KUVEYTTÜRK

Leveraging years of experience
to create a contemporary financial ecosystem.

2025

TSRS ALIGNED SUSTAINABILITY REPORT

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ABOUT THE REPORT

This report presents Kuveyt Türk Katılım Bankası A.Ş.'s sustainability approach across the environmental, social, and governance (ESG) dimensions, the associated risks and opportunities, and its sustainability- and climate-related targets and metrics. The report has been prepared in accordance with the Turkish Sustainability Reporting Standards (TSRS) and with due consideration of the Bank's governance structure, strategy, business model, and value chain. It has been prepared in compliance with the requirements set out in TSRS 1: General Provisions on Disclosure of Sustainability-Related Financial Information and TSRS 2: Climate-Related Disclosures standards.

The Bank presents a summary of the TSRS-Aligned Sustainability Report in the table below. This summary provides guidance on where readers can access detailed information on the relevant topics within the Report.

Governance			
Board of Directors	The Role of Senior Management in Sustainability	Operational Level Responsibilities	The Impact of Sustainability on Decision-Making Processes, Competency and Awareness, and Integration into Remuneration Mechanisms

Risk Management		
Identification, Assessment, Prioritization, and Monitoring of Sustainability- and Climate-Related Risks	Management of Sustainability- and Climate-Related Opportunities	Scenario Analyses and Stress Tests

Strategy

Scenario analyses are based on internationally recognized frameworks that represent different transition pathways and the associated climate projections, including those developed by the Network for Greening the Financial System (NGFS) and the Shared Socioeconomic Pathways (SSPs). As part of the analyses performed in 2025, similar to the previous year, climate-related risks did not have an impact that exceeded the financial materiality threshold for Kuveyt Türk. However, the Bank continues to disclose transition and physical climate-related risks that it anticipates may be of strategic importance in the short, medium, and long term, in line with the principle of transparency, and continues to monitor them as part of its risk management approach.

Risk Category and Short Definition	Value Chain Position	Scenario Analysis	Time Period	Current Financial Impact	Potential Financial Impact
Transition Risk - Carbon Border Adjustment Mechanism (CBAM)	Downstream- Corporate and SME Lending (Loans to CBAM Sectors)	NGFS Delayed Transition and Current Policies	Medium and Long-Term	792,881,093 TL	+292,400,892 TL
Physical Risk- Drought Risk in Hydroelectric Power Plant (HPP) Investments	Downstream- Project Finance (HPP Project Financing)	SSP2-4.5 ve SSP5-8.5	Long-Term	151,257,720 TL	+598,892,738 TL
Physical Risk- Credit Risks Related to Water Stress in Water Dependent Sectors	Downstream- Corporate and SME Lending	SSP2-4.5, SSP3-7.0 ve SSP5-8.5	Long-Term	1,386,972,767 TL	+987,303,590 TL
Physical Risk - Impact of Extreme Weather Events on the Agriculture and Food Sector	Downstream- Corporate and SME Lending	SSP2-4.5 and SSP5-8.5	Medium-Term	374,601,011 TL	+504,937,306 TL
Physical Risk - Risk of Decline in Collateral Values Due to Extreme Weather Events	Downstream- Collateralised Assets	NGFS Delayed Transition and Current Policies	Long-Term	395,174,232 TL	+86,072,695 TL
Physical Risks – Physical Climate Risks in Solar (SPP) and Wind (WPP) Power Plant Investments	Downstream- Project Finance (SPP and WPP Projects Financing)	NGFS Delayed Transition and Current Policies	Long-Term	89,115,774 TL	+25,680,599 TL

Short-Term: 0-1 year
Medium-Term: 1-5 years
Long-Term: Over 5 years

Metrics and Targets

The Bank's absolute gross greenhouse gas emissions in total for Scope 1 and Scope 2 emissions amounted to 20,093.27 tons of CO_2e in 2024 and 21,542.16 tons of CO_2e in 2025. The Group's consolidated gross greenhouse gas emissions amounted to 22,300.77 tons of CO_2e in 2024 and 24,152.42 tons of CO_2e in 2025.

Within this context, The Bank has set a target of Offsetting of Scope 2 Emissions from Electricity Consumption.

Furthermore, detailed explanations regarding industry metrics and climate-related metrics are provided under the **Metrics and Targets** section.

Reporting Scope

The Turkish Sustainability Reporting Standards (TSRS) were issued by the Public Oversight, Accounting and Auditing Standards Authority (POA), published in the Official Gazette on 29 December 2023, and entered into force for accounting periods beginning on 1 January 2024. Kuveyt Türk Katılım Bankası A.Ş. (hereinafter, "Kuveyt Türk" or the "Bank"), as an institution subject to the regulation and supervision of the Banking Regulation and Supervision Agency (BRSA), is required to prepare its sustainability reporting in accordance with TSRS, irrespective of any threshold criteria. In this regard, the Bank's value chain has been comprehensively evaluated and included in the scope of the report, considering not only participation banking, which constitutes its core business, but also all subsidiaries and affiliates consolidated in its financial statements. For the purposes of this report, the Bank will be referred to as the "Group" together with its subsidiaries.

The Group presents its second report prepared within the framework of TSRS for the annual reporting period from 1 January 2025 to 31 December 2025 and applies TSRS 1 and TSRS 2 together within the scope of this report. The sustainability-related disclosures included in the report have been subjected to limited assurance by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte) within the scope of TSAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and TSAE 3410 "Assurance Engagements on Greenhouse Gas Statements" The limited independent assurance statement is included in the report.

Connection with Financial Disclosures

The sustainability- and climate-related disclosures in the report have been prepared specifically for the Group and should be evaluated with the consolidated financial statements. The report covers the 12-month reporting period from January 1, 2025, to December 31, 2025.

All consolidated financial information in the report is consistent with the financial information included in the Group's BRSA report for 2025 and the same datasets and assumptions used in the Bank's financial reports have been applied. These datasets and assumptions are prepared in accordance with the Turkish Financial Reporting Standards (TFRS). Unless otherwise stated, financial data are presented in Turkish Lira (TL), consistent with the presentation currency used in the consolidated financial statements. Non-financial information is disclosed based on the most reasonable, transparent, and verifiable sources available regarding sustainability activities.

While the Group has not yet reflected the forward-looking financial effects of sustainability- and climate-related risks and opportunities in its financial statements, it evaluates the risks and opportunities that may affect future financial performance within the scope of this report.

In line with the time horizon applied in its strategic decision-making processes, Kuveyt Türk defines the timeframes used in its sustainability- and climate-related risk assessment processes as follows.

Short term	**0-1 year**	The Bank manages its adaptation to current economic and environmental conditions within a defined timeframe, during which direct impacts are monitored and controlled. Priority is given to addressing urgent matters such as acute climate events, regulatory changes, and reputational risks. Annual Business Plans and Risk Strategies are developed accordingly, and the Bank's risk appetite and limits are reviewed on annual basis.
Medium term	**1-5 years**	This represents a critical planning horizon in which the Bank defines its climate change adaptation and transition strategies. During this period, climate transition risks, technological developments, and sectoral transformations become increasingly prominent. This period aligns with the Bank's three-year planning cycle under the Internal Capital Adequacy Assessment Process (ICAAP), providing a crucial framework for assessing the potential impacts of climate change on capital requirements. The Bank evaluates potential financial performance implications of climate change through stress testing and portfolio adjustments, developing proactive risk management strategies in response.
Long term	**Over 5 years**	This strategic timeframe covers the Bank's assessment of the long-term implications of structural transformations, such as climate change, market shifts, and portfolio resilience. Over this horizon, the full impact of chronic physical risks and transition risks is observed and evaluated. The Bank utilizes long-term scenario analyses and projections to assess the potential effects of climate change and inform its long-term strategic decision-making.

Implementation of Transition Exemptions

The POA published the Board Decision titled **"Exemptions to be Applied in the Preparation of Sustainability Reports for the 2025 Operating Period of Enterprises Reporting in Accordance with TSRS's for the First Time in the 2024 Reporting Period"** on 30 December 2025. Within the scope of this decision, it has been decided to extend the transition exemptions for the first annual reporting period in paragraphs E4, E5 and E6 (b) of the TSRS 1 Standard for one year for businesses that report in accordance with TSRS for the first time in the 2024 reporting period. Accordingly, the transition exemptions applied by the Group in this report are detailed below.

- **TSRS 1-E4:** In the first annual reporting period in which an entity applies TSRS, it is permitted to publish its sustainability-related financial disclosures after publishing the relevant financial statements. The Bank publishes this report on the same day as its Integrated Annual Report, following the publication of its consolidated financial statements.

- **TSRS 1-E5:** In its first annual reporting period implementing TSRS, the entity is permitted to disclose only information related to climate-related risks and opportunities (in accordance with TSRS 2). Accordingly, the entity applies the requirements of TSRS 1 only to the extent that they are relevant to the disclosure of climate-related risks and opportunities. Within the scope of this report, the Group discloses only climate-related risks and opportunities.

- **POA Board Decision - Provisional Article 3:** Enterprises are not obliged to disclose their Scope 3 greenhouse gas emissions in the first two reporting periods in which they apply TSRSs within the scope of application. Accordingly, the Group does not disclose report Scope 3 greenhouse gas emissions in this reporting period, including those related to its financed emissions.

Source of Guidance

Kuveyt Türk has prepared this report based on the TSRS 1 and TSRS 2 standards. To reflect the risks and opportunities specific to the banking sector more comprehensively and accurately, the Bank considered the Sustainability Accounting Standards Board (SASB) industry-specific standards, the sector-based supplementary volumes published under TSRS 2, international climate scenario analysis sets, the Communiqué on the Calculation of the Green Asset Ratio of Banks, and the Guide on the Management of Climate-Related Financial Risks published by the BRSA as additional reference sources.

Reporting Boundaries and Measurement Approach

Within the scope of the reporting, Scope 1 (direct greenhouse gas emissions) and Scope 2 (indirect greenhouse gas emissions) emissions arising from the activities of Kuveyt Türk and its subsidiaries were taken into account. Emission calculations are based on the Greenhouse Gases Protocol: Corporate Accounting and Reporting Standard.

In determining the organizational boundaries, the financial control approach is applied. Under this approach, a company reports 100% of the greenhouse gas (GHG) emissions from operations over which it has financial control and from which it derives the majority of economic benefits. Accordingly, the financial control approach has been adopted for Kuveyt Türk's subsidiaries.

Judgements and Uncertainties

The information presented in the report has been prepared in accordance with the disclosure requirements set out in the TSRS. Accordingly, the information presented is based on measurements, calculations and estimates and may contain uncertainties in line with the methodology, assumptions and management judgements used. The Group takes due care to ensure the accuracy, consistency and reliability of the information reported within the framework of its current data infrastructure and available information set, and aims to continue its efforts to improve data quality and methodological maturity in sustainability reporting in future periods. Detailed information regarding the judgement and uncertainties included in the report is provided below.

Table 1. Judgements

Judgements	
Materiality Process	This report utilizes management assessments and professional judgements in determining the level of significance of climate-related risks and opportunities. Climate-related risks and opportunities were addressed through workshops involving relevant business units and department representatives, and the Bank's current level of preparedness was assessed as part of these efforts. Throughout the process, climate risks were examined in both qualitative and quantitative terms. All assessments were conducted within the framework of the quantitative financial materiality threshold determined by the Board of Directors, taking into account the Bank's financial structure and risk appetite.
Measurement Uncertainties and Estimated Informations	
Climate Scenario Analyses	Climate scenario analyses conducted in accordance with TSRS 2 requirements inherently carry uncertainty due to the assumptions they make about the future (such as the unpredictability of policy and regulatory developments, variability in the pace of technological transformation, etc.). Scenario outputs are positioned as analytical tools used to assess the Bank's exposures.
The Financial Impact of Climate Risks	Within the scope of this report, the Bank's climate-related risk and opportunity assessments may contain a certain degree of uncertainty regarding assumptions about customers' repayment capacity, estimates of potential losses in the event of default, and projections of funding and cash flow dynamics under stress conditions. Changes in the models and assumptions used may affect the results of risk measurements and the assessments reported. Measurement uncertainties related to the climate risks described in the report are presented in detail in the risk tables in the **Strategy** section.
Greenhouse Gas Emissions	The greenhouse gas emission calculations presented in the report have been made within the framework of specific considerations and assumptions. In calculating Scope 1 emissions, reference has been made to emission factors published by the Intergovernmental Panel on Climate Change (IPCC) and the UK Department for Environment, Food and Rural Affairs (DEFRA). Scope 2 emissions cover indirect emissions from electricity consumption, and the electricity emission factor specified in the Türkiye National Greenhouse Gas Inventory was used in these calculations. The emission factor specified in International Energy Agency (IEA) sources was used to calculate Kuveyt Türk Bahrain Branch's and KT Bank AG's indirect emissions from electricity consumption. The emission factors used to calculate the density and lower heating values of fuels and other indirect emissions were compiled from internationally recognized and reliable sources such as the IPCC, DEFRA, IEA and EPA (US Environmental Protection Agency). The selection of these sources aims to ensure the scientific validity and transparency of the calculations. In the process of selecting and applying emission factors, care has been taken to use the most up-to-date and regionally relevant factors appropriate to the characteristics of the activity data. Detailed information is provided in the **Metrics and Targets** section of the report.

Statement of Compliance

Kuveyt Türk declares that it has prepared the sustainability disclosures presented in this report in accordance with the TSRS 1 and TSRS 2. During the reporting process, the financial materiality of sustainability issues was assessed by considering the Bank's risk and opportunity profile, time horizon, and potential financial impacts, matters determined to be financially material were included in the report in line with the relevant disclosure requirements. The financial information included in the report has been prepared in a manner consistent with the accounting policies and consolidation principles used in the Bank's financial statements, with the aim of establishing a link between sustainability reporting and financial reporting.

ABOUT KUVEYT TÜRK

Kuveyt Türk's Operations

Kuveyt Türk was established on 28 February 1989 under the name "Kuveyt Türk Evkaf Finans Kurumu A.Ş." with the permission of the Central Bank of the Republic of Türkiye, and commenced operations on 31 March 1989 as a Private Finance Institution. Since 1999, the institution, has operated under Banking Law No. 4389 together with other private finance institutions and, in 2006, adopted its current name, Kuveyt Türk Katılım Bankası A.Ş. (Kuveyt Türk). Carrying out its activities in line with the principles of interest-free banking, Kuveyt Türk provides financing, deposit, investment, and digital banking services to its retail and corporate customers'. Kuveyt Türk, which effectively brings its products and services in accordance with participation finance principles to savers and investors, has an important position in the sector with its customer experience-oriented approach, technology-innovation initiatives, and digital transformation efforts. Operating in Türkiye with a network of 453 branches, Kuveyt Türk continues its activities abroad through its Bahrain branch and four branches of KT Bank AG in Germany, a wholly owned subsidiary. As of the end of 2025, Kuveyt Türk's paid-in capital amounts to TL 8 billion. As of 2025, the Bank's unconsolidated assets reached TL 1.4 trillion, while total shareholders' equity amounted to TL 121.3 billion.

Acting under the Kuveyt Türk Finance Group approach, the Bank aims to provide comprehensive, 360-degree services together with its subsidiaries to meet all customer needs. **Architecht Bilişim Sistemleri ve Pazarlama Ticaret A.Ş.**, established by the Bank in 2015, develops financial technologies while **Neova Katılım Sigorta A.Ş.**, established in 2008, operates in non-life insurance. **Katılım Emeklilik ve Hayat A.Ş.**, established in 2013 as a joint venture between Kuveyt Türk and Albaraka Türk, operates in personal accident, life insurance, and private pension services with an interest-free insurance model. **Kuveyt Türk Portföy Yönetimi A.Ş.**, one of the Bank's portfolio management companies, operates in the establishment and management of investment funds. **Kuveyt Türk Yatırım Menkul Değerler A.Ş.**, established in 2023 as Türkiye's first participation-based investment company, operates in various areas including brokerage in stock transactions, investment advisory, and IPO intermediation for corporate clients. **KT Kira Sertifikaları Varlık Kiralama A.Ş.**, established in 2013, operates in the issuance of lease certificates (sukuk). **KT Sukuk Varlık Kiralama A.Ş.**, began operations in 2011, offers investors interest-free financing alternatives through lease certificate issuance and generates income by leasing assets acquired from originators. **KT Bank AG**, which offers financial products and services abroad in accordance with the value-oriented and transparency principles of participation finance, is a deposit bank licensed by the German Financial Supervisory Authority (BaFin) and authorized to carry out deposit and loan transactions. **Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.**, established in 1996, invests in real estate, capital market instruments based on real estate, real estate projects and related rights. **Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği A.Ş.**, which has been operating since 2001, invests in and operates tourism facilities. Established in 2024, **Sağlam Ödeme ve Elektronik Para Hizmetleri A.Ş.** operates as an electronic money institution providing payment systems to individual users and businesses. In 2025, **KT Sağlam Gayrimenkul A.Ş.** was established for the purpose of leasing and managing properties owned or leased by the company.

