



بنك الاتحاد
Bank al Etihad

2025

Climate Report

Growing with Purpose

Table of Contents

01

Chairman Letter 3

02

Introduction 5

03

Governance 12

04

Strategy 21

05

Risk Management 36

06

Metrics and Targets 41

07

Appendix 48



Chairman Letter

1

Chairman Letter

2025 has been a defining year for Bank al Etihad Group. Following the successful integration of Investbank, we have entered a new chapter as a larger, more diversified financial institution with an expanded responsibility to our customers, shareholders, employees, and the communities we serve.

This transformation extends beyond scale. It represents an opportunity to strengthen how we create long-term value, manage emerging risks, and contribute to Jordan's economic development. Sustainability remains central to this vision, supporting resilience, competitiveness, and responsible growth across the Group.

As the financial sector navigates an increasingly complex landscape shaped by climate change, evolving stakeholder expectations, and emerging regulatory requirements, we continue to strengthen our approach to sustainability and climate-related risk management. Building on the publication of Jordan's first IFRS-aligned Climate Report in 2024, we further advanced our sustainability reporting practices during 2025 through the continued implementation of IFRS Sustainability Disclosure Standards, including IFRS S1 and IFRS S2.

This year also marks an important milestone as we expand climate-related reporting across the Group following the integration of Investbank. By strengthening governance structures and enhancing climate risk management practices, we are improving our ability to identify, assess, and manage climate-related risks and opportunities while increasing transparency for our stakeholders.

Our commitment to sustainable finance continues to generate tangible results. As of year-end 2025, the Group's green financing portfolio reached approximately JOD 414 million, representing around 10.14% of total lending facilities. This growth reflects increasing demand for financing solutions that support renewable energy, energy efficiency, sustainable transportation, green buildings, and other activities that contribute to Jordan's transition toward a more sustainable and resilient economy.

We have also continued to strengthen our institutional capabilities through strategic partnerships with international organisations, including the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). These collaborations have supported the enhancement of our climate risk management framework, sustainable finance offerings, and transition planning capabilities, while enabling us to channel funding and technical support to businesses seeking to adopt more sustainable practices.

Equally important is our investment in people. By continuing to build sustainability knowledge and capabilities across the organisation, we are ensuring that our employees remain equipped to champion a culture of sustainability, embrace innovation, and contribute meaningfully to our long-term vision of responsible growth and positive impact that extends beyond our organisation, creating lasting value for our customers, stakeholders, and future generations.

The transition to a low-carbon economy presents both opportunities and challenges. We believe financial institutions have a critical role to play in enabling this transition through responsible lending, sound governance, effective risk management, and innovative financial solutions. Our ambition is not only to respond to change but to help shape it by supporting the sustainable development of Jordan's economy and financial sector.

Looking ahead, we remain committed to creating long-term value for our stakeholders while strengthening the resilience of our institution and the communities we serve. Through disciplined execution, strategic partnerships, and a continued focus on sustainability, Bank al Etihad Group is well-positioned to navigate the future with confidence.

On behalf of the Board of Directors, I extend my sincere appreciation to our management team, employees, customers, shareholders, and partners for their continued trust and support. Together, we are building a stronger, more resilient, and more sustainable institution for future generations.

Basem Isam Salfiti
Chairman



Introduction

2

About Bank al Etihad

Bank al Etihad is a leading Jordanian banking and financial institution that has been serving customers since 1978. With a strong presence in Jordan, the Group provides a comprehensive suite of financial services through its subsidiaries, including brokerage, leasing, Islamic banking, and financial technology solutions. The Bank also maintains a strategic 9.99% investment in The National Bank, Palestine, and holds a seat on its Board of Directors.

In 2017, Bank al Etihad acquired a controlling stake in Safwa Islamic Bank. In 2024, it expanded regionally by opening its first branch in Iraq. The Bank further strengthened its presence in Jordan by merging with INVESTBANK in 2025 and by acquiring the operations and branches of the Egyptian Arab Land Bank in Jordan.

These strategic milestones mark a transformative chapter in the Group's growth journey, reinforcing its market position, expanding its customer base, and enhancing its product and service offering. The integration has increased the Group's scale, strengthened its capabilities, and expanded its branch, ATM, and digital banking network, enabling it to deliver an enhanced banking experience across its markets.

Today, Bank al Etihad Group employs 3,034 employees across Jordan and Iraq and continues to play a key role in supporting economic growth by providing financial solutions to individuals, SMEs, corporates, and institutional clients.

The Group's strategy is centred on digital innovation, customer empowerment, and sustainable growth. It aims to become Jordan's leading digital bank by leveraging technology, data-driven insights, and innovative financial solutions to enhance customer experience and expand access to finance. Sustainability remains a core pillar of the Group's strategy, underpinning its approach to responsible banking, financial inclusion, climate resilience, and long-term value creation.

Our Values

Description



Endlessly Entrepreneurial

We're courageous by nature. We didn't get to where we are today by following the herd. We relentlessly seek new business opportunities, markets, and ideas. When we recognise that spirit in others, we're prepared to back them up.



Always Learning

The financial landscape is in a constant state of flux. We're always looking to expand our knowledge and use new technologies to evolve and grow with it. We're just as passionate about sharing what we learn.



Championing Creativity

We understand art and culture's impact on helping us grow as individuals and communities. The more we embrace them, the more we increase our imagination. This allows us to dig deeper, approach traditional problems from fresh perspectives, and uncover what makes a business or investment truly special.



Family Values

At our heart we are built on family values, and from the moment someone opens an account with us, they become part of that family. Being part of our family allows access to our vast business network, knowledge base, and banking tools to succeed in what matters most to you.



OUR PURPOSE

To empower and engage

We're rooted in assisting our clients to flourish and meet their goals by offering banking services that are accessible on their terms, anytime and anywhere. From investing in education, renovating a home, to expanding a business, we're devoted to supporting their journey towards success.



OUR PROMISE

Shape your future

We enable our customers to craft their own destiny. Through a commitment to innovation, entrepreneurial spirit, and embracing new technologies, we offer forward-thinking services designed to fulfil individual needs and ambitions. Recognising life's various obstacles, we strive to simplify financial management. Prioritising our customers at every step, we're devoted to assisting them in creating a promising future.



Our DNA



Become Jordan's leading digital bank

We have a clear mission – to be the leading digital bank in Jordan. Our strategy is all about empowering people through digitalization and making finance accessible to all. We're dedicated to providing efficient and dynamic service while staying ahead of the game with new products and services. Sustainability is at the heart of everything we do, from supporting entrepreneurs and SMEs, promoting diversity and inclusion to paving the way for sustainable finance.



We are agile and innovative

We're passionate about growth and innovation. That's why we take an agile approach, finding the perfect balance between our business and continuous innovation. We encourage our team to think outside the box and bring their ideas to life. We listen to our customers and use technology to serve them better.



We are here for our customers every day

We want to be a part of our customers' daily lives. That's why we strive to provide the best experience through our employees, digital channels, and automated banking services. We're always available, anytime and anywhere.



Efficiency and productivity are key

We're committed to keeping up with the latest developments to serve our customers better. We optimize our resources, reduce costs, and increase efficiency all without compromising the customer experience.



Sustainable growth is our priority

We grow strategically, taking calculated risks and using the latest technologies to protect our environment and comply with regulations. We aim for growth and prosperity while remaining cost-effective.



Data-driven decision-making

We analyse data to design products and services that meet the needs of our customers. We're constantly improving and upgrading to meet market demands. Our aim is to provide unique services and gain our customers' trust.



Building a positive culture

We value diversity and strive to create a safe and encouraging workplace. We're always looking for new talent to join our team and help us innovate. We believe in giving our team the freedom to reach their goals and fulfil their ambitions.



Committed to sustainability

We hold ourselves to high standards of sustainability. We prioritize access to finance, support SMEs, and embed sustainability in every aspect of our business.

Our Approach to Climate-Related Financial Disclosure

The increasing importance of climate-related risks and opportunities, coupled with evolving regulatory and investor expectations, continues to shape the way organisations disclose information that may affect long-term value creation. In Jordan, the Amman Stock Exchange's climate-related disclosure requirements for companies listed on the ASE20 Index have further accelerated the adoption of internationally recognised reporting practices and reinforced the importance of transparent climate-related financial disclosures.

As a leading financial institution in Jordan, Bank al Etihad remains committed to integrating climate considerations into its governance, strategy, risk management processes, and decision-making activities. The Bank views climate-related disclosure as an important component of building resilience, strengthening risk management practices, supporting sustainable finance growth, and meeting the evolving information needs of investors and other stakeholders.

Following the publication of Jordan's first IFRS-aligned Climate Report in 2024, the Bank continued to enhance its climate-related reporting practices during 2025. This report reflects the continued implementation of the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB), including IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

The Bank's climate transition plan, developed in alignment with the goals of the Paris Agreement, continues to guide the integration of climate-related considerations across the organisation. During 2025, efforts focused on strengthening governance arrangements, enhancing climate risk management capabilities, improving climate-related data and reporting processes, and preparing for the progressive expansion of climate-related disclosures across the wider Group.

Bank al Etihad continues to publish sustainability disclosures in accordance with the Global Reporting Initiative (GRI) Standards, covering a broader range of environmental, social, and governance topics. Climate-related financial disclosures are reported separately through this dedicated IFRS-aligned Climate Report to provide stakeholders with decision-useful information regarding climate-related risks and opportunities that could reasonably be expected to affect the Bank's prospects.

This complementary reporting approach supports greater transparency, consistency, and comparability while enabling stakeholders to obtain a comprehensive understanding of both the Bank's overall sustainability performance and its climate-related risks and opportunities.

To gain a broader understanding of the Bank's sustainability performance, including its approach to people, communities, governance, and social impact, this report should be read alongside the Bank's Sustainability Report prepared in accordance with the GRI Standards.



Conceptual Foundations

Bank al Etihad seeks to incorporate the fundamental qualitative characteristics of useful information in preparing its climate-related financial disclosures. These characteristics support the development of information that is relevant, faithfully represented, comparable, verifiable, timely, and understandable to a broad range of stakeholders.

01 Scope

The information presented in this report reflects Bank al Etihad’s climate-related governance, strategy, risk management processes, and metrics and targets for the reporting period ended 31 December 2025.

Based on available information, disclosures have been prepared to provide a complete, neutral, and accurate representation of material climate-related risks and opportunities. The Bank continues to strengthen its climate-related data governance, methodologies, controls, and reporting processes to improve the reliability, consistency, and comparability of climate-related information over time.

All material information available at the reporting date has been included where considered necessary to support users’ understanding of climate-related risks and opportunities that could reasonably be expected to affect the Bank’s prospects.

01 Materiality

Bank al Etihad considers materiality to be a fundamental component of its climate-related financial disclosure process. Materiality assessments support the identification and prioritisation of climate-related risks and opportunities that could reasonably be expected to affect the Bank’s business model, strategy, cash flows, access to finance, or cost of capital over the short, medium, and long term.

The Bank’s material climate-related risks and opportunities were identified through its climate risk assessment process and the development of its climate transition plan. These assessments considered both physical and transition risks, as well as climate-related opportunities relevant to the Bank’s operations and financing activities.

Stakeholder engagement continues to inform the Bank’s disclosure approach by providing insights into the information needs and expectations of investors, regulators, customers, partners, and employees. These engagements support the ongoing refinement of climate-related disclosures and the prioritisation of information considered most relevant to users of this report.

External Stakeholder Engagements

Through our engagements with our external stakeholders, we identified the topics they prioritise and the types of non-financial sustainability information they are most interested in. We found that the majority of our stakeholders are interested in learning about our financial investments in sustainable projects, sustainability risks and how the bank is managing them, and the actions and impact of the bank in tackling climate change. Stakeholders demonstrated strong interest and understanding of our sustainability performance and commitment to climate transition, emphasising on opportunities for collective transition.

Internal Stakeholder Engagement

Through our engagements with our internal stakeholders, we sought to understand how aligned our employees are with our sustainability strategy and gain insight into what they think we should focus on based on how identified climate related issues can financially affect our business.

Through these engagements that focused on discussing climate related issues and their financial impact on our business, we were able to better understand our stakeholders’ level of awareness and understanding of how our bank is impacted by climate change, onboarded them on the actions taken by the bank to tackle these issues, and collected general insights on how it’s best to communicate our climate efforts with our stakeholders in a clear and transparent manner.

03 Reporting Entity

The scope of this report includes Bank al Etihad’s operations in Jordan and Iraq for the reporting period ended 31 December 2025.

The Bank is following a phased approach towards aligning its climate-related financial disclosures with its financial reporting boundary. As climate-related reporting capabilities, methodologies, governance processes, and data maturity continue to develop across the wider Group, the Bank intends to progressively expand the reporting scope to achieve greater alignment with its consolidated financial reporting boundary beginning in 2026.

