent Limited Assurance Report is included in the "**Appendices"** section of this report.

The Group applies the Tier 2 methodology for major emission sources, including natural gas consumption, stationary combustion sources, and purchased electricity, using emission factors from Türkiye's national greenhouse gas inventory. For all other emission categories, a Tier 1 calculation approach is applied based on activity data and internationally recognized emission factors. The international emission factors used in the calculations are sourced from the Intergovernmental Panel on Climate Change (IPCC) and the UK Department for Environment, Food & Rural Affairs (DEFRA). Activity data are processed using the appropriate units (e.g., kg, litres, kWh, and tonne-kilometres), with the necessary unit conversions applied. To ensure methodological consistency, the Group has designated 2021 as its base year and has made no changes to its calculation methodology during the current reporting period.

Table 1.1: Group Gross Scope 1 and Scope 2 Greenhouse Gas Emissions[1][5]

	2024 Scope 1 (ton CO_2e)	2024 Scope 2 (ton CO_2e)	2025 Scope 1 (ton CO_2e)	2025 Scope 2 (ton CO_2e) location-based	2025 Scope 2 (tonCO_2e) market-based
QNB Bank A.Ş.[2]	12,588.00	24,555.00	11,310.46	21,457.06	0
QNB Yatırım Menkul Değerler A.Ş.[3]	218.00	276.00	227.22	229.50	0
QNB Portföy Yönetimi A.Ş.	62.00	71.00	65.15	69.69	0
QNB Finansal Kiralama A.Ş.	253.00	139.00	271.87	133.94	0
QNB Faktoring A.Ş.	334.00	139.00	333.26	136.18	0
QNBeyond Ventures B.V.	18.00	162.00	23.92	142.17	0
QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş.	516.00	80.00	464.48	115.48	0
IBTech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş.	1,671	649	1,804.25	660.02	0
QNB eSolutions Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	93.00	127.00	125.90	124.00	0
Enpara Bank A.Ş	-	-	57.84	3,123	0
TOTAL(Consolidated)	**15,753.00**	**26,198.00**	**14,684.35**	**26,191.39[4]**	**0**

[1] The emission calculation for QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş. is based on the company's own consumption data. As the other subsidiaries are located in the same building as QNB Bank A.Ş., their emissions have been calculated using a square-meter-based allocation approach.

[2] The 2024 emission figures for QNB Bank A.Ş. include emissions arising from the activities of Enpara Bank A.Ş. prior to the spin-off.

[3] Emissions of QNB Varlık Kiralama Şirketi A.Ş. are included.

[4] Following the transfer of Enpara.com banking services to Enpara Bank A.Ş. as of 28 August 2025, operational data attributable to Enpara Bank A.Ş has been excluded from the reporting scope. This has resulted in a decrease in the Scope 2 emission figure.

[5] Includes the emission calculations of QNB eSolutions Elektronik Ticaret ve Bilişim Hizmetleri A.Ş. and IBTech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş. Information on emissions arising from these entities is disclosed separately in accordance with TSRS S2 paragraph 29(a)(iv), and the related emission data is tracked independently.

1.2 Internal Carbon Prices

The Parent Bank applies an implicit carbon pricing approach, primarily to support sustainable finance decision-making. Carbon tax trends are incorporated into climate transition scenario analyses through the assessment of direct costs and operating margins. Preparatory work is underway to integrate carbon pricing into the Parent Bank's credit underwriting processes. As part of these efforts, an indicative internal carbon price of approximately USD 336.67 per tCO_2e has been calculated.

The Parent Bank plans to use internal carbon pricing as a tool to strengthen credit allocation decisions and improve the alignment of its lending portfolio with its climate objectives.

2. SASB Sectoral Metrics

The Parent Bank reports its sector-specific sustainability performance in accordance with the SASB Commercial Banking Industry Standard. The metrics presented in this section have been prepared in line with the disclosure requirements of the Turkish Sustainability Reporting Standards (TSRS) and provide comparative information for the 2024 and 2025 reporting periods.

The disclosures include qualitative metrics covering the integration of environmental, social, and governance (ESG) factors into credit analysis, as well as the incorporation of climate-related risks—including climate stress testing—into capital adequacy planning and corporate strategy. They also include quantitative activity metrics relating to the Parent Bank's deposit and loan portfolios, presented on both a volume and account-count basis.

Table 2.1: SASB Commercial Banks Standard - Sustainability Disclosure Topics

This table presents the qualitative metrics related to the sustainability disclosure topics specified under the SASB Commercial Banking Industry Standard and provides comparative information for the 2024 and 2025 reporting periods.

