2024 Turkey Sustainability Reporting Standards (TSRS) Compliant Sustainability Report

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About The TSRS Report

About Albaraka Türk Participation Bank

Albaraka Türk Katılım Bankası Anonim Şirketi ("The Parent Bank") was incorporated on November 5, 1984 with the name of Albaraka Türk Özel Finans Kurumu A.Ş., based on the decision of the Council of Ministers numbered 83/7506 and dated December 16, 1983 regarding establishments of Special Finance Houses and obtained the operating permission from the Central Bank of Türkiye with the letter numbered 10912 and dated January 21, 1985.
The decision regarding the change in the title of the Parent Bank, in relation with the provisions of the Banking Law numbered 5411, was agreed in the Extraordinary General Meeting dated December 21, 2005 and the title of the Parent Bank was changed as "Albaraka Türk Katılım Bankası A.Ş.". The change in the title was registered in Istanbul Trade Registry on December 22, 2005 and published in the Trade Registry Gazette dated December 27, 2005, numbered 6461.

The Parent Bank together with its consolidated ownerships is referred to as the "Group" in the accompanying consolidated financial statements. The Parent Company Bank, headquartered in Istanbul, had consolidated assets of TL 311.9 billion as of December 31, 2024, and operates with 223 branches in Turkey, 2 branches abroad, and 2,761 employees. As of December 31, 2024, the Group employs 2,800 staff members.

As of December 31, 2024, 43,37% of the Parent Bank's shares are owned by Albaraka Group, 8,30% owned by Dallah Albaraka Group, 4,23% owned by Islamic Development Bank, 42,04% of the shares are publicly traded and quoted at Borsa İstanbul. Rest belongs to different real persons and corporate entities.

The Parent Bank operates in accordance with the principles of interest-free banking as a participation bank. The Parent Bank mainly collects funds through current accounts and participation accounts based on profit and loss sharing agreements and investment agency agreements, which are only for legal entities. The Parent Bank lends such funds through corporate finance support, retail finance support, profit/loss sharing investment, finance lease, financing commodity against document and joint investments.
In addition to its ordinary banking activities, the Parent Bank operates as an insurance agency, as a private pension insurance agency as a brokerage agency, engages in purchase and sale of precious metals, provides intermediary services in quick money transfers, credit card and member business (P.O.S.) services. Moreover, the Parent Bank is involved in providing non-cash loans that mainly comprise letters of guarantee, letters of credit and acceptances.

Title	Operation Center (City/Country)	Main Activities	Direct and Indirect Rates (%)
Bereket Varlık Kiralama A.Ş.	İstanbul/Türkiye	Sukuk Issue	100,00
Değer Varlık Kiralama A.Ş.	İstanbul/Türkiye	Sukuk Issue	100,00
Albaraka Portföy Yönetimi A.Ş.	İstanbul/Türkiye	Investment Fund Foundation and Management	100,00
Katılım Emeklilik ve Hayat A.Ş.	İstanbul/Türkiye	Retirement and Insurance	50,00

Report Scope

Albaraka Türk Participation Bank A.Ş. ("Albaraka" or "the Bank") is a publicly traded company established in Turkey and listed on the Istanbul Stock Exchange (BIST). This report contains the consolidated climate-related financial disclosures of the Bank and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2024. The consolidated climate-related disclosures in this report are based on the Bank's financial statements as of December 31, 2024, prepared in accordance with the Regulation on Accounting Practices and Document Retention Procedures for Banks and other regulations, circulars, statements, and circulars issued by the Banking Regulation and Supervision Agency ("BDDK") regarding the accounting and financial reporting principles of banks, as well as other regulations, circulars, statements, and directives published by the BDDK regarding the accounting and financial reporting principles of banks, and the Turkey Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority (KGK) (collectively referred to as the "BDDK Accounting and Financial Reporting Legislation")

This report has been prepared to share Albaraka Türk Participation Bank A.Ş.'s sustainability approach, climate-related governance policies, risk management, and strategies developed against climate-related risks and opportunities, metrics, and targets with the public in line with the principle of transparency. The report covers the financial reporting period from January 1 to December 31, 2024, and has been prepared in accordance with the Turkey Sustainability Reporting Standards (TSRS 1 and TSRS 2) published by the KGK in the Official Gazette dated December 29, 2023, and numbered 32414(M). The report covers a 12-month period ending on December 31, 2024, and is consistent with the reporting period of the relevant consolidated financial statements. In the assessment conducted by the Bank, climate risks and opportunities that are significant for the Bank and its subsidiaries are disclosed in the report. However, for the purpose of informing primary users, risks and opportunities that were included in the assessment but whose financial impact is not yet foreseeable and do not exceed the materiality threshold are also included in the report.

The TSRS have been published by the Public Oversight, Accounting and Auditing Standards Authority (KGK) and have been prepared in accordance with the global sustainability reporting standards developed by the International Sustainability Standards Board (ISSB). These standards are designed to provide information under four core reporting elements: governance, strategy, risk management, and metrics & targets. In this framework, as Albaraka Türk, we present how sustainability is integrated into our corporate value chain, our responsibilities toward stakeholders, and our long-term value creation approach.

Additionally, while preparing this report, the disclosure topics outlined by the Sustainability Accounting Standards Board (SASB) have been taken into account. The Bank has reviewed the SASB indicators and plans to integrate environmental, social, and governance (ESG) criteria into its credit evaluation processes in the coming years. In addition, the disclosure topics defined in the Guidance on Sector-Based Application of TSRS 2 have been evaluated, and it is intended to integrate ESG criteria into credit assessment processes, taking into account the 16- Trade Banking sector-based applications included in the Appendix.

The terms “the Bank” and “our Bank” as used in this report refer to Albaraka Türk Participation Bank Inc. Unless otherwise stated, all data and disclosures presented in this report pertain to the Bank’s operations conducted in Türkiye. The indicators related to social and environmental performance, as well as the assessments regarding sustainability-related risks and opportunities, reflect the entirety of our Bank’s operations.

This report aims to present measurable data regarding our sustainability performance, our strategic priorities, and our forward-looking commitments in a comprehensive manner. It also seeks to provide comparable and reliable sustainability information for investors, regulatory authorities, business partners, and all stakeholders.

The financial sustainability disclosures in this report are based on the same reporting scope as the relevant consolidated financial statements, and cover the reporting entity consisting of the parent company, Albaraka Türk, and its subsidiaries. While preparing these disclosures, Albaraka Türk has taken into consideration both its own operations and its value chain. The value chain in question includes various components, particularly the Group’s jointly controlled entities and affiliates.

The scope of sustainability-related information included in the reporting entity and the consolidated sustainability report is summarized below:

Table 1. Entities and Assets Included in the Reporting Scope, and Related Information

Entities and assets included in the reporting entity	Additional Information	Considered and included information
Parent Bank and Subsidiaries	-	Greenhouse Gas Emissions
Leased assets (in cases where the group is the lessor)	Branches and Regional Offices	All information related to sustainability Activities

The presentation currency of the sustainability-related financial disclosures has been determined as TL, in alignment with the presentation currency of the consolidated financial statements.

First-Time Adoption of Sustainability Reporting Standards and Transitional Provisions

Albaraka Türk is reporting for the first time under the Türkiye Sustainability Reporting Standards for the annual reporting period ending on December 31, 2024. For the annual reporting period beginning on January 1, 2024, the Bank has applied the following standards:

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

The Türkiye Sustainability Reporting Standards provide transitional exemptions for the annual reporting period in which an organization first applies the standards. Albaraka Türk has benefited from transitional exemptions under Articles E3, E4, E5, and E6 of TSRS 1, and Articles C3 and C4.b of TSRS 2, and has implemented the following transitional provisions.

- This report focuses solely on the disclosure of information related to climate-related risks and opportunities in accordance with the relevant transition provisions of TSRS 2. Our bank has taken advantage of the transition exemption and has applied the provisions of TSRS 2 during this period only to the extent of the provisions related to the disclosure of climate-related risks and opportunities. The use of this exemption is disclosed transparently to the public and our stakeholders. Under the transitional exemption regarding the requirement to provide comparative information, the company is not required to disclose information for periods prior to the first reporting period in which it began applying this Standard. Accordingly, Albaraka Türk has not included comparative information for the first year of application.
- Additionally, under the simplified application introduced for companies with an interim financial reporting obligation, our Bank has submitted this sustainability report with the second quarter consolidated limited review report.
- In accordance with the provision of Transitional Article 3 of the “Board Decision on the Scope of Application of the Türkiye Sustainability Reporting Standards (TSRS),” companies are not required to disclose Scope 3 greenhouse gas emissions in the first two reporting periods in which they apply the TSRS. The Bank has only included disclosures related to Scope 1 and Scope 2 emissions in this report.

General Information on the Bank and the Structure of the Value Chain

The sustainability-related financial disclosures cover the same reporting entity as the relevant consolidated financial statements. The reporting entity includes the parent bank, Albaraka Türk Participation Bank Inc., and its subsidiaries. In preparing the sustainability-related financial disclosures, Albaraka Türk has assessed both its own operations and its value chain. This value chain includes, among other elements, the group's jointly controlled entities and affiliates.

Table 2. Bank Activity Structure

Line of Business	Explanations	Geographical Regions	Share of Total Income (%)
Banking	With 223 domestic branches and 2 overseas branches, the Bank operates in retail banking, private banking, corporate banking, and commercial banking.	Türkiye and Iraq	100

Table 3. Bank Value Chain Structure

	Explanations
Upstream Value Chain	Technology and Infrastructure Providers
	Suppliers
	Training and Consulting Services
	Regulators and Legal Authorities
	Financial Resource and Service Providers
	ESG Policies and Practices
	Shareholders
Downstream Value Chain	Customer Lending
	Investment Management
	Financial Advisory
	Brokerage Services
	Impacts on Society
	Banking Services
	Marketing and Sales
	Customer Relationship Management
	Financial Inclusion
	Green Products
	Investor Relations
	Business Partners

	Explanations
Own Operations	Credit Processes
	Fundraising
	Risk Management
	Asset Management
	Payment Systems and Financial Services
	Automation and Operational Efficiency
	Banking Services Management
	Communication Process Management
	Information Security
	Innovation and Product Development
	Internal Management and Policies
	Carbon Footprint Reduction
	Ethics and Transparency
	Environmental, Social, and Governance (ESG)
	Strategic Planning and Corporate Governance
	Human Resources Management
	Operational Activities
	Research and Development

Sustainability Governance

Sustainability Governance

Albaraka Türk operates as a pioneering financial institution that, with its sustainable banking approach, is sensitive to people and the environment and supports economic and global development. The Bank addresses sustainability through its environmental, social, and governance dimensions, executes its strategies in line with predetermined roadmaps, and effectively manages the risks associated with these activities.

Marking its 40th year in the field of participation banking, Albaraka Türk has placed corporate sustainability at the core of its governance structure with full awareness of its responsibility toward the environment and society.

Sustainability Governance Structure

Albaraka Türk's sustainability governance is carried out under the authority and responsibility of the Corporate Governance and Sustainability Committee, which is structured under the Board of Directors. The Committee consists of two members of the Board of Directors and the Investor Relations and Sustainability Manager.Our three members serving on the Corporate Governance and Sustainability Committee have been actively involved in strategic decision-making processes in the field of sustainability as committee members since 2022. In addition, Seyfullah Demirlek has been serving as the Head of Investor Relations and Sustainability since 2022 and has been continuously engaged in sustainability-related work since 2017.

Table 4. Sustainability Committee Members

Committee	Committee Members	Position	Committee Role
Corporate Governance and Sustainability Committee	Ghassan Ahmed M. AMODİ	Board Member	Committee Chair
	Akra "Mark" YASSIN	Board Member	Committee Member
	Seyfullah DEMİRLEK	Head of Investor Relations and Sustainability	Committee Member

The monitoring of sustainability activities is carried out by a committee composed of members with expertise in the field. At Albaraka Türk, strategy development, target setting, integration into business processes, and monitoring of sustainability performance of applications related to climate change are carried out through the Corporate Governance and Sustainability Committee, which is directly affiliated with the Board of Directors, while the monitoring and control of climate-related risks and opportunities are carried out through the Risk and Audit Committees. As of this year, efforts have been initiated to develop relevant areas of expertise.

The Sustainability Executive Committee, which operates under the Corporate Governance and Sustainability Committee, includes members responsible for sustainability. The Bank addresses sustainability in a holistic manner through the Corporate Governance and Sustainability Committee, the Sustainability Executive Committee, and the sustainability sub-working groups established within its governance structure. This committee has been continuing its sustainability efforts since 2017. In addition, the Head of Investor Relations and Sustainability and the Executive Vice President responsible for Investor Relations and Sustainability are also members of the Sustainability Executive Committee.

At Albaraka Türk, strategy development, target setting, and monitoring of climate change-related practices are carried out through the Corporate Governance and Sustainability Committee, which is directly affiliated with the Board of Directors, while the monitoring and control of climate-related risks and opportunities are carried out through the Risk and Audit Committees. Sustainability initiatives are centrally managed by the Sustainability Service within the Investor Relations and Sustainability Directorate at Albaraka Türk, supported by a specialized team, and provide support to other teams. These initiatives are evaluated by sub-working groups and the Sustainability Executive Committee for presentation to the committee on a quarterly basis.In the decision-making process, Albaraka Türk's Environmental, Social, and Governance Strategy is taken into consideration, and decisions are made with a human-centered responsible banking approach.

The Committee carries out its activities in coordination with the Sustainability Executive Committee, which operates at the executive level. Operational support for this structure is provided by the Directorate of Investor Relations and Sustainability, which has been authorized at the management level. The Directorate conducts sustainability efforts together with the relevant sub-working groups and reports regularly to the committees.

The sub-working groups meet every two months, and on a monthly basis in cases requiring prompt action, and provide regular reports to the senior management committees. The working groups provide information on projects, current processes, risks, and opportunities related to environmental, social, and governance responsibilities.

The project and work drafts carried out by the sub-working groups are first submitted to the Sustainability Executive Committee; here, the opinions of the relevant department managers and assistant general managers are gathered and then reported to the Corporate Governance and Sustainability Committee.

The Bank's long-term goals regarding the risks and opportunities identified within the scope of sustainability are periodically audited. The progress is monitored through the Sustainability Executive Committee on a quarterly basis and at the end of each year to assess the performance of the integration of sustainability activities into the institution, and the results are reviewed by the Bank's Board of Directors. The progress made during this process is systematically archived in the minutes of the committee meetings.

Corporate Governance and Sustainability Committee

The Committee was established by the Board of Directors in accordance with the Bank's Articles of Association, as well as the regulations of the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Board of Türkiye (CMB). The main purpose of the Committee is to monitor compliance with Corporate Governance Principles, ensure that the Bank adopts best practices in the field of sustainability, and provide recommendations to the Board of Directors.