The subsidiaries and associates included in Kuveyt Türk's consolidation, along with their principal activities and ownership ratios, are presented below.

Table 2. Kuveyt Türk's Subsidiaries and Joint Ventures Activities

Partnership Type	Companies	Operating Location	Field of Activity	Share Ratio
Subsidiary	Architecht Bilişim Sistemleri ve Pazarlama Ticaret A.Ş.	Istanbul/Türkiye	Information Systems	100%
Subsidiary	KT Bank AG	Frankfurt/Germany	Financial Institution	100%
Subsidiary	Kuveyt Türk Portföy Yönetimi A.Ş.	Istanbul/Türkiye	Financial Institution	100%
Subsidiary	Neova Katılım Sigorta A.Ş.	Istanbul/Türkiye	Financial Institution	100%
Subsidiary	Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği A.Ş.	Istanbul/Türkiye	Tourism	99.99%
Subsidiary	KT Kira Sertifikaları Varlık Kiralama A.Ş.	Istanbul/Türkiye	Financial Institution	100%
Subsidiary	KT Sukuk Varlık Kiralama A.Ş.	Istanbul/Türkiye	Financial Institution	100%
Subsidiary	Kuveyt Türk Yatırım Menkul Değerler A.Ş.	Istanbul/Türkiye	Financial Institution	100%
Subsidiary	Sağlam Ödeme ve Elektronik Para Hizmetleri A.Ş.	Istanbul/Türkiye	Financial Institution	100%
Subsidiary	Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/Türkiye	Financial Institution	74%
Subsidiary	KT Sağlam Gayrimenkul A.Ş.	Istanbul/Türkiye	Financial Institution	100%
Joint Venture	Katılım Emeklilik ve Hayat A.Ş.	Istanbul/Türkiye	Financial Institution	50%

Kuveyt Türk's Value Chain

Kuveyt Türk's value chain is built on a holistic structure designed in accordance with the principles of interest-free banking. In preparing its sustainability- and climate-related financial disclosures, the Bank evaluated not only its banking activities but also its subsidiaries. At the core of its value chain is the principle that funds collected from savers are evaluated according to the participation principles and allocated to economic activities. Funds collected from customers' are transferred to the real sector through Islamic financing methods such as murabaha, mudarabah (labor-capital partnership) and leasing. Processes carried out in accordance with interest-free finance principles enhance customer trust and brand reputation. The Bank's operations are supported by a strong technological infrastructure, digital banking applications, and continuously developing human resources. Kuveyt Türk also makes its value creation sustainable end-to-end by reaching different customer segments with value-added products such as gold banking, sustainable financing solutions, and SME support services. Kuveyt Türk's upstream and downstream value chain relationships are shown in the table.

Table 3. Kuveyt Türk's Value Chain

		Description
Upstream Value Chain	Participation-Based Capital Structure (Investors)	A capital structure based on risk sharing and in conformity with interest-free finance principles.
	Supply Chain Management	Technical Infrastructure Development: Infrastructure related to banking activities and operations, such as software, telecommunications, IT infrastructure, and data security.
		Procurement of Goods and Services: A supply chain network providing goods and services for head office and branch operations such as energy, logistics, consultancy, and building management.
	Public Authorities and Regulators	Interest-free, transparent, socially beneficial, and participatory financial principles, regulations determined by regulatory bodies and legal authorities governing banking activities.
Own Operations	Banking Activities	Retail and Private Banking, SME Banking, Corporate & Commercial Banking, Digital Banking, Treasury and International Banking activities.
	Subsidiaries and Associates	Financial: Insurance, private pension, portfolio management, REIT, asset leasing, brokerage, payment services
		Non-Financial: Technology infrastructure development, tourism services
Downstream Value Chain	Customers	Retail and Private Banking customers', SME customers', Corporate and Commercial customers'
	Participation Finance Products	**Retail Banking Products:** Installment of commercial loans, business loans, non-cash loans, consumer financing, credit cards, and other participation finance products. **SME, Corporate, and Commercial Banking Products:** Loans, non-cash loans, leasing products, foreign trade financing services, and other murabaha- and mudaraba-based participation finance products. **Investment Banking Products:** Project finance, sukuk issuance, and other finance products. **Treasury and International Banking Products:** Spot and forward transactions in TL or foreign currencies, derivative transactions (Forward, Swap) with banks and customers', share certificates trading in BIST, murabaha transactions with foreign banks, and gold trading.

GOVERNANCE

Board of Directors Sustainability Oversight

Board of Directors

Kuveyt Türk, which closely follows the efforts to combat and adapt to climate change in the world, carries out its banking activities in accordance with participation finance principles and sustainability-related regulations. Creating the Sustainability Strategy according to ESG indicators, the Bank has focused on planning sustainability activities jointly and in cooperation with all its stakeholders.

The Group's highest governance body responsible for approving the strategy on sustainability- and climate-related issues is the Board of Directors. The Bank's Sustainability Strategy Plan includes in detail the sustainability practices in the participation banking business model, national and international sustainability regulations, initiatives and actions to be taken regarding the identification of sustainability- and climate-related risks, as well as social sustainability and awareness activities. Kuveyt Türk's Sustainability Strategy Plan, which includes all sustainability issues within the scope of ESG indicators and regulations published by legal authorities, has been approved by the Board of Directors in July 2024 and entered into force. In addition, the Board of Directors approves policy documents for sustainability- and climate-related risks and opportunities to which the Group may be exposed. The Board is also responsible for reviewing and granting final approval of the Internal Capital Adequacy Assessment Process (ICAAP) Report, which integrates climate-related risks.

The Bank has established the Sustainability Governance System (SGS) to define its sustainability approach and ensure the effective functioning of related processes. Within this framework, the Bank's sustainability-related policies and procedures are documented and maintained. Policies are publicly disclosed on the corporate website, while procedures are retained within the Bank's internal systems. Kuveyt Türk ensures that the processes related to identifying sustainability- and climate-related risks and opportunities, measuring direct and indirect environmental impacts, and setting and monitoring sustainability targets are integrated into the corporate culture through its defined policies and procedures.

To support the activities of the Board of Directors and strengthen its oversight function, the Audit Committee, Risk Committee, Credit Committee, Advisory Committee, Corporate Governance Committee, Executive Committee, Remuneration and Nomination Committee and Corporate Social Responsibility Committee operate effectively. Information on the Board of Directors Committees is given at the relevant **link.**

In line with the Bank's overall strategy, the **Sustainability Committee** supports the Board of Directors by establishing sustainability strategies and policies across economic, social and environmental dimensions, coordinating related practices, determining necessary actions in a timely and effective manner within the scope of combating climate change, ensuring compliance with national and international regulations on sustainable banking, and developing cooperation with stakeholders. Kuveyt Türk's sustainability activities are carried out under the guidance and supervision of the Board of Directors, and reports on these activities are provided to the Board.

Risk Committee

The Risk Committee, which operates under the Board of Directors, is responsible for establishing and ensuring the effective functioning of risk management, internal control and compliance systems within the framework of ICAAP.

The Risk Committee performs analyses and calculations within the scope of the Bank's ICAAP studies. The Committee ensures that sufficient capital is maintained to cover the risks to be undertaken for the design, establishment, and implementation of ICAAP. The Bank prepares a report at least once a year, and in any case at the end of the year, containing an assessment of risk measurement, capital and liquidity planning, and risk management capabilities undertaken within the scope of the ICAAP.

The Committee ensures that all risks, including sustainability- and climate-related risks, to which the Bank is exposed, are monitored with a holistic and proactive approach. It determines the Bank's priorities by taking into account the physical and transition risks arising from climate change and evaluating the heat maps of its loan portfolio, integrates sustainability- and climate-related risks and opportunities into the Bank's strategy, and ensures that this strategy is effectively shared with the Bank's stakeholders. In addition, the Committee assesses climate-related financial risks that may have an impact on capital resources, earnings or liquidity to incorporate significant climate-related financial risks into the Bank's strategy and risk management processes. In 2025, the Committee held a total of six meetings, during which sustainability- and climate-related risks were regularly reviewed.

Inspection and Control

Internal audit processes regarding the Bank's sustainability activities are carried out by the Inspection Board, and the report prepared as a result of the audit activities is presented to the Audit Committee and Senior Management. The action plans developed and the measures taken in line with the inspection findings are regularly monitored and evaluated by the Inspection Board. The Board of Directors closely monitors the work of the Board of Inspectors through the periodic reports submitted via the Audit Committee and provides necessary guidance.

Through internal audit activities carried out by the Board of Auditors, all sustainability activities at the Bank are observed, controlled, and audited. Efforts to address any gaps are encouraged, and these are closely monitored and reported upon.

The Role of Senior Management in Sustainability

Sustainability Committee

The Sustainability Committee was established to define the Bank's sustainability approach and corporate sustainability strategies, and to ensure their effective dissemination, implementation, and management across all functions of Kuveyt Türk's participation banking model.

The Committee is responsible for determining the Sustainable Banking Strategy prepared according to ESG indicators in line with Kuveyt Türk's general strategy and policies, coordinating related activities, deciding on actions related to climate change, and ensuring compliance with sustainability-related regulatory requirement. The Committee is chaired by the General Manager, who is also a member of the Board of Directors, and the Committee members consist of the Executive Vice Presidents of the Bank. The secretariat function of the Committee is undertaken by the Investor Relations and Sustainability Manager. With this structure, sustainability efforts are embraced at the Senior Management level and integrated into all decision-making processes of the Bank.

Kuveyt Türk acts within the framework of policies, procedures and legislation determined to effectively monitor and manage sustainability- and climate-related risks and opportunities. Accordingly, the processes of developing the sustainability strategy, submitting it to the Board of Directors, obtaining approval, implementing and monitoring it are carried out by the Sustainability Committee and its affiliated Working Groups. The Sustainability Committee determines the Bank's priorities by considering the sustainability- and climate-related risks and opportunities that may affect the Bank, prepares action plans addressing the identified physical and transition risks, and reports the related process carried out to the Board of Directors. The Committee coordinates the efforts undertaken to integrate the **Sustainability Policy**, which is evaluated and approved by the Board of Directors, into the Bank's operations and closely monitors the process. In addition, in line with national and international sustainability legislation and good practices, the Committee aims to increase the Bank's compliance level andprioritizes practices that encourage employee engagement. The Working Groups contribute to the work of the Committee by preparing and updating sustainability policies within their areas of expertise, planning activities for the implementation of the Sustainable Banking Strategy, analyzing climate-related risks and opportunities, and supporting the reflection of practices on the field.

The Sustainability Committee meets at least once a year, with additional meetings organized by the secretariat when deemed necessary. In 2025, the Sustainability Committee meeting was held in July under the chairmanship of Ufuk Uyan, General Manager and Board Member of Kuveyt Türk, with the full participation of all Committee members. During the meeting held in 2025, Committee members were informed about the sustainability efforts carried out during the year and recent legislative developments were conveyed. The action plan to be implemented in the upcoming period was shared with the Committee members and approved.

Six Working Groups affiliated to the Sustainability Committee operate to implement the sustainability approach at the operational level. The members, roles and responsibilities of the Sustainability Committee and Working Groups have been formally documented, published within the Bank's internal systems, and communicated to all employees. Further details of the governance structure regarding roles and responsibilities are available on the **Sustainability Governance** page of the Bank's corporate website.

Operational Level Responsibilities

Sustainability Committee Working Groups

Six working groups have been established under the Sustainability Committee, operating in the areas of Sustainable Banking, Environmental Management, Social Benefit and Security, Communication and Collaboration with Shareholders and Stakeholders. These working groups form the operational foundation for developing and implementing the Sustainable Banking Strategy, which covers all banking and operational activities of the Bank. The Bank's climate-related physical and transition risks are analyzed, necessary action plans are created, and opportunity areas are forwarded to the Sustainability Committee for inclusion in strategy plans.

Sustainability Structuring in Kuveyt Türk Organization

Kuveyt Türk has two services to report and oversee the governance of sustainability activities, ensure that its financial operations comply with ESG principles, and meet the expectations of regulatory authorities. **The Sustainability Service**, which is responsible for the governance and reporting of sustainability efforts, operates under the Investor Relations and Sustainability Department. **The Sustainable Finance Service**, which is responsible for the compliance of credit policies with sustainability regulations and Environmental Social Governance Risk Assessment in loan allocation processes, operates under the Credit Policies and Decision Support Systems Department.

In 2025, the Working Groups affiliated to the Sustainability Committee came together and held nine meetings based on their work agendas, primarily focusing on the Sustainability Action Plan and other group topics within the scope of ESG indicators.

Competency and Awareness Activities

Kuveyt Türk's management bodies and working groups involved in sustainability- and climate-related issues have the necessary competence, experience, and authority in the surveillance and evaluation of relevant risks and opportunities and the implementation of strategies in these areas. To keep its sustainability knowledge up-to-date and further increase its level of competence, the Bank closely follows developments in the sector and good international practices. When necessary, it is aimed to increase the effectiveness of sustainability management by obtaining consultancy support from external stakeholders and expert organizations.

Effective management of sustainability- and climate-related strategies depends not only on the robustness of the organizational structure and processes, but also on the level of knowledge and competence of the individuals who lead this structure. In this context, the Board of Directors of Kuveyt Türk consists of members with diverse experience and expertise in their respective fields.

Competency-supporting trainings are regularly provided to the Board of Directors, which holds ultimate oversight responsibility for sustainability matters, as well as to the relevant committees and units responsible for the sustainability governance structure. In 2025, special training programs were organized for employees in order to further disseminate the sustainability culture throughout the Bank and to effectively implement the sustainability approach in operational processes. In this context, "Basic Sustainability and Sustainability Management System" training and "Environmental Social Risk Management" training were delivered. In addition, sustainability-related trainings were added to Kuveyt Türk Academy, the Bank's internal training platform, and made accessible to all employees of the institution. These trainings aimed to strengthen institutional capacity in sustainability management, increase employees' ability to integrate sustainability principles into decision-making processes, and establish a common sustainability approach throughout the Bank. Kuveyt Türk attaches importance to continuously improving the awareness and knowledge level of its employees in line with its sustainability vision. To this end, it regularly conducts training sessions, seminars, and awareness programs to strengthen its capacity to predict sustainability risks and opportunities.

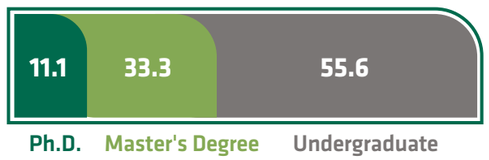
Board of Directors Competency Matrix

Summary information on the competencies of the members of the Board of Directors is presented below.