SASB Code	Subject	Metric	2024 Data	2025 Data
FN-CB-410a.2	Integration of Environmental, Social, and Governance (ESG) Factors into Credit Analysis	Description of the approach to incorporating ESG factors into credit analysis	The Parent Bank conducts its lending activities within a comprehensive risk management framework that incorporates the environmental and social risks associated with financed projects. The Environmental and Social Management System (ESMS), established in 2019 in line with international standards, is reviewed and updated annually. Under this framework, the Environmental and Social Risk Assessment (ESRA) Model is applied to (i) project finance transactions with a loan amount of USD 10 million or more, and (ii) corporate loans of USD 25 million or more with a maturity exceeding two years. For projects within scope, Environmental Impact Assessment (EIA) reports are required. These reports include information on water consumption, groundwater use, wastewater treatment methods and discharge limits, and are reviewed by the Parent Bank's environmental and social risk specialists.	The Parent Bank conducts its lending activities within a comprehensive risk management framework that incorporates the environmental and social risks associated with financed projects. In this context, the Environmental and Social Management System (ESMS) was established in 2019 in line with the IFC Performance Standards and is reviewed and updated annually. The Environmental and Social Risk Assessment (ESRA) Model, implemented within the scope of the ESMS, is mandatory for: (i) project finance loans with a loan size of USD 10 million or above and a maturity of 2 years or longer, and (ii) corporate loans with a loan size of USD 25 million or above and a maturity of 2 years or longer. In addition, all credit applications are screened against the Non-Financed Activities List, which covers prohibited activities such as child labor and forced labor. In 2025, the scope of the assessment was expanded to evaluate projects against criteria including natural resource use, greenhouse gas emissions, impacts on biodiversity, waste management, occupational health and safety, labor conditions and stakeholder engagement. Based on the assessment results, projects are classified into four risk categories: High (Category A), Medium-High (Category B+), Medium (Category B-), and Low (Category C). High-risk projects are reviewed with the support of independent consultants, and, where necessary, an Environmental and Social Action Plan (ESAP) is developed. Of the 21 projects assessed under the ESRA Model in 2025, 14 were approved, 4 remained under evaluation, and 3 were rejected. The integration of environmental and social risk factors into credit analysis is governed by the Environmental and Social Risk Assessment Policy and the Sustainability Policy. Day-to-day implementation is the responsibility of the Risk Management Department and the relevant business units, while environmental and social risk specialists provide technical review and advisory support. Oversight of the process is provided by the Board Risk Committee and the Sustainability Committee, as described in the Integration with the Enterprise Risk Management Framework section. Environmental and social risk factors are assessed alongside traditional macroeconomic and microeconomic considerations, including the customer's overall creditworthiness and expected credit losses. At the portfolio level, climate- and sustainability-related risks are monitored through scenario analyses and stress testing, as described in the Monitoring Risks and Opportunities section. Credit concentrations in carbon-intensive sectors, financed emissions, and sectoral emissions intensity targets (Nos. 5-9) are also monitored.
FN-CB-550a.2	Systemic Risk Management	Approach to incorporating the results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	The results of climate change-related transition and physical risk stress tests are integrated into Expected Credit Loss (ECL) measurements and the Internal Capital Adequacy Assessment Process (ICAAP) report.	The Parent Bank conducts stress testing both as a regulatory compliance requirement and as a strategic risk management tool. Its capital management process is carried out within the framework of the Internal Capital Adequacy Assessment Process (ICAAP). ICAAP encompasses the calculation, forecasting, and analysis of the regulatory and economic capital required to support the Parent Bank's annual and long-term business plans, together with stress testing and scenario analysis. The process is designed to ensure that the Parent Bank maintains sufficient capital resources to support its risk profile and business strategy. Capital adequacy ratio stress tests are performed and reported quarterly under a range of scenarios. Resilience to severe interest rate shocks is assessed through simulation exercises, including reverse stress testing. To assess climate change-related risks, the Parent Bank applies both scenario analysis and stress testing methodologies. The results of climate stress tests are incorporated into the ICAAP report submitted to the Banking Regulation and Supervision Agency (BRSA). These analyses are designed to evaluate the resilience of the Parent Bank's business strategy and financial position under different climate scenarios and to identify potential areas of vulnerability. In addition, under the Recovery Plan requirements applicable to domestic systemically important banks, the Parent Bank annually identifies and submits to the BRSA the actions to be implemented in the event of a hypothetical deterioration in liquidity metrics.

Table 2.2: SASB Commercial Banks Standard - Sustainability Disclosure Topics for Subsidiaries

This table presents the qualitative metric disclosures of the Parent Bank's subsidiaries included in the Parent Bank's consolidation scope, in accordance with the sustainability disclosure topics specified under the SASB Commercial Banking Industry Standard.