Committee Responsibilities:

- Provides recommendations for the implementation of sustainability and corporate responsibility projects that can convey the Bank's vision, mission, and corporate values to the broader public, stakeholders, and business partners.
- Establishes sustainability strategies and policies; ensures the integration of these policies into the Bank's operations and regularly monitors sustainability performance.
- Ensures the establishment of an Environmental, Social, and Governance (ESG) system; structures this system to function in integration with credit risk assessment processes.
- Identifies climate change-related risks, opportunities, and targets; prepares the necessary reports within this scope and submits them to senior management.
- Ensures compliance with national and international standards in the fields of sustainability and corporate responsibility; monitors the conformity of ongoing projects with relevant practices.
- Evaluates proposed corporate social responsibility projects in terms of budget, scope, and stakeholder impact; submits opinions and forwards approved projects to the Sustainability Executive Committee.

The Committee meets at least four times a year, and in 2024, four meetings were held with 100% participation.

Detailed information regarding the duties and operating principles of the Committee can be found on pages 186-187 of the Albaraka Türk Integrated Annual Report.

At Albaraka Türk, procedure and policy documents have been prepared and implemented to support the oversight of sustainability-related risks and opportunities. These documents are reviewed at regular intervals to ensure their relevance. During the update processes, approval from the Board of Directors is obtained, and then the documents are published through the Quality Documentation System with the approval of the department manager and the executive vice president responsible for sustainability. In this way, sustainability controls and procedures are integrated with the Bank's other internal functions and managed in a manner that is accessible to all personnel.

Albaraka Türk's current Remuneration Policy does not yet include performance metrics related to sustainability risks and opportunities for senior executives. However, the necessary groundwork has been initiated to integrate these elements into the remuneration policies for senior executives. These efforts are expected to be completed in the next reporting period, with the aim of establishing a stronger link between performance on sustainability targets and remuneration practices for senior executives.

Albaraka Türk's Sustainability and Environmental Approach

In line with the sustainable development goals, Albaraka Türk addresses its social, environmental, and economic responsibilities with a holistic approach; it shapes its operations not only around financial success but also in terms of social benefit and environmental impact. In this regard, the adopted policy documents enable the Bank to transform its sustainability commitments into concrete principles and practices.

Within the framework of its Sustainability Policy, Albaraka Türk:

- Prioritizes social responsibility activities in areas such as education, health, accessible living, environment, and culture,
- Actively participates in national and international initiatives such as the Carbon Disclosure Project (CDP), BIST Sustainability Index, and LEED Green Building certifications,
- Bases its projects on the principles of interest-free finance, ethical values, and participation banking,

- Primarily supports areas of impact such as the provision of qualified financing aimed at generating social benefit and investments that create employment,
- Gives priority to initiatives that contribute to the United Nations Sustainable Development Goals.
- Identifies the impact of climate-related risks and opportunities on the company's strategy and decision-making mechanisms, and aims to develop strategies accordingly.
- Publishes a report that complies with the Turkish Sustainability Reporting Standards (TSRS), identifying climate change-related risks and opportunities, how they are managed, and their financial implications.
- The bank prepares environmental and climate change-based reports in accordance with international standards, closely monitors developments in this area, and takes necessary actions.

Within the scope of its Environmental Policy, the Bank:

- Focuses on the efficient use of natural resources, energy conservation, and waste management in its operations,
- Monitors greenhouse gas emissions and develops reduction strategies; promotes renewable energy and environmentally friendly business models,
- Leads the sector in sustainable building standards as the owner of Türkiye's first bank headquarters building with LEED GOLD certification,
- Implements waste-reducing and recycling-supportive practices under the Ministry of Environment and Urbanization's "Zero Waste Project,"
- Aims to ensure compliance with national and international environmental regulations; adopts the principle of not financing projects that carry environmental impact by integrating environmental risks into its financial processes,
- Manages and subjects all of its strategies in the field of environmental sustainability to oversight under the coordination of the Corparete Goverance and Sustainability Committee.
- The Bank identifies, monitors, and, if necessary, audits climate risks and opportunities in accordance with relevant legislation.
- Climate risks and opportunities are monitored by the Risk Management Department, audited by the Audit Committee and Internal Control Department, and reported to the Audit Committee.
- Within the framework of combating climate change, the Bank supports projects that are of great importance for the sustainable development of our country, such as water, renewable energy, energy efficiency, recovery and waste reduction, and the protection or improvement of environmental conditions, and makes progress towards supporting environmental investments.
- Work is carried out to ensure compliance with environmental, water management, and climate change legislation and national/international standards, and to take the necessary actions to ensure compliance with the Bank's sustainability strategies.

Within the framework of this policy, Albaraka Türk continues its sustainability journey with the goal of being a transparent and accountable corporate structure that responsibly manages both its environmental and social impacts.

Details regarding the policies can be found in Albaraka Türk's Environmental Policy and Sustainability Policy documents.

Our policies within the social scope:

- Remuneration Policy
- Human Values Policy
- Donation and Aid Policy
- Employee and Human Rights Policy

Our policies within the governance scope:

- Banking Ethical Principles
- Policy on the Prevention of Laundering and Financing of Proceeds of Crime
- Information Policy
- Profit Distribution Policy
- Quality Policy
- Customer Satisfaction Policy
- Conflict of Interest Policy
- Donation and Aid Policy
- Environmental Policy
- Human Values Policy
- Remuneration Policy
- Sustainability Policy
- Employee Compensation Policy

Details regarding our policies can be found on page 62 of the Albaraka Türk 2024 Integrated Annual Report.

Our Sustainability Strategy

Our Sustainability Strategy

Albaraka Türk considers sustainability not only as an environmental responsibility but also as part of a social and governance transformation and reshapes its corporate strategies accordingly. With a banking model based on ethical values, Albaraka Türk develops a holistic sustainability strategy that aims to reduce environmental impact, increase social benefit, and strengthen corporate transparency.

Integrated Approach and Functioning

Our sustainability activities are carried out within the scope of the Sustainability Policy, which was established and put into effect with the approval of the Board of Directors. This policy is based on core values such as environmental responsibility, ethical governance, social contribution and sustainable finance. The Environmental Social Governance (ESG) System established within our Bank aims to find solutions to global problems such as climate crisis, environmental pollution and the umbrella structure that guides sustainability decisions.

Thanks to this structure, sustainability-oriented development processes of all business units are supported and elements such as digital transformation, innovation, employee experience and data management are integrated into the sustainability strategy. Sustainability is recognized as a shared responsibility of all stakeholders, not just a specific area within the Bank, and is disseminated through employee participation and internal communication practices.

Climate and Environment Driven Transformation

Albaraka Türk acts with a net zero emission target against the climate crisis and takes concrete steps to reduce its carbon footprint, increase energy efficiency and use environmentally friendly technologies.

In this context:

- Scope 1 and Scope 2 from financial operations are regularly measured and strategies are developed to reduce them.
- Environmentally friendly investments are encouraged through LEED Gold Green Building Certification, SPP projects, green sukuk and environmentally friendly credit products.
- Zero waste practices, environmentally friendly buildings and technologies that support energy saving are popularized.

Our Bank aims to expand its sustainable product portfolio, minimize environmental impacts and assume voluntary responsibility against the climate crisis and become a pioneer in the sector.

Social Contribution and Corporate Responsibility

Albaraka Türk considers supporting social development as one of its core corporate values. Social investments and corporate social responsibility projects cover a wide range of categories including education, health, vulnerable groups, emergency and humanitarian aid, and the environment.

Within this framework:

- Voluntary participation of employees is encouraged through the social responsibility club,
- Various programs are being implemented to improve access to quality education, empower vulnerable groups and expand health services.
- Social projects in line with the United Nations Sustainable Development Goals (SDGs) are prioritized.

Sustainable Finance and Product Development

Our Bank has identified the development of financial products and services that contribute to sustainable development as a strategic priority. In this direction:

- Green sukuk, environmentally friendly financing products, SPP and renewable energy projects are supported.
- With sustainable financing models, individuals and institutions are directed towards climate and environmentally friendly investments.
- Environmental and social risk analyses are incorporated into internal credit evaluation processes.

Albaraka Türk comprehensively assesses the impact of all sustainability-related risks and opportunities, including climate change, on its operations, business strategy and financial performance and integrates these assessments into its short, medium and long-term strategic planning and projection processes. The relevant maturities are compatible with Bank's strategic planing maturities.

Table 5. Climate Risk Maturity Definitions

Time Horizon	Year Range	Description
Short-Term	<1 Year	The Bank defines the short-term as a period of up to 1 year. During this period, progress toward strategic goals is monitored monthly, and steps to enhance operational efficiency and agility are prioritized to adapt to short-term market developments.
Medium-Term	1-5 Years	The medium-term covers a period of 1 to 5 years. During this timeframe, strategic action plans are developed and implemented to ensure compliance with national and international climate change and sustainability regulations. Within this framework, the Bank takes concrete steps to integrate Environmental, Social, and Governance (ESG) criteria into its business strategies.
Long-Term	>5 Years	The Bank defines the long-term as a period of 5 years or more. The primary objective during this period is to minimize climate and sustainability risks, with the goal of achieving a portfolio structure aligned with net-zero emissions. In this context, opportunities contributing to the transition to a low-carbon economy are evaluated.

Climate Risks and Opportunities

At Albaraka Türk, we consider the impact of climate change on the banking sector among our strategic priorities. In this context, we address climate-related risks under two main headings: physical risks and transition risks. Physical risks arise from direct environmental impacts such as extreme weather events, temperature increase, drought or floods, while transition risks include legal regulations, market changes, technology and transformation that may be encountered during the transition to a low-carbon economy. In addition to these risks, we also assess various climate-related opportunities such as sustainable financing, green product development and investments with low environmental impact.

All sustainability-related risks and opportunities that can reasonably be expected to impact cash flows, access to finance and cost of capital in the short, medium and long term are regularly analyzed. These risks and opportunities arise from direct impacts arising from the provision of financial services, as well as from interactions with customers, suppliers, stakeholders, society, the economy and the natural environment.

Due to the nature of banking activities, the financial resilience of customers in the credit portfolio has the potential to be affected by environmental and social developments. For example, financial pressures that may arise due to carbon regulations, environmental restrictions or increased sustainability obligations in the sectors in which the businesses in the customer portfolio operate may have a negative impact on their credit repayment capacity. This may be reflected in an increase in credit portfolio quality and cost of risk.

In addition, climate change-induced floods, storms and similar extreme weather events that disrupt the operations of branches are among the risks that may cause disruptions in operational processes and additional costs. The continuity of critical IT infrastructure is also at risk of being affected by adverse weather events. Every year, physical environments are reviewed in light of extreme weather events such as floods and storms caused by climate change, and all risks are assessed along with existing controls, recorded, and reported.

The report also covers climate-related risks classified as low level. Although some of these risks appear to have a limited impact in the short term, they are being monitored in the context of sustainability goals and the Bank's focus on this issue.

Furthermore, in line with our corporate risk management approach, we adopt the principle of monitoring, assessing the impact of, and taking action against any identifiable risk, even if it is classified as low-level. In this context, low-level risks are also considered significant in terms of our sustainability performance and strategic decision-making processes; it is anticipated that they could have a proportionally significant impact when considering the scale of the organization.

Table 6. Level of Financial Impact

Level of Financial Impact	Financial Impact
Low	%0-1
Medium	%1-5
High	%5+

The financial materiality threshold has been set at 5% of pre-tax profit; all impacts exceeding this threshold are considered financially material and are reflected as 'high' in the risk and opportunity table.

Table 7. Extreme Weather Events Risk

	Risk Category	Time Interval	Risk Definition	Predicted Impacts on Business Model and Value Chain
Direct Risks	Physical - Acute	Medium	Albaraka Türk anticipates that the direct physical impacts of climate change, especially through acute climate events such as severe weather incidents, may adversely affect the Bank's daily operational activities. Extreme weather conditions like severe storms, floods, or excessive temperatures can cause physical damage to branch buildings, data centers, or service infrastructure, leading to operational interruptions and disruptions in service continuity. This situation poses risks to customer service, business continuity, and operational reliability, while also necessitating strengthening physical security, infrastructure resilience, and crisis management capacity.	Physical damages that may occur in branches, operation centers, or critical infrastructure due to severe weather events linked to climate change can lead to interruptions in the bank's service delivery, putting operational continuity at risk. This situation may cause disruptions in customer access, a decrease in transaction volume, and short-term revenue losses. Additionally, the repair or reconstruction costs of the damaged physical assets may require the reallocation of financial resources, affecting the Bank's financial plans. These risks also test the resilience of the business model and necessitate strengthening the crisis management capacity within the value chain. There is an impact on our own operations.
	Impacts on the Business Strategy and Decision-Making Mechanism	**Climate Risk Focus Areas**	**Actions to Be Taken Against the Risk**	**Materiality Level**
	Damages that extreme weather events may cause to bank assets directly affect decision-making processes in strategic planning, including geographic risk analysis, infrastructure prioritization, and business continuity. This situation requires the reevaluation of long-term investment and risk management strategies to incorporate climate risks.	Climate-related physical risks, particularly due to extreme weather events, are concentrated in certain geographic areas where Albaraka Türk's branches, data centers, and operational facilities are located. These risks can directly impact physical assets in regions with low service continuity and infrastructure resilience. Additionally, they may have indirect effects on operational relationships with external service providers.	To reduce the physical risks caused by extreme weather events and natural disasters related to climate change, geographic risk analyses will be conducted by considering high disaster risk areas in determining the locations of branches and operational facilities. Within this scope, sustainability criteria based on climatic and environmental factors will be taken into account in site selection for new branches; for existing branches, disaster resilience, infrastructure strengthening, and service continuity plans will be revised.	Low

Extreme Weather Events Risk: The significance level was assessed using a 5x5 risk matrix. The probability of occurrence was scored as 2, the impact magnitude as 3, and the total risk score was calculated as 6. As this value is below the threshold set by Albaraka Türk, it is classified as a low impact level.