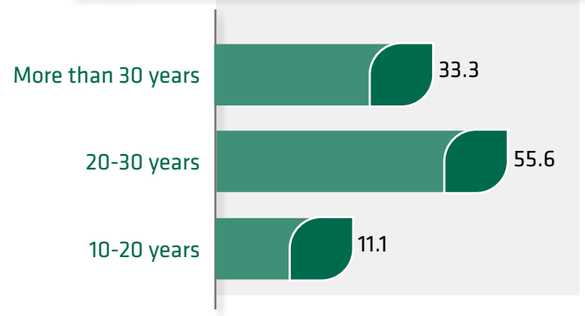
Table 4. Board of Directors Competency Matrix

	Role	Finance/ Audit/Risk	Banking/ Investment/ Insurance/ International Markets	Digitalization and Information Technologies/ Cyber Security	M&A and/ or Capital Markets	Public Policies	Environment/ Social
HAMAD A H D ALMARZOUQ	Chairman of the Board of Directors	✓	✓				
NADİR ALPASLAN	Vice Chairman of the Board	✓	✓			✓	
KHALED Y E S ALSHAMLAN	Board Member	✓	✓				
DR. SHADI AHMED YACOUB ZAHRAN	Board Member	✓	✓				
GEHAD MOHAMED ELBENDARY ANANY	Board Member	✓	✓	✓			
BOUALEM HAMMOUNİ	Board Member	✓	✓		✓		✓
JABR SH J M A M ALJALAHMAH	Board Member	✓	✓			✓	
SİNAN AKSU	Board Member	✓	✓			✓	
UFUK UYAN	Board Member and CEO	✓	✓				✓

EDUCATION (%)



AVERAGE WORK EXPERIENCE (%)



Impact of Sustainability on Decision-Making Processes

At Kuveyt Türk, integrating ESG factors into all investment, strategic planning and decision-making processes of the Bank is positioned as one of the main priorities. In decision-making mechanisms, sustainability risks and opportunities are evaluated together with financial and operational impacts, thereby ensuring a balanced approach between the Bank's long-term objectives and sustainable development principles. Accordingly, concrete sustainability indicators determined in strategic planning processes serve as a basis for determining the strategic direction and making updating plans when necessary. The Bank considers the trade-offs between its financial returns and sustainability principles by taking into account sustainability- and climate-related risks and opportunities in its decision-making processes. It adopts a management approach that focuses on responsible and long-term value creation and makes these elements a part of its strategy. In line with this comprehensive approach, the Bank aims to increase the financing it provides to sustainable projects. By carefully evaluating these trade-offs, it aims both to contribute to reducing environmental impacts and to enhance its long-term revenue generation capacity.

Kuveyt Türk manages its sustainability performance in accordance with the principles of transparency and accountability. While energy efficiency, carbon footprint and waste management criteria are taken into account in new investment decisions, with digitalization projects, it is aimed to optimize resource use and minimize environmental impacts.

Remuneration Mechanism

Kuveyt Türk's remuneration policies are designed to reflect the Bank's fair, transparent and performance-based management approach. In this regard, both market conditions and employees' achievement of individual and corporate objectives are taken into account when determining salary increases and bonus practices. The basis of remuneration framework is the promotion of high performance, increase of employee motivation and development of a performance culture that will contribute to the Bank's long-term objectives.

Currently, the Bank's remuneration policy does not directly cover performance indicators related to sustainability and climate. However, steps are being taken to integrate the sustainability approach more strongly into corporate decision-making processes across the Bank. Accordingly, sustainability- and climate-related targets have been incorporated into performance evaluation processes. In the upcoming period, efforts will continue to integrate these indicators into remuneration mechanisms. In this regard, the Bank plans to develop practices to measure the contribution levels of employees to sustainability goals and to reflect these contributions to reward mechanisms.

RISK MANAGEMENT

Kuveyt Türk, one of the well-established banks in the participation finance sector, operates in accordance with the principles, methods and rules of Islamic finance. Participation finance rules and principles are aligned with sustainability practices and are mutually reinforcing. Together with its subsidiaries and affiliates, the Bank bases all its activities on key participation finance principles such as "do no harm" and “prioritizing social benefit” and reinforces this approach through its sustainability practices.

The Bank has identified its priority areas in line with its commitment to mitigating environmental and social risks it is exposed to and enhancing its positive impacts through the actions it undertakes. It has embedded its growing environmental and social awareness into its corporate policies. Accordingly, sustainability- and climate-related risks and opportunities have been incorporated into the Bank's corporate risk management approach, integrated into the risk inventory, and formalized through the establishment of a Sustainability Risk Policy. Climate- and sustainability-related risks are addressed by considering their potential impacts on the Bank's financial position, profitability, asset quality and reputation. Their interactions with operational, legal, strategic, reputational, and liability risks are evaluated from a holistic perspective. In addition to their direct effects on the Bank's operations, the evaluations also take into account the indirect effects on the loan portfolio, products and services. In this context, sustainability- and climate-related risks are defined as a distinct category within the Bank's overall risk universe and are addressed in relation to core risk types such as credit risk, market risk, operational risk, and reputational risk. In addition, the entire value chain of the Group is analyzed across short-, medium- and long-term horizons, and the relationship between risk maturities and the risk appetite framework is addressed in line with the Bank's overall risk management practices. Findings and developments regarding climate and sustainability risks are regularly reported to relevant committees and senior management to support the continuous enhancement of the Bank’s risk management processes. In this context, the assessment, monitoring, and management of sustainability- and climate-related risks and opportunities are conducted annually, and developments regarding these processes are reported to the Risk Committee on a quarterly basis for oversight purposes. Detailed information is available in the **Governance** section of the report.

The management of sustainability- and climate-related risks and opportunities is carried out in accordance with the roles and responsibilities defined under the Three Lines of Defense Model.

First line of defense identifies, assesses, monitors, and controls sustainability- and climate-related risks and opportunities within its areas of activity and considers these risks and opportunities in lending and investment decisions.

Second line of defense establishes and maintains policies, procedures, rules, and implementation principles for the management of sustainability- and climate-related risks and opportunities, ensuring the effective functioning of the relevant frameworks.

Third line of defense provides independent assurance regarding the effectiveness and adequacy of risk management and internal control systems.

The Bank conducts all its activities in full compliance with the regulations of the BRSA and the Capital Markets Board (CMB). In addition, it contributes to the development of the participation banking sector through its membership in the Participation Banks Association of Türkiye (TKBB). Regular and transparent reporting processes are carried out with the main shareholder, Kuwait Finance House (KFH), and timely and accurate information is provided to its stakeholders through the Investor Relations and Sustainability Department in line with the CMB Corporate Governance Principles.

The Bank has developed policy documents covering all major risk categories, particularly credit risk, market risk, liquidity risk, and operational risk. In this context, the Sustainability Risk Policy, which includes processes for the identification, assessment, prioritization, and monitoring of sustainability- and climate-related risks and opportunities, was approved by the Board of Directors and entered into force in 2024. As one of the key reference documents of the Bank's risk management practices, the Policy ensures that sustainability- and climate-related risks are systematically integrated into the overall risk management framework in line with the Bank's risk appetite structure and Internal Capital Adequacy Assessment Process (ICAAP).

In the current reporting period, the risk management framework established in previous periods has been maintained, and no structural changes have been made to process operations. Accordingly, practices related to the identification, assessment, prioritization, and monitoring of risks have been carried out in line with the same methodological framework. Kuveyt Türk manages sustainability- and climate-related risks in a structure that is consistent with and integrated into the Bank's overall risk management framework, as follows. In this context, sustainability- and climate-related risks are addressed in accordance with the workflow outlined below.

- **Identification of Risks**
- **Investigation of Risks**
- **Determining of Preparedness to Risks (Workshops)**
- **Consolidation and Analysis**
- **Scoring of Risks and Assesment of Residual Risks**
- **Reporting**

Inputs and Parameters Used in Risk Management Processes

The inputs and parameters used in risk management processes are defined based on the Bank's internal data infrastructure and the integration of nationally and internationally recognized external data sources.

The main inputs used in the management of sustainability- and climate-related risks and opportunities include credit portfolio data, sectoral distributions of the portfolio, collateral structures, project financing information, and location-based physical risk indicators at the portfolio level. They also include regulatory documents and guidelines issued by the BRSA and the Central Bank of the Republic of Türkiye (CBRT), as well as European Union (EU) regulations, Basel Committee publications, and other relevant international frameworks, along with climate scenarios and macroeconomic assumptions. Parameters used by the Bank in risk management processes include factors such as risk probability and impact levels, stress scenario assumptions, time horizons (short, medium and long term), and threshold values, all defined in line with the Bank's overall risk management approach. Outputs generated from these inputs and parameters used in Kuveyt Türk's risk management processes are intended to support the update of credit policies, the shaping of the risk appetite framework, and their gradual integration into strategic decision-making processes. In this context, efforts are ongoing to ensure that the results obtained from stress tests and scenario analyses provide direct input into the Bank's strategy.

Table 5. Input and Parameters

Type of Input/Parameter Used in Risk Management Processes	Description	Source	Scope of Operation
Loan portfolio data	Sectoral distribution, loan maturity distribution, collateral structure, project financing structure	Internal data	The Bank and its subsidiaries
Heat map analysis	Borrower- or project-level maps developed to measure the resilience of the loan portfolio	Internal data and external sources (NGFS, IPCC, SSP, UNEP- FI etc.)	The Bank and its subsidiaries
Climate scenarios	Internationally recognized optimistic and pessimistic climate scenario analyses regarding physical and transition risks, macroeconomic and geopolitical developments, technological developments	External sources (NGFS, IPCC, RCP, SSP, etc.)	The Bank and its subsidiaries
Emission data	Sector-based emission data	External sources (IEA, IPCC, etc.)	The Bank and its subsidiaries
Risk management parameters	Probability and impact scores, time horizons (short, medium and long term)	Internal data	The Bank and its subsidiaries
Regulatory bodies	CBRT regulations, POA regulations, BRSA guidelines, Internal Systems and ICAAP reports	External sources (Regulations)	The Bank and its subsidiaries

Identifying Sustainability- and Climate-Related Risks

Kuveyt Türk identifies sustainability- and climate-related risks and opportunities across its own operations, credit portfolio, and subsidiaries and associates under its financial control, adopting a holistic approach throughout the entire value chain.

The Bank defines sustainability risks as risks that may have actual or potential adverse effects on the Bank's net assets, financial position, profitability and reputation in the event of environmental, social and governance events or conditions. Climate-related risks are classified as physical and transition risks that may have potential impacts on the Bank's current and future financial structure. This classification enables accurate identification of the nature of risks and allows for the individual analysis of relevant risk factors.

- **Physical risks** are classified as acute risks in the short term, such as floods, storms, heavy precipitation, heatwaves, droughts, wildfires and landslides, and chronic risks in the medium and long term, such as rising average temperatures, changing precipitation patterns, water stress, and rising sea-levels. These risks are assessed in terms of the potential impacts on the Group arising from increases in the severity and/or frequency of weather events due to climate change and long-term shifts in climate conditions. These risks are evaluated by considering both the impacts of sudden events and the cumulative effects over time.
- **Transition risks** are evaluated in terms of the potential impacts on the Group of policy, regulatory, technological, and market changes arising during the transition to a low-carbon economy. These risks are influenced by carbon taxes, emission reduction targets and other regulatory requirements, as well as technological innovation in production technologies and changes in consumer preferences.

In the process of identifying climate- and sustainability-related risks and opportunities, Kuveyt Türk considers not only its internal dynamics but also sectoral and regulatory developments in the external environment in which it operates. In this context, to ensure compliance with international best practices and national regulations, the disclosure topics and metrics within the scope of the SASB Guidance, and the Communiqué on the Calculation of the Green Asset Ratio of Banks and the Guideline on the Effective Management of Climate-Related Financial Risks by Banks published by the BRSA are taken into consideration. These regulations provide a framework for banks to measure their sustainability performance and to systematically identify and manage climate-related financial risks. Following the issuance of these documents, the necessary actions were planned within the Bank to comply with the relevant Communiqué and the Guideline, and information on the subject was shared with the relevant units. Within this framework, in 2025, a sector-based heat map was developed to measure the sensitivity of the credit portfolio to physical and transition risks arising from climate change.

Identifying Sustainability Risks

In the process of identifying sustainability-related risks, Kuveyt Türk considers compliance and integration with the Bank's other risk management processes. Sustainability-related risks that may affect the operations of the Bank and its subsidiaries are evaluated in terms of operational, business continuity, legal, reputational, strategic, and liability risks.

While benefiting from the exemption provisions regarding the reporting of sustainability-related risks and opportunities in the relevant reporting period, the Bank conducted a comprehensive assessment study to understand the exposure of its activities to sustainability-related risks and to support its risk management processes. In this context, the Bank's sustainability-related risks and opportunities were evaluated based on prominent sustainability-related risks in the sector, SASB risk disclosures, global risk reports, and national and international best practices. Additionally, through the Threat Risk Analysis Report prepared in 2025, the Bank identified sustainability-related threats from an operational risk management perspective and developed action plans for priority risk areas. This study represents one of the key activities carried out within the scope of Business Continuity Management and Sustainability Management practices across the Bank, and contributes to the identification of potential threats that may affect the normal operation of the Bank and the evaluation of corresponding preventive measures. One of the following control management options is selected for the residual risk level obtained based on the Threat Risk Analysis:

- **Risk Transfer**
- **Risk Mitigation**
- **Risk Acceptance**
- **Risk Avoidance**

Regarding the residual risks that are accepted, the principles specified in the **Risk Acceptance Policy** are applied.

The threat analysis was carried out based on events and scenarios that took place by taking into account the Bank's locations (Head Office, Banking Base, Archive Center, branches, etc.) and core activities. Workshops were held for newly added threats that were assessed as having a reasonable or higher risk in the previous study.

For threats assessed as low or very low risk, updated information was requested from the relevant units via e-mail. Action plans were developed in line with the recommendations for threats assessed as above the acceptable risk level (reasonable and above).

Members from the following teams participated in the workshops:

- Internal Systems Units
- Human Resources Group Directorate
- Administrative Services Group Directorate
- Information Technologies Group Directorate
- Strategy and Innovation Group Directorate
- Customer Rights and Legal Regulations Department
- Information and Data Security Directorate
- Corporate Communications Department
- Disaster Management Department
- Architecht (Subsidiary & Critical Supplier)

In 2025, the potential sustainability risks of subsidiaries and business partnerships were also addressed. In this context, the Bank evaluated physical risks related to natural disasters (earthquakes), data security and cyber threats, and risks related to human resources and talent management as priority areas within the scope of sustainability risks. In line with these efforts, the Bank aims to disclose sustainability-related risks and opportunities in a broader scope in line with TSRS requirements in future reporting periods.

Identifying Physical Risks

Climate-related physical risks may have direct effects on the Bank's credit portfolio, physical assets, and operations, and may have indirect effects on customer activities, leading to consequences such as weakened repayment capacity or a decrease in collateral values. The probability of physical risks is evaluated based on historical climate data and scientific climate projections published by internationally recognized authorities such as NGFS and IPCC. This assessment is made on a location basis within the framework of internationally recognized scenarios and climate models. The magnitude of risks is calculated based on these probabilities, taking into account the potential financial impacts on the Bank's loan portfolio, physical assets, and operations. To measure the level of exposure of the loan portfolio to physical risks and to identify areas of vulnerability, sectoral and geographic heat maps were developed in 2025, as in 2024, using internationally recognized data sources such as ThinkHazard and WRI Aqueduct.

Identifying Transition Risks

The process of determining transition risks is based on the capacity of the sectors in the Bank's credit portfolio to adapt to a low carbon economy. Accordingly, the direct or indirect emission intensities of sectors, the additional capital expenditures required for transition, and the potential impacts of changes in market dynamics on revenue losses are analyzed. These factors contribute to understanding the sensitivity of the loan portfolio to transition risks.

Assessments are conducted with a sectoral approach and take into account the sensitivity of the portfolio to transition risks and the level of concentration in certain sectors. As in 2024, in 2025, the exposure level of the credit portfolio to transition risks was evaluated based on the Heat Map Methodologies Guide of the Banks Association of Türkiye (BAT) and the Beyond the Horizon methodology developed by the United Nations Environment Programme Finance Initiative (UNEP- FI). This analysis highlights customers' direct and indirect emission costs, investment requirements, and potential revenue impacts based on NACE sector classifications. In addition, national and international good practice examples and methodological guidelines serve as references in the assessment, prioritization and monitoring of risks. In this context, within the framework of the Carbon Border Adjustment Mechanism (CBAM), approximately 916 companies operating in the cement, energy, iron and steel, aluminum, and fertilizer sectors were examined in the impact analysis conducted in 2025. In these analyses, companies' export rates to the EU, carbon emission data, production technologies, and emission reduction plans were taken into consideration. In addition to this study, in line with a four-level risk scale developed by the Loans Sustainable Finance Service, including qualitative factors, a risk categorization of 18 customers with high-risk balances, which corresponds to approximately 43% of the Bank's risk exposure in CBAM sectors, was conducted. Both studies constitute a significant foundation for monitoring and managing the potential impacts of CBAM on the Bank's credit portfolio.