Entity	Included in 2025 Climate Report	Basis for Inclusion / Exclusion
Bank al Etihad (Jordan)*	✔	Core reporting entity
Bank al Etihad Iraq	✔	Operationally integrated within the reporting scope
INVESTBANK	Planned for 2026	Planned inclusion in 2026 following integration of governance, data, and reporting processes
Etihad Leasing Company		Planned inclusion in 2026 following reporting boundary expansion
Etihad Brokerage		Limited financial materiality and climate-related impact
Safwa Islamic Bank		Operates under separate governance, management, and reporting structures. Planned inclusion in consolidated climate-related disclosures by 2026
Tamkeen Leasing Company		Planned inclusion in 2026 reporting cycle
Bindar Trading and Investment Company		
Tas'heelat for Financial Leasing		
Imdad Supply Chain Solutions		

*Bank al Etihad merged with INVESTBANK during 2025, while the operations and branches of the Egyptian Arab Land Bank in Jordan were acquired during the same year. The integration of governance, data, systems, and reporting processes across these operations continued throughout 2025 and 2026. Climate-related impacts associated with these entities are expected to be incorporated within the Bank’s disclosures as part of the planned expansion of the reporting boundary in 2026.

04 Connected Information

Where relevant, the Bank highlights the relationships between governance, strategy, risk management, and metrics and targets. These disclosures are intended to provide users with a connected understanding of how climate-related risks and opportunities are identified, assessed, managed, and monitored across the organisation.

05 Judgements

The Bank applies judgement in identifying, assessing, and disclosing climate-related risks and opportunities. Where relevant, disclosures include references to methodologies, assumptions, data sources, and external guidance used to support management’s assessment and decision-making processes.

06 Statement of Compliance

This report has been prepared with reference to the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB), including IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. Bank al Etihad remains committed to continuously enhancing its climate-related financial disclosure practices as methodologies, reporting capabilities, and climate-related data continue to mature across the organisation.

Our Journey



Our Progress

Having laid a solid foundation through a decade of strategic sustainability actions, Bank al Etihad is now entering a structured climate execution phase. The following roadmap outlines both our recent progress and forward-looking commitments, focused on deepening integration across governance, strategy, risk management, and performance measurement across Jordan and Iraq operations.

	2024	2025	2026
Strengthening Climate Governance and Oversight	- Activated Board-level climate oversight through Risk Board Committee - Formed the Chief Sustainability Steering Committee to oversee cross-departmental climate and sustainability implementation - Integration of climate KPIs into executive performance frameworks - Completed IFRS S1 and S2 readiness assessment and initiated phased implementation of gap areas - Initiated the drafting and institutionalisation of a climate & Sustainability management policy - Initiated development of a Carbon Emission Management Framework covering Scope 1, 2, and 3 (Categories 1–15) - Completed development of a Sustainable Finance Framework - Created cross-functional sustainability taskforces and working groups - Expanded the scope and mandate of the main sustainability working group - IFRS-aligned reporting structure established and disclosures initiated	- Operationalised the Climate & Sustainability Management Policy across the Bank - Published Bank al Etihad's first IFRS S1 and IFRS S2-aligned Climate Report - Enhanced climate-related data governance, controls, and reporting processes - Strengthened climate-related responsibilities across governance, risk, and business functions - Expanded sustainability working groups and taskforces to support implementation of the Climate Transition Plan - Initiated governance and reporting integration activities following the merger with INVESTBANK and acquisition of EALB operations	- Will expand climate governance and oversight practices across the wider Group - Will integrate climate-related governance structures and reporting processes across newly consolidated entities - Will extend implementation of the Climate & Sustainability Management Policy across the Group - Will strengthen climate-related accountability, performance monitoring, and internal controls - Will enhance Board and Executive oversight through expanded climate-related reporting and performance monitoring - Will advance climate-related data governance and disclosure maturity across the Group
Advancing Strategic Alignment with Climate Targets	- Enhanced and expanded the Bank's Sustainability Strategy to reflect evolving priorities, regulatory expectations, and sectoral insights - Initiated the development of a decarbonisation roadmap - Engaged clients in climate-related conversations to inform product development and strategic alignment - Expanded ESG product offerings to broader client segments - Joined the Partnership for Carbon Accounting Financials (PCAF) - Began aligning financed emissions methodology with PCAF standards - Integrated qualitative climate scenario analysis into business planning	- Finalised and approved the Bank's Climate Transition Plan - Initiated development of the Bank's decarbonisation roadmap - Advanced implementation of the Sustainable Finance Framework - Expanded sustainable finance and climate-related financing activities - Enhanced client engagement on climate-related risks, opportunities, and transition planning - Continued alignment of financed emissions methodologies with PCAF requirements	- Will begin implementation of the Bank's decarbonisation roadmap - Will expand implementation of the Climate Transition Plan across the wider Group - Will strengthen integration of climate-related objectives within strategic planning processes - Will expand sustainable finance and transition finance activities across additional sectors and customer segments - Will enhance client engagement on climate resilience and transition planning - Will continue advancement of financed emissions measurement and portfolio-level climate monitoring
Strengthening Climate Risk Integration Across the Risk Management Framework	- Integrated climate physical and transition risks into overall Risk Management Framework - Embedded ESG considerations into credit risk due diligence processes through our ESG Risk policy - Initiated physical risk exposure assessment to evaluate asset-level climate vulnerabilities - Initiated transition risk exposure assessment to examine policy, legal, and market risks - Integrated climate risk into the Bank's ICAAP, embedding it into capital adequacy planning	- Completed qualitative climate scenario analysis aligned with NGFS pathways - Enhanced climate risk assessment methodologies and monitoring capabilities - Strengthened integration of climate-related risks within ICAAP and capital planning processes - Continued integration of climate considerations into lending and portfolio management activities - Advanced climate-related risk metrics, monitoring, and reporting capabilities - Initiated planning for the expansion of climate risk assessments across the wider Group	- Will expand climate risk assessments across newly integrated entities and business lines - Will advance quantitative climate scenario analysis and stress testing capabilities - Will further embed climate-related risks within ICAAP, capital planning, and portfolio management processes - Will enhance climate-related risk monitoring, reporting, and escalation mechanisms - Will strengthen integration of climate-related considerations into lending and investment decision-making - Will expand climate-related risk metrics and management reporting across the Group
Enhancing Climate Metrics and Targets	- Advanced implementation of Scope 1 and 2 carbon accounting methodology, including ongoing data validation, boundary setting, and alignment with international reporting standards - Initiated baseline development for Scope 3 emissions (Categories 1–14) - Started the calculation of financed emissions calculations with PCAF standards - Mapped internal climate-related metrics against the disclosure requirements of ISSB (IFRS S2) to prepare for regulatory reporting and ensure consistency across climate disclosures	- Published the Bank's first IFRS-aligned climate-related financial disclosures - Enhanced Scope 1, Scope 2, and operational Scope 3 emissions measurement and reporting processes - Expanded financed emissions measurement across priority portfolios - Strengthened climate-related data quality, consistency, and reporting controls - Enhanced alignment between internal climate metrics and IFRS S2 disclosure requirements - Initiated preparations for future reporting boundary expansion	- Will expand the reporting boundary to include Bank al Etihad Group - Will increase alignment between climate-related disclosures and the Group's financial reporting boundary - Will expand financed emissions measurement and disclosure across additional portfolios and entities - Will enhance Scope 1, Scope 2, and Scope 3 emissions measurement and reporting capabilities across the Group - Will strengthen climate-related data quality, consistency, and assurance readiness - Will continue enhancement of IFRS S1 and IFRS S2-aligned disclosures

Our Climate Context

How is Bank al Etihad affected by climate change?

Climate change is not a distant environmental challenge-it is a financial and strategic consideration that is increasingly influencing the markets, clients, and sectors in which Bank al Etihad operates.

As a financial institution, climate-related impacts have the potential to affect credit quality, operational resilience, asset values, market dynamics, liquidity, and reputational risk. At the same time, the transition to a low-carbon and climate-resilient economy presents significant opportunities to support clients, develop innovative financial solutions, and drive sustainable growth.

Understanding these risks and opportunities is particularly important given the Bank's presence across Jordan and Iraq, both of which face increasing exposure to climate-related challenges.

Jordan

Climate change presents a significant challenge to Jordan's long-term economic resilience. As one of the world's most water-scarce countries, Jordan faces increasing pressure on its water resources, agricultural productivity, energy systems, and critical infrastructure. Rising temperatures, prolonged drought conditions, and increasing resource constraints have the potential to affect businesses, households, and economic activity across multiple sectors.

For financial institutions, these impacts may translate into increased credit, operational, market, and reputational risks, particularly within sectors that are highly dependent on natural resources or vulnerable to climate-related disruptions. At the same time, Jordan's transition towards a more sustainable economy is creating growing demand for renewable energy, energy efficiency, sustainable infrastructure, climate adaptation solutions, and green finance.

Iraq

Climate-related risks and opportunities also extend to the Bank's operations in Iraq. Rising temperatures, increasing water stress, desertification, and changing weather patterns continue to affect communities, infrastructure, and economic activity across the country. These impacts have the potential to influence business continuity, operational resilience, asset performance, and long-term economic development.

As Iraq continues to invest in economic diversification, infrastructure development, and resilience-building initiatives, opportunities are expected to emerge across sectors requiring climate adaptation, resource efficiency, and sustainable investment. Understanding these dynamics is increasingly important to supporting clients and strengthening the resilience of the Bank's operations and portfolio.

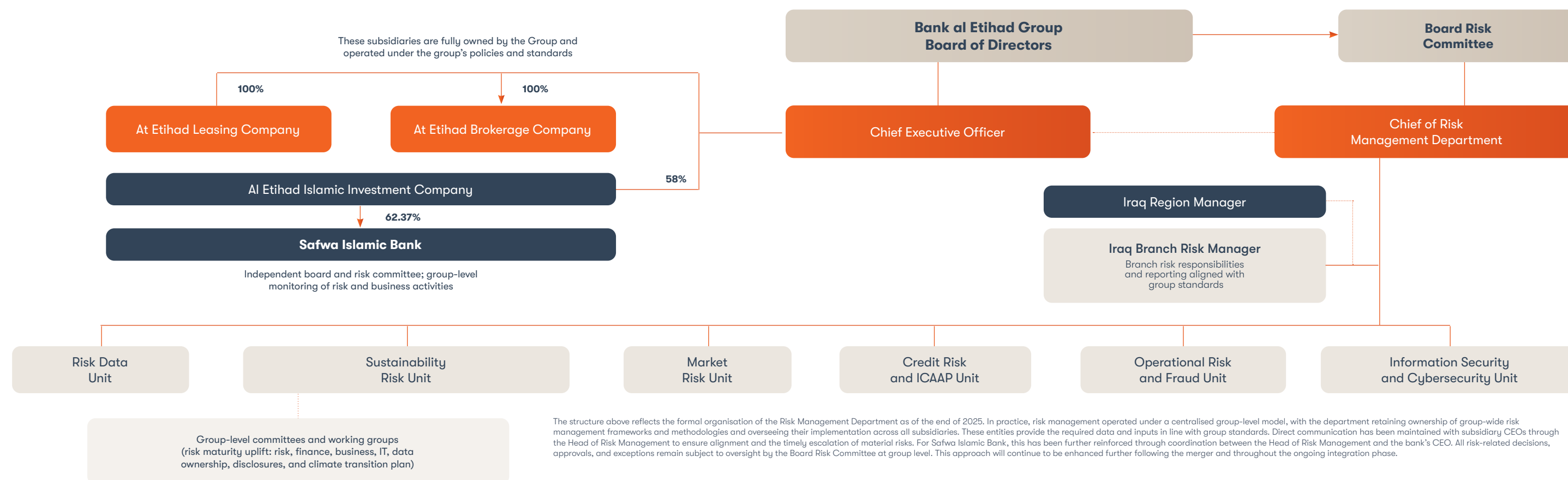
At Bank al Etihad, climate change is viewed through both a risk and opportunity lens. This perspective underpins the Bank's Climate Transition Plan and informs how climate-related considerations are integrated into governance, strategy, risk management, and sustainable finance activities. By aligning our approach with national climate priorities, evolving regulatory expectations, and international best practices, we seek to support the transition to a more resilient and lower-carbon economy while creating long-term value for our stakeholders.



Governance

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Our Sustainability Governance



We believe strong governance is the foundation for effective climate and sustainability integration. Our approach embeds climate and sustainability as a risk-led, Board-governed function with clear executive ownership, robust controls, and well-defined responsibilities that separate strategic oversight, technical assessment, data management, commercial engagement, and risk decision-making.

At Bank al Etihad, embedding climate and sustainability considerations within the Bank's governance framework has been essential to ensuring that climate-related risks and opportunities are integrated into strategic planning, operational decision-making, and long-term risk management processes. The Board of Directors maintains ultimate oversight of climate and sustainability-related matters and is responsible for approving the Bank's strategic direction. During 2025, the Board reviewed and approved the Bank's Climate Transition Plan, which outlines the Bank's approach to managing climate-related risks and opportunities while supporting the transition to a more resilient and lower-carbon economy. The Board also receives periodic updates on the implementation of the Climate Transition Plan, sustainable finance activities, climate-related risks and opportunities, financed emissions, regulatory developments, and climate-related disclosures.

Supporting the Board in its oversight responsibilities, the Board Risk Committee provides dedicated oversight of climate and sustainability-related risks and opportunities, ensuring alignment with the Bank's strategic priorities, risk appetite, and regulatory expectations. The Committee monitors progress against approved plans, reviews emerging climate-related risks, and provides guidance on the integration of climate considerations into risk management and business activities. Executive Management is responsible for translating the Board's strategic direction into action and overseeing implementation across the organisation. Through cross-functional collaboration, Executive Management ensures that climate-related considerations are embedded within business planning, risk management, sustainable finance activities, operational processes, and performance management frameworks.