SASB Code	Subject	Metric	2025 Data				
			QNB Yatırım Menkul Değerler A.Ş. (QNB Invest)	QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş.	QNB Finansal Kiralama A.Ş. (QNB Leasing)	QNB Portföy Yönetimi A.Ş.	QNB Faktoring A.Ş.
FN-CB-410a.2	Integration of Environmental, Social, and Governance (ESG) Factors into Credit Analysis	Description of the approach to incorporating ESG factors into credit analysis	Metric not applicable.	Metric not applicable.	For project finance transactions with a net financing amount of USD 2 million or more, environmental and social risks are classified into four categories using a dedicated assessment tool. As part of the assessment process, Environmental Impact Assessment (EIA) documentation, occupational health and safety (OHS) certificates, and environmental permits are obtained from the relevant companies. The approach to integrating environmental and social risk factors into credit assessments is implemented in accordance with the Group's Environmental and Social Risk Assessment Policy and Sustainability Policy and is subject to oversight under the Group's consolidated risk management governance framework. Environmental and social risks identified through the four-category classification are considered alongside traditional financial criteria when assessing a project's creditworthiness and repayment capacity. This approach is further supported by the Company's strategic focus on financing sustainable investments, including renewable energy, energy and water efficiency, and wastewater management projects.	Metric not applicable.	As part of the credit assessment process, financing is not provided to companies engaged in activities included in the Exclusion List, such as child labor, forced labor, and other prohibited practices. Companies operating in sectors with direct environmental impacts, such as coal and mining, are financed only on a limited, transaction-specific basis. Sectors with relatively limited environmental impacts are classified as low risk. Financing facilities of USD 10 million or more for SME and commercial banking clients, and USD 25 million or more for corporate banking clients, require approval by the Board of Directors. The integration of environmental, social, and governance (ESG) factors into extension decisions is carried out in line with the Group's consolidated risk management framework and the policies established by the parent company. Within this framework, the Exclusion List serves as the primary screening tool, while financing of activities with elevated environmental and social risks is subject to exposure thresholds and Board approval. ESG considerations are assessed alongside the customer's overall creditworthiness as part of the financing decision-making process.
FN-CB-550a.2	Systemic Risk Management	Approach to incorporating the results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Metric not applicable.	Metric not applicable.	Metric not applicable.	Metric not applicable.	QNB Factoring conducts stress testing within the consolidated risk management framework of the Group. Group-wide effective capital management is carried out through the Internal Capital Adequacy Assessment Process (ICAAP), prepared on both a unconsolidated and consolidated basis. The ICAAP encompasses the calculation, projection, and analysis of regulatory and economic capital requirements arising from annual and long-term business plans, as well as stress testing and scenario analysis. QNB Factoring is included within the scope of the annual ICAAP report prepared by the parent company on a consolidated basis. Climate risk stress testing has been integrated into the ICAAP framework. QNB Factoring is included in the climate scenario analyses conducted by the Parent Bank in proportion to the size of its portfolio. These analyses are designed to assess the resilience of business strategies and financial performance under different climate scenarios and to identify potential areas of vulnerability. In addition, the Company performs monthly stress testing protocols to monitor its financial resilience. The impact of sudden interest rate fluctuations on equity is measured through Economic Value of Equity (EVE) analysis, whereby the cash flows of assets and liabilities are re-discounted under various interest rate shock scenarios, and the Net Economic Value-to-Capital Ratio is monitored on an ongoing basis. The maturity mismatch between the short-term nature of factoring receivables and the interest rate sensitivity of funding sources is managed dynamically through these stress testing exercises.

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Table 2.3: SASB Commercial Banks Standard - Activity Metrics

In alignment with the SASB Commercial Banking Industry Standard, this table presents a comparative view of the Parent Bank's quantitative activity metrics for its deposit and loan portfolios for the years 2024 and 2025, broken down by retail, small business, and corporate segments on a volume and account-count basis.

SASB Code	Metric	Measurement Unit	2024 Data*	2025 Data
FN-CB-000.A (1a)	Retail Segment Number of Deposits	Number	14,583,297	10,767,720
FN-CB-000.A (1b)	Small Enterprise Segment Number of Deposits	Number	538,594	502,767
FN-CB-000.A (2a)	Retail Segment Deposit Value	TL	568,834,151,741	617,763,253,011
FN-CB-000.A (2b)	Small Enterprise Segment Deposit Value	TL	101,932,066,234	136,390,835,747
FN-CB-000.B (1a)	Number of Retail Credits	Number	3,218,787	1,503,340
FN-CB-000.B (1b)	Small Enterprise Number of Credits	Number	82,122	90,144
FN-CB-000.B (1c)	Number of Corporate Credits	Number	8,271	3,005
FN-CB-000.B (2a)	Retail Credit Value	TL	121,460,227,000	115,129,588,623
FN-CB-000.B (2b)	Small Enterprise Credit Value	TL	90,763,224,000	139,690,985,712
FN-CB-000.B (2c)	Corporate Credit Value	TL	246,820,325,000	297,009,247,834

**The 2024 deposit metrics reported under FN-CB-000.A have been revised and restated following a review of the calculation methodology. The 2024 data presented in this table reflect the updated values.*

3. Other Metrics

This section presents metrics defined in the areas of renewable energy financing, sustainable financing ratios, and operational environmental management, complementary to the Parent Bank's disclosure obligations under TSRS 1 paragraph 46(b). The metrics in question are directly linked to the Parent Bank's corporate sustainability strategy and climate commitments, reflecting the financial years 2024 and 2025 on a comparative basis.

Table 3.1: Operational Metrics

Comprising the targets and operational metrics established under the Parent Bank's sustainability strategy, all data in this table has been generated based on the Parent Bank's internal operational records and corporate strategy.

The metrics of the Parent Bank and its subsidiaries are consistent; the table below shows only the Parent Bank's metrics as of this period.