Sustainability- and Climate-Related Risks Assessment

The Bank's assessment of sustainability- and climate-related risks is conducted in alignment with its existing risk management approach. In the process of assessing risks, the identified risks are examined comprehensively. At this stage, previous examples of the relevant risks at the international, national, sectoral, and Bank-specific levels are investigated, and detailed analyses are carried out.

The results of these analyses are discussed in workshops organized with the participation of representatives from relevant business units and directorates, and the Bank's current level of preparedness is evaluated. Throughout this process, both qualitative and quantitative dimensions of sustainability- and climate-related risks are considered.

Within the scope of qualitative assessment, sustainability- and climate-related risks are analyzed in terms of their alignment with the Bank's sustainability and strategic objectives, as well as their operational, legal, strategic, reputational, and liability implications. Within the scope of the quantitative assessment, the potential impacts of these risks on the Bank's financial position are measured by considering predefined financial materiality thresholds, and financially significant risks are identified accordingly. The results of assessments are combined using a holistic approach, and the probability and impact levels of each risk are determined by considering qualitative and quantitative factors. In this context, risks are scored on a five-level scale, and the residual risk level is revealed for each identified risk.

Financial Materiality Assessment

The financial materiality of sustainability- and climate-related risks and opportunities is assessed by considering their potential to influence the decisions of general-purpose financial statement users. In this context, both quantitative and qualitative elements are taken into consideration. Qualitative considerations include alignment with the Bank's sustainability objectives, reputational impacts, and historical risk experience. Within the quantitative assessment, the potential impact of these risks on the Bank's equity is analyzed, and impacts exceeding 1% of total equity reported in the solo financial statements for the relevant reporting period are considered financially material.

Five risk categories are used to evaluate risks in terms of their nature, likelihood, and magnitude. Action plans are developed and implemented for risks identified as high priority within the scoring system. In the assessment of sustainability- and climate-related risks, five different risk levels have been defined: Low, Low-Medium, Medium, Medium-High, and High. These categories correspond to a scoring system ranging from 1 to 5.

Table 6. Risk Levels

Risk Level	Description	Score
Low	Minimal impact and low probability	**1**
Low-Medium	Relatively low impact and probability	**2**
Medium	Moderate impact and probability	**3**
Medium-High	Significant impact and probability	**4**
High	High impact and probability	**5**

Prioritization and Management of Sustainability- and Climate-Related Risks

Sustainability- and climate-related risks are prioritized within the Bank's overall risk management framework, taking into account their financial impacts, probability of occurrence, time horizons, and regulatory and reputational effects. In this context, risks arising from legal requirements and regulatory developments are prioritized and full compliance with the relevant authorities is targeted.

Sustainability- and climate-related risks and opportunities are evaluated by taking into account their likelihood, potential impact, and financial materiality thresholds, and a risk inventory is established within this framework. Climate-related financial risks are managed by assessing the potential impacts of physical and transition risks on the Bank's financial structure through their impacts on borrowers' repayment capacity, collateral structure, and macroeconomic conditions.

As a result of the analyses carried out in 2025, it was determined that the climate risks and opportunities of the Bank and its subsidiaries remained below the defined financial materiality threshold and were therefore not considered financially material. However, taking into account the potential impacts of climate change on its business model, strategic priorities, and risk management processes in the medium- and long-term, the Bank addresses climate risks that are below the financial materiality threshold but are deemed strategically important based on likelihood and impact assessments in the **Strategy** section of this report, and explains the relevant management approach.

Conducting a Heat Map

In the process of prioritizing climate-related risks, a risk matrix was developed based on the impact and likelihood scores determined for each risk, and the risks were classified through a heat map. As a result of this study, climate risks with higher priority for the Bank were visually demonstrated and areas that provide priority input to risk management processes were identified. The Bank continues its efforts to measure the resilience of its credit portfolio to sustainability- and climate related risks by conducting a portfolio-level heatmap analysis and assigning environmental and social scores on a borrower or project basis. Within the scope of climate risk analysis, heat map studies are carried out at least once a year, and the results of the analysis are reported to the Risk Committee on an annual basis. The outputs obtained serve as a guide in determining the Key Risk Indicators.

Heat map analyses are used to measure the exposure level of sectors within the Bank's portfolio to climate risks, to identify and monitor high-risk sectors, and to shape the Bank's strategic approach accordingly. It is planned to evaluate the results of the analyses together with the outputs of environmental, social and governance risk categorization. It is thought that determining the resistance to exposure and maturity levels in sectors exposed to high climate risk will make significant contributions to defining the risk appetite for the relevant sectors in the upcoming period.

For the classification of risks at the sector level, an analytical framework covering both physical and transition risks has been established, based on the UNEP-FI methodology and the guidelines published by the BAT. This framework allows differentiation between low and high-risk sectors, while also taking into account the collateral structure in the evaluation process. In addition, the Bank continues its efforts to strengthen assessments of environmental, social and governance risks in loan allocation processes. For transactions exceeding a certain loan limit allocation proposal amount, additional procedures are applied, and risk assessment is planned to be carried out in line with the ESG requirements determined during the credit allocation phase. The heat maps developed by Kuveyt Türk are presented below.

Table 7. Consolidated Heatmap

Sector	Physical Risk	Transition Risk	Final Risk Score
Petrochemical and Plastics	Medium	High	Medium-High
Paper and Wood Products	Medium	Medium-High	Medium-High
Metal and Metal Products	Medium	Medium-High	Medium-High
Furniture and Other Products	Medium	Medium-High	Medium
Transportation and Storage	Medium	Medium-High	Medium
Manufacturing of Transportation Vehicles	Medium	Medium	Medium
Leather and Textile	Medium	Medium	Medium
Mineral and Pharmaceutical Products	Medium	Medium	Medium
Agriculture and Forestry	Medium	Medium	Medium
Tobacco, Food and Beverages	Medium	Medium	Medium
Electronic and Optical Products	Medium	Medium	Medium
Mining	Medium	Medium	Medium
Construction and Real Estate	Medium	Medium	Medium
Repair and Trade of Motor Vehicles	Medium	Low	Medium
Energy, Water and Waste Management	Medium	Low	Medium
Culture, Arts and Communication	Medium	Low	Low
Professional, Scientific and International Activities	Medium	Very Low	Low
Public, Educational and Financial Activities	Medium	Very Low	Medium

Very Low | Low | Medium | Medium-High | High

Management of Sustainability- and Climate-Related Opportunities

Sustainability- and climate-related opportunities are evaluated within an integrated approach aligned with the Bank's risk management processes. In this process, the potential benefits that the climate-related transformation can provide on the Bank's operations, credit portfolio, and product and service structure are analyzed.

During the stages of identifying and evaluating opportunities, comprehensive examinations are carried out on the current situation of the Bank and its level of preparedness in these areas through workshops organized with the participation of relevant units. In these studies, areas of opportunity identified in line with regulatory developments, sectoral transformation trends and market dynamics are discussed in short-, medium-, and long-term perspectives.

The analyses generated through workshops are consolidated by the relevant units on the basis of common views and the opportunities that are considered priorities for the Bank are determined. These opportunities are monitored and managed in line with the Bank's strategic priorities and its current risk management approach.

Kuveyt Türk evaluates climate-related opportunities within the scope of its sustainable financing strategy and continues its efforts to measure them quantitatively. The Bank will disclose the areas of opportunity deemed important in general terms through this report once the related studies are finalized.

- **Identification of Opportunities**
- **Investigation of Opportunities**
- **Preparedness to Opportunities (Workshops)**
- **Consolidation and Analysis**
- **Assesment of Opportunities**
- **Reporting**

Scenario Analyses and Stress Tests

The Bank conducts scenario analyses and stress tests to assess the potential impacts of sustainability- and climate-related risks and opportunities and to analyze its strategic resilience. Climate scenario analyses are carried out annually in line with the Bank's strategic planning processes. This approach ensures that the analyses are regularly updated considering regulatory developments and changes in market conditions, and that the outputs obtained are used as an up-to-date and effective management tool that providing direct input into decision-making processes at the Bank.

Through scenario analyses, it is determined under what conditions sustainability- and climate-related risks may arise and in which areas they may be concentrated. The outputs obtained provide input that support the identification, prioritization, and management of risks.

Scenario analyses are based on the NGFS and SSP, which are internationally recognized scenarios that reflect different transition pathways and climate outcomes. In this context, the possible effects of physical and transition risks on the credit portfolio are analyzed by taking into account the locations and sectors where the loans are located. When deemed necessary, sectoral and thematic projections published by public authorities are also used. In particular, the assessment is conducted based on the loan's geographic location, using the SSP2-4.5, SSP3-7.0, SSP5-8.5, and the NGFS Delayed Transition and Current Policies scenarios. The main reason for choosing these scenarios is that these frameworks are adopted as the most widely accepted scenario sets for the financial sector at the international level and referenced by regulatory authorities. In this context, NGFS scenarios include macroeconomic and sectoral transformation assumptions that allow the assessment of the effects of transition risks on the loan portfolio. SSP scenarios, on the other hand, form the basis of scientific projections regarding physical climate risks, providing a comparable basis for location-based risk analyses. Accordingly, the Bank bases its climate-related risk assessments on these scenario sets. The scenario analyses outputs obtained are evaluated in relation to the Bank's risk appetite framework and existing risk limits.

Based on the assumption that the effects of climate-related risks may arise at different time horizons, the possible effects of these risks on the Bank's operations, strategic objectives, and financial structure are evaluated by considering the time dimension. The determined maturity definitions provide input for the processes of risk assessment and prioritization.

Reporting and Monitoring of Sustainability- and Climate-Related Risks

Sustainability- and climate-related risks are regularly reported to the Risk Committee within the scope of the Bank's risk management processes. The Risk Committee informs the Board of Directors regarding material aspects of these risks and the actions to be taken. The adoption, implementation and execution of the Sustainability Risk Policy across the Bank are monitored by the Risk Committee within the scope of continuous oversight. In this context, the integration of sustainability- and climate-related risks into the Bank's overall risk management processes is ensured.

The Sustainability Committee periodically monitors activities aimed at mitigating climate risks and, together with relevant Working Groups, carries out actions required and initiatives to identify climate-related opportunities. The identification, impact assessment, monitoring and management of physical and transition risks within the scope of credit, market, operational, and other non-financial risks are carried out annually. The results of the assessment of these risks are reported to the Risk Committee at least once a year.

Within the scope of climate risk analysis, a portfolio-level Heat Map study is carried out at least annually. Presenting the Heat Map results to the Risk Committee and using them in monitoring processes are among the responsibilities of the Credit Risk Unit.

STRATEGY

Climate-Related Risks and Opportunities

Kuveyt Türk assesses its climate-related risks and opportunities in short-, medium- and long-term time horizons, considering their potential impacts on its business model, strategic priorities, and financial resilience. Climate resilience is incorporated as an integral component of the Bank's strategic planning and risk management processes. Due to the operational nature of the banking sector, the Bank's exposure to climate change is not limited to the impacts arising from its own operations but is mainly shaped by its loan portfolio, financing sectors and collateral structure. Accordingly, climate resilience is assessed by considering the potential impacts of physical risks (acute and chronic impacts such as floods, droughts, water stress, and extreme weather events) and transition risks (regulatory changes, carbon costs, technological transformation, and shifts in market preferences) on the Bank's credit risk profile, portfolio quality, and financial performance.

Within the scope of physical risks, acute risks related to sudden weather events such as floods, storms and fires, as well as long-term chronic effects such as drought and sea level rise, may lead to damage or loss of value of the assets taken as collateral. Such impacts may increase credit risks, adversely affect the sustainability of operations, and cause deterioration in the quality of regional credit portfolios. From a transition risk perspective, the Bank recognizes that regulatory measures aimed at reducing emissions in carbon-intensive sectors (including carbon pricing mechanisms) may increase operating costs for customers' and in turn affect their debt repayment capacity. To measure climate resilience, the Bank uses internationally recognized scenario frameworks.

The assessment of widely recognised climate scenarios, including NGFS and SSP pathways, enables the Bank to evaluate the magnitude and likelihood of climate-related risks and to test the resilience of its business model under alternative climate trajectories. As part of this analysis, physical risk indicators are monitored with reference to the sectors in which the Bank's lending is concentrated and the geographic footprint of its customers'. In parallel, the potential financial implications of transition risk related cost increases and regulatory developments are assessed, particularly in terms of their impact on customers' debt repayment capacity. These analyses provide insight into the resilience of the Bank's business model through financial outcomes such as increases in default risk, deterioration in collateral values, and changes in Expected Credit Losses (ECL). Detailed information on the scenario analyses is presented in the table below.

The analyses conducted indicate that, in the current reporting period, climate-related risks have not resulted in a material financial impact on the Bank's operations, assets, or strategic investment plans. However, given the inherently dynamic and uncertain nature of climate risks, climate resilience assessments are updated on a regular basis and potential impacts are subject to ongoing monitoring. The outputs of the scenario analyses are linked to the Bank's risk appetite framework, sectoral limits, and credit policies, and are integrated into strategic decision-making processes with the objective of effectively managing the potential future implications of climate risks on capital adequacy and portfolio resilience.

In addition to assessing the impact of climate risks on credit risk, Kuveyt Türk also evaluates their potential implications for operational and market risks. The analyses performed during the current period do not reveal a material financial impact within these risk categories. Nevertheless, climate risks to which the Group may be exposed in the future are addressed in detail under the sections on **Transition Risks** and **Physical Risks**.

Table 8. Scenario Analysis Details

Scenario Detail	SSP2–4.5 (Middle of the Road)	SSP3-7.0 (Fragmented World Scenario)	SSP5–8.5 (Resource Intensive Scenario)	NGFS Delayed Transition Scenario	NGFS Current Policies
Key Assumptions	Represents a pathway in which current socio-economic trends broadly continue, and climate policies are gradually strengthened. The transition progresses in controlled manner, while the share of renewable energy increases, dependence on fossil fuels is not fully eliminated.	Represents a medium-high emissions pathway characterized by weakened global cooperation and limited climate policy ambition. The energy transition progresses slowly, and fossil fuel use remains high.	Represents a high-emissions pathway where fossil-fuel-intensive economic growth continues and climate policies remain limited. Emissions continue to increase and the physical impacts of climate change are most pronounced.	Represents a transition pathway in which climate policies are delayed until 2030 and emissions do not decline during this period. After 2030, the transition accelerates through abrupt policy tightening, carbon prices rise and transition risks increase sharply.	Represents a pathway in which existing climate policies are maintained without additional mitigation measures. Emissions continue to increase in the long term, with significant escalation of physical risks.
Quantitative Assumptions	Global temperature increase reaches approximately 2.0–2.5 °C by 2100, with emissions gradually declining after peaking. Carbon prices increase moderately.	Global temperature increase reaches approximately 3.0–3.5 °C by 2100, and emissions remain high. The frequency and severity of extreme weather events increase.	Global temperature increase exceeds 4.0 °C by 2100, and emissions continue to rise. The frequency and severity of extreme weather events increase significantly.	Emissions do not decline until 2030, after which rapid reduction becomes necessary. Despite a below-2°C temperature target, carbon prices reach elevated levels due to delayed policy action.	Emissions continue to increase until approximately 2080, temperature increase reaches around 3 °C. Irreversible physical impacts such as sea-level rise intensify.
Qualitative Assumptions	Physical risks increase at a manageable level. Transition risks remain moderate and energy transition progresses gradually.	Physical risks are high and regional inequalities increase. Transition risks remain limited in magnitude but exhibit an uneven trajectory.	Physical risks reach a very high level. Risks of drought, water stress, extreme heat and flooding increase significantly. Transition risks remain relatively low.	Transition risks are very high, and sudden regulatory tightening and carbon costs place pressure on carbon-intensive sectors. Physical risks also increase due to delayed mitigation.	Transition risks remain limited, while physical risks reach a very high level. Long-term pressure is present on economic systems.
Expected Channel of Impact on the Bank's Portfolio	Expected to create a controlled level of stress on the Bank's portfolio. A limited increase in default risk and gradual changes in Expected Credit Losses (ECL) are anticipated.	Due to the significant increase and regional concentration of physical risks, collateral values may decline, leading to higher Expected Credit Loss (ECL).	The escalation of physical risks may adversely affect clients' operations and collateral values, particularly in high-risk locations. This may weaken repayment capacity and increase pressure on Expected Credit Loss (ECL).	Sudden policy tightening and rapid increases in carbon prices may disrupt the cost structures of clients in carbon-intensive sectors and weaken their repayment capacity. For the Bank, this may result in increased credit risk, sectoral repricing needs, and portfolio transition pressure.	The long-term concentration of physical risks may increase the likelihood of structural impairment in location-based exposures and collateral values. Effects on Expected Credit Loss (ECL) and asset quality become prominent, particularly in regions with high physical risk.