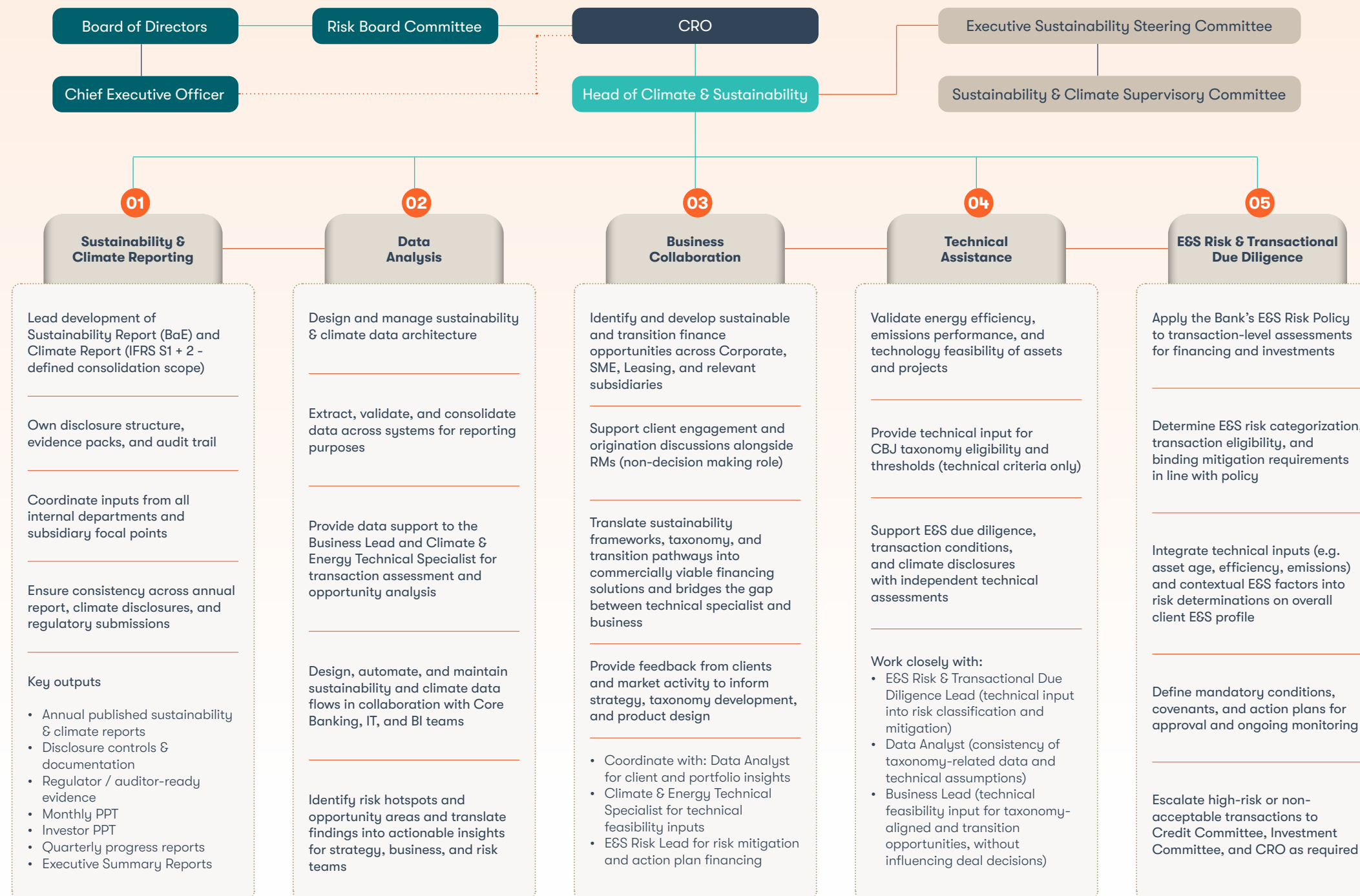
To strengthen accountability, climate and sustainability-related KPIs continue to be integrated into executive performance frameworks across key business and risk functions, including the Chief Risk Officer, Chief SME Officer, Chief Corporate Officer, and Chief Credit Officer. This approach reinforces executive ownership and supports the integration of climate-related objectives into leadership oversight, decision-making, and performance management. Implementation is supported through the Chief Sustainability Steering Committee, dedicated working groups, and taskforces responsible for advancing climate-related initiatives across governance, strategy, risk management, sustainable finance, data management, and reporting. These structures facilitate coordination across the organisation and support the effective implementation of the Bank's Climate Transition Plan.

As sustainability and climate-related responsibilities continue to be managed through a centralised governance model during the Group's integration phase, standalone sustainability functions are being progressively embedded across newly integrated entities. This approach enables the Bank to maintain consistency in governance, reporting, and risk management practices while supporting the phased integration of climate-related responsibilities across the wider Group.

Sustainability Unit Roles and Responsibilities

The Sustainability unit sets frameworks, methodologies, and reporting requirements. Implementation is coordinated through designated focal points within group entities within specific taskforces created.

— represents connected work



The Sustainability Unit continued to play a central role in 2025, acting as the Group's centre of expertise for climate and sustainability matters and supporting the implementation of the Bank's Climate Transition Plan. Reporting to the Chief Risk Officer (CRO), the Unit is responsible for establishing Group-wide sustainability frameworks, methodologies, governance processes, and disclosure requirements, while providing oversight and guidance to business units and subsidiaries.

As sustainability and climate-related responsibilities continue to be integrated across the Group, the Unit maintains central oversight while coordinating implementation through dedicated working groups, taskforces, and designated focal points within business units and subsidiaries. This approach promotes consistency, comparability, and alignment across climate-related initiatives while supporting the progressive integration of newly consolidated entities.

The Unit is responsible for overseeing climate and sustainability governance, regulatory reporting and disclosures, sustainability and climate-related data management, sustainable finance development, climate and energy technical assessments, financed emissions measurement, and environmental and social risk management. Through these activities, the Unit supports the integration of climate-related considerations into business planning, risk management, decision-making, and performance monitoring processes across the organisation.

Clear separation of responsibilities within the Unit supports effective governance and internal control. Dedicated functions oversee sustainability reporting and disclosures, climate-related data and analytics, sustainable finance and business development, climate and energy technical assessments, and environmental and social risk due diligence. Strategic direction and implementation oversight are further supported through the Executive Sustainability Steering Committee and the Sustainability & Climate Supervisory Committee.

In addition, the Unit leads climate-related capacity building initiatives across the Bank, supports the development and implementation of climate-related policies and frameworks, oversees the measurement and management of operational and financed emissions, and monitors emerging regulatory, market, and climate-related developments. The Unit also works closely with internal and external stakeholders to support alignment with recognised frameworks and standards, including the IFRS Sustainability Disclosure Standards, the Global Reporting Initiative (GRI), the Partnership for Carbon Accounting Financials (PCAF), and applicable Central Bank of Jordan requirements.

Sustainability Unit Operating Model

Disclosures and Regulatory Requirements

- GRI / IFRS S1 / IFRS S2
- Central Bank and regulator requirements
- Integrating disclosures into annual reports
- Ensuring data consistency and auditability

Centralized preparation at group level, with relevant data inputs from subsidiaries and overseas branches

Strategy and Financing

- Developing the climate strategy and transition plans
- Identifying green and transition finance opportunities
- Aligning growth with sustainability needs and climate-risk opportunities

Centrally developed, with implementation across business sectors and subsidiaries

Frameworks and Methodologies

- Applying methodologies and taxonomies
- Risk and emissions measurement models
- Emissions calculation methodologies (PCAF)
- Defining Climate Risk Indicators (KRIs)

Collecting and developing data from units and subsidiaries using standardized methodologies, based on data maturity, type, and quality

Execution and Institutional Integration

- Linking measurement and scenarios to credit, investment, and strategy decisions
- Embedding implementation in processes and systems
- Coordinating with business, finance, and operations teams
- Building capabilities across the group

A unified governance framework

Sustainability Unit Within the Risk Management Department

Leading methodologies,
risk measurement, scenario
analysis, and stress
testing

Under the responsibility of
Risk Management

Our Sustainability Committees

Executive Sustainability Steering Committee

To strengthen oversight and accountability for climate and sustainability-related matters, Bank al Etihad established the Executive Sustainability Steering Committee as the Bank's highest executive-level sustainability governance body.

The Committee is chaired by the Chief Executive Officer and co-chaired by the Chief Risk Officer (CRO), with representation from senior executives across key business and support functions. The Committee provides strategic oversight of the Bank's sustainability agenda, Climate Transition Plan, and sustainable finance objectives, ensuring alignment with the Bank's strategy, risk appetite, and regulatory obligations.

The Committee is responsible for reviewing progress against approved objectives, monitoring the implementation of actions assigned to Working Groups and Task Forces, reviewing key sustainability and climate-related developments, and providing direction on strategic priorities. It also supports decision-making on matters requiring executive intervention and oversees the Bank's overall climate and sustainability performance.

Sustainability & Climate Supervisory Committee

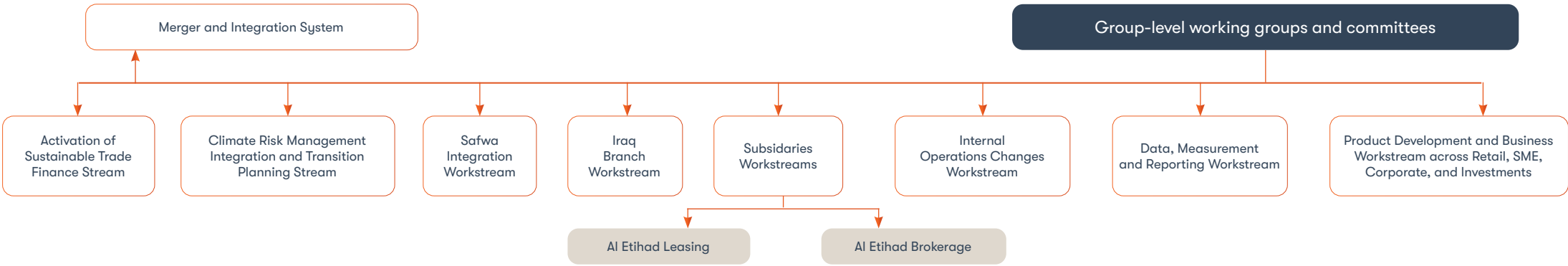
Reporting to the Executive Sustainability Steering Committee, the Sustainability & Climate Supervisory Committee serves as the primary management-level oversight body responsible for monitoring the implementation of sustainability and climate-related activities across the Bank.

The Committee reviews progress against approved action plans, monitors the performance of Working Groups and Task Forces, identifies implementation challenges and interdependencies, and escalates significant issues to the Executive Sustainability Steering Committee where required.

Climate Working Groups and Task Forces

Working Groups and Task Forces are responsible for implementing specific sustainability and climate-related workstreams across the Bank. Each group operates under clearly defined objectives, responsibilities, and deliverables and is accountable for the execution of activities assigned to it.

Progress is monitored through regular reporting to the Sustainability & Climate Supervisory Committee, while strategic oversight is provided by the Executive Sustainability Steering Committee. Technical coordination, reporting, and implementation support are provided by the Sustainability Unit.



Working Groups	Purpose	Key Responsibilities
Product Development & Business Drivers	Develop and enhance sustainable banking by leading product development, expanding sustainable lending, and championing sustainability integration	- Embed sustainability frameworks into operations, - build a strong pipeline for sustainable lending, and - launch tailored sustainable products for diverse customer segments.
Climate Risk Management and transition planning	Manage and mitigate climate-related risks across operations and the bank's portfolio	- Develop climate risk strategies that ensure regulatory compliance, - Conducting climate risk assessments and scenario analyses, and - Evaluating the potential financial impact of climate risks on the Bank's portfolio.
Subsidiaries Working Groups	Support the alignment of subsidiaries with the Bank's sustainability strategy, reporting requirements, and sustainable finance approach.	- Coordinate sustainability data collection; - Support the integration of sustainability practices across subsidiaries; - Monitor subsidiary-level green finance performance; and - Identify opportunities to strengthen sustainability governance and implementation.
Iraq Working Group	Support the integration of sustainability and climate-related considerations within the Iraq branch, in line with the Bank's overall sustainability framework.	- Coordinate sustainability and climate data collection for the Iraq branch; - Support financed emissions and portfolio analysis; - Identify relevant climate-related risks and opportunities; and - Ensure alignment with the Parent Bank's reporting and governance requirements while ensuring compliance with Central Bank of Iraq Regulations.

Task Forces	Purpose	Key Responsibilities
Established in 2024	Data Flags Measurement & Reporting	- Strengthen sustainability data systems for tracking, measurement, and reporting. - Define sustainability metrics, - Build data processes, and - Analyse sustainability and climate performance.
	Internal Operation Changes	- Integrate sustainability considerations across our operations, procurement, and facilities. - Revise procurement policies, - Reduce environmental impact and Implement sustainable practices.
	Activation of Sustainable Trade Finance	- Integrate sustainability into the bank's trade finance offerings by embedding green principles across products, processes, and client engagement. - Work on developing green trade finance products aligned with ICC principles, - Integrate system flags to identify eligible sustainable transactions, and - Empower Relationship Managers to assess and promote sustainable trade opportunities.
Established in 2025	INVESTBANK Integration Task Force	- Support the integration of INVESTBANK into the Bank's sustainability framework, reporting boundary, governance structures, and data processes. - Coordinate INVESTBANK sustainability data collection; - Assess alignment with Bank al Etihad's sustainability policies and frameworks; - Identify gaps in reporting, climate risk, and sustainable finance practices; and - Support the phased integration of INVESTBANK into sustainability disclosures and implementation plans.