Category	Metric	Units	2024	2025	Metric Objective	Judgments and Assumptions
Renewable Energy Project Finance Distribution	Share of Financed Renewable Energy Projects in Total Energy Projects Portfolio	%	100	100	Monitoring and activity metrics for renewable energy projects financed	It represents the share of renewable energy projects financed by QNB Bank A.Ş. within the total energy projects portfolio during the reporting period.
	Share of Renewable Energy Projects in Total Power Generation Project Finance	%	33.85	61.51	Tracking and activity metrics for green-compliant renewable energy project finance	It represents the ratio of renewable energy project loans financed by QNB Bank A.Ş. during the reporting period that are compliant with the Sustainable Finance and Product Framework, with a loan amount of USD 10 million or above and a maturity of 2 years or more, to the energy projects within the total project finance portfolio.
Sustainable Finance	Sustainable Loan Ratio	%	33.6	37.8	Tracking and activity metrics for compliant green and social loan financing	This metric represents the proportion of the aggregate loan volume allocated to sustainable projects funded by QNB Bank A.Ş. during the reporting period, with a minimum loan size of USD 10 million, relative to the total loan volume of all projects.
	Sustainable Tourism Portfolio Ratio	%	-	62	Tracking and activity metrics for the portfolio of clients with Sustainable Tourism certification	The ratio of QNB Bank A.Ş.'s portfolio of clients with Sustainable Tourism certification to the total tourism hospitality portfolio during the reporting period
Sustainable Borrowing Instruments	Sustainable Borrowing Ratio	%	34.4	30.4	Tracking and activity metrics for "Green and Thematic Borrowing Opportunity Driven by Carbon Regulations and Green Taxonomy" (O4)	This metric represents the share of sustainability-themed borrowing instruments in the total borrowings of QNB Bank A.Ş. during the reporting period.
Operational Metrics	Number of Buildings with Zero Waste Certification	Number	298	345	Tracking metric for the "target of raising the number of zero waste certified buildings" (No4)	Represents the number of the Parent Bank buildings with a Zero Waste Certification during the reporting period.
	Electricity Consumption from Renewable Energy Sources	kWh	59,143,390	60,348,831	Tracking metric for the "Target to Maintain/ Preserve Renewable Energy Consumption Intensity" (No2)	Represents the renewable energy consumption procured through I-RECs, covering QNB Bank A.Ş. and all its subsidiaries during the reporting period.
	Total Electricity Consumption	kWh	59,143,390	60,348,831	Tracking metric for the "Target to Maintain/ Preserve Renewable Energy Consumption Intensity" (No2)	Represents the total electricity consumption utilized through direct and indirect means by QNB Bank A.Ş. during the reporting period. Electricity consumption was initially calculated in kWh and subsequently converted to gigajoules (GJ) using a conversion factor of 1 kWh = 0.0036 GJ.
	Number of Green Building (LEED) Certifications	Number	1	1	Tracking metric for the "Target of Raising the Number of LEED-Certified Buildings" (No3)	Represents the number of QNB Bank A.Ş. buildings that hold Green Building (LEED) Certification during the reporting period.

Targets

Driven by its commitments to combat climate change and promote environmental sustainability, the Parent Bank has established measurable targets across five key areas: greenhouse gas emissions reduction, energy management, green building certification, waste management, and environmental management systems. These targets have been developed in alignment with the Paris Agreement and Türkiye's 2053 Net Zero Commitment and are defined through a structured and measurable framework that includes baseline values, target years, and progress indicators. The tables below present the relevant metrics, baseline and target values, and performance for the 2024-2025 reporting period.

All targets presented in the tables have been established in line with the Paris Agreement's 1.5°C pathway and Türkiye's 2053 Net Zero Commitment. In addition, Target No. 4 is also aligned with Türkiye's Zero Waste Initiative. The nature of the targets varies by category: the greenhouse gas emissions target (Target No. 1) is an absolute emissions reduction target; the renewable energy target (Target No. 2) is an intensity target; the green building, zero waste, and environmental management system certification targets (Targets No. 3) are absolute quantitative growth targets; and the financed emissions targets (Targets No. 5-9) are emissions intensity targets based on financed production. The objective of each target is also specified in the corresponding table.

Target setting is based on the baseline-year inventory and identified technical improvement potential for operational and resource management targets. In contrast, financed emissions targets are aligned with sectoral decarbonization pathways consistent with the International Energy Agency's (IEA) Net Zero Emissions by 2050 (NZE) Scenario. Progress toward each target is monitored annually using the metrics presented in the **Metrics** section. For example, progress against the renewable energy target (Target No. 2) is tracked through renewable and total electricity consumption metrics; the green building target (Target No. 3) is monitored through the number of LEED-certified buildings and; the Zero Waste (Target No. 4) target is monitored through the number of certified facilities. Progress toward the operational emissions reduction target (Target No. 1) is assessed based on the Scope 1 and Scope 2 greenhouse gas emissions inventory, while progress against the financed emissions targets (Targets No. 5-9) is evaluated using sector-specific financed emissions intensity metrics. Monitoring results are reviewed annually by the Sustainability Committee and reported to the Board of Directors.

As of the reporting period, the methodologies used to establish these targets have not been subject to independent third-party assurance. The Parent Bank's approach to the assurance of greenhouse gas emissions data is described in the **Metrics** section. No changes were made to any of the targets during the reporting period.

The Parent Bank and its subsidiaries have aligned long-term climate goals; the table below shows only the Parent Bank's climate goals as of this period.