Transition Risks

The Bank conducted a comprehensive assessment of climate-related transition risks arising from its loan portfolio and financing activities. The analyses performed during the 2025 reporting period indicate, consistent with the prior year, that transition risks have not resulted in an impact exceeding the Bank's financial materiality threshold. Nevertheless, in line with the principle of transparency, the Bank discloses transition climate risks that are considered strategically relevant in the short-, medium-, and long-term, and continues to monitor them within the scope of its risk management framework.

Table 9. Carbon Border Adjustment Mechanism (CBAM) Risk

Risk Title	**Carbon Border Adjustment Mechanism (CBAM) Risk**
Risk Category	Transition Risk – Legal and Regulation
Risk Description	European Unions Carbon Border Adjustment Mechanism (CBAM) Risk, which is expected to enter into force as of January 1, 2026, introduces a product-level carbon pricing mechanism based on embedded emissions for certain carbon-intensive goods imported into the EU. Within the scope of CBAM, customers' operating in sectors such as iron and steel, aluminium, cement, fertilizers, and energy, particularly those exporting to the EU market, may face increased carbon costs. Certification obligations and reporting requirements may raise production costs, potentially affecting profitability and competitiveness. These developments pose a transition risk element for the Bank that may increase credit risk through the cash flows and debt servicing capacity of borrowers operating in export-oriented and carbon-intensive sectors.
Business Model and Place in the Value Chain	Downstream – Corporate and SME Lending (Loans Extended to CBAM Sectors)
Risk Concentration Area	As of 2025, credit exposure in these sectors constituted 4.47% of the Bank's total loan portfolio. The risk is particularly concentrated in customers' with high export intensity to the EU. In 2024, exposure to these sectors represented 6.95% of the total portfolio. Although the share has declined in the current period, the anticipated entry into force of CBAM in 2026 and its potential impact on the cost structures of carbon-intensive exporters indicate that the risk may affect future credit repayment performance. Therefore, in order to assess the potential impacts of CBAM, the Bank identified customers' exporting to the EU and analyzed the effects of possible revenue contractions on their credit repayment capacity.
Impacts of Risk	With the introduction of CBAM, the credit risk of the Bank's customers', especially those operating in export-oriented and carbon-intensive sectors, may increase significantly. Rising production costs and reduced profitability can negatively impact the ability of these customers' to repay their debts. This may lead to an increase in the Bank's non-performing loans (NPL) ratio and the volume of non-performing loans. It can increase the risk of default, especially for customers' who cannot afford certification costs or develop competitive pricing strategies. The Bank's portfolio analysis revealed that share of loans to the iron and steel, cement, energy, aluminum, and fertilizer sectors, which fall within the scope of CBAM, are included in the loan portfolio.
Time Period	Over 5 years
Maturity	Medium-Long
Intensity	Low
Likelihood	Highly Likely
Scenario Analyses	In the coming periods, the Bank aims to evaluate the resilience of its business model by analyzing the possible impacts on the repayment capacity of its customers' operating in carbon-intensive sectors based on NGFS Delayed Transition and Current Policies scenarios, and to integrate the outputs obtained into risk management and strategic planning processes.
Percentage of Assets or Business Activities Vulnerable to Climate-Related Transition Risks	Carbon-intensive sectors within the scope of CBAM have been determined as vulnerable activities, and the rate of fragile activities exposed to this risk is evaluated as 4.47%.
Items to be Affected in Financial Statements Impact on Financial Statements Items	Expected Credit Loss (ECL)
Current Financial Impact	In the current period, the credit risk cost reflected in the financial statements is **TL 792,881,093**. This amount reflects provisions recognised in the income statement in line with expected credit losses associated with the relevant customer portfolio.
Potential Financial Impact	Companies in the portfolio produce products that will be affected by the EU's carbon tax have been determined. As a result of the evaluations carried out in 2024, the Bank calculated the projected additional financial impact in the medium and long term as **TL 355,366,458**. However, in 2025, as a result of the development of the customer-based data collection process and the updating of the assumptions used in the analyses with more detailed information, the additional financial impact estimate was revised to **TL 292,400,892**.

Financial Impact Calculation Methodology	A financial due diligence analysis was carried out for customers' in the Bank's credit portfolio operating in sectors that may be subject to carbon tax under the CBAM. While the financial effects foreseen within the framework of these analyses are not foreseen in this area due to the fact that the entire energy generation portfolio consists of renewable resources, the export rates of customers' in other sectors to EU and future carbon emission reduction plans were meticulously examined. While the financial ratings of companies with no or low exports were kept constant, the ratings of companies that export intensively to the EU were evaluated more carefully. As a result of these revisions and expected credit loss calculations, it is anticipated that the CBAM-related risk increases will remain at a manageable level throughout the Bank.
Related Metrics	• Portfolio share of sectors covered by CBAM (%) • EU export intensity high customer balance (TL)
Cost of Risk Response	The cost of responding to risk is tried to be measured quantitatively. Due to current uncertainties, this cost will not be disclosed in this reporting period. Updates will be provided in subsequent reports when uncertainties subside.
Risk Mitigation Actions	In 2025, the Bank developed a dedicated assessment mechanism to analyze customers' operating in CBAM-covered sectors with carbon-intensive production processes. Within this framework, approximately 916 companies operating in cement, energy, iron and steel, aluminum, and fertilizer sectors were analyzed in detail. Export levels to the EU, emission intensities, production infrastructure, and decarbonisation strategies were evaluated through a holistic approach. Financial resilience and repayment capacity were also assessed to determine potential credit risk implications. Additionally, pilot calculations of financed emissions under Scope 3 Category 15 were expanded in 2025. The fertilizer sector assessment has been substantially completed, while sample-based evaluations continue in the iron and steel and aluminum sectors. All calculations are conducted in alignment with the Partnership for Carbon Accounting Financials (PCAF) standards, and efforts are underway to integrate the findings into credit risk management and portfolio transition strategies.
Measurement Uncertainties	The Bank conducts comprehensive assessments to determine the potential financial impacts foreseen under CBAM. However, as CBAM remains under legislative development and regulatory parameters continue to evolve, significant uncertainty remains regarding the reliability and quantification of financial impact assessments. In addition, uncertainties over sectoral dynamics, market demand fluctuations, lack and quality of data, implementation strategies, and changes in competitive conditions make it difficult for the Bank to accurately measure the economic impact of CBAM on customers. This limits the full identification of potential financial risks on the loan portfolio.

Physical Risks

The Bank evaluates physical climate risks with a holistic approach within the scope of its operational activities and financial exposures. In this context, risks are handled by considering the impacts arising from the Bank's own activities, such as branch operations and Head Office location, as well as the exposures that may arise through the credit and project finance portfolio and are integrated into the relevant overall risk management processes.

Physical Risks in Bank Operations

Kuveyt Türk addresses the potential impacts of climate-related physical risks on its operational activities within a comprehensive risk management approach. In particular, the potential effects of natural hazards such as extreme precipitation and flooding on business continuity are assessed. Accordingly, analyses are conducted by taking into account the exposure of operational points and branches to precipitation-related risks, and preventive strategies are developed to safeguard operational continuity. Climate-related risks are monitored on a regular basis and managed in alignment with the Bank's overall risk management system. In recent years, the increasing frequency and severity of extreme rainfall events observed in Türkiye have heightened flood risks, particularly in urban areas, representing a significant dimension of physical climate risk. When extreme precipitation results in flood events, temporary disruptions to economic activity may occur, adversely affecting production, logistics, and service processes. Accordingly, Kuveyt Türk conducts location-based assessments, considering the exposure of its operational locations and branch network to extreme precipitation and flood risks. The geographic location of branches and Head Office, infrastructure resilience, transportation access and sustainability of critical operations are analyzed, preventive and mitigation measures are developed for high-risk locations. In addition, the Bank maintains up-to-date business continuity plans to prevent possible physical risk events from causing service interruptions and continues preparedness activities through disaster and emergency scenarios.

Climate-related physical risks are regularly monitored in line with the Bank's overall risk management framework and integrated into the assessment processes through the relevant units.

Within the scope of operational physical risk assessments, the Bank continues to enhance its urban flood risk analyses using the ThinkHazard platform. These analyses aim to identify potential risks of physical damage and operational disruption across the branch network resulting from extreme precipitation events leading to urban flooding.

Portfolio-Related Physical Risks

The Bank conducted a comprehensive assessment of climate-related physical risks arising from its loan portfolio and financing activities. The analyses performed during the 2025 reporting period indicate, consistent with the prior year, that physical risks have not resulted in an impact exceeding the Bank's financial materiality threshold. Nevertheless, in line with the principle of transparency, the Bank discloses physical climate risks that are considered potentially strategic in the short, medium, and long term and continues to monitor them within its risk management framework. Detailed disclosures regarding portfolio-related physical climate risks are presented in the tables below.

Table 10. Drought Risk in Hydroelectric Power Plant (HPP) Investments

Risk Title	**Drought Risk in Hydroelectric Power Plant (HPP) Investments**
Risk Category	Physical Risk – Chronic
Risk Description	Hydroelectric Power Plants (HPPs) are critically dependent on the continuity of water resources to ensure electricity production. The increase in the frequency and severity of droughts caused by climate change leads to negative effects on the operating activities and financial performance of HPPs. Decreased rainfall and increased evaporation may lead to lower water levels, reducing the energy generation capacity of HPPs.
Business Model and Place in the Value Chain	Downstream- Project Finance (HPP Projects Financing)
Risk Concentration Area	The Bank finances a total of 8 HPP in 8 different locations. These power plants are located in the provinces of Ankara, Yozgat, Kastamonu, Antalya, Adana, Erzurum, Muğla, and Sivas. The risk of drought may be more concentrated in projects operating in basins sensitive to reduced water availability. In 2024, hydroelectric power plant project finance exposures account for 14.8% of the Bank's total project finance portfolio, while this ratio reached 15% in 2025.
Impacts of Risk	Revenue losses arising from drought conditions may materially affect the financial stability of HPP projects and weaken their debt servicing capacity. A decline in electricity generation capacity may directly reduce revenue streams and exert pressure on working capital. This may impair borrowers' ability to meet their debt obligations and increase the probability of default. An increase in default risk may lead to higher non-performing loan (NPL) ratios and credit losses for the Bank, potentially affecting profitability and capital adequacy. In the event of default, legal proceedings and asset liquidation processes may result in additional costs and time delays.
Time Period	Over 5 years
Maturity	Long
Intensity	Medium
Likelihood	Medium Likely to Occur
Scenario Analyses	Location-based drought exposure of HPP investments within the Bank's project finance portfolio has been assessed using climate projections from the World Bank's Climate Change Knowledge Portal (CCKP). The Standardized Precipitation Evapotranspiration Index (SPEI), which jointly considers precipitation and evaporation balances, was used as the primary metric to assess drought conditions. SPEI is widely recognised as a key physical risk indicator for evaluating the impact of hydrological drought conditions on energy generation capacity. The analysis covered the periods 2020–2039 and 2040–2059 under the SSP2-4.5 and SSP5-8.5 scenarios. Median (P50) values were used for Adana, Ankara, Antalya, Erzurum, Muğla, Kastamonu, Yozgat, and Sivas. Projections indicate that during the 2020–2039 period, mild drought conditions are expected under both scenarios, with relatively higher drought pressure under SSP5-8.5. In the 2040–2059 period, the likelihood of transitioning to moderate drought conditions increases under SSP5-8.5, particularly in inland regions such as Ankara, Sivas, and Yozgat. Mild drought conditions (SPEI between -0.3 and -1.0) may result in limited reductions in energy production, whereas moderate drought conditions (SPEI between -1.0 and -1.5) may lead to more pronounced declines in generation capacity, adversely affecting revenues and profitability. While scenario outputs suggest that drought severity may remain limited at the location level, the Bank applies prudent assumptions in evaluating potential financial impacts, given the size of its exposure and the high dependence of project cash flows on water availability. In addition, ThinkHazard was used as a complementary screening tool to assess water scarcity risk at the provincial level. The assessment indicates that water scarcity risk levels are generally low across the provinces where the HPP projects are located.
Percentage of Assets or Business Activities Vulnerable to Climate-Related Risks	HPP projects located in regions exposed to elevated water stress are identified as vulnerable activities. The proportion of vulnerable exposures is assessed at 0.52% of the total portfolio.
Impact on Financial Statements Items	Expected Credit Loss (ECL)
Current Financial Impact	In the current period, the credit risk cost reflected in the financial statements is **TL 151,257,720**. This reflects provisions recognised in the income statement in line with expected credit losses associated with the relevant portfolio.
Potential Financial Impact	Based on assessments conducted in 2024, the Bank calculated the projected additional financial impact in the medium and long term as **TL 171,283,961**. However, in 2025, as a result of updating the analyses and reviewing the assumptions, changing the scenario and data sources in the methodology used, and changes in the customers' current project finance rating, the additional financial impact estimate was revised to **TL 598,892,738**.

Financial Impact Calculation Methodology	Based on the scenario analyses, a prudent one-notch downgrade was applied to the credit ratings of projects expected to be exposed to elevated water stress. This adjustment was reflected in the Probability of Default (PD) parameters. Loss Given Default (LGD) sensitivities were assessed, taking into account project-specific collateral structures, and the resulting impact on Expected Credit Loss (ECL) was calculated. Stress testing results indicate that the risk does not constitute a high level of credit risk in the short and medium term, however, there remains potential for financial impact in the long term.
Related Metrics	• HPP loan exposure in high water-stress regions (TL) • Share of HPP portfolio located in high drought-risk basins (%)
Cost of Risk Response	The cost of responding to risk is tried to be measured quantitatively. Due to current uncertainties, this cost will not be disclosed in this reporting period. Updates will be provided in subsequent reports as uncertainties ease.
Risk Mitigation Actions	The Bank has implemented several strategic actions to mitigate drought risk in HPP investments. Prior to financing decisions, long-term analyses of regional water flow rates and climate conditions are conducted. The Bank also reviews water usage agreements between HPP operators and relevant public authorities and assesses contractual provisions addressing potential drought conditions. Furthermore, integrated analyses combining historical annual climate and precipitation data with multiple climate models and scenarios are performed. Climate risk indices such as the SPEI and the Standardized Precipitation Index (SPI) are utilised to evaluate potential drought impacts on HPP projects and enhance risk management effectiveness.
Measurement Uncertainties	The assessment of physical risks such as drought involves inherent measurement uncertainty due to meteorological, geographical, and economic variables. Climate scenarios are characterised by significant uncertainty, including regional variability, evolving policy and economic conditions, and technological developments. Regional meteorological differences may result in varying impacts of the same climate scenario across locations. Additionally, uncertainties regarding how hydrological cycles may evolve under changing climate conditions create challenges in accurately quantifying drought risk.