Governance Body	Oversight	Decision Making	Implementation	Monitoring
Board Risk Committee	✓	✓		✓
Executive Sustainability Steering Committee	✓	✓		✓
Sustainability & Climate Supervisory Committee	✓			✓
Sustainability Unit			✓	✓
Climate Working Groups & Taskforces			✓	

Developing Climate Skills and Competencies

Since the start of our climate and sustainability integration, we recognised that developing the appropriate knowledge and capabilities was essential to effectively managing climate-related risks and opportunities and supporting implementation of our Climate Transition Plan. As a result, we invested in identifying the skills required to support these goals and focused on building this expertise within the right teams and individuals across the Bank.

We embed climate and sustainability considerations into our operating model through our structured competency framework, ensuring that these capabilities are integrated into how roles are defined, assessed, and performed across the Bank. The framework defines the technical knowledge, skills, and behaviours required across functions, embedding climate-related competencies into job requirements rather than treating them as standalone training activities.

In 2025, we strengthened our ESG and climate capabilities as a key delivery enabler, with a strong focus on practical application within core banking activities rather than standalone learning. We prioritised building technical depth across several critical areas, including climate risk and transition analysis, financed emissions methodologies and data quality, sustainable finance frameworks and eligibility assessment, and sector-specific sustainability metrics for high-emitting and climate-sensitive industries.

Following the expansion of the Group, we are extending our sustainability capability model across all entities to ensure consistency in governance, expertise, and accountability. This includes rolling out group wide sustainability standards and screening frameworks, delivering structured training for business, risk, and investment teams, providing executive and Board level briefings, and establishing coordination and escalation mechanisms to support effective implementation across the organisation.

Coverage and 2026–2027 Targets

Capability development is supported by clearly defined coverage targets across the Group, ensuring accountability and measurable progress in building sustainability and climate related expertise.

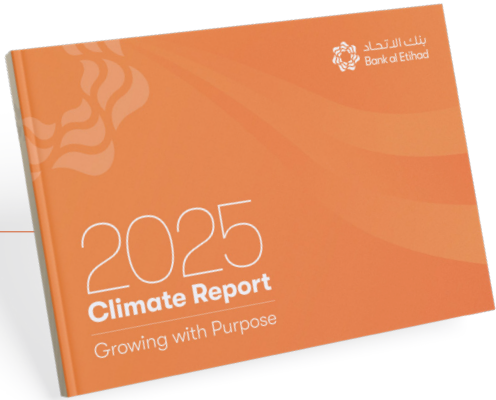
Key initiatives include:

- **Board level training:** Targeted sessions covering climate fundamentals, governance, and risk oversight
- **Executive management:** Completion of climate related training by all Executive Management members by the end of 2026
- **Group wide learning:** E learning programmes on climate related topics to be rolled out across the Bank by the end of 2027

These activities support a structured and scalable approach to capability-building, ensuring that the Bank continues to embed sustainability expertise across all levels and functions.

To learn more about our climate and sustainability capacity building programmes in 2025, refer to our **Sustainability Report**, within the “Our People, Our Purpose” chapter.

65% of roles have sustainability and climate-related competency incorporated into their learning



Climate-Related Policies, Frameworks and Processes

Effective management of climate-related risks and opportunities requires more than governance structures alone. To support implementation, Bank al Etihad has established a series of policies, frameworks, processes, and management mechanisms that guide how climate and sustainability considerations are integrated into strategic planning, risk management, sustainable finance activities, operational decision-making, and climate-related disclosures.

Together, these instruments provide the foundation for identifying, assessing, managing, monitoring, and reporting climate-related risks and opportunities across the Bank. They also support alignment with the Bank’s Climate Transition Plan, regulatory expectations, and recognised international frameworks and standards.

The table below provides an overview of the key climate-related policies, frameworks, and management processes currently in place across the Bank.

Climate-Related Governance Frameworks

Framework / Policy	Purpose	Primary Owner	Supports
Sustainability & ESG Management Policy	Establishes the Bank's overall sustainability governance framework, roles, responsibilities, and implementation requirements.		Governance, Strategy, Risk Management
Climate Transition Plan	Defines the Bank's climate-related strategic priorities, targets, and transition activities.		Strategy, Sustainable Finance
Carbon Emissions Management Framework	Governs the measurement, management, and reporting of operational and financed emissions.	Sustainability Unit	Metrics & Targets
Environmental & Social Risk Management Framework	Supports identification, assessment, management, and monitoring of environmental and social risks within financing activities.		E&S & Climate Risk Management
Environmental & Social Grievance Mechanism	Provides stakeholders with channels to raise environmental and social concerns.		Governance, Risk Management
Sustainable Finance Framework	Defines eligibility criteria and governance requirements for sustainable finance activities.	Business Units & Sustainability Unit	Strategy, Sustainable Finance

Climate-Related Management Processes

Process	Objective	Governance Body
Climate Transition Plan Monitoring	Track implementation of transition actions and strategic priorities.	Sustainability Unit
Climate Risk Assessment	Identify and assess physical and transition risks.	Climate Risk & Transition planning Working Group
Climate Scenario Analysis	Assess resilience under future climate pathways.	
Financed Emissions Measurement	Quantify financed emissions and monitor portfolio exposure.	Sustainability Unit
Sustainable Finance Eligibility Assessment	Assess alignment of financing activities with sustainable finance criteria.	Product Development & Business Drivers Working Group + Sustainability Unit
Climate-Related Reporting	Support IFRS S1, IFRS S2 and other disclosure requirements.	Sustainability Unit
E&S Due Diligence	Identify and manage environmental and social risks within transactions.	Risk Department + Credit department
Stakeholder Grievance Management	Receive, assess and address environmental and social concerns.	Sustainability Unit

Climate Regulatory Compliance

As climate-related regulatory expectations continue to evolve across Jordan and the wider region, Bank al Etihad remains committed to maintaining alignment with applicable climate-related governance, risk management, sustainable finance, and disclosure requirements.

During 2025, the Bank continued to strengthen its climate-related governance and reporting practices in response to emerging requirements issued by the Central Bank of Jordan (CBJ), the Amman Stock Exchange (ASE), and the Central Bank of Iraq. These developments increasingly require financial institutions to identify, manage, monitor, and disclose climate-related risks and opportunities within governance, strategy, risk management, and reporting processes.

The Bank’s response has focused on strengthening climate governance structures, integrating climate-related risks within risk management processes, enhancing sustainability and climate-related data architecture, developing financed emissions measurement capabilities, and advancing climate-related disclosures aligned with IFRS S1 and IFRS S2.

In 2025, the Bank also continued preparations for upcoming climate-related disclosure requirements expected to be introduced by the Central Bank of Jordan while maintaining alignment with the ASE’s climate disclosure guidance and sustainability-related supervisory requirements applicable to its Iraq operations.

The merger with INVESTBANK further expanded the scope of climate-related compliance activities, requiring the harmonisation of governance arrangements, reporting methodologies, sustainability data processes, and climate-related disclosure practices across the combined organisation. Through these efforts, the Bank continues to strengthen its readiness for evolving climate-related regulatory requirements while supporting consistent implementation across its operations in Jordan and Iraq.

ASE Climate Disclosure Guidance

Published Jordan's first IFRS-aligned Climate Report and continued enhancement of climate-related disclosures.

CBJ Climate Risk Expectations

Integrated climate-related risks within governance and risk management processes.

CBJ Climate Disclosure Requirements

Enhanced climate-related data, reporting processes, and disclosure readiness.

Jordan National Green Taxonomy

Preparing alignment of sustainable finance activities and green asset classification methodologies.

IFRS S1 & IFRS S2

Continued development of climate-related financial disclosures and governance processes.

PCAF

Continued measurement and disclosure of financed emissions.

Central Bank of Iraq ESG Requirements

Extended Group sustainability governance and climate-related reporting practices to Iraq operations.

Business Continuity and Operational Resilience

As climate-related risks continue to evolve, operational resilience remains an important component of the Bank’s climate risk management framework. While climate change is often associated with environmental impacts, its effects can materialise through disruptions to critical infrastructure, energy systems, telecommunications networks, technology platforms, and essential services on which the Bank depends.

Recognising this, Bank al Etihad has increasingly incorporated climate-related considerations into its Business Continuity Management (BCM) Framework. Rather than treating climate risk as a standalone category, the Bank assesses how physical climate-related drivers may amplify existing operational risks and affect the continuity of critical activities, customer services, technology systems, facilities, and third-party providers. To strengthen resilience against these risks, the Bank maintains a structured Business Continuity Management Framework and Business Continuity Plan (BCP) aligned with recognised international standards, including ISO 22301 and ISO/IEC 27001. The framework supports the identification of critical activities, assessment of potential disruptions, implementation of recovery arrangements, and maintenance of critical services within predefined recovery objectives.

The Bank’s approach is supported by risk assessments, business impact analyses (BIA), recovery planning, scenario testing, and crisis management arrangements. Governance is embedded through clearly defined roles, responsibilities, escalation procedures, and crisis management structures. During significant disruption events, an Emergency Committee led by senior management, including the Chief Risk Officer, oversees decision-making, recovery activities, stakeholder communications, and the restoration of critical services. The framework incorporates incident response procedures, communication protocols, recovery planning arrangements, and scenario-based exercises designed to evaluate preparedness and response effectiveness. Recovery performance is continuously monitored, with identified gaps actively assessed and addressed to strengthen resilience capabilities over time.

In 2025, the Bank continued to strengthen its resilience capabilities through enhanced risk assessments, refinement of recovery requirements, expansion of alternative operating arrangements, and continued scenario-based testing and preparedness exercises. Particular focus was placed on strengthening resilience to disruptions associated with energy dependency, technology infrastructure, telecommunications networks, and critical third-party service providers. As climate-related risks become increasingly interconnected with operational, technological, and systemic risks, the Bank continues to strengthen its resilience-driven operating model. This approach extends beyond traditional recovery planning and focuses on maintaining operational stability, absorbing disruptions, and ensuring the continuity of critical services under a range of potential future scenarios.

Climate-Related Operational Resilience Risks

Climate-Related Risk	Climate Relevance	Key Mitigation Measures
Energy Supply Disruption	Climate change may increase pressure on energy systems through higher temperatures, increased cooling demand, and infrastructure stress, potentially affecting the continuity of critical operations.	3.2 MW on-site renewable energy capacity, backup generators, UPS systems, alternative operating arrangements, and predefined recovery procedures.
Technology and Data Infrastructure Disruption	Physical climate-related impacts may affect technology infrastructure, telecommunications networks, and supporting services required for banking operations.	Backup data centres, real-time data replication, automated failover capabilities, defined RTOs and RPOs, and regular testing of recovery arrangements.
Telecommunications Disruption	Climate-related events may affect communication networks and connectivity required for digital banking and operational coordination.	Redundant network connections, backup communication channels, alternative communication methods, and continuity arrangements.
Third-Party Technology and Cloud Dependency	The Bank relies on external service providers whose operations may be exposed to energy disruptions, infrastructure failures, telecommunications outages, and other physical climate-related risks.	Multi-provider cloud architecture, hybrid infrastructure model, system fallback capabilities, alternative communication channels, predefined recovery procedures, and ongoing resilience assessments of critical providers.

2025 Enhancements to Climate Resilience and Business Continuity



Governance and Oversight

Strengthened roles, responsibilities, escalation protocols, and crisis management structures.



Risk Assessment

Expanded integration of risk assessments and business impact analyses across critical functions.



Recovery Planning

Enhanced Recovery Time Objectives (RTOs) and Recovery Point Objectives (RPOs) and monitored recovery capability gaps.



Infrastructure Resilience

Strengthened alternative operating sites and recovery arrangements for critical functions.



Operational Readiness

Formalised incident response procedures and communication protocols.



Testing and Exercises

Expanded scenario-based testing and preparedness exercises to evaluate response effectiveness and recovery capabilities.

Looking Ahead

2026 Priorities

Align Business Continuity Plans across all entities.

Standardise recovery objectives (RTO/RPO) and escalation protocols.

Complete mapping of critical operations and interdependencies across the Group.

Conduct Group-level scenario testing and crisis simulations.

2027-2029 Priorities

Embed business continuity within a broader operational resilience framework.

Strengthen cross-entity coordination and recovery capabilities.

Enhance technology resilience and system redundancy.

Integrate business continuity considerations into strategy, risk management, and decision-making processes.

Long-Term Direction

Transition towards a fully resilience-driven operating model.

Enhance predictive and scenario-driven resilience planning supported by advanced data and analytics.

Strengthen resilience against complex climate-related and systemic disruptions.

Maintain continuity and adaptability under evolving climate and operational risk conditions.

Climate Audit

Climate Audit and Independent Review

As climate-related risks and opportunities become increasingly integrated into the Bank's governance, strategy, risk management, and disclosure processes, climate-related matters are progressively being incorporated within the Bank's audit and control environment.