Table 3.2: The Parent Bank Targets

Target No	Target Type	Target	Target Setting and Monitoring Metric	Base Year	Base Year Value	Target Year	Target Year Value	2024 Value	2025 Value	Target Scope	Milestones and Interim Progress
No1	Emission Target	Absolute Net Greenhouse Gas Emissions Reduction Target	Total Scope 1 and Scope 2 emissions	2017	50,017 tCO_2e	2050	0 tCO_2e	15,207 tCO_2e (Consolidated, Market-based)	14,684 tCO_2e (Consolidated, Market-based)	The Parent Bank-wide (Head Office buildings, branches, and data centers)	**2021:** Market-based Scope 2 emissions reduced to zero. **2024:** 69.5% reduction in combined Scope 1 and 2 emissions compared to the base year. **2025:** 71% reduction in combined Scope 1 and 2 emissions compared to the base year. By year-end 2025, the number of solar-powered ATM cabins reached 60, preventing approximately 1,083 tCO_2 emissions annually. The Parent Bank does not currently plan to use carbon credits; however, should they become necessary to achieve net zero, their use will be evaluated and incorporated into the target implementation plan (carbon credit purchase).
No2	Resource Management Target	Target of Maintaining/ Preserving Renewable Electricity Use Intensity	Renewable energy sourced electricity consumption (kWh) / Total electricity consumption (kWh)	2021	100%	2050	100%	100%	100%	The Parent Bank-wide (Head Office buildings, branches, and data centers)	**2021:** Transition to I-REC-certified renewable electricity completed. **2025:** A 5 MW ground-mounted solar power plant in Yozgat was commissioned and added to the portfolio. The facility is expected to meet approximately 80% of the Head Office's electricity demand. (The related capital allocation is presented in the Plan to Achieve the Targets.)
No3	Sustainable Workplace Target	Increase the Number of LEED-Certified Buildings	Number of LEED-certified buildings	2016	0 investments	2028	2 buildings	1 investments	1 investments	Head Office buildings and data centres	Kristal Kule holds a LEED Silver certification. A new data center project in Ankara has been initiated, targeting both LEED and TS EN 50600 certifications. Land acquisition has been completed, project designs finalized, and the tender process for the main contractor has reached the bidding stage. Construction is expected to commence in February 2026, with completion planned by the end of 2028.
No4		Increase the Number of Zero Waste Certified Buildings	Number of Zero Waste Certified Buildings	2022	3 investments	2027	400 investments	298 investments	345 investments	Head Office buildings and branches	**2015:** Zero Waste program launched. **2022:** Zero Waste certification program expanded. **2024:** 295 branches and 3 Head Office buildings obtained Zero Waste certification.

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In addition to the targets related to the Parent Bank's own operations, 2030 interim sector-specific targets for financed emissions, which represent a key driver of the Parent Bank's climate performance, are represented in the table below (Targets No. 5-No. 9). The rationale for selecting these sectors, together with the implementation approach and progress toward the targets, is explained following the table.

Target No	Target Type	Target	Target Setting and Monitoring Metric	Base Year	Base Year Value	Target Year Value	Target Year Value	2024 Value	2025 Value	Target Scope	Milestones and Interim Progress
No5	Financed Emissions Target	Reduce financed emissions intensity per unit of cement production in the cement sector loan portfolio (reduce GHG emissions per tonne of cement produced)	Financed cement sector emissions (Scope 1 + Scope 2) / Financed cement production (tCO_2e/ton cement)	2023	0.74 tCO_2e/ton	2030	Base: 0.66 tCO_2e/ton Prudent: 0.70 tCO_2e/ton Optimistic: 0.62 tCO_2e/ton	0.63	*	Portfolio of the loans extended to the cement sector	-
No6		Reduce financed emissions per unit of generation within the electricity generation sector loan portfolio (reduce GHG emissions per MWh of electricity generated)	Financed electricity generation emissions (Scope 1 + Scope 2) / Financed electricity generation (tCO_2e/MWh)	2023	0.108 tCO_2e/MWh	2030	Base: 0.086 tCO_2e/MWh Prudent: 0.095 tCO_2e/MWh Optimistic: 0.076 tCO_2e/MWh	0.102	*	Portfolio of the loans extended to the power generation sector	-
No7		Reduce financed emissions intensity per unit of energy produced in the oil and gas sector loan portfolio (reduce GHG emissions per megajoule of energy produced)	Financed oil and gas emissions (Scope 1 + Scope 2 + Scope 3) / Financed energy production (gCO_2e/MJ)	2023	76.72 gCO_2e/MJ	2030	Base: 66.75 gCO_2e/MJ Prudent: 71.42 gCO_2e/MJ Optimistic: 64.52 gCO_2e/MJ	72.47	*	Portfolio of the loans extended to the oil and gas sector	-
No8		Reduce financed emissions per unit of production within the iron and steel sector loan portfolio (reduce GHG emissions per tonne of steel produced)	Financed iron and steel emissions (Scope 1 + Scope 2) / Financed steel production (tCO_2e/ton steel-iron)	2023	0.63 tCO_2e/ton	2030	Base: 0.52 tCO_2e/ton Prudent: 0.53 tCO_2e/ton Optimistic: 0.50 tCO_2e/ton	0.42	*	Portfolio of the loans extended to the steel and iron sector	-
No9		Phase out all project finance for coal-fired power plants and coal mining (no new financing and reduce outstanding exposure to zero)	Outstanding project finance exposure to coal-fired power plants and coal mining (TL)	2022	949,930,047.24 TL	2032	0	0	0	Coal-related project finance and SME portfolio	**2022:** Decision taken to cease financing new thermal coal power plants and coal mining projects, with a target to fully phase out existing project finance exposures by 2032. **2023:** All outstanding project finance exposures to coal-fired power plants and coal mining projects were fully phased out, achieving the 2032 target nine years ahead of schedule. **Ongoing:** Plans are in place to add all coal mining activities to the Exclusion List under the Environmental and Social Risk Management Policy and publish the updated Policy.