Table 8. Impact of Flood and Extreme Weather Conditions on the Credit Portfolio

Risks in the Value Chain	Risk Category	Time Interval	Risk Definition	Predicted Impacts on Business Model and Value Chain
	Physical - Acute	Long	Severe floods, earthquakes, storms, landslides, droughts, and similar extreme weather and natural events can cause physical damage to properties financed by Albaraka Türk, leading to disruptions in customer activities. This situation forces customers to bear additional repair costs and suffer income losses, weakening their repayment capacity; therefore, it constitutes a significant external factor that increases credit risk for the Bank.	Damage to financed properties due to extreme weather events may lead to a decline in the market value of assets taken as collateral. This situation negatively affects customers' repayment ability, increasing the risk of credit losses for the Bank. Consequently, the quality of the Credit portfolio may deteriorate, and financial sustainability risks may arise within the value chain, especially in relationships with customers operating in regions with high physical risk. It has an impact on our downstream value chain.
	Impacts on the Business Strategy and Decision-Making Mechanism	**Climate Risk Focus Areas**	**Actions to Be Taken Against the Risk**	**Materiality Level**
	Interruptions in customer activities caused by physical damages to financed assets due to climate change-related extreme weather events may lead to an increase in default risk. This situation requires the Bank to systematically consider climate risks in its credit assessment processes. Additionally, at the strategic level, it necessitates the reassessment of portfolio diversification, collateral structures, geographic risk distribution, and insurance conditions, potentially leading to the revision of credit policies to be sensitive to climate risks.	This risk is particularly concentrated on properties financed by the Bank located in geographic regions with a high likelihood of exposure to climate change-related extreme weather events (e.g., floods, landslides). The impact of physical risks is more pronounced in collateralized assets located in rural and infrastructure-vulnerable areas, as well as in physical asset types such as residential and commercial real estate. This risk is focused within the Bank's value chain, especially in areas related to credit portfolio and collateral management processes, transforming into credit risk through the effect of climate-induced damages on repayment capacity.	To mitigate the impact of climate change-related physical risks on credit risk, climate-related risks (e.g., flood and landslide-prone areas) will be considered in the processes of taking real estate mortgage collateral. The climatic risk profiles of the geographic areas where the collateral assets are located will be evaluated; in high-risk regions, factors such as collateral structure, insurance coverage, and credit maturity will be reviewed. Thus, the potential effects of climate-induced damages on the customer's repayment capacity will be minimized, thereby enhancing the resilience of the credit portfolio.	High

Impact of Floods and Extreme Weather Conditions on the Credit Portfolio: The severity level was assessed using a 5x5 risk matrix. The probability of occurrence was scored as 3, the impact magnitude as 4, and the total risk score was calculated as 12. Since this value is below the threshold value determined by Albaraka Türk, it is classified as a significant impact level.

Table 9. Reputation Risk Arising from Carbon-Intensive Customer

Risk in the Value Chain	Risk Category	Time Interval	Risk Definition	Predicted Impacts on Business Model and Value Chain
	Transition	Medium	Albaraka Türk may face indirect reputational risk if its customers operating in carbon-intensive sectors fail to take adequate steps to combat climate change. Financial relationships with such customers can lead to negative perceptions of the Bank's sustainability approach among the public, investors, and regulatory authorities. This situation can damage stakeholder trust, result in customer loss, and reduce sustainability-focused business opportunities, thereby adversely affecting the Bank's brand value, customer portfolio, and long-term growth strategy.	The failure of customers operating in carbon-intensive sectors to take sufficient action against climate change may expose Albaraka Türk to indirect reputational risk through its financial relationships with these customers. This situation can lead to negative perceptions of the Bank's environmental responsibility among stakeholders sensitive to sustainability performance. The weakening of stakeholder trust, decrease in customer loyalty, and loss of sustainability-focused business opportunities can negatively impact the Bank's business model, customer portfolio, and value chain in the long term. It has an impact on our downstream value chain.
	Impacts on the Business Strategy and Decision-Making Mechanism	**Climate Risk Focus Areas**	**Actions to Be Taken Against the Risk**	**Materiality Level**
	The perception of inadequacy in Albaraka Türk's relationships with customers operating in carbon-intensive sectors regarding climate change mitigation can lead to negative views of the Bank's sustainability approach among investors. This situation may influence the decisions of investors sensitive to environmental, social, and governance (ESG) criteria, putting pressure on the Bank's long-term access to funds and investor confidence. Therefore, in strategic planning and decision-making processes, the alignment of the portfolio structure with sustainability criteria and the management of reputational risks gain greater importance; sustainability-focused assessments are prioritized and taken into account in investor relations	This risk is particularly concentrated in financial relationships established with customers operating in carbon-intensive sectors. Since inadequate performance by these customers in combating climate change may lead to perceptions of misalignment with the Bank's sustainability commitments, this situation can directly impact Albaraka Türk's credit portfolio, investment relations, sustainable finance products, and reputation management processes. The risk becomes more pronounced within the value chain, especially among customer groups in sectors with high environmental impact and in areas with significant public interaction.	Credit Allocation Processes To reduce reputational risk associated with customers operating in carbon-intensive sectors, customers' environmental performance and carbon footprint data will be taken into account in credit allocation processes. Accordingly, credit assessment criteria for customers taking insufficient action against climate change will be reviewed; factors such as risk premium, collateral structure, or credit terms for customers with low sustainability performance will be re-evaluated. Thus, the Bank aims to make its credit portfolio more resilient and sustainable against environmental risks.	Medium

Reputation Risk Arising from Carbon-Intensive Customer Relationships: The significance level was assessed using a 5x5 risk matrix. The likelihood of occurrence was scored as 3, the impact magnitude as 2, and the total risk score was calculated as 6. Since this value is below the threshold value set by Albaraka Türk, it is classified as a medium impact level.

Table 10. Credit Risk Arising from Carbon Regulations

Risk in the Value Chain	**Risk Category**	**Time Interval**	**Risk Definition**	**Predicted Impacts on Business Model and Value Chain**
	Transition - Policy and Legal	Long	Customers operating in carbon-intensive sectors such as iron and steel, aluminum, automotive, energy, and mining face the risk of increased costs and reduced competitiveness due to international regulations based on carbon emissions, particularly the Carbon Border Adjustment Mechanism (CBAM) implemented by the European Union. This situation could weaken the operational sustainability and revenue structure of these customers, thereby reducing their ability to meet their financial obligations and creating default risk and financial value loss for Albaraka Türk's credit portfolio. Regulations such as SKDM make the financial impacts of carbon emissions more visible, requiring the Bank to review its sector-based credit policies and apply financial assessment criteria that take carbon risk into account in order to manage transition risks.	The European Union's Carbon Border Adjustment Mechanism (CBAM) and similar international carbon regulations may negatively impact the cost structure and competitiveness of customers operating in carbon-intensive sectors. This situation poses risks of contraction in business models, revenue loss, and weakening operational sustainability for customers in these sectors. Difficulties in meeting financial obligations by these customers can lead to default risk, reduced credit repayment rates, and a decrease in the value of financed assets within Albaraka Türk's credit portfolio. This risk may require the Bank to reassess its credit allocation processes, sectoral risk analyses, and collateral structures within the framework of compliance with carbon regulations. It has an impact on our downstream value chain.
	Impacts on the Business Strategy and Decision-Making Mechanism	**Climate Risk Focus Areas**	**Actions to Be Taken Against the Risk**	**Materiality Level**
	The increased costs faced by customers operating in carbon-intensive sectors due to regulations like CBAM may raise default risk, negatively impacting the quality of Albaraka Türk's credit portfolio. This situation necessitates the Bank to reassess credit allocation criteria at a strategic level; review risk appetite toward high carbon risk sectors; and prioritize sustainability-focused sector diversification. Additionally, strengthening risk assessment and portfolio management approaches that consider the impacts of environmental regulations in decision-making processes becomes increasingly important.	This risk is concentrated on customers operating in carbon-intensive sectors (such as automotive, energy, and mining) within Albaraka Türk's loan portfolio. These customers face increased cost pressures due to international carbon policies like the European Union's Carbon Border Adjustment Mechanism (CBAM). This situation is particularly pronounced among customers in geographic areas focused on exports and with commercial ties to the European market. The risk impacts the Bank's business model in credit allocation processes, collateral structures, and sectoral portfolio management, while within the value chain, it concentrates on financing relationships with these sectors.	To reduce transition risks arising from carbon regulations, the carbon emission levels of the sectors in which customers operate will be considered in credit allocation processes. Specifically, the emission performance, compliance with environmental regulations, and transformation capacity of firms operating in carbon-intensive sectors will be integrated into the credit evaluation process, shaping factors such as risk premium, credit terms, and collateral structure accordingly. Thus, Albaraka Türk aims to make its credit portfolio more resilient and sustainable against carbon transition risks.	High

Credit Risk from Carbon Regulations: The significance level was assessed using a 5x5 risk matrix. The likelihood of occurrence was scored as 4, the impact magnitude as 3, and the total risk score was calculated as 12. Since this value is below the threshold value set by Albaraka Türk, it is classified as a significant impact level.

Table 11. Sustainable Financing and Product Development

Opportunities in the Value Chain	Opportunity Category	Time Interval	Opportunity Definition	Predicted Impacts on the Business Model and Value Chain
	Product and Service Opportunity	Long	The increasing financing needs of businesses for transition investments aimed at reducing their carbon footprints in line with net zero emission targets (such as energy efficiency, renewable energy systems, and green technology investments) present a strategic opportunity area for Albaraka Türk. Accordingly, the Bank contributes to climate goals and strengthens sustainability-focused customer segmentation by developing specialized financing products for businesses undergoing sustainable transformation. This opportunity is particularly leveraged through green sukuk, renewable energy financing, and environmentally focused credit solutions, enabling the Bank to align its business model with net zero targets while simultaneously pursuing financial growth and environmental benefits.	Increasing regulatory pressures toward net zero targets and businesses' need to transition to low-carbon technologies are driving demand for sustainable financing instruments. This situation encourages the expansion of sustainable finance products and services within Albaraka Türk's business model, offering opportunities to reach new customer segments and increase market share, particularly through financing green projects, renewable energy investments, and supporting environmentally friendly technologies. At the same time, within the value chain, relationships with firms aiming to transition to a low-carbon economy are strengthened, thereby making the Bank's financial system more integrated with environmental objectives. It has an impact on our downstream value chain.
	Impacts on the Business Strategy and Decision-Making Mechanism	**Climate Opportunity Focus Areas**	**Actions to Be Taken Against the Opportunity**	**Materiality Level**
	The increasing financing needs of businesses in line with net zero emission targets contribute to Albaraka Türk prioritizing its sustainable finance strategy and accelerating product development decisions in this area. This rising demand creates growth potential in the Bank's interest, fee, and commission income from sustainability-focused credit and financing services; consequently, it encourages decisions in strategic planning processes to diversify sustainable finance products and allocate more resources to this area.	The transition to a low-carbon economy presents a significant opportunity for Albaraka Türk, particularly with the increasing financing needs for energy efficiency, renewable energy investments, green buildings, and sustainable production technologies. This opportunity focuses on the Bank's development of sustainable finance products and environmentally friendly financial instruments such as green sukuk within its business model. Within the value chain, it becomes especially evident in SMEs, industrial facilities, and energy transition projects aiming to reduce carbon emissions. Demand is observed to be concentrated geographically in industrialized regions and sectors subject to environmental transformation regulations.	Albaraka Türk aims to diversify sustainable finance products and increase their accessibility to meet the financing needs arising from the transition to a low-carbon economy. Within this scope, priority will be given to developing products such as green sukuk issuances, special credit packages for renewable energy investments, financing support for energy efficiency projects, and credit solutions designed for environmentally friendly buildings. Additionally, environmental impact criteria will be integrated into the financial evaluation processes of projects aiming to reduce environmental effects, promoting such projects and strengthening the focus on sustainable growth.	Medium

Table 12. Energy-Efficient Housing and Low-Emission Vehicle

Opportunities in the Value Chain	**Opportunity Category**	**Time Interval**	**Opportunity Definition**	**Predicted Impacts on the Business Model and Value Chain**
	Product and Service Opportunity	Long	With increasing public awareness of climate change and the impact of environmental regulations, demand for energy-efficient housing and low-emission vehicles is rapidly rising among customers. This trend presents a significant opportunity for Albaraka Türk in sustainable financing. The Bank supports environmentally friendly preferences of individual customers and contributes to sustainable development goals by developing specialized financing solutions for low-carbon emission housing projects and electric/hybrid vehicle purchases. This opportunity holds potential to enhance customer satisfaction and market share through products that promote sustainable consumption.	The increasing demand from customers for low-carbon housing and vehicles enables Albaraka Türk to expand its sustainable finance products. This creates growth potential in the Bank's business model through the introduction of new credit products, leading to an increase in credit volume and growth in revenue streams such as interest and financing income from these products. Additionally, strengthening relationships within the value chain with environmentally friendly business partners, such as contractors developing energy-efficient housing projects and suppliers of low-emission vehicles, further solidifies the Bank's position within the sustainable ecosystem. This impact supports value creation that integrates both financial growth and environmental responsibility. It has an impact on our downstream value chain.
	Impacts on the Business Strategy and Decision-Making Mechanism	**Climate Opportunity Focus Areas**	**Actions to Be Taken Against the Opportunity**	**Materiality Level**
	The increasing demand from customers for low-carbon housing and vehicles contributes to prioritizing sustainable personal finance strategies at Albaraka Türk. This trend leads to the diversification of environmentally beneficial products in the Bank's decision-making processes, shaping marketing strategies accordingly, and directing resource allocations toward sustainable product groups. Financially, the growth in interest and service income from these products is strategically integrated into the Bank's long-term revenue structure to strengthen its financial goals.	The development of products and services focused on climate solutions is concentrated within Albaraka Türk's business model in areas such as sustainable finance activities, public-private sector collaborations, and environmentally themed financial instruments. This opportunity is particularly evident in customer segments to which the Bank provides financing for environmentally friendly technology investments and carbon reduction projects; it also emerges more actively in geographic regions where regulatory incentive mechanisms are implemented. Within the value chain, institutions with which the Bank develops climate-focused partnerships, regulatory authorities, and customers aligned with sustainability-based public policies stand out in this opportunity area.	Albaraka Türk will focus on diversifying its sustainable personal finance products to meet the increasing customer demand for energy-efficient housing and low-emission vehicles. Accordingly, special financing packages will be developed for environmentally friendly housing projects and electric/hybrid vehicle purchases; environmental performance criteria will be integrated into credit processes. Additionally, marketing and customer awareness activities will be enhanced to promote these products, and financial solutions supporting sustainable consumption behaviors will be expanded. Thus, both the reduction of individual carbon footprints will be supported, and the Bank's environmentally focused product portfolio will be strengthened to capitalize on financial growth opportunities.	Low

Table 13. ESG Financing Products Compatible with Participation

	Opportunity Category	Time Interval	Opportunity Definition	Predicted Impacts on the Business Model and Value Chain
Opportunities in the Value Chain	Product and Service Opportunity	Long	In line with climate change mitigation and sustainable development goals, demand for financial products that comply with environmental, social, and governance (ESG) criteria is steadily increasing. This trend presents a significant opportunity for Albaraka Türk to develop interest-free and environmentally conscious financial products compatible with participation banking principles. By incorporating ESG-compliant products into its portfolio, the Bank gains access to customer segments with high sustainability expectations and uncovers strategic growth potential that integrates its interest-free banking model with environmental objectives. It is anticipated that these products will expand the Bank's revenue base and strengthen its position in sustainable finance over the medium and long term. For individual customers: • Grey Water / Environmental Financing • Solar Energy System Financing • Environmentally Friendly Vehicle Financing For corporate customers: • Rooftop Solar Power Plant Credits • Renewable Energy Source Credits You can access all ESG-compliant products and detailed information via the relevant link.	The development of financial products compliant with ESG criteria and aligned with participation banking principles enables Albaraka Türk to diversify its sustainable finance offerings and increase revenue streams in this area. The growing demand for these products among individual and corporate customers creates positive effects such as access to new customer segments, growth in assets under management, and strengthened sustainability-based customer loyalty. Within the value chain, long-term partnerships are established with customers supporting environmentally and socially responsible investments, further solidifying the Bank's role in the sustainable finance ecosystem. It has an impact on our downstream value chain.