During 2025, climate and sustainability-related matters were included within the Bank's risk-based audit assessment process. The assessment considered the maturity of climate-related governance arrangements, implementation of key sustainability and climate frameworks, risk management processes, reporting practices, and supporting controls. The objective was to identify potential gaps, strengthen governance arrangements, and support the continued development of the Bank's climate-related management and reporting capabilities.

Findings and recommendations arising from audit activities are communicated through established governance channels, including the Audit Board Committee, supporting Board-level oversight and continuous improvement. Management action plans are subsequently developed and monitored to address identified observations and strengthen implementation where required.

As the Bank's climate-related governance and reporting practices continue to mature, climate-related matters will remain integrated within the Bank's risk-based audit approach, supporting the ongoing enhancement of governance, controls, and disclosure processes.

2025 Climate Audit Focus Areas



Climate Governance

Review governance arrangements, committee oversight, and accountability structures.



Climate Risk Management

Review integration of climate-related risks within risk management processes.



Climate Policies and Frameworks

Review implementation of approved climate and sustainability frameworks.



Climate Reporting

Review processes supporting climate-related disclosures and reporting.



Climate Data Governance

Review controls supporting climate-related data collection and management.



Regulatory Readiness

Review preparedness for evolving climate-related regulatory and disclosure requirements.



Strategy



Our Sustainability Strategy

Our sustainability strategy is centred on creating long-term value by integrating sustainability and climate considerations into the Bank's strategy, governance, risk management, business activities, and decision-making processes. As regulatory expectations and market dynamics continue to evolve, we view sustainability not as a standalone agenda, but as a business enabler that strengthens resilience, supports sustainable growth, and enhances long-term value creation.

The merger with INVESTBANK marked an important milestone in advancing this strategy. Rather than developing separate sustainability approaches across the organisation, the Bank adopted a structured integration approach to extend Bank al Etihad's established governance, policies, frameworks, methodologies, reporting processes, and technical expertise across the merged entity.

As INVESTBANK did not previously operate under a formal sustainability framework, the integration presented an opportunity to establish a consistent approach from the outset. During 2025, the Bank focused on aligning sustainability-related policies and processes, strengthening climate and sustainability data management, embedding governance structures, integrating climate and sustainability considerations into risk management and business processes, and building the organisational capabilities required to support implementation.

This structured integration approach will continue throughout the Group's consolidation journey. As operational integration progresses, sustainability governance, climate-related risk management, and reporting practices will be progressively expanded across the Group in line with financial materiality, operational readiness, and evolving regulatory requirements, ensuring a consistent and scalable framework that supports long-term value creation.

Our sustainability vision



Trailblaze in sustainability

Lead the region by pioneering innovative and impactful sustainable finance solutions, driving a positive environmental and social impact through all banking services.



Master sustainability data

Leverage data to drive informed decisions – encompassing CO₂ emissions, EU taxonomy compliance, and climate risk – while minimising financial and environmental risks to ensure business resilience.



Lead by example

Walk the talk by embedding sustainability into every area of our operations.

Our beliefs

These beliefs form the foundation of our strategy and the lens through which we define impact. They guide how we operate, where we direct our efforts, and how we measure success. Grounded in these principles, our sustainability vision is bold, practical, and action oriented.

A sustainable economy depends on responsible practices across all sectors

We recognise that sustainability is an economy-wide effort, and our role as a financial institution places us at the heart of this transition.

Sustainable growth requires deliberate influence and commitment

We integrate ESG risk management into our operations to promote financial stability, resilience, and long-term value.

Lasting impact demands long-term dedication

Our commitment is not short-term or reactive – it is focused on delivering value for our customers, communities, and the environment over time.

Responsible finance drives real-world change

We empower clients and partners to adopt greener, more inclusive models – supporting progress that benefits everyone.

Continuous learning and adaptation are essential

We evolve with purpose – informed by sustainability frameworks, global trends, local regulatory shifts, and ongoing stakeholder dialogue – ensuring our strategy remains relevant, responsive, and resilient in a changing world.

Our strategic pillars

To Finance

Mobilising capital for sustainable impact |

We design and deliver financial solutions that enable the transition to a low-carbon, inclusive economy – supporting clients across sectors with sustainable products.

To Manage

Addressing climate risks and managing our footprint |

We manage climate-related risks across our portfolio and operations to ensure long-term resilience. This includes integrating climate risk into decision-making, measuring and reducing our operational emissions, and taking steps to assess and manage financed emissions in line with emerging standards and our transition objectives.

To Innovate

Reimagining sustainability through banking |

We design solutions that blend sustainable finance, non-financial services, and digital tools into a unified offering – empowering clients to take meaningful climate action, enhance sustainability performance, and build future-ready business models.

To Engage

Empowering collective action, inside and out |

We engage employees, clients, regulators, and communities to align around shared sustainability goals. Through open dialogue, awareness-building, and capacity development, we foster a culture of sustainability that drives both institutional transformation and national progress.

To Govern

Strengthening sustainability oversight and accountability |

We uphold strong governance to ensure sustainability is integrated into decision-making, risk management, and oversight processes. Through clear roles, policies, and transparent reporting, we strengthen sustainability accountability and align with both national regulations and global standards.

In 2024, our sustainability strategic focus centred on accelerating progress as we transitioned from planning to implementation, with commitments beginning to translate into measurable outcomes. Building on this momentum, 2025 marked a new transformative chapter for the Bank following the merger with INVESTBANK.

Our Climate Transition Journey

2024 marked a foundational year in the development of our Climate Transition Plan. During this phase, we focused on establishing core building blocks, including measuring emissions, identifying climate related exposures, and embedding climate considerations into governance structures and decision making processes across the Bank. These efforts constituted the first phase of our transition planning journey.

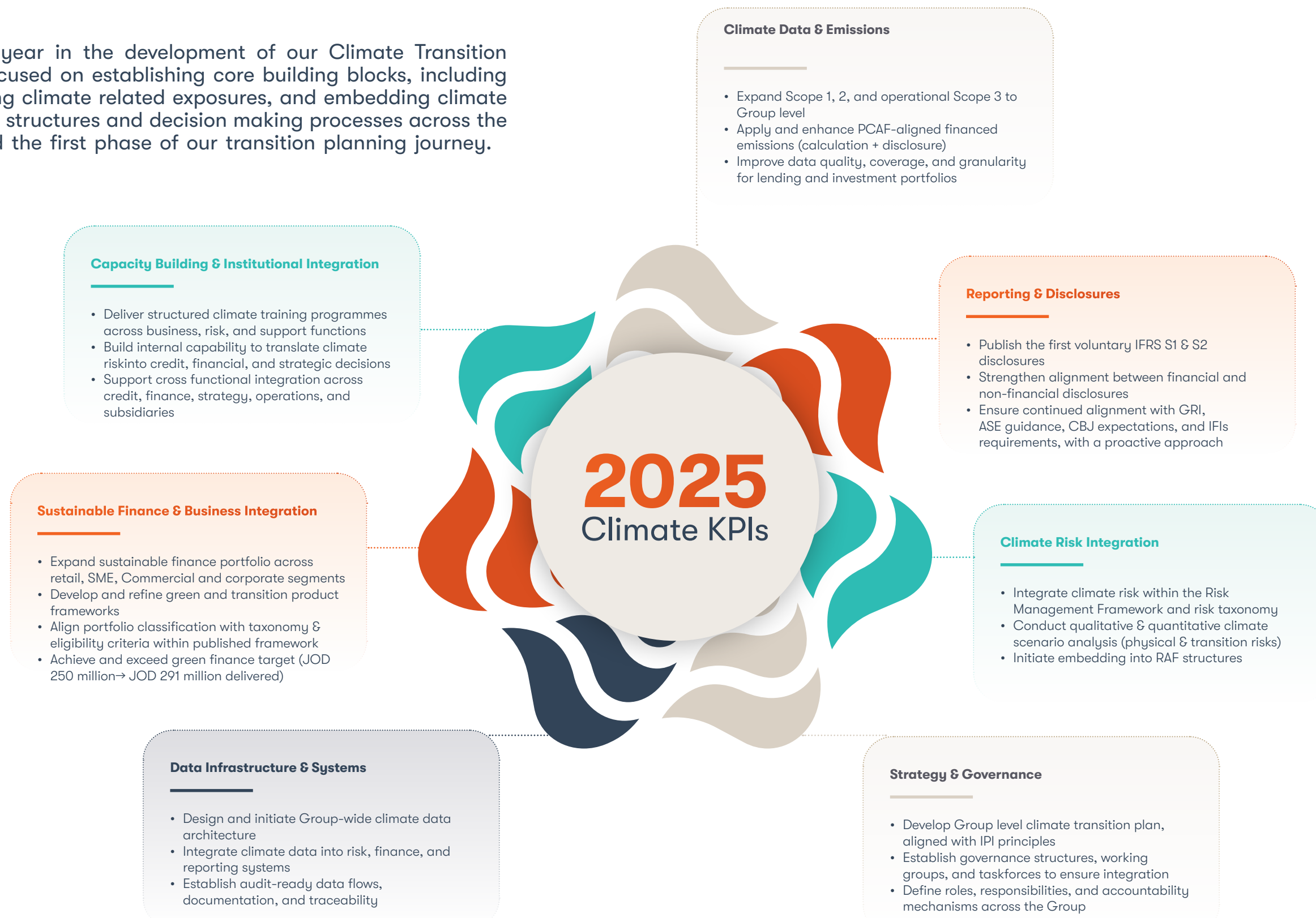
In 2025, we advanced to the second phase by developing a comprehensive roadmap for 2025–2030. This roadmap defines short , medium , and long term actions to further strengthen the integration of climate considerations across our operations, financing activities, and risk management processes.

The finalisation of the Transition Plan marks the culmination of Bank al Etihad’s two phase collaboration with the European Bank for Reconstruction and Development (EBRD). It positions the Bank as a leading institution in Jordan, advancing towards Paris alignment, strengthening climate resilience, and accelerating the integration of sustainable finance into its core business model.

The climate-related KPIs reflect the establishment and progressive implementation of the Group’s climate operating model, with delivery at varying stages of maturity following the expansion of the Group through the merger.

As a foundational year, 2025 was focused on building and scaling climate capabilities across the Group. While key governance structures, frameworks, and processes have been established, further integration and operationalisation will continue throughout 2026.

To strengthen accountability, climate-related KPIs were incorporated into the performance frameworks of the Chief Risk Officer, Chief SME Officer, Chief Corporate Officer, and Chief Credit Officer, embedding responsibility for climate objectives across both business and risk functions.



Transition Plan Purpose and Scope

The Climate Transition Plan serves as a comprehensive framework guiding Bank al Etihad's strategic, operational, and governance level transition towards a low carbon and climate resilient business model. It reflects the Bank's ongoing efforts to strengthen climate governance, enhance data systems, integrate climate risk considerations, and advance strategic readiness for Paris alignment.

The Plan sets out the Bank's approach to managing both operational and financed emissions, as well as physical and transition climate risks, while establishing clear strategic targets for the period 2025–2030. It builds on existing measurement initiatives, including the development of operational emissions inventories and the adoption of financed emissions methodologies in line with the Partnership for Carbon Accounting Financials (PCAF).

Through this framework, the Transition Plan establishes a foundation for ongoing monitoring, transparent disclosure, and alignment with Jordan's Nationally Determined Contributions (NDCs), supporting a structured and measurable transition towards a more resilient and sustainable banking model.

Our Approach to Climate Transition Planning

Recognising the growing financial implications of climate change, Bank al Etihad developed and approved its Climate Transition Plan as a strategic framework for integrating climate-related considerations across governance, strategy, risk management, sustainable finance, and disclosure practices. The Plan supports the Bank's long-term resilience by aligning business objectives with emerging climate-related risks, opportunities, and regulatory expectations.

The Climate Transition Plan provides a structured approach to identifying, assessing, managing, and monitoring climate-related risks and opportunities across the Bank's operations and financing activities. It also supports the integration of climate considerations into strategic decision-making, capital allocation, sustainable finance activities, and risk management processes.

The Plan reflects both the urgency of climate action and the important role financial institutions play in supporting the transition to a more resilient and lower-carbon economy. As climate-related considerations continue to influence markets, clients, and regulatory expectations, the Plan provides a roadmap for strengthening the Bank's preparedness while supporting sustainable economic development across the markets in which it operates.

The Bank's Climate Transition Plan has been developed in alignment with key national priorities and regulatory expectations, including the Central Bank of Jordan's climate-related guidance and Jordan's Green Finance Strategy (2023–2028). The Plan also contributes to the achievement of Jordan's Nationally Determined Contributions (NDCs) and broader national climate objectives.

In developing the Plan, the Bank considered internationally recognised frameworks and guidance, including the Transition Plan Taskforce (TPT) Disclosure Framework, IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB), and guidance issued by the Glasgow Financial Alliance for Net Zero (GFANZ). These frameworks informed the Bank's approach to governance, strategy, risk management, metrics and targets, and transition planning.

Through this integrated approach, the Bank seeks to ensure that climate-related considerations are consistently embedded within lending activities, risk management processes, sustainable finance initiatives, and climate-related disclosures. The Climate Transition Plan therefore serves as a bridge between national climate priorities, international best practices, and the Bank's long-term strategy for creating sustainable value while supporting the transition to a more resilient economy.