**Financed emissions calculation and assessment work for 2025 is still ongoing as of the reporting date; as the related values have not yet been finalized, they are not presented in the table. These values will be disclosed in the reporting for the relevant period once the work has been completed.*

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APPENDICES

Sector-specific 2030 emissions intensity targets have been established using 2023 as the base year and are aligned with the International Energy Agency's Net Zero Emissions by 2050 (IEA NZE 2050) Scenario and its 1.5°C pathway. In establishing these targets, the Parent Bank applied both bottom-up and top-down approaches. Under the bottom-up approach, current and projected customer-level credit exposures were assessed to ensure that the targets reflect the Parent Bank's actual portfolio composition. Under the top-down approach, global sectoral decarbonization pathways were used as reference points to verify that the targets are aligned with science-based benchmarks.

To reflect sector-specific uncertainties and the varying levels of customer transition readiness, a set of three 2030 target pathways has been defined for each sector:

- Prudent pathway: Represents the most adverse scenario, assuming delayed or insufficient implementation of transition measures. It reflects slower decarbonization progress and greater exposure to climate-related risks.
- Base pathway: Represents the most likely (reference) scenario, based on current policies, market dynamics, and observed customer transition trends. It incorporates balanced and realistic assumptions regarding the pace of decarbonization and regulatory alignment and serves as the Parent Bank's primary commitment pathway.
- Optimistic pathway: Represents the most favorable scenario, assuming early and effective climate action. It reflects the rapid adoption of low-carbon technologies, strong policy support, and accelerated customer transition. The table presents the Base pathway as the primary target for each sector, while the Prudent and Optimistic pathway values are provided alongside it to illustrate the target range (scenario band).

With respect to implementation, the Parent Bank has applied the Partnership for Carbon Accounting Financials (PCAF) methodology to measure financed emissions since 2023. As of year-end 2024, the average data quality score (PCAF score) stood at 2.83, with the improvement of data accuracy and granularity targeted as an ongoing objective.

As part of its phased coal exit strategy, the Parent Bank's commitment announced in 2022 to eliminate coal-related financing exposures by 2032 was achieved ahead of schedule, with all related project finance exposures fully exited in 2023. Progress against the sectoral targets is reviewed annually by the Sustainability Committee and reported to the Board of Directors. Disclosures prepared in accordance with the Türkiye Sustainability Reporting Standards (TSRS) are subject to independent external assurance.

1. JUDGEMENTS

1.1 Development of Heat Map Analyses and Future Outlook

The Group has progressively enhanced its analytical capabilities for assessing the impact of climate risks on its credit portfolio. Separate methodologies have been developed for transition risks and acute physical risks, enabling the production of quantitative portfolio-wide assessments for both risk categories. Key methodological advancements include the development of a customer-level Risk Index, the definition of hazard-specific damage functions, and the integration of meteorological data for the 2025-2100 period obtained from the Copernicus database into credit risk parameters. The resulting heat maps represent a key output of this methodological evolution. For physical risks, they visualize expected credit loss (ECL) impacts and cumulative damage ratios across four hazard types and ten geographical regions. For transition risks, they illustrate sectoral risk concentrations alongside the corresponding portfolio exposures.

Looking ahead, the Parent Bank plans to integrate the findings from these heat maps—particularly those relating to high-risk sectors and geographic regions—into its credit rating processes, collateral valuation updates, and sectoral limit management framework. In parallel, the Parent Bank aims to improve the accuracy of individual borrower-level risk assessments by expanding the coverage and granularity of the underlying data.

2. SUBSEQUENT EVENTS

In the period following the 31 December 2025 reporting date and up to 30 July 2026, the Parent Bank secured a USD 400 million sustainability-linked syndicated loan in June 2026. In addition, during 2026, the Parent Bank completed securitisation transactions totalling USD 700 million, of which USD 281 million was structured as sustainable finance.

3. LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE INFORMATION PRESENTED UNDER THE TURKISH SUSTAINABILITY REPORTING STANDARDS OF QNB BANK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

EY
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To the General Assembly of QNB Bank Anonim Şirketi,

We have been assigned to perform limited assurance engagement on the information ("Sustainability Information") presented in accordance with the Turkiye Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkiye Sustainability Reporting Standards 2 "Climate-Related Disclosures" of QNB Bank Anonim Şirketi and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2025.

Our assurance engagement does not include the information related to prior periodsother information (including any images, audio files, website links or embedded videos) associated with Sustainability Information.

Limited Assurance Conclusion

Based on the procedures performed and the evidence obtained, as summarized under the section "Summary of the Work We Performed as the Basis for Our Assurance Conclusion", nothing has come to our attention that causes us to believe that the Sustainability Information included in the Group's "2025 TSRS-Aligned Sustainability Report" for the year ended December 31, 2025, has not been prepared in accordance with the Türkiye Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("POA") in the Official Gazette dated December 29, 2023 and numbered 32414(M). We do not provide any assurance conclusion regarding the information related to prior periods or other information associated with the Sustainability Information (including any images, audio files, website links or embedded videos).