	Impacts on the Business Strategy and Decision-Making Mechanism	Climate Opportunity Focus Areas	Actions to Be Taken Against the Opportunity	Materiality Level
	The increasing demand for financial products compliant with ESG criteria and aligned with participation banking principles is reshaping Albaraka Türk's strategic priorities and making sustainable finance a stronger focus in decision-making processes. In line with this trend, developing products with high environmental and social impact contributes to expanding the revenue base by enhancing access to new customer segments and increasing loyalty among existing customers. Strategic planning processes include steps to increase the share of such products in the portfolio, incorporate ESG compliance criteria in new product development decisions, and align long-term growth targets with environmental sustainability.	Customer demand for participation banking-compliant, interest-free, and environmental, social, and governance (ESG) aligned financial products is concentrated particularly in major cities and among environmentally conscious individual customer segments. This opportunity increases the importance of units developing sustainable finance solutions and new product design processes within Albaraka Türk's business model. At the same time, it lays the groundwork for stronger partnerships within the value chain, especially with green housing developers, eco-friendly vehicle suppliers, and sustainable businesses focused on environmental impact. The financing demand in these areas highlights key points where growth opportunities aligned with environmental responsibility become more evident.	Albaraka Türk will prioritize product development and diversification activities to meet the increasing demand for financial products compliant with ESG criteria and aligned with participation banking principles. Within this scope, interest-free financing solutions specifically designed for renewable energy, energy efficiency, environmentally friendly housing, and transportation investments will be developed. Additionally, ESG criteria will be integrated into internal processes for product development, and special assessment methods will be applied for sustainability-focused customer segments. The Bank will implement targeted promotional strategies to popularize these products and develop information sharing and collaborations with external stakeholders to raise awareness about sustainable finance.	High

Table 14. Operational Resource Efficiency and Cost Savings

Opportunities In Direct Operations	**Opportunity Category**	**Time Interval**	**Opportunity Definition**	**Predicted Impacts on the Business Model and Value Chain**
	Resource Efficiency	Long	Albaraka Türk is implementing various resource efficiency measures across its operations to combat climate change and reduce environmental impact, including energy efficiency, waste reduction, recycling practices, water and waste management, green building standards, and fuel consumption reduction. In addition to contributing to environmental sustainability, these initiatives also provide economic benefits such as reducing operational costs, ensuring resource efficiency, and increasing financial savings. This opportunity facilitates the integration of the Bank's internal processes with environmental performance and supports strategic value creation in line with sustainable corporate governance objectives.	Albaraka Türk's initiatives in its operational processes, such as energy efficiency, green building practices, recycling, and fuel savings, particularly contribute to reducing costs related to energy and resource consumption. These practices enhance operational efficiency within the Bank's business model, creating cost advantages by lowering overhead expenses. At the same time, considering environmental criteria in processes conducted with suppliers and service providers within the value chain supports the development of sustainability-focused partnerships; thus, enabling long-term environmental and financial gains both in internal operations and external service relationships. It has an impact on our own operations.
	Impacts on the Business Strategy and Decision-Making Mechanism	**Climate Opportunity Focus Areas**	**Actions to Be Taken Against the Opportunity**	**Materiality Level**
	Albaraka Türk's internal operational practices focused on energy efficiency, green building applications, waste management, and fuel consumption reduction have become strategic priorities for cost control. The direct operational savings generated by these practices lead the Bank's decision-making mechanisms to evaluate environmental performance criteria not only from a sustainability perspective but also in terms of financial efficiency. In strategic planning processes, scaling up environmentally beneficial cost-saving improvements and considering similar efficiency criteria in new investments are prioritized. Thus, environmental initiatives are regarded not just as compliance measures but as elements that enhance business value.	Opportunities related to energy-saving and emission-reducing technologies are concentrated particularly in Albaraka Türk's high energy-consuming physical assets such as branch buildings, operation centers, and headquarters campuses. The implementation of such technologies supports the Bank's business model by making operational processes more efficient; it reduces energy costs while contributing to environmental sustainability goals through emission reductions. Within the value chain, collaborations with suppliers offering energy efficiency solutions and selecting service providers based on environmental performance criteria strengthen the dissemination of this opportunity. Accordingly, the strategic importance of transitioning to low-carbon technologies has increased both in internal operations and external stakeholder relations.	Albaraka Türk aims to invest in energy-efficient technologies and improve its existing infrastructure to reduce energy consumption and emissions from its operational activities. Within this scope, low-energy consumption solutions will be preferred for lighting, heating-cooling systems, and office equipment; green building practices will be expanded, and the scope of recycling systems will be broadened.	Low

Table 15. Financial Impacts of Climate Risks and Opportunities

Category	Risk/Opportunity Definition	Explanations
Risk 1	Albaraka Türk anticipates that the direct physical impacts of climate change, particularly through acute climate events such as severe weather, may adversely affect the Bank's daily operational activities. Extreme weather conditions such as severe storms, floods, or extreme temperatures can cause physical damage to branch buildings, data centers, or service infrastructure, leading to operational interruptions and disruptions in service continuity. This situation poses risks to customer service, business continuity, and operational reliability, and also necessitates strengthening physical security, infrastructure resilience, and crisis management capacity.	Albaraka Türk assesses that acute physical risks caused by climate change – particularly short-term and intense weather events (such as storms, floods, hail, and extreme heat) – have the potential to seriously impact the Bank's physical assets and operational continuity. Such events pose a risk of causing operational disruptions, service interruptions, and loss of continuity in customer services by directly causing physical damage to branch buildings, data centers, and service infrastructure.
Current Financial Impact	The total insurance premium for our bank's fire insurance policy, which also covers climate risks such as storms, floods, and flash floods, is 6 million TL, eliminating the risk.	
Projected Financial Impact	Quantitative measurement is not possible under current conditions because historical climate data, regional intensity analyses, and asset-based exposure levels for these events are insufficient. Furthermore, scenario-based modeling of the probability of occurrence and potential impacts of these events could not be calculated in the current period due to the excessive cost and effort involved. Therefore, the plan is to develop these models, calculate their financial impacts, and report them in the next reporting period.	

Category	Risk/Opportunity Definition	Explanations
Risk 2	Severe floods, storms, droughts, and similar extreme weather events can cause physical damage to real estate financed by Albaraka Türk, resulting in disruptions to customer operations. This situation forces customers to bear additional repair costs and suffer income losses, weakening their repayment capacity; therefore, it constitutes a significant external factor increasing credit risk for the Bank.	Albaraka Türk insures the real estate properties it finances and/or acquires as collateral against its credit against fire, flood and natural disasters.
Current Financial Impact	Due to disruptions and delays in the insurance or renewal processes, as of the end of 2024, 15% of the real estate (residential and commercial) in the current collateral pool is uninsured or in the process of renewal. No financial impact has been observed in this regard as of the relevant period.	
Projected Financial Impact	Due to the uncertainty surrounding uninsured risks and the excessive cost and effort involved, the projected financial impact could not be calculated in the current period. However, work on this issue has begun, and detailed information on the financial impact will be included in the next reporting period.	

Category	Risk/Opportunity Definition
Risk 3	Albaraka Türk may face indirect reputational risk if its customers operating in carbon-intensive sectors fail to take adequate steps to combat climate change. Financial relationships with such customers can lead to negative perceptions of the Bank's sustainability approach among the public, investors, and regulatory authorities. This situation can damage stakeholder trust, result in customer loss, and reduce sustainability-focused business opportunities, thereby adversely affecting the Bank's brand value, customer portfolio, and long-term growth strategy.
Current Financial Impact	In particular, climate risk related to the credit portfolio cannot be financed due to the lack of data on the potential risk arising from ongoing work on emissions calculations.
Projected Financial Impact (Short Term)	The current financial impact cannot be predicted as it cannot be quantified.

Category	Risk/Opportunity Definition	Explanations
Risk 4	Customers operating in carbon-intensive sectors such as iron and steel, aluminum, automotive, energy, and mining face the risk of increased costs and reduced competitiveness due to international regulations based on carbon emissions, particularly the Carbon Border Adjustment Mechanism (CBAM) implemented by the European Union. This situation can weaken the operational sustainability and revenue structure of these customers; consequently, it may reduce their capacity to meet financial obligations, creating default risk and financial losses for Albaraka Türk's credit portfolio. Regulations like CBAM make the financial impacts of carbon emissions more visible, requiring the Bank to review sector-based credit policies and apply financial assessment criteria that consider carbon risk to manage transition risks effectively.	The Bank aims to conduct analyses on its customers that are potentially subject to obligations under the CBAM. The Bank has set the goal of reaching more quantitative findings in the future according to the EU export shares of these customers in their total trade and their fulfillment of obligations, if any.
Current Financial Impact	Within Albaraka Türk's total outstanding credits (141.2 billion TL), the share of credits to customers operating in sectors subject to obligations under the SKDM (5.1 billion TL) is approximately 3.6%. In 2024, there was no financial impact from this risk.	
Projected Finacial Impact	Due to insufficient data on the current compliance levels of companies within the scope of the SKDM, the anticipated financial impact analysis could not be conducted during the current reporting period. However, work has begun, and detailed	

Category	Risk/Opportunity Definition	Explanations
Opportunity 1	The increasing financing needs for transition investments aimed at reducing carbon footprints in line with net zero emission targets (such as energy efficiency, renewable energy systems, and green technology investments) present a strategic opportunity for Albaraka Türk. Accordingly, the Bank contributes to climate goals and strengthens sustainability-focused customer segmentation by developing specialized financing products for businesses undergoing sustainable transformation. This opportunity is particularly leveraged through green sukuk, renewable energy financing, and environmentally focused credit solutions, enabling the Bank to align its business model with net zero targets while simultaneously pursuing financial growth and environmental benefits.	Projected according to the development of total credits within the Bank's official asset budget. Currently, our share in assets is TL 3.1 billion. We believe that this figure will increase further as customers' awareness of sustainability and the need for sustainable financing increases.
Current Financial Impact (Thousand of Turkish Lira (TL))	3.100.000	
Projected Financial Impact (Short Term) (Thousand of Turkish Lira (TL))	4.200.000	
Projected Financial Impact (Medium Term) (Thousand of Turkish Lira (TL))	6.200.000	
Projected Financial Impact (Long Term) (Thousand of Turkish Lira (TL))	8.400.000	

Category	Risk/Opportunity Definition	Explanations
Opportunity 2	With increasing public awareness of climate change and the impact of environmental regulations, demand for energy-efficient housing and low-emission vehicles is rapidly rising among customers. This trend presents a significant opportunity for Albaraka Türk in sustainable financing. The Bank supports environmentally friendly preferences of individual customers and contributes to sustainable development goals by developing specialized financing solutions for low-carbon emission housing projects and electric/hybrid vehicle purchases. This opportunity holds potential to enhance customer satisfaction and market share through products that promote sustainable consumption.	It is projected based on the development of total credits in the Bank's official asset budget.
Current Financial Impact (Thousand of Turkish Lira (TL))	4.530	
Projected Financial Impact (Short Term) (Thousand of Turkish Lira	6.155	
Projected Financial Impact (Medium Term) (Thousand of Turkish Lira (TL))	9.103	
Projected Financial Impact (Long Term) (Thousand of Turkish Lira (TL))	12.409	

Category	Risk/Opportunity Definition
Opportunity 3	Demand for financial products compliant with environmental, social, and governance (ESG) criteria is steadily increasing in line with climate change mitigation and sustainable development goals. This trend presents a significant opportunity for Albaraka Türk to develop interest-free and environmentally conscious financial products compatible with participation banking principles. By incorporating ESG-compliant products into its portfolio, the Bank gains access to customer segments with high sustainability expectations and uncovers strategic growth potential that integrates its interest-free banking model with environmental objectives. It is anticipated that these products will expand the Bank's revenue base and strengthen its position in sustainable finance over the medium and long term.
Current Financial Impact	As new product developments continue within the scope of ESG, it cannot be financialized yet
Projected Financial Impact	The current financial impact cannot be predicted as it cannot be quantified.

Category	Risk/Opportunity Definition	Explanations
Opportunity 4	Albaraka Türk is taking various resource efficiency measures in its operations to combat climate change and reduce environmental impacts, including energy efficiency, waste reduction, recycling practices, green building standards, and fuel consumption reduction. These initiatives not only contribute to environmental sustainability but also provide direct economic benefits such as reducing operational costs, enhancing resource utilization efficiency, and increasing financial savings. This opportunity facilitates the integration of the Bank's internal processes with environmental performance and supports strategic value creation aligned with sustainable corporate governance goals.	The use of well water, the use of water saving devices and lighting optimization systems are calculated by aging with inflation over the current impact of the use of sensors.
Current Financial Impact (Thousand of Turkish Lira (TL))	2.434	
Projected Financial Impact (Short Term) (Thousand of Turkish Lira (TL))	3.164	
Projected Financial Impact (Medium Term) (Thousand of Turkish Lira (TL))	4.037	
Projected Financial Impact (Long Term) (Thousand of Turkish Lira (TL))	4.753	

Climate-Related Strategy and Desion-Making Processes

Albaraka Türk considers climate change not only as an environmental issue but also as a strategic area of risk and opportunity with financial implications. In this context, our bank plans to integrate climate risks into its corporate strategy in order to achieve both its own sustainability targets and its goals of compliance with national and international climate-related regulations.

The consideration of climate-related risks and opportunities in decision-making mechanisms is planned to be integrated into core business areas, particularly credit allocation processes, product and service development activities, portfolio management, and risk management. In this way, it is aimed to reduce the impacts of climate-related transition and physical risks on the bank's long-term value creation capacity and to seize climate-based opportunities.

The coordination and supervision of actions to be taken against climate risks will be carried out through the Corporate Governance and Sustainability Committee. The Committee will regularly review climate-related developments, report periodically to the Board of Directors, and provide strategic guidance when necessary.

As a bank, we plan to initiate efforts toward transformation in our business model and resource allocation by addressing climate-related risks and opportunities at a strategic level. In this regard, capital and resource allocation policies are intended to be reviewed in order to manage environmental, legal, and market-based risks related to climate change and to support the transition to a low-carbon economy.

Our bank aims to restructure its credit policies for carbon-intensive sectors in order to reduce their exposure to climate risks. Financing provided to these sectors is being evaluated in terms of applying increased risk premiums, tightening collateral conditions, and implementing a more selective assessment process, thereby addressing them in a limited and controlled manner.