Table 11. Credit Risks Related to Water Stress in Water Dependent Sectors

Risk Title	**Credit Risks Related to Water Stress in Water Dependent Sectors**
Risk Category	Physical Risk – Chronic
Risk Description	Climate change and rising water demand making water stress a significant risk on a global scale. Water-dependent industries consume high amounts of water in their operational processes and are directly affected by scarcity or deterioration in the quality of water resources. A significant part of the Bank's portfolio consists of sectors at risk of water stress (food and beverages, chemical, textile, agriculture and livestock, manufacturing and metal industry sectors). Businesses in these sectors may face challenges related to water stress, such as water scarcity, water pollution, and regulatory changes. Rising water costs, production disruptions, and restrictions on access to water resources can negatively impact the financial performance of these businesses. Accordingly, water stress may generate financial impacts for the Bank through the credit risk channel, by affecting the cash flows and debt servicing capacity of borrowers operating in water-dependent sectors.
Business Model and Place in the Value Chain	Downstream- Corporate and SME Lending (Financing Provided to Water-Dependent Sectors)
Risk Concentration Area	An analysis of the Bank's loan portfolio reveals that financing provided to water-dependent sectors is concentrated in certain provinces. This situation is due to the fact that these provinces host water-sensitive activities due to their industrial production, agricultural activities and export-oriented economic structures. Since constraints in access to water resources can directly affect the operational continuity, production capacity and cost structure of companies operating in these regions, they constitute an important monitoring area for the Bank regarding credit risk and portfolio resilience. In this context, the provinces of Istanbul, Gaziantep, Bursa, Izmir and Adana were considered among the priority locations for managing the Bank's exposure to water-dependent sectors. In 2024, 18.52% of the Bank's portfolio was concentrated in sectors with high water dependency, such as food and beverages, chemicals, textiles, agriculture and livestock, manufacturing, and metal industries, while this ratio is 13.81% in 2025.
Impacts of Risk	Water stress can impact on the financial stability of businesses in water-dependent industries, weakening their ability to meet their loan obligations and increasing the likelihood of default. When borrowers in water-dependent industries face challenges such as higher operational costs, production delays, or the need for substantial capital investment in water-saving technologies, their financial performance may decline, leading to a deterioration in their creditworthiness.
Time Period	Over 5 Years
Maturity	Long
Intensity	Medium
Likelihood	Medium Likely to Occur

Scenario Analyses	The assessment was conducted using Annual SPEI Drought Index Anomaly data from the World Bank's Climate Change Knowledge Portal (CCKP). The periods 2020–2039 and 2040–2059 were analyzed under the SSP2-4.5 and SSP5-8.5 scenarios. Median (P50) values were used for Adana, Bursa, Gaziantep, Istanbul, and Izmir. In addition, water stress levels in the relevant regions were assessed using the WRI Water Risk Atlas (Aqueduct) dataset. The analysis indicates that, under both scenarios, drought conditions in the relevant locations are generally not expected to exceed -1.5 SPEI, suggesting that severe drought pressure remains limited. Negative SPEI values indicate that drought conditions may intensify in the relevant regions and water availability may decrease. According to the analysis results, negative values are observed in all locations examined in all scenarios, indicating that water stress may be on the rise. In particular, the average value in the SSP5-8.5 scenario declined to -0.66, indicating that the risk is more prominent than in other scenarios. Regionally, the drought signal is stronger in Gaziantep (-0.87) and Adana (-0.71), while in regions such as Istanbul and Bursa, the trend from slightly droughty conditions to moderately droughty conditions continues. Nevertheless, given the potential impacts on water-dependent sectors—such as reduced water supply, increased water costs, and operational disruptions—the Bank continues to apply a prudent approach in its risk assessments.
Percentage of Assets or Business Activities Vulnerable to Climate-Related Risks	Water-dependent sectors located in locations exposed to drought risks have been determined as vulnerable activities, and the rate of vulnerable activities exposed to this risk is evaluated as 13.81%.
Impact on Financial Statements Items	Expected Credit Loss (ECL)
Current Financial Impact	In the current period, the credit risk cost reflected in the financial statements is **TL 1,386,972,767**. This amount is the effect of the provisions allocated in line with the expected credit losses for the relevant customer portfolio, which is reflected in the income statement.
Potential Financial Impact	As a result of the assessments carried out in 2024, the Bank calculated the potential additional financial impact of physical risks arising from water stress on the expected credit loss in the medium and long term as **TL 118,775,169**. In 2025, as a result of updating the analysis methodology, recalibrating risk scenarios and expanding the scope of assessment, the additional impact estimate was revised to **TL 987,303,590**. Although the share of financing provided to water-dependent sectors in the loan portfolio decreased from 18.52% to 13.81%, the concentration of exposure in provinces with higher water stress and the updating of risk parameters with more conservative assumptions increased the Bank's physical risk sensitivity. Accordingly, it is foreseen that the effects of water stress may put higher pressure on customers' operational continuity and reimbursement capacity, The forecast for the potential financial impact on the expected credit loss has been revised upwards.

Financial Impact Calculation Methodology	Based on the scenario analyses, a prudent one-notch downgrade was applied to the credit ratings of customers' located in high water-stress regions. The resulting increase in Probability of Default (PD) was incorporated into the ECL calculations. Stress testing results indicate that these risks are not expected to constitute a high level of credit risk in the short and medium term.
Related Metrics	• Share of water-dependent sectors in loan portfolio (%) • Loan balance in locations with high water stress (TL)
Cost of Risk Response	The cost of responding to risk is tried to be measured quantitatively. Due to current uncertainties, this cost will not be disclosed in this reporting period. Updates will be provided in subsequent reports as uncertainties ease.
Risk Mitigation Actions	The Bank has taken proactive measures to support its clients in water-dependent industries that may be subject to water stress and mitigate potential credit risks. Working in cooperation with the Risk Monitoring and Loans Units, evaluations and analyses were carried out for customers' with high water consumption and poor financial stability. In this process, water stress risk analysis was carried out on a customer basis, and the reimbursement capacity of customers' and water management strategies in their operations were examined in detail. In addition, loan locations are continuously monitored and assessed whether they are at risk of water stress based on current climate data and scenarios.
Measurement Uncertainties	The assessment of risks related to water stress involves uncertainties arising from meteorological, geographical and economic variables. Results may vary depending on factors such as regional impacts of climate scenarios, future water demand, and regulatory policies. In order to reduce these uncertainties, the Bank diversifies its data sources and regularly reviews its risk assessments in line with current scenario outputs.

Table 12. Impact of Extreme Weather Events on the Agriculture and Food Sector

Risk Title	**Impact of Extreme Weather Events on the Agriculture and Food Sector**
Risk Category	Physical – Acute and Chronic
Risk Description	Yield losses in production and an increase in input costs due to extreme weather events such as irregular precipitation patterns, floods, frosts and rising temperatures can lead to fluctuations in revenues and weakening cash flows of customers' operating in the agriculture and food sector. This may increase default risk and credit losses.
Business Model and Place in the Value Chain	Downstream - Corporate and SME Lending (Agriculture and Food Finance)
Risk Concentration Area	In the current period, 4.86% of the Bank's credit portfolio consists of customers' engaged in production activities in the agriculture and food sectors. However, considering the strategic growth targets set in the agricultural portfolio for the upcoming period, it is assessed that the potential effects of these risks on the Bank may increase.
Impacts of Risk	The agricultural and food sectors are highly sensitive to physical risks associated with climate change. The increasing frequency and severity of extreme weather events can result in yield losses, reduced product quality, and higher production costs. These developments may undermine the income stability of agricultural customers, weaken their loan repayment capacity, and lead to an increase in the Bank's expected credit loss provisions. Although the short-term financial impact is limited due to the small portfolio share, it is important for the Bank, as part of its growth strategies for the agricultural portfolio, to integrate climate-resilient agricultural practices and regional risk differences into its lending processes.
Time Period	1-5 Years
Maturity	Medium
Intensity	Medium
Likelihood	Medium Likely to Occur
Scenario Analyses	The exposure of customers' production locations to extreme weather events was assessed under the SSP2-4.5 and SSP5-8.5 scenarios. Key risk indicators analyzed include extreme heat, frost risk, and flood risk. As an extreme heat indicator, the number of days exceeding 35°C (Number of Hot Days, T>35) was examined. Under both scenarios, the number of hot days is projected to remain at elevated levels, indicating continued risk of temperature-related yield losses. Frost risk (Number of Frost Days) was also assessed. Climate projections indicate that the number of frost days in the relevant locations does not show a significant decline compared to the reference period. Flood risk was evaluated using the Average Largest 5-Day Cumulative Precipitation indicator. Both SSP2-4.5 and SSP5-8.5 scenarios were considered. The SSP5-8.5 scenario, in particular, indicates an upward trend, suggesting that irregular precipitation patterns may exert additional pressure on the agriculture and food sector. Scenario outputs were integrated into credit risk parameters to assess the potential impact of yield losses on customers' cash flows and debt servicing capacity.
Percentage of Assets or Business Activities Vulnerable to Climate-Related Risks	The portfolio in the agriculture and food sector that may be exposed to physical climate risks in location-based assessments has been determined as vulnerable activity, and the rate of vulnerable activity exposed to this risk is evaluated as 4.86%. This ratio is calculated based on the sensitivity of the portfolio in the agriculture and food sector to extreme weather events.
Impact on Financial Statements Items	Expected Credit Losses (ECL)
Current Financial Impact	The credit risk cost reflected in the financial statements in the current period is **TL 374,601,011**. This amount is the effect of the provisions allocated in line with the expected credit losses for the relevant customer portfolio, which is reflected in the income statement.

Anticipated Financial Impact	The additional financial impact foreseen within the scope of the potential impact of physical risks due to extreme weather events on the credit portfolio in the medium term is calculated as **TL 504,937,306**.
Financial Impact Calculation Methodology	According to the scenario analysis, the potential effects of extreme weather events such as heat, floods and frost on customers' production capacity and revenues were evaluated. A prudent one-notch downgrade was applied to affected customers' credit ratings, and the resulting increase in PD was reflected in the calculations. Based on these assumptions, the impact on Expected Credit Loss (ECL) was calculated. Stress testing results indicate that these risks are not expected to constitute a high level of credit risk in the short and medium term.
Related Metrics	• Share of the Agriculture and Food sector in the loan portfolio (%) • Agricultural and food loan balance in regions with high risk of extreme weather events (TL)
Cost of Risk Response	The cost of responding to risk is tried to be measured quantitatively. Due to current uncertainties, this cost will not be disclosed in this reporting period. Updates will be provided in subsequent reports when uncertainties subside.
Risk Mitigation Actions	The Bank plans to strengthen monitoring mechanisms for clients operating in areas with a high risk of extreme weather events to manage physical risks in the agriculture and food sector. In addition, financing is provided to support farmers in establishing water-efficient irrigation systems through the Agriculture and Tourism Marketing Banking unit.
Measurement Uncertainties	Physical risk projections may include regional variability and uncertainty depending on model assumptions. In addition, the sensitivity of agricultural production to climatic variables differs according to crop type, irrigation infrastructure and adaptation capacity. To mitigate these uncertainties, the Bank diversifies its data sources and regularly updates its risk assessments.

Table 13. Decline in Collateral Values Due to Extreme Weather Events

Risk Title	**Risk of Decline in Collateral Values Due to Extreme Weather Events**
Risk Category	Physical- Acute and Chronic
Risk Description	An increase in the frequency and severity of extreme weather events (such as heavy precipitation, floods, and wildfires) may heighten the risk of damage to assets held as collateral by the Bank. In addition, under transition risk considerations, assets with low energy efficiency, high carbon intensity, or limited compliance with emerging regulatory requirements may experience a decline in market value. Such developments may reduce the market and liquidation values of the Bank's collateral. A deterioration in collateral values may adversely affect loan-to-value (LTV) ratios and weaken the Bank's recovery capacity in the event of default. Furthermore, rising climate-related risks may increase insurance premiums or render certain assets partially or fully uninsurable, thereby eroding the effectiveness of collateral structures and exposing the Bank to unexpected credit losses.
Business Model and Place in the Value Chain	Downstream - Collateralized Assets
Risk Concentration Area	The Bank's portfolio is concentrated in sectors whose operational continuity is directly dependent on climatic conditions (construction, logistics, textile, metal, automotive, manufacturing, food and beverage). The risk can become more pronounced in real estate coverage, especially in locations with high exposure to physical hazards such as floods and fires.
Impact of Risk	Decreases in collateral values may adversely affect the Bank's credit risk profile. Deterioration in LTV ratios can increase collection losses in the event of default, leading to higher loss given default (LGD) ratios. In addition. rising insurance costs or reduced insurance coverage may weaken the resilience of the collateral structure. These developments could lead to higher expected credit loss (ECL) provisions and put pressure on the Bank's capital adequacy.
Time Period	Over 5 Years
Maturity	Long
Intensity	Low
Likelihood	Less Likely to Occur

Scenario Analyses	The Bank applied a two-stage scenario analysis approach to assess the exposure of real estate taken as collateral to climate-related physical risks. In the first stage, the coverages were classified according to their risk levels based on the urban flood and landslide hazard levels in the ThinkHazard database for the locations where the coverages were located. ThinkHazard outputs were used for the preliminary assessment of the hazard level related to the location and served to determine the risk concentration on a collateral basis. In the second stage, forward-looking physical risk projections aligned with the NGFS scenario framework were incorporated into collateral valuation. In this context, NGFS Current Policies and NGFS Delayed Transition scenarios are taken as basis. Under the NGFS Current Policies scenario, the projected change in the exposure of collateral locations for the 2030 period was evaluated based on indicators such as the share exposed to flood risk related to flood risk. In addition, energy efficiency performance within the scope of transition risks was also included in the assessment in order to complement the future value resilience of the collaterals.
Percentage of Assets or Business Activities Vulnerable to Climate-Related Risks	The Bank's loan portfolio collateralized by real estate collateral in sectors whose operational continuity is directly dependent on climatic conditions (construction, logistics, textile, food and beverage) and which may be exposed to physical climate -related risks in location-based assessments has been determined as vulnerable activity, and the ratio of vulnerable activities exposed to this risk is assessed as 35.56%.
Impact on Financial Statements Items	Expected Credit Losses (ECL)
Current Financial Impact	The current credit loss of customers' whose LTV or energy class has changed is **TL 395,174,232**.
Potential Financial Impact	In the long term, it is anticipated that an additional financial impact of **TL 86,072,695** may occur on the portfolio within the scope of the impact of extreme weather events on collateral values.

Financial Impact Calculation Methodology	Financial Impact Calculation Methodology based on scenario analyses, a downward valuation adjustment was applied to real estate collateral located in areas where increased urban flood risk is projected. The impact of climate-related value impairment on LTV ratios and recovery capacity was assessed through the existing LGD modelling methodology. Additional valuation haircuts were applied to properties with an Energy Performance Certificate rating below Class B. Using updated collateral values, LGD ratios were recalculated, and the potential impact of changes in LGD on Expected Credit Loss (ECL) was measured.
Related Metrics	• Collateral balance in locations with high flood risk (TL) • Collateral balance below energy class B level (TL)
Cost of Risk Response	The Bank continues its efforts to quantitatively evaluate the costs of the work carried out within the scope of collateral management and climate risk integration. Due to current uncertainties, these costs could not be quantified during the reporting period and are planned to be updated in subsequent periods with the improvement of data quality.
Risk Mitigation Actions	The increase in extreme weather events is moving the Bank's collateral management away from the classical valuation approach to a model that takes climate risks into account. In order to strategically reduce the physical risk intensity in its portfolio, the Bank will put on its agenda in the coming periods methods such as additional insurance, narrowing the appetite for loans based on collateral based on collateral and risk-based pricing against the climate risk that collaterals in regions vulnerable to climate change will be exposed to, in order to evaluate them in accordance with the Bank's strategy.
Measurement Uncertainties	Projections for the future frequency and severity of extreme weather events involve regional variability and uncertainty based on model assumptions. For this reason, collateral impairment estimates are based on certain assumptions, and the Bank regularly reviews its assessments in line with current data sets.