Inherent Limitations in the Preparation of Sustainability Information

The Sustainability Information is subject to inherent uncertainties due to lack of scientific and economic information. The inadequacy of scientific data leads to uncertainties in the calculation of greenhouse gas emissions. Additionally, due to the lack of data regarding the likelihood, frequency, and impacts of potential physical and transition climate risks, the Sustainability Information is subject to uncertainties related to climate-related scenarios.

Other Matters

The limited assurance engagement on the Sustainability Information included in the Group's "2024 TSRS-Aligned Sustainability Report" for the year ended December 31, 2024, was performed by another independent assurance provider, which expressed an unqualified conclusion in its assurance report dated July 29, 2025 on the aforementioned TSRS-Aligned Sustainability Report.

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Responsibilities of Management and Those Charged with Governance Regarding Sustainability Information

The Group's Management is responsible for:

- Preparing the Sustainability Information in accordance with the principles of Turkiye Sustainability Reporting Standards;
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error;
- Additionally, the Group Management is responsible for selecting and implementing appropriate sustainability reporting methodologies as well as making reasonable assumptions and suitable estimates.

Those charged with Governance is responsible for overseeing the Group's sustainability reporting process

Responsibilities of the Independent Auditor Regarding the Limited Assurance of Sustainability Information

We are responsible for the following:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Group Management.

Since we are responsible for providing an independent conclusion on the Sustainability Information prepared by management, we are not permitted to be involved in the preparation process of the Sustainability Information in order to ensure that our independence is not compromised.

Professional Standards Applied

We performed a limited assurance engagement in accordance with the Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and in respect of greenhouse gas emissions included in the Sustainability Information, in accordance with Standard on Assurance Engagements "3410 Assurance Engagements on Greenhouse Gas Statements", issued by POA.

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Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors, issued by the POA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent and multidisciplinary team including assurance practitioners, sustainability and risk management specialists. We have used the work of our expert team to assess the reliability of the information and assumptions related to the Group's climate and sustainability-related risks and opportunities. We remain solely responsible for our assurance conclusion.

Summary of the Work We Performed as the Basis for Our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information,

- Face-to-face and online interviews were conducted with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period.
- The Group's internal documentation was used to review and assess the sustainability related information.
- The disclosure and presentation of sustainability-related information have been evaluated.
- Through inquiries, we obtained an understanding of Group's control environment and information systems relevant to the preparation of the Sustainability Information. However, we did not evaluate the design of particular control activities, we did not obtain evidence about their implementation or we did not test their operating effectiveness.
- The appropriateness and consistency of the Group's estimation development methods were evaluated. However our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Group's estimates.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Aykut Üşenti, SMMM
Partner

30 July 2026
İstanbul, Türkiye

4. GLOSSARY OF TERMS

Net Zero Emissions by 2050 Scenario (NZE): A normative climate scenario developed by the International Energy Agency (IEA) that outlines a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050 while limiting global warming to 1.5°C.

Stated Policies Scenario (STEPS): An IEA reference scenario that projects the future development of the global energy system based solely on energy and climate policies that are currently in force. It reflects implemented policies rather than governments' announced commitments.

Science Based Targets initiative (SBTi): A corporate climate action initiative established through a partnership between CDP, the United Nations Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). SBTi develops standards, tools, and guidance to help companies and financial institutions set and validate greenhouse gas emission reduction targets aligned with climate science. Target validation services are provided through SBTi Services Limited.

United Nations Environment Programme (UNEP): A United Nations agency established in 1972. UNEP sets the global environmental agenda and provides policy guidance, research, and capacity-building activities in the areas of climate change, biodiversity, and sustainable development. It also serves as the institutional umbrella for initiatives including UNEP FI and the IPCC.

United Nations Environment Programme Finance Initiative (UNEP FI): A partnership established in 1992 between UNEP and the global financial sector. UNEP FI develops principles, tools, and guidance to promote sustainable finance among banks, insurers, and investors. It hosts several financial alliances under the Glasgow Financial Alliance for Net Zero (GFANZ), including the Net-Zero Banking Alliance (NZBA) and the Net-Zero Asset Owner Alliance (NZAOA).

CDP (Carbon Disclosure Project): An international organization that provides useful information on climate change and the magnitude of greenhouse gas emissions, as a means for companies and investors to reduce emissions and positively support climate change.

World Energy Outlook 2025 (WEO 2025): The IEA's flagship annual publication, released in November 2025. Drawing on updated data, policy assessments, and scenario modeling, it examines possible futures for the global energy system. The 2025 edition includes three principal scenarios: the Current Policies Scenario (CPS), the Stated Policies Scenario (STEPS), and the Net Zero Emissions by 2050 Scenario (NZE).

State of Energy Policy: An annual report first published by the IEA in 2024. Covering more than 5,000 energy policies across over 60 countries and more than 50 policy categories, the report provides a comparative overview of developments and trends in the global energy policy landscape. It also serves as an input to the IEA's global energy and climate modeling.

Eurobond: A debt security issued in an international capital market outside the issuer's home country and denominated in a foreign currency.

Network for Greening the Financial System (NGFS): A voluntary international network established in 2017, comprising central banks and financial supervisors. NGFS analyses the impact of climate-related risks on the financial system and publishes climate scenarios and best-practice guidance for its members.