Our approach to transition plan framework aligned with TPT and GFANZ

Our approach to Climate Transition Planning



Our Climate Transition Plan is structured around the five core elements of the Transition Plan Taskforce (TPT) Disclosure Framework, adapted to reflect the Bank's operating model, strategic priorities, and the markets in which we operate. This provides a structured and practical approach for embedding climate considerations into the Bank's governance, strategy, business activities, stakeholder engagement, performance management, and decision-making processes.

Rather than treating climate transition as a standalone programme, the framework integrates climate considerations throughout the Bank's operating model. It begins by establishing a clear long-term ambition, translates that ambition into business and engagement strategies, and is supported by measurable targets, governance arrangements, and ongoing oversight to monitor implementation and progress.

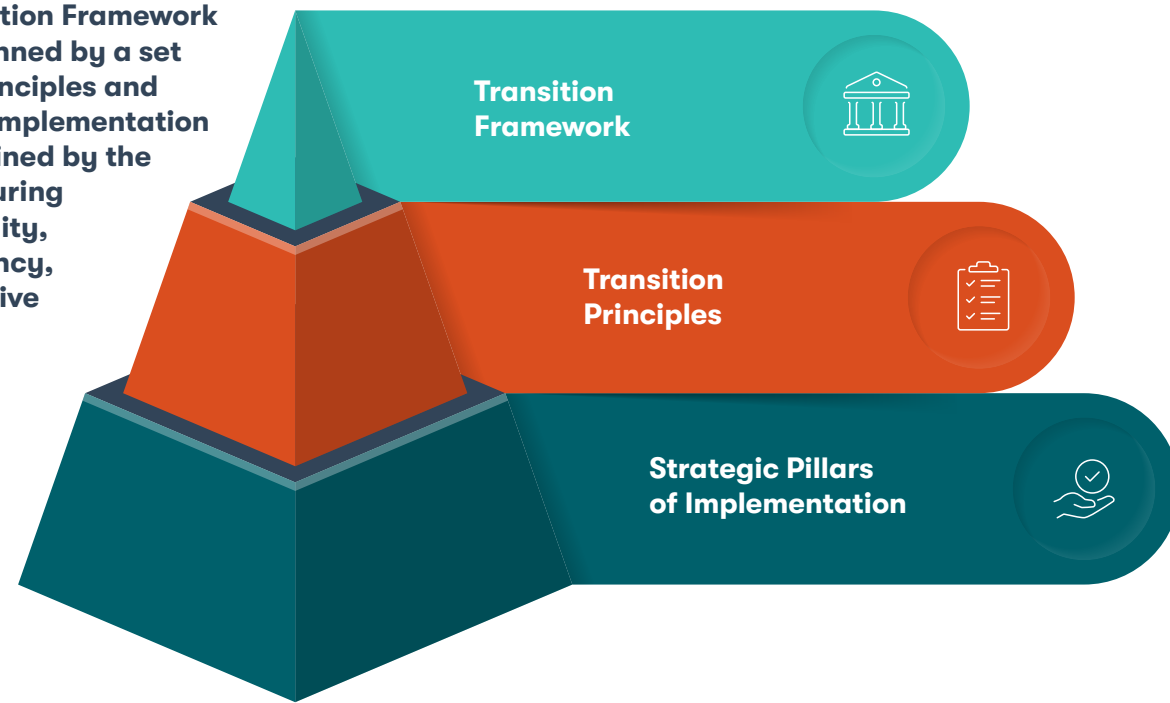
The framework also reflects the Bank's commitment to continuously strengthen its transition planning capabilities as regulatory expectations, market developments, and stakeholder expectations evolve. Through this structured approach, the Bank aims to strengthen resilience, support clients in their transition to a lower-carbon economy, identify sustainable finance opportunities, and deliver transparent, decision-useful climate-related disclosures that support informed decision-making.

Our Transition Framework

BaE's Climate Transition Plan is built around two complementary objectives:



Our Transition Framework is underpinned by a set of core principles and strategic implementation pillars defined by the Bank, ensuring its credibility, transparency, and effective execution.



Transition Principles

Bank al Etihad's Transition Plan Framework is credible and transparent because it is guided by six key principles:



Accountability:

The plan has clearly defined roles and responsibilities. This includes effective governance mechanisms, where the board and C-suite executives are accountable for implementation of the plan.



Integrated and Coherent:

The Plan is woven into the Bank's strategic, financial, and risk-management frameworks, ensuring that sustainability considerations are central to business decisions.



Forward-Looking:

The Plan sets a clear long-term vision to 2050, with actionable near- and medium-term targets through 2030 to align with Jordan's decarbonization pathway.



Time-Bound and Quantitative:

Defined KPIs and milestones track progress on emissions reduction, green-finance growth, and climate-risk integration.



Flexible and Responsive:

The Plan will be reviewed annually to incorporate emerging regulations, new data, and stakeholder feedback, enabling the Bank to remain adaptive to evolving expectations.



Comprehensive and Material:

The Plan covers the full scope of the Bank's operations and financed activities, applying a double-materiality approach to manage how climate affects the Bank and how the Bank impacts the climate.

Strategic Pillars of Implementation

Bank al Etihad's Transition Framework is activated through four interconnected strategic pillars, designed in line with our foundational transition principles to ensure credibility, consistency, and measurable impact.



Targeted Decarbonization and Resilience:

Establishing a group-wide baseline for operational and financed emissions and progressively developing measurable targets, while strengthening climate resilience in alignment with Jordan's Nationally Determined Contributions (NDCs) and national energy transition priorities.



Partnership and Collaboration:

Working with regulators, clients, and international partners to mobilize finance and expertise for decarbonization and resilience.



Adaptive Governance and Accountability:

Leveraging BAE's strong governance framework, including the Risk Board Committee, Sustainability Steering Committee, working groups and taskforces, to oversee delivery and drive continuous improvement.



Transparent Reporting and Disclosure:

Disclosing progress in line with IFRS S2 and ASE guidance, maintaining open dialogue with stakeholders, and subjecting data to external assurance to ensure credibility.

Implementation Strategy | How we are guaranteeing the success of our Transition Plan



Position Senior Exco Member as the Owner

To ensure buy-in from business decision-makers and to inspire the organisation, the instruction for and endorsement of a transition plan needs to come from the top level of a business.



Mobilise the Business as a Whole

It is crucial that plans are not prepared in isolation by the sustainability team, as for plans to be actioned, the backing of the entire business will be required. Therefore, we involve all decision-makers throughout the business via Transition Plan Working Group (TP WG) in setting the objectives, priorities, and actions, as well as in executing these actions and monitoring progress.



Identify Benefits for the Business

Responding to climate risks and opportunities is central to our approach, but while the risks climate poses to businesses are becoming increasingly clear, the benefits can be more challenging to evaluate. Throughout our transition journey, we will keep track of the opportunities to understand how they are generating value for the bank, and which will allow for climate strategies to continuously improve. This in turn will lead to further business opportunities.



Organisational and Cultural Redesign

Delivering the transition plan will require the integration of climate and sustainability capabilities into job roles and business units. We initiated an organisation-wide cultural shift that will require a compelling case for change, the upskilling of leadership to raise awareness and shift mindsets.

Data, Methodologies, and Ongoing Development

During 2025, Bank al Etihad continued strengthening its climate-related data infrastructure, financed emissions methodologies, and sustainability-related reporting capabilities to support more quantitative and forward-looking risk assessment processes.

Key enhancement activities included:



During 2025, the Bank also continued strengthening cross-functional coordination relating to climate-related data collection, methodology development, reporting alignment, and IFRS S1 and IFRS S2 disclosure readiness activities across the Group. As part of ongoing development efforts, the Bank identified several areas requiring continued enhancement, including:

Borrower-level emissions data availability | **Systems integration** | **Data consistency across entities** | **Geographic granularity** | **Automation of climate-related reporting processes**

The Bank continues progressing toward more consistent, data-driven, and operationally integrated sustainability-related and climate-related risk management capabilities across the Group.

How climate considerations affect our decision-making



At Bank al Etihad, climate-related risks and opportunities are becoming core to how we plan, prioritise, and allocate capital. We are systematically integrating climate considerations across our business strategy, particularly within business, product development, and risk governance. This shift is guided by our commitment to align with IFRS S2 and the Central Bank of Jordan (CBJ) regulatory expectations.



Risk Management & Portfolio Strategy:

We use climate materiality assessments and stress testing to evaluate our exposure to physical and transition risks. These findings influence our sectoral lending strategies, and client engagement priorities.



Product Innovation:

Identified opportunities are driving the development of green financial solutions.



Capacity Building & Partnerships:

Decision-making is also shaped by internal training and ecosystem partnerships. We are investing in ESG capacity across teams, building sectoral expertise, and collaborating with local institutions for sustainable partnerships and international DFIs to extend our green and sustainable financing reach.



Strategic Planning:

Scenario analysis under NGFS models helps us test our portfolio under multiple climate futures. These insights inform capital allocation, policy responses, and our medium-term business strategy.



Governance Integration:

Climate considerations are now embedded in board reporting, strategy reviews, and product decisions, ensuring sustainability is not a side conversation but a core performance driver.

Group-wide Climate and Sustainability Maturity

Following the Group's expansion, a key focus in 2025 was ensuring a consistent understanding and application of climate and sustainability risk concepts across entities at different stages of maturity.

This required alignment across newly integrated entities, subsidiaries, and international operations, including the Iraq branch, while addressing differences in data availability, systems, familiarity with climate risk concepts, and the level of integration within existing risk and business processes.

As a result, significant effort was directed towards establishing common methodologies and definitions, strengthening internal understanding of how climate risks translate into financial risks, and ensuring consistent application of climate risk practices across the Group. This approach supports more coherent risk assessment and enhances the integration of climate considerations into decision making across all entities.

Climate Risks and Opportunities

Bank al Etihad recognises climate risk as a material financial and strategic factor that can impact its operations, portfolio, and client base. In 2025, the Bank continued to build on its previous efforts and improved its practices by conducting a comprehensive Climate Risk and Materiality Assessment, integrating climate data, scenario analysis, and sectoral exposure evaluation to inform decision making and risk management.

The assessment was aligned with the IFRS S2 Climate related Disclosure Standard, the Transition Plan Taskforce (TPT) Framework, and GFANZ guidance, and incorporated both physical and transition risk dimensions. It provides a robust foundation for embedding climate considerations into BAE’s enterprise risk management framework, credit processes, and broader sustainability strategy.

The analysis was structured around three key components:



National context: Assessment of Jordan’s increasing exposure to climate related risks and its evolving policy landscape, including the updated Nationally Determined Contributions (NDCs) and the National Green Growth Plan, to understand how external developments could affect the Bank’s strategy and market positioning.



Quantitative modelling and stress testing: Use of internally developed climate risk models and scenario based stress testing tools, developed in collaboration with the European Bank for Reconstruction and Development (EBRD) and subject matter experts, to evaluate the potential financial impacts of climate risks on the Bank’s portfolio under different climate pathways.



Portfolio and sectoral exposure mapping: Evaluation of sector level exposures using NACE classification to identify high risk and high opportunity segments, supporting strategic decision making, client engagement, and portfolio alignment with transition pathways.

This assessment informs the Bank’s strategic planning, risk management frameworks, and sustainable finance approach. They support the integration of climate considerations into lending decisions, portfolio management, and capital allocation, while enhancing the Bank’s resilience to climate related risks and positioning it to capture transition related opportunities.

Our Physical Risks and Opportunities

Jordan is among the world’s most water stressed countries, facing rising temperatures and an increasing frequency of extreme weather events. Considering our external climate context, Bank al Etihad’s Physical Risk Model identified three key climate risk drivers, each with varying potential financial impacts on the Bank’s clients and lending portfolio.

	Drought, Water Scarcity Risk	Extreme Heat and Heatwaves Risk	Flood/Flash-Flood Risk
Risk Description	Water scarcity is the most critical issue – Jordan ranks among the top five water-stressed nations with declining rainfall and increasing water demand.	Average temperatures are rising, with more frequent and intense heatwaves, affecting outdoor workers and energy demand.	While rare, sudden heavy rainfall events can cause urban and infrastructure flooding, damaging roads, businesses, and homes.
Impact on Clients and Business	- Reduced industrial productivity (Manufacturing, Utilities). - Higher operational costs for businesses. - Increased risk of agricultural losses affecting food supply and retail.	- Reduced labour productivity, especially in Construction, Retail, and Transportation. - Increased energy consumption for cooling, raising operational costs. - Higher healthcare costs due to heat-related illnesses.	- Transportation & Warehousing: Supply chain disruptions due to damaged roads and logistics delays. - Real Estate & Construction: Property damage and loss of asset value in flood-prone areas. - Retail & Banking: Temporary business closures and higher insurance claims. - Tourism & Hospitality: Evacuations, cancellations, and reputational damage during flood events in key destinations such as Petra, Wadi Rum, and the Dead Sea area.
Potential Opportunities	- Financing water efficiency projects (e.g., smart irrigation, water recycling). - Providing green loans for businesses to adopt water-saving technologies. - Investing in desalination and wastewater treatment projects.	- Financing energy-efficient cooling systems in commercial and residential buildings. - Promoting solar-powered air conditioning solutions. - Supporting workforce adaptation programs, such as heat-protective infrastructure.	- Financing urban flood defence projects (e.g., drainage systems, flood barriers). - Expanding parametric insurance to protect businesses from extreme weather-related losses.