Table 14. Physical Climate Risks in Solar Power Plants (SPP) and Wind Power Plant (WPP) Investments

Risk Title	**Physical Climate Risks in Solar Power Plants (SPP) and Wind Power Plant (WPP) investments**
Risk Category	Physical- Acute and Chronic
Risk Description	The increase in the frequency and severity of extreme weather events such as storms, hail, excessive rainfall and floods, heat waves, lightning, heavy snow and icing, tornadoes and dust storms may adversely affect operational continuity and production performance in Solar Power Plant (SPP) and Wind Power Plant (WPP) projects for which the Bank provides project financing. This can undermine the financial stability of the funded projects, leading to a deterioration in their ability to repay loans. The reduction in energy production and the increase in operational costs can directly put pressure on revenue streams, reducing borrowers' capacity to repay their debts and increasing the likelihood of default. The increased probability of default may increase the Bank's non-performing loan ratios and credit losses, which may have negative effects on profitability.
Business Model and Place in the Value Chain	Downstream - Project Finance (SPP and WPP Projects Financing)
Risk Concentration Area	The Bank finances a total of 122 SPP and WPP power plants in 60 different locations. A significant part of these power plants are located in the provinces of Istanbul, Mersin, Muğla, Diyarbakır, Şanlıurfa and Çanakkale in terms of risk concentration. Projects located in areas with a high risk of forest fires and extreme temperatures constitute a priority monitoring area for the Bank in terms of physical climate risks. The Bank's project finance portfolio consists of 9.04% SPP and 5.30% WPP projects, and the geographical distribution of these investments is regularly assessed from the perspective of climate risks.
Impacts of Risk	SPP and WPP investments, which constitute approximately 14.33% of the Bank's project finance portfolio, are faced due to the threat of extreme weather events on operational continuity. This situation necessitates greater consideration of climate scenarios in investment decisions, strengthening technical and insurance coverage, and giving more weight to risk diversification in portfolio allocation.
Time Period	Over 5 Years
Maturity	Long
Intensity	Low
Likelihood	Less Likely to Occur
Scenario Analyses	SPP and WPP projects in the Bank's project finance portfolio were evaluated on a location basis in terms of physical climate risks. The evaluation was carried out with a two-tiered approach. Project locations were classified according to their risk levels in terms of physical climate risks such as forest fires, floods, etc., using ThinkHazard platform data. This classification was used as a preliminary screening to identify risk concentrations within the portfolio. Within the scope of the prospective assessment, NGFS Current Policies and NGFS Delayed Transition scenarios were taken as a basis to evaluate the change in physical risk exposure in the future. The 2030 projections of NGFS were examined under the Current Policies scenario. In this context, the change in the indicator of the rate of area exposed to heat waves for the project locations was analyzed and the increasing trend in extreme temperature exposure was evaluated. Since extreme temperatures can cause loss of efficiency in Photovoltaic Module (PV) and an increase in operational constraints and maintenance requirements in WPP turbines, this indicator has been considered as a critical physical risk input on production performance. For WPP projects, wildfire risk was also assessed using ThinkHazard data due to the impact of wildfires on transmission infrastructure, site access, and operational continuity. Exposure change for the 2030 period was examined within the framework of forest fire exposure in the NGFS scenario set.
Percentage of Assets or Business Activites Vulnerable to Climate-Related Risks	The SPP and WPP projects financed by the Bank were evaluated among the vulnerable activities that may be exposed to physical climate risks as a result of location-based analyses. In this context, the vulnerable operating ratio of the portfolio exposed to these risks was calculated as 0.48%.
Impact on Financial Statements Items	Expected Credit Losses (ECL)
Current Financial Impact	The credit risk cost reflected in the financial statements in the current period is **TL 89,115,774**. This amount is the effect of the provisions allocated in line with the expected credit losses for the relevant customer portfolio, which is reflected in the income statement.
Potential Financial Impact	Due to operational interruptions and decreases in production performance in the long term, it is anticipated that additional financial effects may occur in the amount of **TL 25,680,599** on the portfolio.

Financial Impact Calculation Methodology	According to the scenario analysis, projects located in locations where risk increase is expected were subjected to a stress scenario. The potential effects of extreme weather events on production performance and operational continuity (production decrease, increase in downtime, maintenance-repair costs and insurance costs) were evaluated. Conservative assumptions regarding the probability of default have been applied over the reflection of these effects on project cash flows and debt service capacity. These assumptions are reflected in the ECL calculations and the projected financial impact estimate is developed.
Related Metrics	• Portfolio share of SPP and WPP project financing (%) • Balance of SPP/WPP projects located in locations with high physical risk levels (TL)
Cost of Risk Response	The cost of responding to a risk is tried to be measured quantitatively. Due to current uncertainties, this cost will not be disclosed during this reporting period, and updates will be provided in subsequent reports as uncertainties subside.
Risk Mitigation Actions	The Bank receives technical advice for the analysis of physical risks and reviews the loan conditions based on the results.
Measurement Uncertainties	Physical risk projections may include regional variability and uncertainty depending on model assumptions. In addition, the coefficients used in the conversion of forest fires and heat waves into production performance and project cash flows may differ according to project design, technology, maintenance practices and insurance coverage. In order to reduce these uncertainties, the Bank diversifies its data sources and regularly updates its physical risk indicators on a portfolio basis.

Financing to Support the Transition to a Low-Carbon Economy

Kuveyt Türk analyzes its climate-related risks and opportunities in line with its Sustainability Strategy and the BRSA Guide on the Effective Management of Climate-Related Financial Risks by Banks, considering global, national and sectoral developments. This analysis process is supported by workshops organized with the participation of relevant units, to evaluate different climate-related opportunities. Accordingly, short, medium and long-term action plans are developed.

Kuveyt Türk considers the CBAM as both a risk and a strategic opportunity in the analysis process. Sectors directly affected by CBAM, such as iron and steel, cement, aluminum, fertilizer, electricity, and hydrogen, are expected to invest in low-carbon technologies to comply with international regulations. This transformation process presents a significant opportunity for Kuveyt Türk in green sustainable financing and consultancy services. Carbon-intensive sectors under the influence of CBAM must transform their production processes to maintain their competitiveness and avoid additional costs. This transiton requires investments in various areas such as energy efficiency, renewable energy sources, and the adoption of carbon capture and storage technologies. At this stage, Kuveyt Türk can play an vital role in reducing the carbon footprints of these companies by providing green financing solutions to sectors covered by CBAM. This enables Kuveyt Türk to support its customers' transformation processes while also creating a new revenue stream.

Kuveyt Türk has adopted a financing approach that is prepared for the effects of CBAM and supports the transition to a low-carbon economy. This approach includes various elements such as financing renewable energy projects, supporting energy efficiency investments, and investing in carbon reduction technologies. Particularly through with the "Roof SPP Leasing" product, companies are encouraged to use clean energy. Kuveyt Türk's concrete steps in this field are also evident in the financing figures it provides. In 2025, the Bank provided renewable energy financing worth TL 7.5 billion and TL 7.3 billion roof SPP leasing financing. As of 2025, the share of renewable project finance within total project finance amounting to 31.3%, and the share of roof SPP leasing finance within total financial leasing transaction volume amounting to 10.2%, clearly demonstrate the importance given to this area. In 2025, Kuveyt Türk aims to lead energy investments by maintaining its environmentally friendly approach and to continue developing products for clean and renewable energy financing in line with its sustainability strategy. In this way, the Bank both helps its customers comply with CBAM and plays an active role in the transition to a low-carbon economy.

Impacts of Climate-Related Risks and Opportunities on the Bank's Strategy and Decision-Making Processes

Kuveyt Türk is adopting its business model to address to climate change and mitigate associated risks. In this context, the Bank plans to reallocate resoruces toward priority areas such as renewable energy, energy efficiency and sustainable agriculture while prioritizing the financing of green projects. The agriculture, tourism and defense sectors- which are central to the Bank's growth projections, -form the cornerstones of this strategic transformation. In the field of risk management, climate scenarios are integrated into risk models and it is aimed to reduce collateralized assets that do not meet sustainability criteria. The data obtained by regularly testing portfolio resilience are included in capital planning processes, environmental and social risks are defined in risk appetite documents, and a limitation approach is adopted for activities with high climate-related risk. Kuveyt Türk's activities are carried out in accordance with the principles of participation finance and with an understanding that is sensitive to the environment and society. In this context, the Credit Policy also includes implementation principles for ESG Principles. Priority is given to areas such as renewable energy, waste management and environmentally friendly technologies, while green asset definitions and national taxonomy studies are closely monitored. In addition, it is planned to increase ESG data infrastructure investments, develop new sustainability-oriented products and allocate additional budgets for risk measurement systems.

Efforts have been initiated to establish an Environmental, Social and Governance Risk Assessment System (ESGRAS) to be used in loan allocation processes. Accordingly, in 2025, the ESGRA system studies regarding loan allocation processes were finalized to be implemented in the next period. At the same time, draft models were prepared by examining the good practice examples of the sector, and pilot studies were carried out to determine Scope 3 Category 15 investment emissions in order to calculate Scope 3 emissions related to customers' in the portfolio, and POC (Proof of Concept) studies were completed. Actions are planned to require environmental and social compliance statements from customers' and suppliers, re-evaluate high-risk relationships, and comply with ESG standards throughout the supply chain. Furthermore, the Bank continues to support customers' in their sustainability transition processes through environmentally friendly products such as electric and hybrid vehicle financing, rooftop solar power plant leasing, and drip irrigation systems. In this context, in 2025, the Bank prioritized renewable energy investments and supported the implementation and modernization of solar, wind, hydroelectric, and biomass power plant projects. In addition, financing was provided for projects focused on self-consumption-based energy generation facilities, thereby contributing to improved energy efficiency.

METRICS AND TARGETS

Greenhouse Gas Emissions Metrics

Kuveyt Türk calculates its Scope 1 and Scope 2 greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004). In line with the **"Connection with Financial Disclosures"** section of the report, the Bank assessed not only its own operations but also the entire value chain, including its subsidiaries, in the preparation of sustainability- and climate-related financial disclosures. In this context, as of the end of 2025, the greenhouse gas emissions of the Bank's subsidiaries included in the Bank's financial reports were included in the consolidated greenhouse gas emission calculations. In determining the organizational boundaries, the Bank's level of financial control over the relevant company was taken into account for each subsidiary individually. This approach ensures that emissions are reported in a transparent and comparable manner aligned with the Bank's operations. The gross emission data of the Bank and the Group are presented in the tables "Bank Absolute Gross Greenhouse Gas Emissions" and "Group Consolidated Gross Greenhouse Gas Emissions". Within the framework of renewable energy investments, in addition to the Bank's solar power plant, Renewable Energy Source Guarantee (YEK-G) and International Renewable Energy Certificate (I-REC) certificates were obtained for emissions resulting from the total electricity consumption of Kuveyt Türk and its subsidiaries. Through these steps, all market-based Scope 2 emissions arising from electricity consumption within the Bank and the Group were offset. Kuveyt Türk continues its efforts to establish artificial intelligence-based systems to be used in the calculation of greenhouse gas emissions. In this context, in 2025, artificial intelligence-based solution methods were researched and IT development studies were initiated to calculate the Bank's environmental obligations in line with scientific methodologies. In addition, as part of the calculation of Scope 3- Financed Emissions, efforts are underway to integrate these calculations into the Bank's systems.

Scope 1 Emissions

Emissions from stationary combustion include emissions from the combustion of natural gas purchased for heating in the Bank's branches and offices, and fuel emissions from generators activated in emergencies. In 2025, the Bank generated a total of 2,579.35 tCO_2eq of emissions from these sources. Annual total consumption data obtained from natural gas invoices and fuel consumption receipts were used in the calculations. These values were converted into energy equivalent (TJ) using lower calorific values determined in the IPCC 2006 guidelines. Subsequently, the total amount of each gas was calculated by applying CO_2, CH_4 and N_2O emission factors specific to the combustion and fuel type. In the final stage, CO_2 equivalent values were obtained by multiplying by the IPCC AR6 global warming potential (GWP) coefficients. Emissions from mobile combustion occur as a result of the combustion of fossil fuels used in the vehicle fleet and field vehicles under operational control. In 2025, total emissions from these sources amounted to 3,865.05 tCO_2e. Calculations were conducted using emission factors specific to fuel type (diesel/gasoline) and in accordance with the IPCC 2006 methodology, with refueling receipts and fleet management system records being considered as the primary data source. Leakage emissions arise from the leakage of refrigerant gases used in cooling systems and fire extinguishing equipment during operation. In 2025, total emissions from this category were calculated as 1,061.95 tCO_2e. Calculations were made using equipment capacity data, annual estimated leakage rates, and IPCC AR6 GWP coefficients.

Table 15. The Bank's Absolute Greenhouse Gas Emissions

2024-2025 Greenhouse Gas Emissions				
Years	**Scope 1 (ton CO_2eq)**	**Scope 2 Location Based (ton CO_2eq)**	**Scope 2 Market Based (ton CO_2eq)[1]**	**Total Scope 1 and Scope 2 Emissions (ton CO_2eq)**
2024	7,294.27	12,799.00	0.00	20,093.27
2025	7,506.35	14,035.81	480.88	21,542.16

Table 16. The Group's Consolidated Gross Greenhouse Gas Emissions

Group[2]	2024-2025 Greenhouse Gas Emissions			
Years	**Scope 1 (ton CO_2eq)**	**Scope 2 Location Based (ton CO_2eq)**	**Scope 2 Market Based (ton CO_2eq)[1]**	**Total Scope 1 and Scope 2 Emissions (ton CO_2eq)**
2024	8,533.53	13,767.23	1,023.46	22,300.77
2025	8,939.57	15,212.85	545.11	24,152.42

Scope 2 Emissions

Scope 2 emissions include indirect greenhouse gas emissions that occur during the generation of electrical energy purchased by the Bank from the grid. In 2025, Scope 2 emissions from total electricity consumption were calculated as 13,554.93 tCO_2e with the location-based approach. 72% of the emissions under this category were offset by the Bank's electricity consumption being met by the solar power plant located in Isparta, and the remaining portion by obtaining Renewable Energy Certificates (YEK-G and I-REC), thus completely neutralizing market-based Scope 2 emissions related to electricity consumption. The calculations are based on the total annual kWh consumption in electricity invoices, and the national electricity generation emission factor published in 2025 by the Ministry of Energy and Natural Resources is 0.434 kg CO_2e/kWh, for Kuveyt Türk Bahrain Branch, the emission factor of 0.699 kg CO_2eq/kWh specified in IEA sources was used. The other part of Scope 2 emissions relates to purchased heat and cold air. Within this category, emissions were calculated as 480.88 tCO_2e in total. The evaluation was made by taking into account the ownership status of the relevant equipment and the type of energy supply. Kuveyt Türk Katılım A.Ş. does not have direct operational control over these heating and cooling systems, energy services are provided by third parties and related expenses are covered indirectly. Accordingly, the relevant emissions were consolidated under Scope 2 in accordance with the GHG Protocol Scope 2 Guidance.

1. Kuveyt Türk met 72% of its 31,224 MWh electricity consumption in 2025 with its 13.7 MWp solar power plant located in Isparta. For the remaining Scope 2 emissions from the Bank's electricity consumption in 2025, as well as the Scope 2 emissions from the electricity consumption of its subsidiaries, Renewable Energy Certificates (YEK-G and I-REC) were obtained, ensuring 100% neutralization of Scope 2.1 emissions from electricity consumption across the Group.
2. A financial control approach was adopted while determining the organizational boundaries for the subsidiaries of Kuveyt Türk.

Calorific Values and Emission Factors of Energy Sources

The direct energy consumption of Bank was calculated based on the primary energy sources used within the scope of the Bank's activities. These energy sources consist of natural gas, electricity, diesel, gasoline, and generator fuels. Energy consumption was calculated using the relevant conversion factors for each energy source.

Calorific Values of Energy Sources

In converting fuel consumption data into energy equivalents, the net calorific values provided in the IPCC guidelines were used as the primary reference. For natural gas consumption, conversion based on the higher calorific value was applied, considering the chromatograph data provided by the Bank. The main conversion coefficients used in the calculations are presented in the table below..

Table 17. Calorific Values of Energy Sources

Energy Source	Net Calorific Value	Unit	Reference
Natural Gas*	8,250*	Kcal/Sm^3	IPCC
Diesel	10,200	Kcal/kg	IPCC
Gasoline	10,400	Kcal/kg	IPCC

*Natural gas calculations were based on chromatograph data, with the higher heating value and the relevant conversion factor applied.

Emission Factors and Calculation Approach

In the selection of emission factors, sectoral applicability, data reliability, and international comparability criteria were taken into account. CO_2, CH_4, and N_2O emission factors published in the IPCC 2006 Guidelines were used in the calculation of Scope 1 emissions. The table below presents the factors related to the main emission sources, such as natural gas consumption, vehicle fuel usage, and generator fuel consumption.