GCAM 6.0 NGFS Model (Global Change Analysis Model): An integrated assessment model (IAM) developed by the University of Maryland (UMD) that integrates the global economy, energy systems, land use, water resources, and climate systems. It is one of the three principal IAMs used by NGFS in Phase 5 to develop transition scenarios. The model operates across 32 energy/economic regions and 283 agricultural and land-use regions.

Glasgow Financial Alliance for Net Zero (GFANZ): An international private sector-led financial coalition established in April 2021 in preparation for COP26. GFANZ brings together banks, insurers, asset managers, and asset owners to accelerate the transition to a net-zero economy and mobilize private capital. Its members commit to achieving net zero greenhouse gas emissions by 2050.

IIASA NGFS Phase 5 Scenario Explorer: A web-based data platform hosted by the International Institute for Applied Systems Analysis (IIASA) for visualizing and downloading transition scenario data developed under NGFS Phase 5. It provides country- and regional-level time series data on energy, emissions, carbon prices, and macroeconomic variables.

IPCC Sixth Assessment Report (AR6): The comprehensive climate assessment report published by the Intergovernmental Panel on Climate Change (IPCC) between 2021 and 2022 through the reports of its three Working Groups. Working Group I covers the physical science basis of climate change, Working Group II addresses impacts, adaptation, and vulnerability, and Working Group III focuses on climate change mitigation. AR6 represents the most up-to-date scientific assessment of climate change and is regarded as the primary scientific reference for physical climate risk analyses under IFRS S1 and IFRS S2.

I-REC: An internationally recognized certification system that verifies electricity has been generated from renewable energy sources and certifies its associated environmental attributes.

Blue Bond: Blue bonds, a green financial method first introduced in 2018, are debt instruments issued by governments, development banks, or others to raise capital to finance marine- and ocean-oriented projects with environmental, economic, and climate benefits.

Net-Zero Banking Alliance (NZBA): A banking alliance established under UNEP FI in April 2021 as one of the sub-alliances of GFANZ. Member banks commit to aligning their lending and investment portfolios with net-zero greenhouse gas emissions by 2050, setting interim targets for 2030, and publishing annual progress reports.

Net-Zero Asset Owner Alliance (NZAOA): An alliance jointly convened by UNEP FI and the Principles for Responsible Investment (PRI), bringing together institutional investors such as pension funds and insurance companies. Members commit to aligning their investment portfolios with net-zero greenhouse gas emissions by 2050 and establishing five-year interim targets.

NGFS Phase 5 Scenario Set: The latest scenario set published by the Network for Greening the Financial System (NGFS) in November 2024. It comprises seven scenarios that model physical and transition climate risks under different policy pathways: Net Zero 2050, Low Demand, Below 2°C, Delayed Transition, Divergent Net Zero, Current Policies, and Hot House World.

Shared Socioeconomic Pathways - Coupled Model Intercomparison Project Phase 6 (SSP-CMIP6): The Shared Socioeconomic Pathways (SSPs) are five scenarios (SSP1-SSP5) developed by the IPCC to represent alternative socioeconomic development pathways. CMIP6 is an international collaborative framework coordinated by the World Climate Research Program (WCRP), under which climate modelling groups worldwide produce standardized climate simulations. The SSPs serve as the standard socioeconomic and emissions inputs for CMIP6 climate projections, and the combined SSP-CMIP6 framework forms the scientific basis for the physical climate projections presented in the IPCC Sixth Assessment Report (AR6).

Syndication: It is a financing method in which multiple banks come together to provide a large-scale loan to a single borrower.

Stress Test: A test used to assess the resilience of a portfolio, financial institution, or financial system under adverse events or shock scenarios.

Sustainability Bond: A bond whose proceeds are used to finance or refinance both green and social projects. By investing in these bonds, investors finance projects that contribute to the Sustainable Development Goals.

REMIND-MAgPIE 3.3-4.8 Model: An Integrated Assessment Model (IAM) developed by the Potsdam Institute for Climate Impact Research (PIK). It combines the REMIND energy-economy general equilibrium model with the MAgPIE global land-use and agriculture model through an iterative coupling process. It is one of the three principal IAMs used to develop transition pathways in the NGFS Phase 5 Scenario Set. The version numbers refer separately to the REMIND and MAgPIE model versions.

Nationally Determined Contribution (NDC): A country's national climate commitment under the Paris Agreement, setting out its greenhouse gas emissions reduction targets and climate adaptation actions. Countries are required to update their NDCs every five years.

International Energy Agency (IEA): An intergovernmental organization established within the Organization for Economic Co-operation and Development (OECD) in 1974. The IEA publishes internationally recognized reports on energy security, energy policy, and climate scenario analysis.

International Institute for Applied Systems Analysis (IIASA): An independent international research institute established in 1972 and headquartered in Laxenburg, Austria. Renowned for its integrated assessment research on the interactions among energy, climate, land use, and economic systems, IIASA is one of the principal academic partners supporting the NGFS climate scenarios and hosts the underlying scenario data infrastructure.

Green Financing (Green Debt Financing): A form of financing used to fund environmentally sustainable projects. By investing in green bonds or green loans, investors finance eco-friendly projects such as renewable energy, energy efficiency, clean transportation, and sustainable water management.

Green Taxonomy: A classification system developed to assess the environmental sustainability of economic activities and establish a common language between the financial sector and the real economy. It requires companies and investment funds to substantiate sustainability claims with objective, evidence-based criteria and incorporates environmental performance into traditional financial analysis.

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