In contrast, efforts are being planned to prioritize resource allocation for projects in renewable energy, energy efficiency, sustainable infrastructure investments, and sectors with low environmental impact. Albaraka Türk is taking steps to establish the necessary organizational and technological

infrastructure to increase capital utilization in these areas, develop new financing products, and grow the volume of sustainable financing.

In line with its strategic priorities, the diversification of products in the field of sustainable finance is planned; opportunities in this field will be evaluated both from the perspective of reducing environmental impacts and creating long-term economic value, and will be made a permanent part of the business model.

Albaraka Türk plans to carry out improvement and adaptation efforts in its operational processes in order to respond directly to climate-related risks and opportunities. In this context, energy efficiency investments have been identified as one of the priority areas, and Albaraka Türk has implemented LED lighting systems, automatic climate control systems, and low-consumption electrical devices in its headquarters and branches.

It is aimed to increase the efficiency of these practices. The bank also aims to directly limit environmental impact by promoting digital banking applications and reducing paper consumption. Awareness-raising training programs for employees on climate change, sustainable finance, and ESG risks are foreseen. In product development processes, efforts are planned to analyze environmental impacts and to design new products in a climate-compatible manner.

Being aware that climate-related risks are not limited to its own areas of activity, Albaraka Türk aims to act together with its customer portfolio and supply chain and to take precautions against indirect impacts as well. In this framework, efforts will be made to raise climate risk awareness among all stakeholders, particularly corporate and SME clients, and to offer special financing solutions for low-carbon transition projects.

In addition, it is aimed to prioritize firms with ESG ratings in credit evaluation processes and to position them advantageously in terms of environmental sustainability. In this context, the expansion of financing support for areas such as green credit products, energy efficiency investments, renewable energy projects, wastewater recovery, and environmentally friendly building investments is targeted.

In supply chain processes, it is planned to develop a policy that favors cooperation with suppliers who have reduced emissions and possess documentation of compliance with environmental standards, rather than working with companies that have a high carbon footprint.

Albaraka Türk is in the process of developing a comprehensive climate transition plan aiming to achieve net zero emissions by 2053. This plan is being structured to support the transition to a low-carbon economy in both the bank's operational activities and the areas it finances. The transition plan aims to integrate environmental sustainability into the long-term business model by considering the transformation requirements in resource allocation, product development, portfolio management, and internal processes.

In line with the plan, it is targeted to gradually reduce the weight of carbon-intensive sectors within the bank's credit portfolio and to increase the volume of green financing. At the same time, energy efficiency practices and digital transformation steps aimed at reducing operational emissions are also addressed within the scope of the plan.

Among the fundamental assumptions of the transition plan are that carbon pricing will become widespread through regulatory systems, and that the EU Taxonomy and Turkey's climate legislation will be guiding for the financial sector. The main dependencies considered in the preparation of the plan include the pace of development of national climate policies, clients' capacity to adapt to this transition, accessibility and accuracy of carbon data, and the financial sustainability and market demand for green projects.

Albaraka Türk aims to update this transition plan in alignment with both market developments and the regulatory environment; in addition, it intends to monitor developments and share them with the public in line with the principle of transparency.

The assumptions used in this report can be found under the heading "Assumptions Used" on page 54.

Albaraka Türk adopts a comprehensive decarbonization strategy in line with its goal of achieving net zero carbon emissions by 2053. Within this scope, measurable and time-bound interim targets are set for the reduction of greenhouse gas emissions; these targets are supported through both operational processes and financial products and services.

The emission reduction targets include projects aimed at reducing the Bank's Scope 1 and Scope 2 emissions arising from its direct activities, energy efficiency practices, and the use of renewable energy sources. In this context, practices such as switching to renewable sources for electricity consumption, reducing paper usage through digitalization, and enhancing resource efficiency are prioritized.

All of Albaraka Türk's climate-related targets are monitored at the board of directors level, and their integration into performance evaluation and decision-making mechanisms is planned. Through this structure, the process of achieving climate goals is embraced at the corporate level, and the understanding of sustainability is reflected across all business processes of the bank.

As Albaraka Türk, we have systematically identified our climate-related risks and opportunities for the as of 2025 and have begun the assessment process in this regard. The resources required to implement these activities are summarized below:

- **Financial Resources:** Internal resources are used in the initial phase of studies conducted to analyze and manage climate-related risks and opportunities. In line with our sustainable financing strategy, alternative resource mechanisms such as green sukuk, sustainability-linked financing products, and access to international funding sources will be evaluated in the coming periods.

- **Human Resources:** As of 2024, basic capacity for analyzing climate risks has been established with the contribution of the Investor Relations and Sustainability Directorate, Risk Unit, and related units; training and awareness activities to increase the technical knowledge level of relevant personnel have been initiated for the coming year. The aim is to further develop this capacity in the coming period.

- **Technological and Data Infrastructure:** Emission calculations used to determine climate risks have been carried out in collaboration with a technology company specializing in this field. In addition, access to external data platforms has been provided, and the necessary methodological tools have been obtained for use in initial analyses. Investments to develop data infrastructure and analytical capabilities are currently in the planning stage.

Heat Map

Our bank has conducted a comprehensive study to assess the climate change-related risk exposures of the sectors included in our portfolio. Within this scope:

For the sector-based rating of transition risks (such as policy changes, carbon regulations, market and technology risks), the "Guide on Developing Heat Map Methodologies" published by the Banks Association of Turkey was taken as the primary reference. In line with this guide, the risk levels were classified by considering the sectors' potential level of impact during the transition to a low-carbon economy, their sectoral emission intensities, and sensitivity to policy changes.

In the analysis of physical risks (such as drought, floods, heatwaves, etc.) and acute risks, location-based climate risk scores obtained via the WRI Aqueduct tool were used, taking into account the regional distribution of sectors in our bank's credit portfolio. In this way, the exposure levels of sectors financed on a provincial and regional basis to different physical hazards (e.g., meteorological droughts, heavy rainfall, and flooding) were quantitatively measured and a risk rating was established.

As a result of this analysis, transition and physical risk-based heat maps were created for the sectors within our bank's portfolio; potential risks arising from climate change were visualized, and a fundamental dataset was obtained to support forward-looking sustainable finance strategies.

Table 16. Sector-Specific Heat Map

Sector	Risk Distribution (%)	Transition Risk	Acute Physical Risk	Chronic Physical Risk
Wholesale Trade and Brokerage	15,50 %			
Construction	8,05 %			
Food and Beverage Industry	6,26 %			
Banks	5,71 %			
Petroleum Refinery Products	3,81 %			
Textile Industry	3,53 %			
Real Estate Brokerage	2,78 %			
Electricity, Gas, and Water Resources	2,60 %			
Retail Trade and Repair of Personal and Household Goods	2,58 %			
Sale of Motor Vehicles	2,36 %			
Chemical and Chemical Products Industry	1,99 %			
Agriculture and Animal Husbandry	1,90 %			
Leasing	1,90 %			

REIT - Real Estate Investment Trust	1,57 %			
Fabricated Metal Products Industry (Except Machinery and Equipment)	1,53 %			
Maritime Transport	1,46 %			
Road Freight Transport	1,44 %			
Other Services	1,41 %			
Basic Metals Industry	1,37 %			
Manufacture of Plastic Products	1,29%			
Wood and Wood Products Industry	1,28 %			
Machinery and Equipment	1,28 %			
Other Manufacturing Industry	1,09 %			
Maintenance, Repair, and Other Services of Motor Vehicles	0,88 %			
Road Passenger Transport	0,86 %			
Research, Consulting, Advertising, and Other Activities	0,86 %			
Financial Leasing Companies	0,83 %			
Health and Social Services	0,80 %			
Sale of Motor Vehicle Parts and Accessories	0,71 %			
Mining of Energy-Producing Minerals	0,63 %			
Pharmaceuticals	0,61 %			
Electrical Machinery and Appliances Not Elsewhere Classified	0,55 %			
Manufacture of Pulp and Paper Products	0,55 %			
Telecommunications	0,55 %			
Computer and Related Activities	0,46 %			
Other Transportation Activities and Storage	0,42 %			
Building and Repair of Ships and Boats	0,41 %			
Defense and Public Administration, Compulsory Social Security Institutions	0,41 %			
Man-Made and Synthetic Fibers	0,38 %			
Leather and Leather Products Industry	0,34 %			
Ceramics, Fire Bricks, Refractory Materials, Magnesite-Based Bricks	0,31 %			

Mining of Non-Energy-Producing Minerals	0,31 %			
Motor Vehicles	0,30 %			
Parts and Accessories of Motor Vehicles	0,30 %			
Air Transport	0,26 %			
Other Non-Metallic Minerals	0,25 %			
Furniture Industry	0,25 %			
Brokerage Firms	0,24%			
Apparel Industry	0,23 %			
Hotels	0,21 %			
Restaurants	0,21 %			
Fishing	0,18 %			
Manufacture of Rubber Products	0,16 %			
Production of Cement, Lime, and Plaster	0,15 %			
Other Tourism Activities	0,14 %			
Electrical and Non-Electrical Household	0,13 %			
Glass and Glass Products	0,12 %			
Other Transportation Equipment Industry	0,11 %			
Securities Investment Trust	0,11 %			
Education	0,10 %			
Printing Industry	0,08 %			
Private Households Employing Staff	0,08 %			
Roof Tiles, Ceramic Tiles, Marble, and Flat Stones	0,06 %			
Paints, Varnishes, Writing and Printing Inks, and Others	0,05 %			
Medical Devices, Precision Instruments, Optical Equipment, and Watchmaking	0,05 %			
Sewage and Waste Management, Public Health, and Related Activities	0,04 %			
Leather Apparel and Fur Processing Industry	0,04 %			
Cultural, Entertainment, and Sports Activities	0,04 %			
Radio, TV, Tape Recorder, Turntable, and Video Equipment Industry	0,04 %			

Office, Accounting, and Computing Machinery	0,01 %			
Insurance and Pension Funds Other Than Compulsory Social Security	0,01 %			
Other Financial Intermediation	0,01 %			
Other Monetary Institutions	0,00 %			
Coke Production	0,00 %			
Organizational Activities	0,00			
Personal Credits, Credit Cards, and Receivables Not Classified by Sector	12,43			

LOW
LOW - MEDIUM
MEDIUM
MEDIUM - HIGH
HIGH

Within the transition risk customer portfolio, customers classified as “high risk” account for 10.94% of the total portfolio, while customers at the “medium-high risk” level account for 12.02%. This distribution reflects the levels of risk the portfolio may be exposed to during the transition to a low-carbon economy and is closely monitored as part of the Bank’s sustainability strategies.

Climate Resilience

Albaraka Türk, based on its own assessments, has identified extreme weather events as significant among physical risks and legal risks as significant among transition risks, and has conducted scenario analyses addressing these two types of risks.

In conducting scenario analyses and evaluating climate-related risks and opportunities, various assumptions were developed by taking into account the policy environment, economic structure, physical conditions, and technological transformation potential of the geography in which Albaraka Türk operates.

Turkey’s ratification of the Paris Agreement and declaration of its 2053 Net Zero Emissions target have strengthened expectations that climate policies will impose stricter regulations in the medium and long term. International regulations, particularly the Carbon Border Adjustment Mechanism (CBAM) implemented by the European Union, have been considered a major transition risk element, as they may lead to regulation-induced cost increases for clients operating in carbon-intensive sectors.

The analyses assumed that macroeconomic trends at both global and national levels (such as growth rates, inflation, exchange rates, and investment tendencies) could influence carbon costs and the financial sustainability of sectors. In this context, particular attention was paid to the potential pressure on revenues and profitability of carbon-intensive sectors due to increasing cost burdens.

In assessing physical risks, the geographic and climatic characteristics of the cities where Albaraka Türk’s financed assets and clients are located were taken as the basis. Exposure to local-level extreme weather events such as floods, droughts, and storms was analyzed using the heat map method, drawing on data from international platforms such as WRI Aqueduct. Regional variables such as demographic structure, infrastructure resilience, and availability of natural resources were also considered as key factors determining the severity of physical risks.

From an energy usage perspective, the fact that Turkey's energy production is still largely based on fossil fuels, but with a notable increase in renewable energy investments, has played a determining role in assumptions regarding the pace and scope of the energy transition. It was assessed that energy costs may have varying impacts at the sectoral level. In addition, technological developments were also assumed to be a decisive factor in the transition to a low-carbon economy. Although these developments vary by sector, solutions such as energy efficiency, carbon capture technologies, green hydrogen, and sustainable production techniques are expected to offer emission reduction potential in the long term.

For physical risk scenarios, RCP scenarios were used. RCP (Representative Concentration Pathways) scenarios are sets of projections that describe the potential evolution of global greenhouse gas concentrations. Developed by the IPCC, these scenarios show what levels of atmospheric greenhouse gas concentrations (measured in radiative forcing as watts per square meter in CO¤ equivalent) could be reached by 2100 under various socio-economic and policy conditions. For example, RCP 2.6 represents a low-emission scenario, RCP 4.5 a medium-emission scenario, and RCP 8.5 a high-emission scenario. In this way, potential impacts of different climate pathways on temperature increases, changes in precipitation regimes, and extreme weather events were analyzed. For transition risks, NGFS scenarios were taken into account.

In the assessment of transition risks, the climate scenarios published by NGFS (Network for Greening the Financial System) were used as a basis. NGFS scenarios model potential financial and economic system outcomes depending on the speed of climate policy implementation, market transformation, and technological adaptation. Within this framework, the evolution of portfolio and operational risks under different transition pathways — such as orderly, disorderly, and no policy action (hot house world) — was analyzed.

Through scenario analyses, the sectoral sensitivity of the bank's credit portfolio to climate change, the exposure of its branches and operations to climate-related physical risks, and the potential effects of transition risks arising from policy changes were qualitatively assessed.

Table 18. RCP Scenarios

Scenarios	RCP Description	Scenario Definition	Impact on the Bank	Impacts on Strategy and Business Model
RCP 2.6	The global implementation of strong climate change mitigation and carbon reduction policies aims to limit the global temperature increase to between 1.0°C and 1.8°C by the year 2100.	A climate scenario characterized by relatively lower intensity and frequency of extreme weather events and climate-related physical risks such as severe flooding, representing a comparatively more stable climate.	Less frequent occurrences of floods and similar extreme weather events reduce the risk of physical damage to real estate financed by Albaraka Türk. This supports maintaining credit risks at lower levels.	Limited climate-related damages allow climate stress tests to be weighted lower in the bank's strategies and enable long-term financing models to be more stable.
RCP. 4.5	A controlled increase in greenhouse gas emissions due to limited climate policies implemented globally will result in a temperature rise between 1.7°C and 3.2°C by the year 2100.	The moderate carbon reduction scenario anticipates an increase in extreme weather events, although in some regions these may remain at manageable levels.	Severe floods and similar extreme weather events can cause physical damage to real estate financed by Albaraka Türk, leading to disruptions in customer operations. This situation results in customers incurring additional repair costs and experiencing income losses, weakening their repayment capacity; therefore, it constitutes a significant external factor that increases credit risk for the Bank.	Integrating climate risks into the bank's strategy and business models, reviewing insurance and collateral structures, and increasing portfolio diversification become critical.