Table 18. Emission Sources for Scope 1 Emissions

Emission Source	CO_2 ($kgCO_2/TJ$)	CH_4 ($kgCH_4/TJ$)	N_2O (kgN_2O/TJ)	Reference
Natural Gas Consumption	56,100	5	0.1	IPCC 2006 Guidelines, V2 CH2 Table 2.2 (Manufacturing Industries and Construction)
Moving Sources (Diesel)	74,100	3.9	3.9	IPCC 2006 Vol 2 Chapter 3 Table 3.2.2
Moving Sources (Gasoline)	69,300	25	8	IPCC 2006 Vol 2 Chapter 3 Table 3.2.2
Generator Fuel Consumption (Diesel)	74,100	3	0.6	IPCC 2006 Guidelines, V2 CH2 Table 2.4

Scope 2 emissions were calculated using the national electricity emission factor published by the Ministry of Energy and Natural Resources. For Kuveyt Türk Bahrain Branch and KT Bank AG, indirect emissions arising from electricity consumption were calculated based on the emission factor published by the IEA.

Table 19. Emission Sources for Scope 2 Emissions

Emission Source	CO_2 ($kgCO_2eq/kWh$)	Reference
Electricity Consumption (Scope 2)	0.434	Türkiye Electricity Generation and Electricity Consumption Point Emission Factors Information Form (ETKB-EVÇED-FRM-042 Rev.01)
Electricity Consumption (Scope 2) KT AG (Germany)	0.349	IEA (2023) Emission Factors (https://www.iea.org/t_c/termsandconditions/)
Electricity Consumption (Scope 2) Bahrain Branch	0.699	IEA (2023) Emission Factors (https://www.iea.org/t_c/termsandconditions/)

Global Warming Potential (GWP) coefficients published within the scope of the IPCC Sixth Assessment Report (AR6) were used to convert greenhouse gas emissions into CO_2 equivalents. The main GWP values used in this context are presented in the table below.

Table 20. Global Warming Potential Values

Gas Type	GWP (Global Warming Potential)	Source
R32	771	IPCC AR6
R134A	1530	IPCC AR6
R290	0.02	IPCC AR6
R22	1960	IPCC AR6
R410A	2255.5	IPCC AR6
FM200	3600	IPCC AR6
HFC-236fa	8690	IPCC AR6
R600A	3	IPCC AR6
CO_2	1	IPCC AR6
CH_4	27.9	IPCC AR6
N_2O	273	IPCC AR6

When the Bank's main emission sources are evaluated, it is seen that natural gas consumption has a significant share. While determining the relevant activity data, natural gas invoices and accounting records kept in the natural gas cost center were taken into consideration. In cases where the consumption data could not be directly obtained from invoices, the consumption amount was estimated based on the natural gas unit prices shared by EMRA (Energy Market Regulatory Authority).

Since the exact refrigerant mass in the equipment could not be determined for leakage emissions, an estimated calculation methodology was followed by taking into account the average annual leakage rates.

Heating consumption data of the plaza offices and branches in the shopping malls were included in the calculations based on the invoices issued by the building.

When evaluating electricity consumption, collectively agreed electricity purchases and accounting records were taken into account.

Cross-Industry Metrics

Assets Vulnerable to Climate-Related Physical Risks

A total of five physical risks expected to affect Kuveyt Türk's financial resilience over the short, medium, and long term were identified. As a result of these assessments, it was determined that the highest vulnerability to physical risks is concentrated in the Bank's real estate collateral portfolio.

In this context, approximately TL 366.9 billion of the total 55.24% of the cash and performing loan portfolio in 2025 is classified as fragile assets when climate-related physical risks (e.g., floods, extreme heat, storms, etc.) are taken into account. Accordingly, the ratio and amount of assets vulnerable to physical risks represent their share within the Bank's total credit portfolio, and the vulnerability assessment is determined based on criteria such as the physical risks that the relevant portfolio may be exposed to, the degree of sensitivity to these risks, and the geographical location of the portfolio.

Assets Vulnerable to Climate-Related Transition Risks

A total of one climate-related transition risk that is expected to have an impact on Kuveyt Türk's financial resilience in the short, medium, and long term was identified. As a result of the assessments, it was determined that the highest vulnerability to these transition risks concentrated in the Bank's exposure to the iron and steel, cement, energy, aluminum, and fertilizer sectors, which fall within the scope of CBAM. The share of these sectors in the Bank's portfolio was 6.95% in 2024 and 4.47% in 2025.

In 2024, the loan balance corresponding to these sectors, which constitute 6.95% of the portfolio, was calculated as TL 27.2 billion. As of 2025, the Bank's loan balance amounting to approximately TL 29.7 billion, corresponding to 4.47% of the total portfolio in its cash and performing loan portfolio, is considered vulnerable assets to transition risks.

This vulnerability primarily relates to customers operating in the sectors covered by CBAM and exporting to the European Union market. It has been determined by taking into account factors such as increasing carbon costs, adaptation investment requirements, and loss of competitiveness. These amounts and ratios represent the share of the Bank's total loan portfolio.

Assets Aligned with Climate-Related Opportunities

The Bank considers its portfolio, which is expected to be affected by CBAM, not only as a climate-related transition risk, but also as a strategic opportunity area in terms of supporting sustainable finance and transformation. In this context, as a result of the analyses carried out based on NACE codes shared by the BRSA, cash risks amounting to approximately TL 29.7 billion were identified related to the sectors covered by CBAM, which corresponds to approximately 4.47% of the Bank's cash and performing loan portfolio.

Capital Allocation for Climate-Related Risks and Opportunities

As of the reporting period, climate-related opportunities have not yet been financially materialized. However, the Bank offers environmentally friendly financial solutions to its customers' within the framework of its sustainability-oriented business model. Climate-related opportunities with long-term value creation potential are being evaluated, especially by supporting the transition of carbon-intensive sectors to a low-carbon economy. As of 2025, the Bank has provided a total of TL 7.5 billion in financing for renewable energy investments. This amount corresponds to 1.13% of the Bank's total loan portfolio.

Reflection of Climate-Related Issues in the Remuneration Policy

Kuveyt Türk's remuneration structure is reviewed annually by the Remuneration and Nomination Committee. The Committee provides guidance to the Board of Directors on remuneration matters. Currently, sustainability- and climate-related issues are not directly reflected in the Bank's remuneration policy. However, efforts are ongoing to integrate sustainability- and climate-related performance indicators into the remuneration policy. Detailed information is available in the **Remuneration Mechanism** section of the report.

Internal Carbon Pricing

Integrating internal carbon pricing into analytical processes enables banks to more easily adapt to future regulatory requirements. This practice is considered an important tool particularly in assessing customers' operating in sectors directly affected by CBAM. Accordingly, internal carbon pricing is not limited to environmental risk management but also provides a comprehensive risk management approach that adds strategic and financial value to decision-making processes.

Within the framework of internal carbon pricing, Kuveyt Türk plans to initiate evaluation studies in the upcoming period to determine shadow and implicit carbon prices. In this context, the Bank's current emissions profile and the sectoral and technological characteristics of its investment and loan portfolio are examined in detail, and the current status and potential development scenarios of the Turkish Emissions Trading System are closely monitored. In addition, the global carbon price projections included in the scenarios published by NGFS are used as a key reference for assessing long-term transition risks and formulating forward-looking carbon price assumptions. Through this comprehensive analysis process, the Bank aims to determine the internal carbon price in line with current market conditions, regulatory expectations, and climate transition scenarios, and to use these prices effectively in its decision-making processes.

Industry Metrics

"Volume 16: Commercial Banks", which is part of the Guidance on Sector-Based Implementation of TSRS 2, is derived from the SASB Standards maintained by the ISSB and provides guidance for commercial banks that accept deposits, extend personal and corporate loans, and finance projects to implement certain disclosure provisions in TSRS 2. The relevant volume considers the key dynamics of the industry, such as credit quality, deposit structure, interest rate sensitivity, mismatches between assets and liabilities, and the changing regulatory framework. The Group has reviewed this volume in detail and handled the metrics in accordance with its field of activity and the requirements within the framework of TSRS 2 in the light of its evaluations.

The metrics included in "Volume 16: Commercial Banks", which is part of the Guidance on Sector-Based Implementation of TSRS 2, are:

Table 21. TSRS Appendix Volume 16: Commercial Banks Industry Metrics

Metric	Metric Code	Related Disclosures
Description of the approach to incorporating ESG factors in credit analysis	FN-CB-410a.2	Development of the ESGRAS is ongoing, focusing on the evaluation of environmental, social and governance dimensions for legal customers. Prior to system developments, an initial pilot study was carried out to evaluate the customers with high credit risk in CBAM-related sectors.

Table 22. TSRS Volume 16 Industry Metrics

Metric	Metric Code	Related Disclosures		
(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	**Type**	**Savings Account (thousand TL)**	
		Individual (a)	659,560,473	
		Small Business (b)	52,577,013	
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate loans	FN-CB-000.B	**Type**	**Number**	**Risk Amount (thousand TL)**
		Individual (a)	251,956	69,115,277
		Small Business(b)	28,683	98,675,416
		Corporate Loans (c)	9,696	215,268,221

Sustainability- and Climate-Related Targets

The process of determining Kuveyt Türk's sustainability goals and targets is carried out in line with a structured procedure within the framework of the Sustainability Management System (SMS). This procedure aims to effectively manage environmental and social activities, and ensure continuous improvement in line with the Bank's sustainability strategy and policies.

In cooperation with the Investor Relations and Sustainability Department and the Strategy Planning and Corporate Performance Management Department, annual sustainability targets are determined, performance indicators are defined, and responsibilities are assigned within the framework of ESG. The draft plan is evaluated with input from relevant department managers and, where necessary, revised and finalized. The performance of the targets set throughout the year is monitored and the realizations are shared with the Sustainability Committee secretariat. The outputs and realizations obtained are taken into account in the formation of the unit performance scores, and annual progress is regularly monitored by the Committee.

In line with Türkiye's 2053 Net Zero Emission target, Kuveyt Türk plans to adopt a strategic approach in line with this goal and structure its sustainability targets accordingly. The Bank carries out the target setting process in line with its sustainability strategy and current situation analysis. Within the management of Scope 2 emissions from electricity consumption, Kuveyt Türk has set a market-based offset target for 2025. Accordingly, the Bank aims to offset electricity-related emissions through Renewable Energy Certificates. The Bank does not have a greenhouse gas emission reduction target determined by scientific methodologies for the reporting period. However, it is planned to carry out further studies in this matter in the upcoming years and to take actions in line with national net zero targets over the long term.

To neutralize Scope 2 emissions, self-generation investments as well as certificate or carbon credit purchases are also evaluated. The sustainability- and climate-related targets established by the Bank are detailed below. This process was conducted internally and has not undergone independent third-party verification as of the reporting period.

Table 23. Climate-Related Targets

Objective	Offsetting of Scope 2 Emissions from Electricity Consumption
Performance Indicator	Scope 2 emissions (tonnes CO_2eq)
Scope	All electricity consumption activities of the Bank and related Scope 2 emissions
Target Year	2025
Base Year	2024
Target Type (Absolute or Density)	Absolute Target
Review Process	Annual
Metrics for the Monitoring Process	Share (%) of Scope 2 emissions offset by renewable energy certificates and offset emissions (tCO_2e)
Progress in 2025	Kuveyt Türk met 72% of its 31,224 MWh electricity consumption with its 13.7 MWp solar power plant located in Isparta. For the remaining Scope 2 emissions from the Bank's electricity consumption in 2025, YEK-G and I-REC certificates have been obtained, ensuring 100% neutralization of all Scope 2.1 emissions from the Bank's electricity consumption.

ANNEXES

Statement of Responsibility

STATEMENT OF RESPONSIBILITY IN ACCORDANCE WITH ARTICLE 9 OF THE COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1) ISSUED BY THE CAPITAL MARKETS BOARD OF TÜRKİYE

In accordance with The Communiqué On Principles Of Financial Reporting In Capital Markets issued By The Capital Markets Board, The Turkish Sustainability Reporting Standards (TSRS) aligned Sustainability Report for the period 01.01.2025 - 31.12.2025 and subjected to limited review by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Şirketi A.Ş. (Deloitte Touche Tohmatsu Limited), we declare that; they have been examined by us, within the framework of the information we have in our field of duty and responsibilities in our Company, they do not contain any material deficiencies that may result in an untrue statement or misleading as of the date of disclosure, they honestly reflect the truth about the Company's operating results.

Sincerely,

Dr. Shadi Ahmed Yacoub ZAHRAN
Chairman of the Audit Committee

Nadir ALPASLAN
Audit Committee Member

Boualem HAMMOUNI
Audit Committee Member

Ufuk UYAN
CEO

Ahmet KARACA
CFO

Hatice Tuğba ALTAN
Head of Investor Relations and Sustainability

Independent Assurance Statement

Deloitte.

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CONVENIENCE TRANSLATION INTO ENGLISH OF PRACTITIONER'S LIMITED ASSURANCE REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY INFORMATION PRESENTED BY KUVEYT TÜRK KATILIM A.Ş. AND IT'S SUBSIDIARIES IN ACCORDANCE WITH TURKISH SUSTAINABILITY REPORTING STANDARDS

To the General Assembly of Kuveyt Türk Katılım Bankası A.Ş.,

We have undertaken a limited assurance engagement on Sustainability Information of Kuveyt Türk Katılım A.Ş. and its subsidiaries ("the Group") for the year ended 31 December 2025 in accordance with Turkish Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkish Sustainability Reporting Standards 2 "Climate-Related Disclosures".

Our assurance engagement does not extend to other information associated with the Sustainability Information including (any images, audio files, documents linked from a website, or embedded videos).

Limited Assurance Conclusion

Based on the procedures we have performed as described under the "Summary of the work we performed as the basis for our assurance conclusion" and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information of the Group for the year ended 31 December 2025 is not prepared, in all material respects, in accordance with Turkish Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("POA") in the Official Gazette dated 29 December 2023 and numbered 32414(M).

We do not express an assurance conclusion on any other information linked with the Sustainability Information including (any images, audio files, documents linked from a website, or embedded videos).

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Inherent Limitations in Preparing the Sustainability Information

Sustainability Information, as disclosed under the section "About the Report" on pages 4–10, is subject to inherent uncertainty arising from incomplete scientific and economic knowledge. The quantification of greenhouse gas emissions is subject to inherent uncertainty due to limitations in scientific knowledge. In addition, the Sustainability Information involves climate-related scenario-based estimates that are inherently uncertain due to the lack of data on the likelihood, timing, and potential impacts of future physical and transitional climate-related risks.

Responsibilities of Management and Those Charged with Governance for the Sustainability Information

The Group Management is responsible for:

- Preparing the Sustainability Information in accordance with the principles of Turkish 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;
- In addition, the Group Management is responsible for the selection and implementation of appropriate sustainability reporting methods, as well as making reasonable assumptions and estimates that are appropriate in the circumstances.

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

Practitioner's Responsibilities for the Limited Assurance on Sustainability Information

We are responsible for:

- 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 informing the Group management of the conclusion we have reached.
- Performing risk assessment procedures to obtain an understanding of the Group's internal control structure and to identify and assess the risks of material misstatement of sustainability information, whether due to fraud or error, but not for the purpose of expressing an assurance conclusion on the effectiveness of the Group's internal control.
- Designing and implementing procedures to identify and address areas of the Sustainability Information that may contain material misstatements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements may arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users of Sustainability Information.

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation 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 the Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements, issued by POA.

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Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors (including Independence Standards) (Code of Ethics) 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 management 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 experts. We used the work of experts 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, we:

- Conducted inquiries with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period;
- Used the Group's internal documentation to assess and review sustainability-related information;
- Evaluated the disclosure and presentation of sustainability-related information.
- Through inquiries, obtained an understanding of Group's control environment, processes and information systems relevant to the preparation of the Sustainability Information. However, we did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether Group's methods for developing estimates are appropriate and had been consistently applied. 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.
- Obtained understanding of process for identifying risks and opportunities that are financially significant, along with the Group's sustainability reporting process.

Summary of the Work We Performed as the Basis for Our Assurance Conclusion (Cont'd)

The procedures 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 a reasonable assurance engagement been performed.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Sunay Anıktar, SMMM
Partner

İstanbul, 5 March 2026

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Mersis No: 0600002681400074
Swift Code: KTEFTRIS
Call Center: 444 0 123 / 0850 251 0 123

DOMESTIC BRANCH INFORMATION

Kuveyt Türk has a network of 453 branches across Turkey and a total of 454 branches including its Bahrain Branch.

Detailed information about domestic branches can be found at the following link on the Bank's website.

https://www.kuveytturk.com.tr/sube-ve-atm-haritasi

OUR INTERNATIONAL SERVICE LOCATIONS

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