These risks are increasingly significant for BAE’s real estate, construction, manufacturing, and agricultural portfolios. They will be systematically monitored and assessed using the Bank’s internal climate stress-testing tools to support informed risk management and portfolio resilience.

Our Transition Risks and Opportunities

In parallel, the Transition Risk Model assesses the Bank's exposure to regulatory, market, and technological developments that may impact its clients as Jordan advances its energy transition and as global trade requirements continue to evolve.

	Risk Description	Impact on Clients and Business	Potential Opportunities
Carbon Pricing & Border Tariffs	The EU's Carbon Border Adjustment Mechanism (CBAM) imposes tariffs on high-carbon imports (e.g., cement, steel, fertilisers), affecting Jordanian exporters.	- Higher costs for Manufacturing & Exporting industries (e.g., cement, phosphate fertilisers, aluminium). - Increased supply chain costs for businesses reliant on imported carbon-intensive materials. - Reduced competitiveness of non-compliant industries in global markets.	- Financing low-carbon technology upgrades for manufacturers to comply with CBAM. - Providing sustainability-linked loans with incentives for carbon reduction. - Supporting businesses in adopting carbon credit trading and offset strategies.
Regulatory & Compliance	The Central Bank of Jordan (CBJ), national and global regulators are enforcing climate disclosure requirements aligned with IFRS Sustainability Standards	- Higher compliance costs for financial institutions and corporations. - Increased regulatory scrutiny of loan portfolios, requiring banks to integrate climate risk into credit assessments. - Potential credit rating downgrades if climate risks are not managed.	- Developing climate stress testing tools for corporate clients. - Offering ESG advisory services to help businesses comply with regulations. - Creating green investment funds aligned with sustainable finance frameworks.
Technology Disruptions	Rapid advances in renewable energy, electric mobility, and low-carbon tech could render traditional industries obsolete.	- Utilities & Transportation: Fossil fuel-dependent businesses may face stranded assets. - Auto & Transport Industry: Shift towards electric vehicles (EVs) and sustainable logistics reduces demand for gasoline-dependent fleets. - Manufacturing: Need for clean energy adoption to remain competitive.	- Financing EV infrastructure, charging stations, and clean transport fleets. - Supporting hydrogen and renewable energy projects. - Offering sustainability-linked corporate loans for green industrial transformation.
Energy Price	Rising global and regional energy prices due to the transition away from fossil fuels, affecting power generation and industrial energy consumption	- Higher operational costs for Manufacturing, Utilities, Retail, and Transportation sectors. - Increased cost of production and logistics, affecting profitability and pricing of goods/services. - Potential shutdowns or downsizing of energy-intensive industries unable to absorb cost increases.	- Offering energy efficiency loans for businesses to invest in renewable energy and smart energy systems. - Financing solar, wind, and battery storage solutions to reduce long-term energy dependency. - Developing corporate Power Purchase Agreement (PPA) financing for large consumers to buy renewable energy directly.

Our Climate Risk Time Horizons

When considering climate-related transitional and physical risks, Bank al Etihad assesses them through the following time horizons:

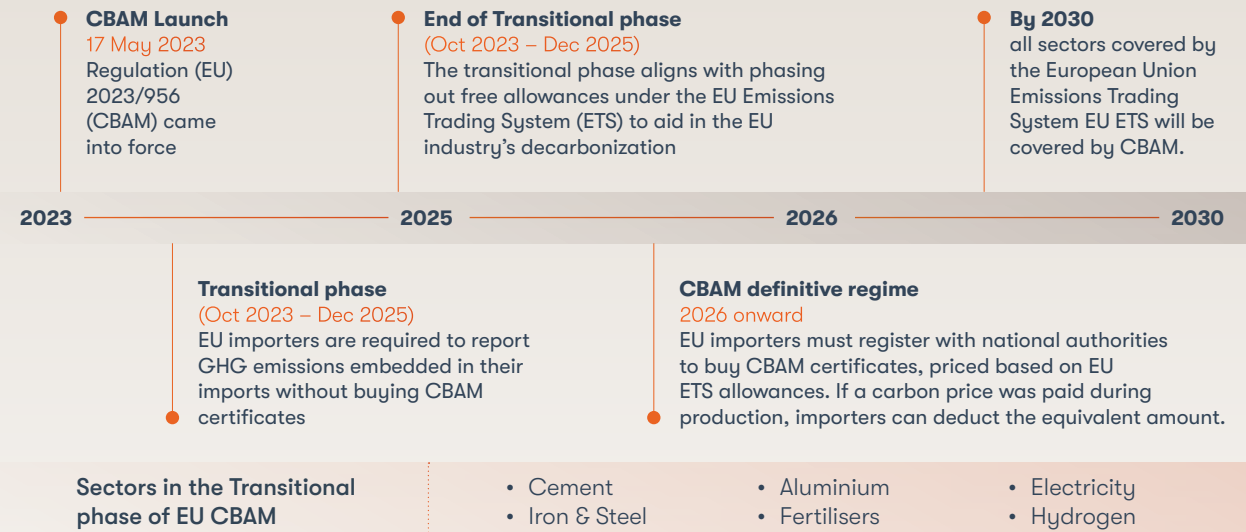
Horizon	Short term 0-3 years	Medium term 3-10 years	Long term 10-30 years
Explanation	This period focuses on immediate climate-related financial risks, such as regulatory compliance, ESG risk identification, and internal capacity building. Activities include incorporating climate considerations into governance, controls, and early-stage reporting processes.	The medium-term horizon reflects our strategic planning cycle and risk management processes. It is used to manage transition risks related to Jordan's climate policies, develop green financing products, and align our portfolio with evolving market expectations and Jordan's Nationally Determined Contributions (NDCs).	This horizon supports scenario analysis and the assessment of long-term physical and transition risks under various climate pathways (e.g., °1.5C or °2C scenarios). It guides our strategic resilience planning, capital investment decisions, and net-zero roadmap.

Transition Risk Case Study – CBAM Regulations

The EU's Carbon Border Adjustment Mechanism (CBAM) will impose carbon tariffs on imports of high-emission products such as cement, steel, fertilizers, aluminum, and electricity starting in 2026. In Jordan, only two of these five CBAM-defined sectors are significantly relevant: aluminum and fertilizers, both of which are export-linked and may face compliance costs.



$$\begin{matrix} \text{Actual emission} & & \text{Share of emission} & & \text{Total} & & \text{EU} & & \text{CBAM} & & \text{Carbon price} & & \text{Adjusted} \\ \text{of imported} & \text{—} & \text{covered by free allocation} & \text{X} & \text{tonnes of} & \text{X} & \text{ETS} & \text{=} & \text{price} & \text{—} & \text{paid in the} & \text{=} & \text{Price} \\ \text{product} & & \text{under the EU ETS} & & \text{imported} & & \text{price} & & & & \text{country of} & & \\ \text{(per tonne)} & & \text{(per relevant product)} & & \text{product} & & & & & & \text{origin} & & \end{matrix}$$



Jordan, however, is among the least impacted countries, due to its relatively low energy intensity and CO₂ emissions, particularly when compared with larger industrial exporters. This limits the overall macroeconomic exposure but creates targeted financial risks for companies in the affected sectors. The policy also presents opportunities for banks to support decarbonization efforts through green loans and sustainable investment.

	Export to EU	CO ₂ emission intensity of export	Relative CBAM Exposure Index
Aluminium	30,8%	0,03 (0 - 1,02)	-0,00107
Iron & steel	N.A.	N.A (0 - 2,14)	N.A.
Fertilisers	25,7%	0,27 (0,08 - 3,4)	-0,00570
Cement	N.A.	N.A (1,52 - 14,05)	N.A.
Electricity	N.A.	N.A (0 - 5,38)	N.A.

CO₂ emission intensity per export (KgCO₂eq/USD)

Relative CBAM exposure index is based on: 1) CO₂ emissions intensity of exports (kg CO₂eq/USD), in excess of EU average intensity, 2) Exports to EU (% of Jordan's aluminum exports to world) and 3) Carbon price at 100\$/ton CO₂eq.

These regulations represent strategic opportunity for the Bank to support affected Jordanian businesses through innovative, climate aligned solutions, such as:

- Trade finance solutions:** structuring trade finance solutions for exporters investing in cleaner production
- Sustainability linked loans:** provide SLLs where interest rates decrease if exporters achieve carbon reduction targets.
- Supply-chain and SME financing for CBAM:** provide financing to SMEs to upgrade to cleaner production.
- Advisory services and partnerships:** educate clients on CBAM reporting requirements through the sustainable growth academy and facilitate partnerships with third-party verifiers to ensure compliance.

Climate Risk Materiality by Sector

The Bank conducted a comprehensive assessment of its credit portfolio to identify sectors inherently vulnerable to climate related risks. This materiality assessment provides the foundation for our forward looking climate scenario analysis and stress testing, enabling a deeper understanding of sectoral exposure to both transition and physical climate risks.

The analysis evaluates the potential impact of climate factors on overall credit risk under different climate scenarios and pathways, assessing how changes in key climate parameters may affect portfolio performance. To support this, the Bank segmented its outstanding credit portfolio by sector and applied expert judgement across several key dimensions, including:

- Jordan's national greenhouse gas (GHG) inventory, used as a proxy for sectoral transition risk;
- Analysis of Scope 1 and Scope 2 emissions pathways across sectors;
- Global climate risk trajectories relevant to our sectoral composition;
- A comprehensive understanding of the Jordanian context, including geographic regions exposed to climate hazards.

Based on this approach, we developed a Climate Risk Materiality Heatmap (NACE-based), which ranks sectoral exposures according to combined physical and transition risk levels. The results are as follows:

High-risk sectors:
Manufacturing, construction, utilities, and transport

Moderate-risk sectors:
Real estate, wholesale, and retail trade

Low-risk sectors:
Financial services and technology-based businesses

The heatmap serves as a key input into both the Climate Scorecard and the Risk Appetite Framework (RAF), enabling the Bank to calibrate its exposure to high-risk sectors and systematically monitor progress over time.

Climate Risk Materiality Heatmap by Sector (NACE)

		Wholesale & Retail Trade	Manufacturing	Utilities	Construction	Transportation & Warehousing	Real Estate & Rental	Finance & Insurance	Health Care & Social Assistance
Physical Risks	Water Scarcity & Drought	2	2	3	2	2	2	2	2
	Extreme Heat & Heatwaves	3	2	3	3	3	2	2	2
	Flash Flooding	1	1	1	1	1	1	1	1
	Declining Air Quality & Dust Storms	1	2	1	2	1	1	1	2
Transition Risks	Carbon Pricing & CBAM	2	3	3	2	2	2	2	2
	Increase in Energy Prices	2	3	3	2	3	2	2	2
	Energy Efficiency Standards	2	3	2	3	2	3	2	2
	Market Shift to Sustainability	3	3	2	2	2	2	2	2
	Regulatory & Disclosure Burdens	1	1	2	1	1	2	2	1
	Technology & Clean Energy Disruption	2	3	3	2	3	2	2	2

Low Medium High

Scenario Analysis

Scenario analysis plays a central role in assessing the resilience of our portfolio under different climate futures. By exploring a range of plausible pathways, we enhance our understanding of exposure to both physical and transition risks, and translate these insights into targeted mitigation, adaptation, and strategic responses. In line with international best practice, our analysis is guided by Network for Greening the Financial System (NGFS) scenarios, recognised for their credibility and consistency.

In 2025, the Bank built on its enhanced materiality assessment and, taking into account the data requirements of its stress testing exercises, implemented four climate scenarios across different time horizons to capture key physical and transition risk dimensions:



Acute drought and heat stress



Sudden carbon price shock



2030 orderly transition



2050 Hot House World

These scenarios enabled the Bank to quantify potential impacts on key financial and portfolio metrics, including:

- **Probability of Default (PD)**
 - **Non performing loans (NPLs)**
- **Portfolio level risk indicators**
 - **Capital adequacy under stress conditions**

This approach supports a forward looking assessment of climate related risks and strengthens the Bank’s ability to manage potential impacts on financial performance and resilience.

Scenario 1 Acute Drought and Heat Stress	
Risk	Physical
Time Horizon	Short-Term
Description	A short term (one year) scenario assumes that Jordan experiences an extreme drought and heatwave, characterised by record low precipitation levels and intensifying climate conditions. This could result in water rationing, significant agricultural losses of 30–50%, and potential strain on energy supply. The economic impacts may include reduced agricultural output, increased food prices, and lower overall GDP growth for the year. This scenario assesses immediate credit risks across vulnerable sectors, including agriculture, water utilities, and food supply chains, while also capturing broader macroeconomic effects on households and businesses.

Scenario 2 Sudden Carbon Price Shock	
Risk	Transition
Time Horizon	Short-Term
Description	A short term (3 year) scenario assumes a rapid global policy shift, with major economies introducing high carbon pricing or border adjustment measures from 2025. This triggers increased energy import costs for Jordan and adjustments in trade dynamics. In response, Jordan may introduce a modest carbon fee and reduce fossil fuel subsidies, leading to higher transportation and electricity costs, upward pressure on inflation, and short term GDP impacts. Under this scenario, carbon intensive sectors, such as heavy industry and transportation, face declining margins and elevated credit risk. The scenario tests the Bank’s exposure to fossil fuel dependent sectors, as well as the resilience of households and SMEs to energy price shocks and transition related disruptions.