Table 19. NGFS Scenarios

Scenarios	NGFS Description	Scenario Definition	Impact on the Bank	Impacts on Strategy and Business Model
Orderly (Orderly Transition Scenario)	A gradual transition to a low-carbon economy is achieved through timely and predictable implementation of carbon pricing and policy measures.	For customers operating in carbon-intensive sectors, a predictable increase in costs is expected. However, since sufficient time is available for adaptation, sudden market shocks remain limited.	Customers operating in carbon-intensive sectors such as automotive, energy, and mining may face competitive pressure due to CBAM and similar regulations, but they are able to manage this process. Therefore, the default risk on the bank's credit portfolio is relatively limited.	Carbon footprint criteria are more systematically integrated into the bank's sector-based credit policies, and the share of green financing products is increased.
Disorderly (Disorderly Transition Scenario)	Delayed and sudden tightening of climate policies leads to rapidly rising carbon prices and increased transition costs.	Customers operating in carbon-intensive sectors face unexpectedly high carbon costs and compliance obligations; sudden increases in costs cause rapid declines in competitiveness.	This situation weakens customers' operational sustainability; their revenues decline, and their capacity to meet financial obligations decreases. Consequently, default risk and value loss increase in the credit portfolio.	Carbon risk becomes a significant factor in the bank's credit allocation and restructuring processes; portfolio stress tests are intensified, and sectoral risk limits are redefined
Hot House World (No-Action Scenario)	Insufficient climate policies lead to a failure in achieving low-carbon transition, resulting instead in intensified physical impacts of climate change.	Mechanisms like CBAM expand globally, but due to disparities among countries, competitive losses increase. Customers relying on high-carbon business models face significant financial pressure.	Customers operating in sectors such as automotive, energy, and mining experience deterioration in their revenue structures, significantly reducing their repayment capacity. Consequently, the risk of default and value loss in the bank's credit portfolio rises to a high level.	The bank is compelled to reduce its portfolio in carbon-intensive sectors, prioritize clients resilient to climate stress, and develop financing models for green transition.

Albaraka Türk plans to develop its strategies in the upcoming period by considering the RCP 4.5 scenario for managing physical risks and the NGFS Disorderly Transition scenario for managing transition risks. Within this scope, necessary steps are planned to address climate-related risks and leverage emerging opportunities while maintaining the availability and flexibility of existing financial resources. Additionally, the bank continues its efforts to reduce carbon-intensive assets and increase green investments by taking into account its capacity to restructure existing assets, repurpose them, or transform its portfolio. The development of green and transition financing products, strengthening operational resilience, and implementing stress tests constitute the strategic impacts of the bank's current and planned investments in climate-related mitigation, adaptation, and resilience opportunities; these measures are addressed within short(2030), medium (2050), and long-term (2100) priorities. Thus, the aim is to manage the potential impacts of both physical risks and transition risks arising from carbon pricing and regulatory measures.

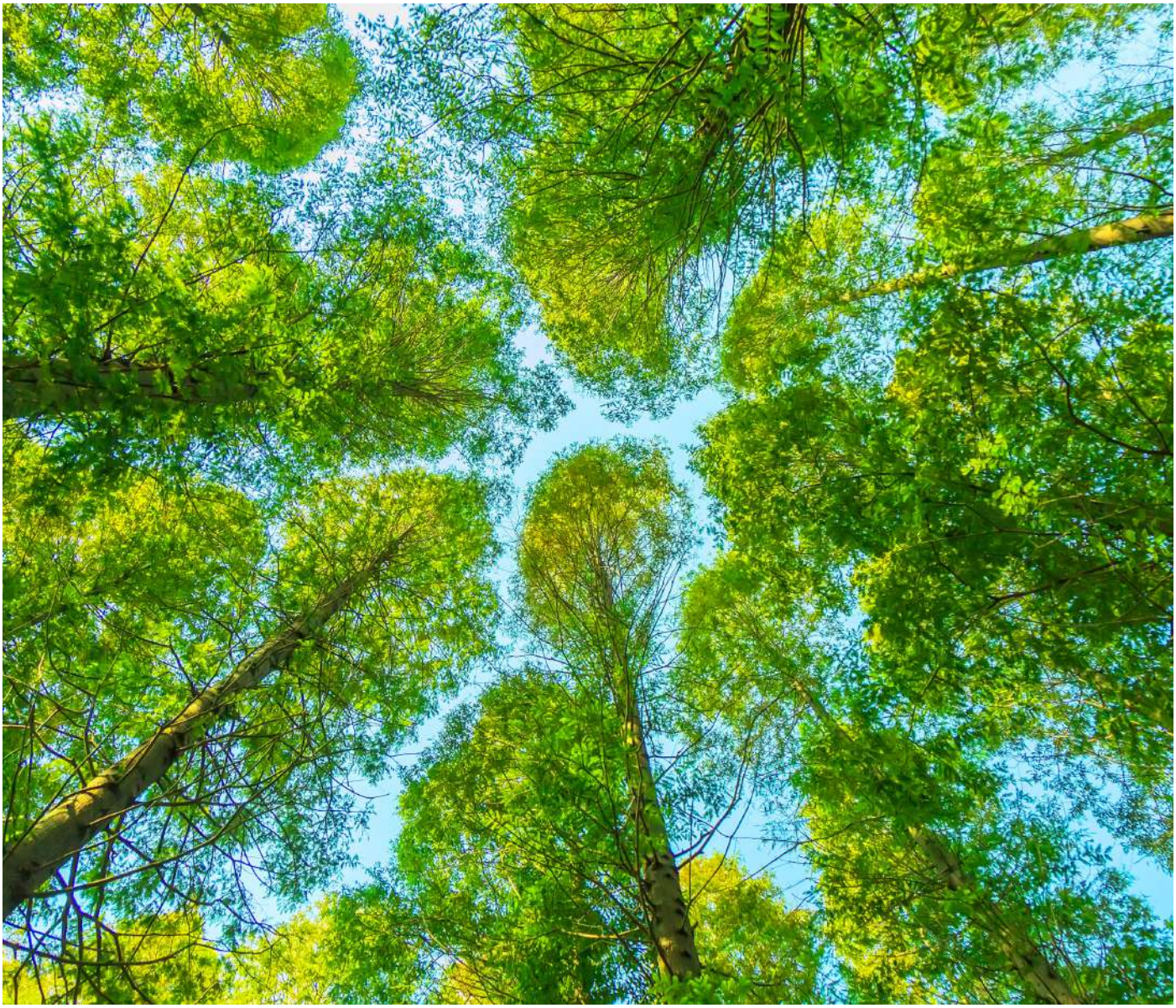
In terms of the availability and flexibility of the company's existing financial resources, the bank currently maintains its financial resilience against climate-related risks, and plans are underway to more effectively utilize these resources to capitalize on climate-related opportunities in the future.

In terms of the ability to reposition, repurpose, or retire existing assets, strategic targets are planned to reduce carbon-intensive assets and increase green investments. Restructuring the portfolio to address climate risks will be prioritized in the coming periods.

Given the impact of existing and planned investments in mitigation, adaptation, and climate resilience opportunities, steps such as developing green and transformation finance products, strengthening operational resilience, and implementing stress tests are planned. These steps are anticipated to be implemented within the framework of short-, medium-, and long-term priorities.

The analyses used in assessing climate risks cover Albaraka Türk's activities within Turkey. In this context, the climate exposure and vulnerability of domestic operations, including the head office building, regional offices, and all branches, have been taken into account.

Albaraka Türk conducted its first climate-related scenario analysis in the 2025 reporting period.



Sustainable Risk Management

Sustainable Risk Management

Albaraka Türk identifies, evaluates, and monitors climate-related risks and opportunities under the coordination of the Risk Committee by prioritizing them. The Committee regularly addresses physical and transition risks arising in the context of climate change, providing periodic briefings to senior management and the Board of Directors. The management of climate-related risks is conducted in an integrated manner within the bank's overall risk management framework. The Risk Management Department classifies climate-related risks as short-, medium-, and long-term; it analyzes the impacts of these risks and potential opportunities on the bank's operations, strategies, and financial structure.

Albaraka Türk determines climate-related risks and opportunities by considering national and international regulatory frameworks, sectoral developments, environmental data sources, and climate policies.

In the preparation of sustainability-related financial disclosures, the bank considers the relevant legislation and guidelines published by regulatory authorities, alongside the TSRS and SASB standards. Additionally, reference is made to similar practices within the banking sector, sectoral reporting examples, and legal obligations.

While preparing the related disclosures, the bank also benefits from sustainability reporting approaches and best practice examples of other financial institutions operating in the banking sector. Furthermore, current national and international legislation, guidelines published by the Central Bank of the Republic of Turkey, the Banking Regulation and Supervision Agency, and other regulatory authorities, as well as obligations imposed under the scope of sustainability, are taken into account.

For the determination of applicable metrics, TSRS, SASB Banking Standard, and other international reporting standards and indicators related to the banking sector have been considered; these were selected by relating them to the relevant processes and risk assessments.

Carbon pricing mechanisms, green sukuk and sustainable finance criteria, emission trading systems, compliance costs with regulations, and market demands for sustainable products are the main parameters used in the analysis of transition risks for the bank. In addition, climate-related financial disclosures, credit policies directed at low-carbon sectors, and environmental impact assessments are used as data inputs in identifying risks.

Physical climate risks such as extreme weather events, temperature anomalies, water stress, and agricultural production risks are particularly considered in the creditworthiness analyses of customers operating in sectors such as agriculture, energy, logistics, and infrastructure; efforts are planned to integrate these into long-term risk modeling.

Prioritization of Climate-Related Risks and Opportunities

Albaraka Türk adopts a holistic, score-based approach that considers both qualitative and quantitative factors when assessing climate-related risks. Each risk is scored on a scale from 1 to 5 based on its likelihood and impact degree, where 1 represents the lowest and 5 the highest value. Likelihood refers to the probability of the risk occurring; impact degree is evaluated based on the potential effect of the risk on the bank's operations, financial position, and strategic objectives. These two scores are multiplied to calculate the risk score, and risks are classified as low, medium, high, or critical based on this score. Risks exceeding the critical threshold are placed on the agenda of the Corporate Governance and Sustainability Committee and managed through action plans.

Probability of Occurrence (1-5)	Impact Level (1-5)	Risk Score (Probability × Impact)	Risk Level
1 - Very Low	1 - Very Low	1-4	Low Risk
2-3	2-3	5-9	Medium Risk
4-5	3-5	10-25	High Risk

Within qualitative assessment, climate risks are separately defined as physical risks (e.g., floods, droughts, extreme temperatures) and transition risks (e.g., carbon regulations, market transformations, technological changes). Customer sectors, types of activities, and regional climate impacts are also considered in the evaluation of these risks.

On the quantitative side, measurable environmental indicators such as energy consumption, carbon emissions, and water usage are regularly monitored; financial indicators like the size of credit portfolios exposed to climate risks are also integrated into risk analyses.

Using this method, Albaraka Türk plans to provide effective risk management by interpreting the likelihood and impact levels of climate-related risks both data-driven and within the sectoral context.
Within the TSRS framework, Albaraka Türk evaluates climate-related risks holistically alongside other risk types within a corporate risk management structure; however, it ensures that these risks are prioritized due to their nature and effects. Specifically, climate-related transition risks (such as carbon tax, changes in regulatory regimes, compliance with sustainable finance regulations) and physical risks (such as floods, droughts, extreme weather events) are treated as high-priority risk categories within the bank's risk assessment system.

Three main criteria are considered in the prioritization process of climate-related risks:

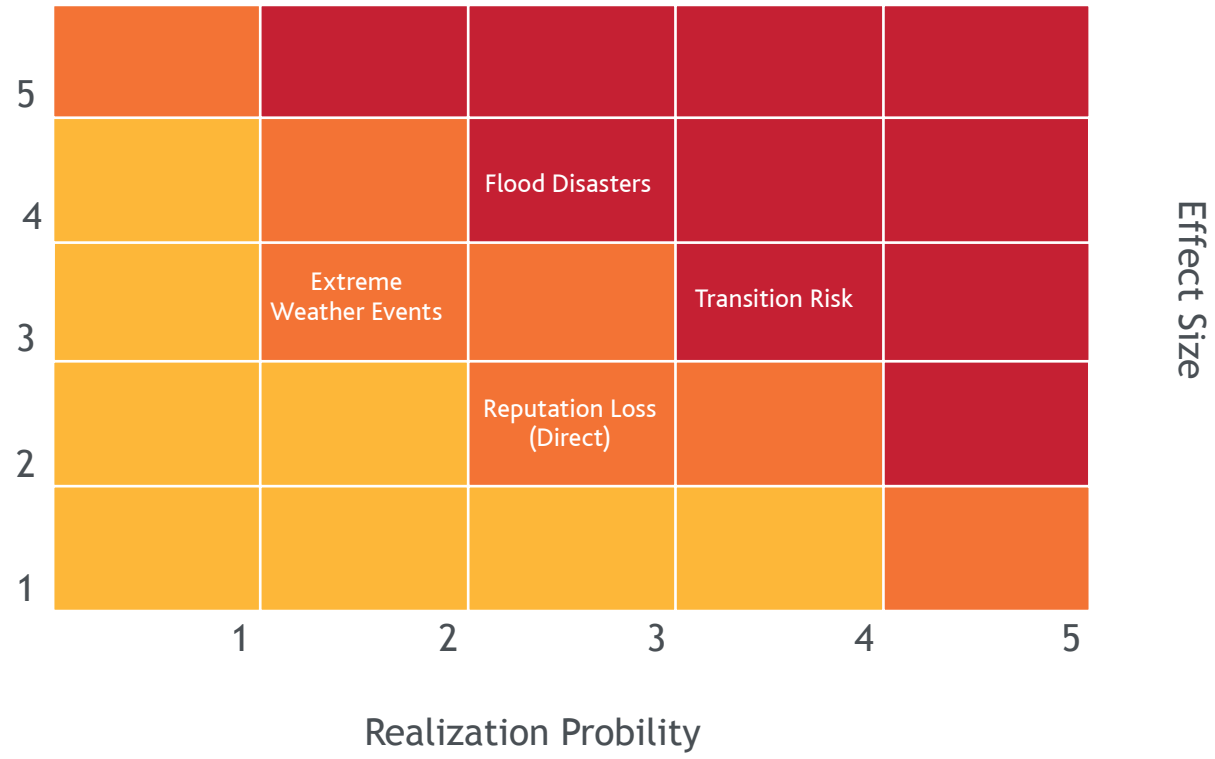
- **Risk frequency (occurrence rate):** The probability and frequency of a given risk occurring are evaluated based on historical data and regional climate projections.
- **Financial impact magnitude:** The potential effect of the risk on the credit portfolio, collateral structure, customer activities, and overall financial performance is analyzed.
- **Regulatory compliance level:** The degree of alignment with national and international sustainability regulations (e.g., Green Deal, TCFD, BRSA sustainability guidelines) is taken as an evaluation criterion.

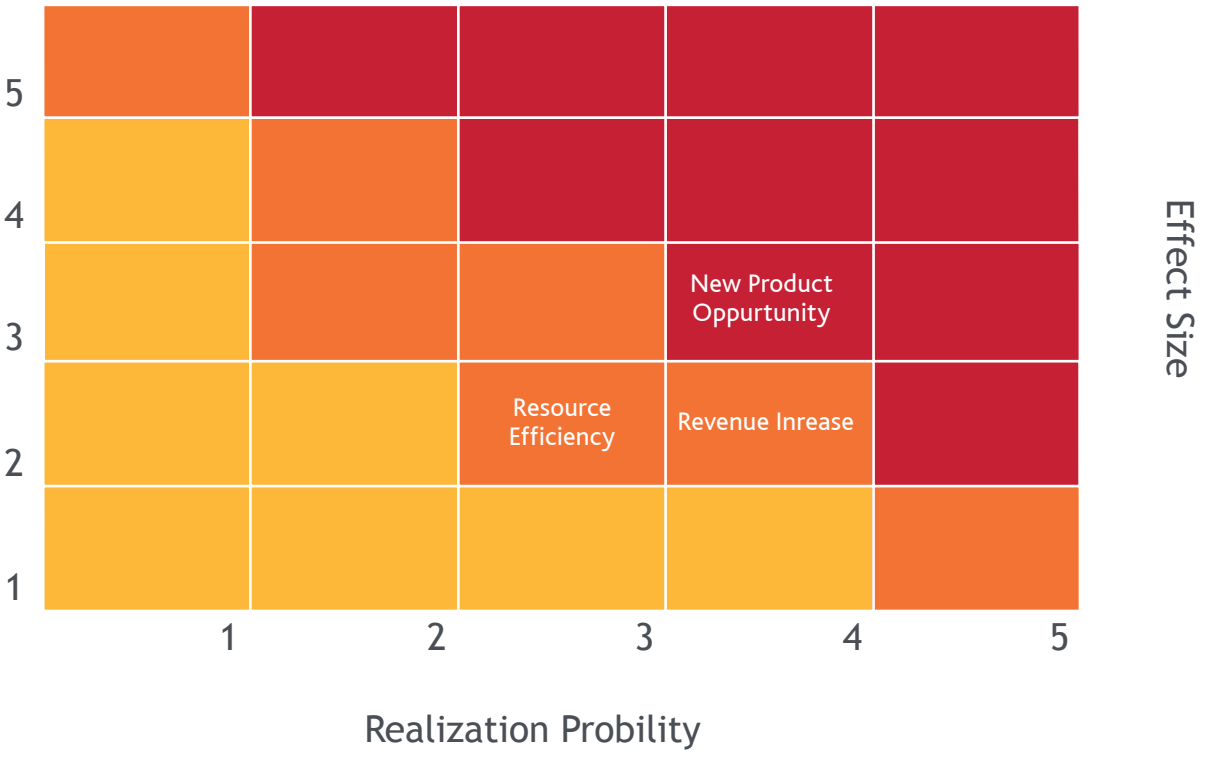
Accordingly, environmental and climatic impacts are planned to be analyzed during credit allocation and restructuring processes; environmental impact assessment is foreseen as a prerequisite, especially in transactions involving high-risk sectors and regions. Through the prioritization of climate-related risks, Albaraka Türk can more effectively manage sustainability-based risks in strategic decision-making processes, enhance long-term resilience, and provide reliable information to its stakeholders in accordance with TSRS's principles of transparency and comparability.

Albaraka Türk plans to integrate the processes of identifying, evaluating, prioritizing, and monitoring climate-related risks and opportunities into its overall risk management structure. Within this framework, climate risks will be classified under the heading "environmental and social risks," which will be defined as a separate monitoring area in the bank's risk inventory.

The management of climate-related risks will especially be addressed in connection with main risk categories such as credit risk and reputational risk. ESG (Environmental, Social, and Governance) compliance is planned to be integrated into credit allocation and evaluation processes in the future, thus emphasizing the importance of considering climate impacts in risk assessments for carbon-intensive sectors.

Climate-Related Risk and Opportunity Assessment Matrices





Approach to Monitoring Climate-Related Risks

Albaraka Türk plans to enhance its processes for monitoring climate-related risks and integrate them into the corporate risk management system. Accordingly, it aims to monitor climate risks structured under two main categories:

Physical risks encompass environmental impacts arising from extreme weather events such as floods, droughts, storms, and long-term climate change. These risks are expected to particularly affect branch infrastructure and the continuity of operational activities, and systematic monitoring of these effects is planned for future periods.

Transition risks include risks arising from external factors such as carbon taxes, new environmental regulations, market expectations for green financing, and technological transformation. The bank plans to conduct more comprehensive analyses of these risks in the upcoming period and evaluate the exposure levels of financing provided to specific customer groups, especially carbon-intensive sectors, to these risks.

Within this scope, preparations are ongoing for monitoring credits given to carbon-intensive sectors, gradually integrating customers' environmental impacts into credit assessment processes, and including climate risks within the general risk management framework. Additionally, evaluating the potential effects of environmental risks on the bank's long-term capital structure, asset quality, and balance sheet resilience is planned as a key part of the monitoring system.

This reporting period marks the first time for Albaraka Türk to systematically, data-drivenly, and structurally address climate-related risks and opportunities. While climate-related elements were previously evaluated within the general sustainability framework in prior reporting periods, this period has seen the separate detailing of climate risks and opportunities, analysis through impact-likelihood matrices, and integration into the corporate risk management system for the first time.

In this context, processes for identifying, evaluating, and prioritizing climate-related risks and opportunities have been updated with a new assessment approach based on both qualitative and quantitative criteria, utilizing internal and external data sources. Albaraka Türk aims to further deepen and develop its methodology and internal control processes in this area in upcoming reporting periods and to establish a fully TSRS-compliant climate risk management structure at the corporate level.

Climate-Related Metrics And Targets

Climate-Related Metrics And Targets

Our Emissions

Albaraka Türk began calculating greenhouse gas emissions for the first time in 2021 and measures these emissions in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standards (2004) (GHG Protocol) as specified by TSRS 2. The bank applies the operational control approach when defining the organizational framework for reporting greenhouse gas (GHG) emissions. Calculations are conducted in three categories gross Scope 1 and Scope 2to comprehensively assess the environmental impacts of activities. Following the completion of data collection and analysis processes, the Bank plans to include Scope 3 emissions in its reporting in future periods.

Scope 1: Direct emissions (e.g., natural gas, fuel consumption)
Scope 2: Indirect emissions based on electricity consumption (location-based)

The data used in the calculations are obtained from direct consumption information related to the bank's internal operations, and emissions are calculated using emission factors based on widely accepted national and international sources. In this context, emission factors published by the Republic of Turkey Ministry of Energy and Natural Resources (ETKB), IPCC (Intergovernmental Panel on Climate Change), DEFRA (Department for Environment, Food & Rural Affairs), and EPA (U.S. Environmental Protection Agency) are referenced.

The reason for preferring the GHG Protocol is that this methodology provides a fully TSRS-compliant, internationally comparable, transparent, and auditable structure. Albaraka Türk bases its calculations on direct consumption data to achieve results closest to operational reality.

Thanks to this approach, the greenhouse gas inventory is used not only for annual reporting but also effectively in strategic decisions such as sustainable financing, product development, and resource management.

Table 20. Carbon Footprint Data

Year	Scope 1 (tCO2e)	Scope 2- Location Based (tCO2e)	Scope (1 & 2) (tCO2e)
2024	4.034,66	6.109,25	10.143,91

Table 21. Bank and Consolidated Subsidiaries Scope 1 & 2 Data

	Scope 1 (tCO2e)	Scope 2 (tCO2e)
Banka ve Konsolide edilen Bank and Consolidated Subsid-	4.034,66	6.109,26
Associates and Non-Consolidated Subsidiaries:	288.04	208.20
Katılım Emeklilik ve Hayat A.Ş.	244.64	33.09

Targets

Albaraka Türk considers combating climate change as a fundamental element of its corporate strategy and accordingly adopts the long-term environmental goal of achieving net zero emissions by 2053. To achieve this goal, the Bank follows a strategic roadmap to reduce greenhouse gas emissions from operational activities and manage financed emissions.

With its "It's Up to Us" approach, which is based on the balanced and efficient use of resources, Albaraka Türk is committed to continuously measuring and reducing its impact on the environment and acting with a sense of social responsibility for a sustainable future.

Within the framework of regulatory compliance, the Company closely monitors climate legislation and carbon regulations (e.g. ETS, Green Deal compliance) that are expected to be enacted in Turkey, and supports product and service development processes in line with the European Union Taxonomy. In the fight against climate change, the Company shapes its climate strategy by taking into account both international developments and Turkey's national climate commitments. In addition, Turkey's ratification of the Paris Climate Agreement in 2021 and its official adoption of the net zero emission target for 2053 in line with the agreement's goal of limiting global warming to 1.5°C has been one of the main pillars of the Bank's long-term sustainability policies. In addition, the Bank has carried out infrastructure work to create sustainable products in line with green sukuk and interest-free finance principles. The Bank considers its environmental impact not only from an operational perspective but also from a broader perspective such as supply chain, product development and social responsibility, and with this approach, it also operates in social areas such as health, education, vulnerable groups and humanitarian aid in line with the Sustainable Development Goals.

At Albaraka Türk, the monitoring and updating of climate-related activities at the corporate level is carried out within the framework of a structured governance mechanism. In this context, efforts are guided and reviewed by the Corporate Governance and Sustainability Committee. The Investor Relations and Sustainability Manager acts as the secretariat of the Committee and is responsible for monitoring sustainability efforts, coordinating sub-working groups and reporting sustainability-related issues to the Committee. Thanks to this structure, activities are not only determined, but also monitored and audited.Albaraka Türk has decided to carry out feasibility studies on issues such as reducing water consumption and improving waste management. Environmental issues are also included in the scope of monitoring and developments in these areas are regularly reported.

Among the qualitative targets Albaraka Türk has set as part of its climate and environment strategy are reducing its carbon footprint, increasing energy efficiency, improving waste management systems, implementing environmentally friendly building practices, and disseminating cost-saving technologies. To achieve these goals, digitalization is supported by Robotic Process Automation (RPA) technologies, thereby increasing operational efficiency and reducing paper consumption and transportation-related emissions.

Albaraka Türk is conducting feasibility studies to set targets for reducing greenhouse gas emissions and expanding its product range to offer green financing products to its customers. Once the infrastructure and development work has been completed, emission reduction targets will be announced.

The implementation of the targets that will be set in the coming years following the feasibility studies will be valid across all locations where operational activities are conducted; it will require actions aligned with the climate strategy not only at the central management level but also at the field operations and subsidiaries levels. In this way, the bank manages its sustainability performance with a holistic approach and adopts a consistent understanding of environmental responsibility across the organization.

Albaraka Türk regularly measures its Scope 1 and Scope 2 emissions and has been reporting on the CDP (Carbon Disclosure Project) platform since 2021, sharing its performance with the public transparently at the international level.The measurement of emissions is carried out within the framework of the internationally recognized Greenhouse Gas Protocol (GHG Protocol) and the annual carbon emission amount is monitored in line with this standard.

Albaraka Türk's climate-related efforts are aimed at both reducing emissions and ensuring adaptation to climate change. As part of its strategy to achieve net zero emissions by 2053, the Bank aims to create a more sustainable business model by reducing its environmental impact.

In line with emission reduction efforts, infrastructure works are being carried out to reduce carbon emissions from the Bank's operational activities, increase energy efficiency, and reduce paper consumption through digital applications.

Carbon emission targets are monitored through emission inventory reports prepared every year, and these reports are evaluated by the relevant committees and units and their performance is monitored.

Within the scope of compliance efforts, the Bank aims to increase resilience against climate risks in its business processes and to expand environmental sustainability practices. In this context, integration of climate risks into the corporate risk management process, monitoring of financed emissions and infrastructure work to increase the volume of green financing are among the priority areas.

Albaraka Türk's climate-related efforts are carried out in a manner that encompasses the entire corporate structure of the bank. In this context, the identified emission reduction and sustainability efforts include the Head Office, Regional Directorates, all branches and consolidated subsidiaries.

There are currently no carbon offsets, carbon credits or carbon capture and storage (CCSD) practices within the scope of the Bank's operations. Therefore, the gross and net greenhouse gas emission targets are the same and are based solely on improving emission performance through mitigation.

The greenhouse gas emission target set by Albaraka Türk is based on a corporate decarbonization strategy developed in line with the bank's own operational structure, emission profile and sustainability priorities. Within the scope of this strategy, improvement areas for reducing emissions have been identified and topics such as resource consumption reduction, energy efficiency practices and sustainable financing policies have been prioritized. The target was set in line with Turkey's 2053 net zero emission commitment.

EVENTS AFTER THE REPORTING PERIOD

Transactions, events, or conditions that occur after the end of the reporting period but before the date on which the financial statements relating to sustainability are approved for publication are evaluated and disclosed where they could reasonably influence the decisions of users of general-purpose financial statements.

As of the 2024 reporting period, the Environment and Sustainability Policies have been updated as a significant development of this nature, although no such events have occurred. Albaraka Türk maintains the relevant internal control and reporting mechanisms to ensure that such events are disclosed to the public if detected.

During this period, there was also a change in the Board of Directors, with Board Member Mustafa Büyükabacı resigning. Ahmet Akça was elected Chairman of the Audit Committee by a decision of the Board of Directors and has taken up his duties.
In the event of similar situations arising in the future, the necessary disclosures will be made in accordance with TSRS 1 Article 68.

TSRS REPORTING PRINCIPLES GUIDE

Calculation Principles for Metrics

The information contained in the principles in this guide covers the 2024 fiscal year ending December 31, 2024 (January 1, 2024 - December 31, 2024) and the r02levant operations of the Bank's Head Office, Regional Directorates, and branches in Türkiye, as detailed in the Basic Definitions and Reporting Scope section.
The "Scope 1 Emissions (Bank and Consolidated Subsidiaries)" and "Scope 2 Emissions (Bank and Consolidated Subsidiaries)" indicators within the environmental indicators included in these principles include data for the Bank and its subsidiaries listed below:
- Bereket Varlık Kiralama A.Ş.
- Değer Varlık Kiralama A.Ş.
- Albaraka Portföy Yönetimi A.Ş.

The "Scope 1 Greenhouse Gas Emissions (Affiliates and Unconsolidated Subsidiaries)" and "Scope 2 Greenhouse Gas Emissions (Affiliates and Unconsolidated Subsidiaries)" indicators cover only the data of the companies listed below, which have operational control over subsidiaries accounted for using the equity method in the Bank's consolidated financial report:
- Katılım Emeklilik ve Hayat A.Ş.

General Reporting Principles

The following principles were followed in the preparation of this guidance document:
- In preparing information, we emphasize the fundamental principles of relevance and reliability for information users.
- In reporting information, we emphasize the principles of comparability/consistency with other data, including the previous year, and the principles of understandability/transparency, which provide clarity to users.

Basic Definitions and Reporting Scope

In line with the purpose of this report, the Company makes the following definitions:

Type	Indicator	Scope / Description
Enviromental	**Fuel Consumption Amounts According To Fuel Type and Purpose of Use**	
	Natural Gas Consumption (m^3)	The Bank's natural gas consumption amount, tracked from service provider invoices. Including consumption by the Bank and its subsidiaries.
	Electricity Consumption (kWh)	The Bank's grid electricity consumption, tracked from the invoices of service providers. Including the consumption of the Bank and its subsidiaries.
	Diesel Consumption (L)	The total of the Bank's company vehicle diesel consumption, generator diesel consumption, and heating diesel consumption. Including consumption by the Bank and its subsidiaries.
	Gasoline Consumption (L)	The Bank's company vehicles' gasoline consumption. Including consumption by the Bank and its subsidiaries.
	Refrigerant Use (kg)	The amount of refrigerant filled is tracked on the air conditioning maintenance company's service forms. This includes consumption by the bank and its subsidiaries.
Environmental	**Greenhouse Gas Emission Indicators**	
	Scope 1 Greenhouse Gas Emissions (tCO2e) (Bank and Consolidated Subsidiaries)	Direct greenhouse gas emissions come from diesel, natural gas, gasoline, and refrigerant. Including banks and their subsidiaries.
	Scope 1 Greenhouse Gas Emissions (tCO2e) (Affiliates and Unconsolidated Subsidiaries)	Greenhouse gas emissions of subsidiaries directly originating from diesel, natural gas, gasoline and refrigerant.
	Scope 2 Greenhouse Gas Emissions (Location-Based) (tCO2e) (Bank and Consolidated Subsidiaries)	Indirect greenhouse gas emissions from electricity consumption, based on location. Including the bank and its subsidiaries.
	Scope 2 Greenhouse Gas Emissions (Location-Based) (tCO2e) (Affiliates and Unconsolidated Subsidiaries)	Location-based indirect greenhouse gas emissions from subsidiaries' electricity consumption.
	Scope 2 Greenhouse Gas Emissions (Market-Based) (tCO2e) (Bank and Consolidated Subsidiaries)	Market-based greenhouse gas emissions after indirect emissions from electricity consumption minus renewable energy (YEK-G). Including banks and their subsidiaries.

The environmental consumption data and greenhouse gas emission values published in Albaraka Türk's 2024 Integrated Activity Report were calculated by Sustable, the first company licensed by the Turkish Standards Institute (TSE) for carbon footprint calculation and reporting. These data are reported in full compliance with the reporting requirements of the Greenhouse Gas (GHG) Protocol and the ISO 14064-1:2019 standard

Data Preparation
Environmental Indicators
Total Energy Consumption (MWh)

Albaraka Türk Participation Bank Inc. and its subsidiaries report direct energy consumption, including primary fuel sources consisting of natural gas, electricity, vehicle fuels (diesel and gasoline), and generator-diesel consumption. The data is as follows:

Energy Type	2024
Total Electricity Consumption (MWh)	13.819,66
Grid Electricity	13.819,66
Renewable Electricity	0,00
Natural Gas	7.052,41
Gasoline	7.186,25
Diesel Fuel	285,68
Total Electricity Consumption (MWh)	28.344,00

Fuel Consumption Amounts by Fuel Type and Purpose of Use

Natural Gas

The consumption of natural gas by the general management, regional management offices, and most of the branches heated by natural gas is monitored using invoices received from service providers. Natural gas consumption for branches heated with natural gas but not invoiced is tracked through dues payments, and approximate consumption values for these branches are calculated based on the annual average consumption values of other branches. For branches, where consumption data in Turkish Lira is available but volume data is not available, annual consumption data is calculated based on the unit pricing of the relevant official institutions.

Formula: Total Annual Natural Gas Consumption Tracked from Service Provider Companies' Invoices (m3) * Number of Branches Tracking Natural Gas Consumption Based on Dues (#) / Number of Branches Consuming Natural Gas from Service Provider Companies' Invoices (#) Total Natural Gas Consumption Amount Tracked from Payment Receipts Paid to Service Provider Companies (TL) * Unit Natural Gas Price (m3 / TL)1

Scope 1 Greenhouse Gas Emissions (tCO2e)

Global Warming Potential (GWP) coefficients were taken from the Intergovernmental Panel on Climate Change (IPCC) 6th Assessment Report, while emission factors were taken from the Department for Environment, Food and Rural Affairs (DEFRA) 2024 Emission Factors report published by the UK government. The resulting tonnes of carbon dioxide equivalent (CO2-e) were calculated by multiplying the value by the appropriate coefficients.

Formula: Fuel Emissions (Efuel) = Activity Data (FV) * Emission Factor (EF) * Oxidation Factor (EF)

Reporting Guide
Scope 1

Emission Source	Emission Factor	CO2e (kgCO2/TJ)	CO2 (kgCO2/TJ)	CH4 (kgCO2/TJ)	N2O (kgCO2/TJ)	References
Heating Fuel Consumption - Natural Gas (m^3)	-	56.100,00	5	0,1		IPCC (2006), Vol 2., Chapter 2, Table 2.4.
Heating Fuel Consumption - Diesel (lt)	-	74.100,00	10	0,6		IPCC (2006), Vol 2., Chapter 2, Table 2.4.
Generator - Diesel (lt)	-	74.100,00	10	0,6		IPCC (2006), Vol 2., Chapter 2, Table 2.4.
Company Transportation Vehicles - Gasoline (lt)	-	69.300,00	25	8		IPCC (2006), Vol 2., Chapter 3, Table 3.2.1 & 3.2.2.
Company Transportation Vehicles - Diesel (lt)	-	74.100,00	3,9	3,9		IPCC (2006), Vol 2., Chapter 3, Table 3.2.1 & 3.2.2.
Refrigerants - R410A (kg)	2.255,50	-	-	-	-	IPCC Sixth Assessment Report (AR6)
Refrigerants - R134A (kg)	1.530,00	-	-	-	-	IPCC Sixth Assessment Report (AR6)
Refrigerants - R32 (kg)	771	-	-	-	-	IPCC Sixth Assessment Report (AR6)
Refrigerants - R22 (kg)	1.960	-	-	-	-	IPCC Sixth Assessment Report (AR6)

Scope 2

Emission Source - Scope 2	Emission Factor (kgCO2e/MWh)
Türkiye Electrcity (Grid Source)	0,44

Significant Judgments and Measurement Uncertainties

The Company's process for identifying financially significant sustainability risks and opportunities and determining the key information to be reported is based on forecasts and forward-looking information, including short-, medium-, and long-term expectations for Total Assets and Period Profit, which are important performance indicators for the sector. However, these assessments require the use of estimates for certain amounts that cannot be directly measured. Climate-related metrics and targets, operational limits, and assumptions related to emissions calculations are provided under the heading "Data Preparation," and information regarding these metrics is explained on pages 52-55 of this Report. The Company uses transition and global climate scenarios (RCP 2.6, RCP 4.5, RCP 8.5, and Orderly, Disorderly, and Hot House World published by the NGFS (Network for Greening the Financial System)) to estimate the financial and physical impacts of sustainability-related risks and opportunities.

These scenarios involve uncertainties about how climate change will affect the frequency and intensity of climate events that the Company may face, including the impact of transition risks and increas-

es/decreases in greenhouse gas emissions. These uncertainties arise from variability in climate projections and potential unexpected changes in the behavior of natural and abnormal weather events due to changing weather patterns and evolving climate conditions.

The changes in the Company's financial performance, which are covered on pages 27-30 of this Report and may be affected by the transition mechanism to a lower-carbon economy and any additional financial obligations arising within this mechanism, are based on forecasts and forward-looking information including short-medium and long-term expectation.

The calculation steps for the financial impacts of global warming, which are included between pages 19 and 26 of this Report, and the changes that may occur in the company financial performance in response to these impacts are based on forecasts and forward-looking information that include short, medium, and long-term expectations.

Assumptions Used

This report uses the following key assumptions and methodological approaches in assessing climate risks and opportunities:

Climate Scenarios:The RCP (Representative Concentration Pathways) scenarios developed by the IPCC were used for the analysis of physical risks. For example, RCP 2.6 represents low emissions, RCP 4.5 represents medium emissions, and RCP 8.5 represents high emissions. The potential impacts of parameters such as the frequency and severity of extreme weather events under different temperature increase pathways on the bank's portfolio were qualitatively assessed. In the assessment of transition risks, the orderly, disorderly, and hot house world scenarios published by the NGFS (Network for Greening the Financial System) were considered. Within this framework, the sectoral impacts of factors such as rising carbon prices, regulatory pressures, and market adaptation were examined.

Emission Calculation Methods: The greenhouse gas emission inventory was calculated in accordance with the GHG Protocol standard, using direct consumption data (natural gas, electricity, etc.) and national (ETKB) and international (IPCC, DEFRA, EPA) emission factors. As of 2024, with the expansion of the scope, indirect sources such as supply chain, employee transportation, and business travel have been calculated in more detail, and initial analyses have been conducted for financed emissions. As of the current reporting period, the Bank has not applied a carbon price per metric ton to assess the costs of greenhouse gas emissions. This is related to the Bank's lack of direct emissions-intensive activities and the fact that internal carbon pricing practices have not yet become widespread.

Geographic Distribution of Physical Risks: The exposure of financed assets and the cities where clients in the portfolio are located to extreme weather events was assessed using heat map analyses generated through the WRI Aqueduct platform. This projected which regions were more susceptible to floods, droughts, storms, and similar extreme natural events.

Carbon Pricing: The potential cost-increasing effects of carbon prices and mechanisms such as the Border Carbon Adjustment Mechanism (BCM) on high-carbon sectors in the bank's portfolio (e.g., iron and steel, aluminum, automotive, energy, mining) were assumed. Default risks were incorporated into the scenarios, taking into account the potential pressures on loan repayment capacity of these sectors.

Projected Financial Impact Calculation: When determining the potential financial impacts of climate risks and opportunities, various assumptions regarding macroeconomic, sectoral, and regulatory conditions were taken into account. In line with all the methodological approaches mentioned, an attempt was made to predict the impact of risks on the portfolio both qualitatively and quantitatively; the assumptions used in these projections were based on available data and accepted projections. In some opportunity areas, analyses were conducted based on a growth projection aligned with sector credit projections.

Judgements and Uncertainties

The sustainability data presented in this report has been compiled within the scope of Albaraka Türk Participation Bank Inc.'s operations in Türkiye, using operational data obtained from relevant internal systems and external information obtained from national and international sources of recognized reliability.

The data is largely based on measurement, calculation, and, to a limited extent, estimation. It may contain approximate values, particularly in areas such as emissions calculations and risk assessments. Therefore, while some information may not be absolutely precise, it is intended to provide meaningful and reliable indicators.

The preparation of sustainability-related disclosures was based on international reporting standards (e.g., GHG Protocol, IPCC, TCFD), sectoral practices, and regulatory expectations. Professional judgment was exercised regarding the scientific validity, validity, and relevance of the data sources used to the institutional context.

Restatement of Opinion

Measurement and reporting of verified data inevitably involves a degree of estimation. If there is a change in the bank-level data of more than 5%, a restatement of opinion may be considered.

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

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON ALBARAKA TÜRK KATILIM BANKASI A.Ş. AND ITS SUBSIDIARIES SUSTAINABILITY INFORMATION IN ACCORDANCE WITH TURKISH SUSTAINABILITY REPORTING STANDARDS

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

We have undertaken a limited assurance engagement on Albaraka Türk Katılım Bankası A.Ş. and its subsidiaries (collectively referred to as the "Group"), Sustainability Information for the year ended 31 December 2024 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 information in respect of earlier periods or linked to from the Sustainability Information (including any images, audio files, document embedded in a website or embedded videos).

Our 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 Group's Sustainability Information for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with Turkish Sustainability Reporting Standards published in the Official Gazette dated 29 December 2023, and numbered 32414(M) and issued by Public Oversight Accounting and Auditing Standards Authority (the "POA") . We do not express an assurance conclusion on information in respect of earlier periods or linked to from the Sustainability Information including any images, audio files or embedded videos.

Inherent Limitations in Preparing the Sustainability Information

The Sustainability Information is subject to inherent uncertainty because of incomplete scientific and economic knowledge. Greenhouse gas emission quantification is subject to inherent uncertainty because of incomplete scientific knowledge. Additionally, the Sustainability Information includes information based on climate-related scenarios that is subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future physical and transitional climate-related impacts.

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

The Group Management is responsible for:

- Preparation of the sustainability information in accordance with 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;
- The Group Management is also responsible for the selection and implementation of appropriate sustainability reporting methods, as well as making reasonable assumptions and developing estimates in accordance with the conditions.

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
- Reporting our conclusion to the Directors of Group.
- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control.
- Design and perform procedures responsive to where material misstatements are likely to arise in the sustainability information. 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 can 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 taken on the basis 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 as doing so may compromise our independence.

Professional Standards Applied

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

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") 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, in particular, to assist with determining the reasonableness of Group's information and assumptions related to climate and sustainability 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:

- Inquiries were conducted with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period
- The Group's internal documentation was used to assess and review the information related to sustainability;
- Considered the presentation and disclosure of the Sustainability Information.
- Through inquiries, obtained an understanding of Group's control environment, processes and information systems relevant to the preparation of the Sustainability Information, but 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, but 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.

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.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Independent auditor

Istanbul, 7 August 2025

Statement of Responsibility

STATEMENT of RESPONSIBLITY REGARDING COMPLIANCE REPORT FOR TURKISH SUSTAINABILITY REPORTING STANDARDS (TSRS) FOR THE PERIOD OF 1 JANUARY 2024 – 31 DECEMBER 2024

We hereby declare that, Albaraka Türk Katılım Bankası A.Ş. 2024TSRS Complied Sustainability Report, for the year ending 31 December 2024, prepared in accordance with Turkish Sustainability Reporting Standards ("TSRS") published by the Public Oversight Accounting and Auditing Standards Authority in the Official Gazette [dd. 29 December 2023, Nr. 32414(M)], does not contain any misstatements or omissions on material matters and accurately reflects the Bank's sustainability activities.

Respectfully,

Malek Khodr TEMSAH	**Umut ÇAKMAK**
Chief Executive Officer	Assistant General Manager

Ahmet AKÇA	**Mohamed Ali CHATTI**	**Khaled A. Mohamed ATEEQ**
Chairman of Audit Committee	Member of Audit Committee	Member of Audit Committee

Contact:

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