Scenario 3 Orderly Transition	
Risk	Transition
Time Horizon	Long-Term
Description	A 10-year scenario to 2030 assumes a gradual and orderly implementation of climate policies, aligned with an “early action” 2°C pathway. Under this scenario, Jordan and other countries progressively strengthen regulations and invest in renewable energy, energy efficiency, and water management. By 2030, Jordan achieves its Nationally Determined Contribution (NDC) target of a 14% emissions reduction. The overall economic impact is expected to be moderate, with some pressure on carbon intensive sectors offset by emerging opportunities in green industries. Physical climate risks are assumed to increase only marginally by 2030, with slightly higher frequency of heatwaves but no significant escalation compared to current conditions.

Scenario 4 Hot House World	
Risk	Physical
Time Horizon	Long-Term
Description	A long term (to 2050) scenario assumes an ineffective transition, leading to high warming and severe physical impacts. This aligns with a “No Additional Action” pathway (e.g. NGFS Hot House World / IPCC RCP8.5), with temperatures in Jordan rising by approximately +3°C, reduced rainfall (–10% to –20%), and more frequent extreme events. These conditions would intensify water scarcity, constrain agriculture, and disrupt rural livelihoods. Periodic shocks, such as severe floods or prolonged droughts, could further impact infrastructure and economic stability, resulting in a structurally lower GDP by 2050. This scenario tests long term credit risks, including higher default rates in agriculture and water dependent sectors, declining real estate values in climate vulnerable areas, and broader portfolio stress. It also captures structural risks such as increased mortgage exposure to extreme heat and rising sovereign risk driven by higher adaptation costs.

Stress Testing

The Bank’s approach to Climate Stress Testing is a continuation of our efforts in 2024 and 2025 building on our climate risk materiality assessment and scenario analysis. These efforts have built the foundation for our stress testing exercise conducted in 2025.

The Bank’s stress testing framework, aligned with the Network for Greening the Financial System (NGFS), aims to provide insight into specific connected, typically adverse events and their potential impact on the bank’s lending portfolio and statements. The climate-related events can be rooted in the physical climate hazards (e.g., droughts, heatwaves, floods) or transition climate risks and opportunities, which are arising from the company’s journey to the green(er) economy.

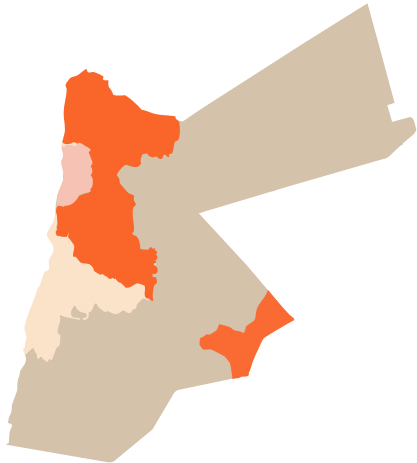
Our Methodology

The model methodology uses the probabilities of the climate hazards in the 12 different regions (governorates) in Jordan: Amman, Ajloun, Aqaba, Balqa, Irbid, Jerash, Karak, Maan, Madaba, Mafraq, Tafileh, and Zarqa. The stress test models are based on several simplified variables and numerous assumptions.

The impact drivers are defined in a bottom-up fashion and reflect the realistic climate risk scenarios, such as increased drought or sudden carbon-related taxes, such as CBAM. All stress test models are based on different timelines, from short-term as 3 years ahead, to long-term impact, having a scope of 30 years ahead. Also, the stress tests are anchored in the static balance sheet approach, using the current portfolio structure for study. However, the models allow using different portfolio assemblies, either real or future, or hypothetical from the transition plan.

Our Climate Risks Sectoral Sensitivities Assessment

The Bank’s Sectoral Sensitivities assessment evaluates how different industries are affected by both physical climate hazards, such as heatwaves and floods, and transition risks, including carbon pricing and evolving regulatory requirements. It examines both economic vulnerability and adaptive capacity across sectors to inform long term strategic planning and investment decisions. This analysis is informed by recent research published by the United Nations Environment Programme Finance Initiative (UNEP FI), which quantifies the impact of key climate drivers and hazards across major industries. To enhance sensitivity and precision, sectors are further segmented based on three key criteria: (i) the proportion of sub sectors affected (NACE Level 2 classification), (ii) the severity of potential impact, and (iii) sectoral recoverability, or adaptive capacity.



Our Physical Climate Risk Sensitivity Sectoral Assessment

Climate physical risk exposure is assessed as a function of the likelihood of a climate hazard occurring, based on geographic location and sector, and the severity of its potential impact on that sector. This risk is further translated into financial terms by considering the Bank’s outstanding on balance sheet exposure within the portfolio.

Sector	Heatwaves	Drought (SPEI)
Agriculture, forestry and fishing		
Mining and quarrying		
Manufacturing		
Electricity, gas, steam and air conditioning supply		
Water supply; sewerage, waste management and remediation activities		
Construction		
Wholesale and retail trade		
Transportation and storage		
Accommodation and food service activities		
Publishing, broadcasting, and content production and distribution activities		
Telecommunication, computer programming, consulting, computing		
Financial and insurance activities		
Real estate activities		
Professional, scientific and technical activities		
Administrative and support service activities		
Public administration and defense; compulsory social security		
Education		
Human health and social work activities		
Arts, entertainment and recreation		
Other service activities		
Activities of households as employers		
Activities of extraterritorial organizations and bodies		

Our Transition Climate Risk Sectoral Sensitivity Assessment

Climate related risks and opportunities associated with the transition to a green economy, affecting both the Bank and its borrowers, are systematically assessed through a structured framework comprising four key dimensions: (i) policy and regulatory changes, (ii) technological developments, (iii) market and reputational shifts, and (iv) carbon sensitivity.

Sector	Policy Risk	Technology Risk	Market Risk	Carbon Risk
Agriculture, forestry and fishing				
Mining and quarrying				
Manufacturing				
Electricity, gas, steam and air conditioning supply				
Water supply; sewerage, waste management and remediation activities				
Construction				
Wholesale and retail trade				
Transportation and storage				
Accommodation and food service activities				
Publishing, broadcasting, and content production and distribution activities				
Telecommunication, computer programming, consulting, computing				
Financial and insurance activities				
Real estate activities				
Professional, scientific and technical activities				
Administrative and support service activities				
Public administration and defense; compulsory social security				
Education				
Human health and social work activities				
Arts, entertainment and recreation				
Other service activities				
Activities of households as employers				
Activities of extraterritorial organizations and bodies				

Risk Levels colour coding

Low Risk	Medium Risk	High Risk	Not Applicable



Looking Ahead

Building on the foundations established in 2025, the Bank will continue advancing its climate scenario analysis and stress testing capabilities by developing locally calibrated climate scenarios that reflect the characteristics of its operating markets.

While internationally recognised scenarios, including those developed by the Network for Greening the Financial System (NGFS), will continue to provide the overarching framework, the Bank will progressively develop its own climate science assumptions by integrating local climate projections, hazard data, sector-specific evidence, macroeconomic indicators, and regulatory developments relevant to Jordan and Iraq. This will enable climate scenarios and stress testing methodologies to better reflect the realities of the Bank’s portfolio and the markets in which it operates.

The Bank will continue enhancing the sophistication of its climate risk assessments through improved physical hazard mapping, expanded sectoral sensitivity analysis, strengthened transition risk modelling, and deeper integration of climate-related financial impacts into portfolio management, risk appetite, capital planning, and strategic decision-making.

Through this approach, the Bank aims to contribute to the development of locally relevant climate risk methodologies for the financial sector while continuing to strengthen the robustness, relevance, and decision-usefulness of its own climate risk management framework.

Unlocking Climate Opportunities

Our Sustainable Finance Framework

In line with its climate and sustainability ambitions, Bank al Etihad has established a **Sustainable Finance Framework** (the “Framework”) to guide the allocation of capital towards environmentally and socially responsible activities. The Framework applies to loans and leases financed through the Bank’s own funds, externally sourced credit lines, or proceeds raised through green, social, or sustainability bond issuances.

The Framework is aligned with internationally recognised standards, including the **ICMA Green Bond Principles (2021) and Social Bond Principles (2023)**. In its development, the Bank leveraged internal guidance, such as its Green Guide, and incorporated both local and international frameworks, including the **Central Bank of Jordan’s Green Finance Strategy** and the **United Nations Sustainable Development Goals (SDGs)**.

In addition, the Bank has reviewed the **EU Taxonomy** and, where applicable, integrated its substantial contribution criteria to strengthen alignment with global best practices in sustainable finance.

Use of proceeds

The below is an indicative non-exhaustive list of categories under which proceeds from this framework will be allocated. For details on the criteria set for each category, please refer to our Sustainable Finance Framework report.

Green Eligible Categories						
Our green categories align with our climate risks and opportunities assessment and aims to support industries and climate issues that most pressing for Jordanian businesses.						
Category	Green Buildings	Energy Efficiency	Renewable Energy, Electricity and Energy Storage	Clean Transportation	Water Efficiency, Reuse and Wastewater	Resource Efficiency
Use	Loans and/or investments used for the purpose of financing real estate – new construction, refurbishment and acquisition for commercial and residential buildings.	Loans and/or financing used for the purpose of improving the energy efficiency of operations or systems	Loans and/or financing used for the purpose of financing renewable energy, energy storage and low carbon electricity infrastructure including equipment, development, manufacturing, construction and operation.	Loans and/or financing used for the purpose of e-mobility and associated infrastructure.	Loans and/or financing used for the purpose of increasing water availability, efficiency and reuse.	Loans and/or financing used for the purpose of increasing resource efficiency

In 2025, sustainable finance made up **10.14%** of the Bank’s portfolio.

For a detailed understanding of our framework, please refer to our [Sustainable Finance Framework](#) report on our website.



Acceptable social categories and target populations are aligned with the definitions in the ICMA Social Bond Principles (2023). Bank al Etihad additionally considers the following:

 Women Individuals or Women SMEs Women-owned enterprises: At least 51% women ownership of stocks/shares with signatory power. Women-led enterprises: At least 25% stocks/shares owned by women AND holds a senior leadership position within the company	 Youth individuals and youth SMEs Youth owned enterprises: At least 51% youth ownership of stocks/shares with signatory power Youth-led enterprises: At least 25% stocks/shares owned by youth AND holds a senior leadership position within the company.	 Rural Development Governorates excluding the primary urban areas of Amman, Zarqa, Irbid and Aqaba
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Social Eligible Categories			
Category	Affordable Housing	Access to Essential Services and Infrastructure	Access to Finance
Use	Loans and/or investments in government approved affordable housing	Loans and/or investments to services and infrastructure in rural areas	Loans and/or investments to SMEs in rural areas

For more details on our exclusion list, project evaluation and selection process, environmental and social screening approach, and our reporting indicators please refer to our framework on our website.

Green Lending Performance

The Bank continued to strengthen the implementation of its climate strategy during 2025 by further embedding sustainable finance across its lending activities and expanding financing for projects that support the transition to a lower-carbon economy. Building on the foundations established in previous years, the Bank continued integrating its Sustainable Finance Framework into lending decisions, product development and portfolio management, enabling climate-related opportunities to be incorporated into core business activities rather than delivered through standalone initiatives.

Growth during the year was supported by a diversified suite of climate-focused financial solutions across both retail and business banking. These included financing for renewable energy, energy efficiency, green buildings, electric mobility, sustainable transport, supply chain finance, and other eligible climate mitigation activities. The Bank also continued leveraging dedicated sustainable finance facilities and strategic partnerships, including financing programmes with international financial institutions, to expand access to climate finance and increase its capacity to finance eligible green investments.

The Bank observed continued demand from both retail and corporate customers for financing that supports energy cost reductions, operational efficiency, and investment in lower-carbon technologies. This trend reflects the increasing commercial relevance of climate-related financing within the Jordanian market, where businesses and households continue to seek solutions that improve resilience to rising energy costs while supporting national climate and energy transition objectives.

The continued expansion of the green lending portfolio demonstrates progress in executing the Bank’s climate-related strategy and capturing climate-related opportunities identified through its governance and risk management processes. In particular, the growth of electric mobility financing and other eligible green assets contributed to further integrating climate considerations into the Bank’s lending portfolio, while maintaining alignment with the Sustainable Finance Framework and the environmental eligibility criteria applied to green financing.

Together, these developments reinforce the Bank’s approach to directing capital towards activities that contribute to climate change mitigation while supporting portfolio diversification, strengthening long-term business resilience, and positioning sustainable finance as an integral component of the Bank’s overall growth strategy.

Process	2024	2025
Green lending share of portfolio	6.28% (as of 31/12/2024)	7% (as of 31/12/2025)
Growth in green loan balance	+50.1% Increased compared to 2023	+73% Increased compared to 2023
Growth in booked green loans	+69.3% Increase compared to 2023	+139% Increase compared to 2023
Booked green loans (amount)	206.6 Million JOD	291 Million JOD
E-mobility loan share	55.8% of newly booked auto loans	39% of newly booked auto loans
E-mobility portfolio share	40.2% of total auto loan portfolio	46% of total auto loan portfolio

EBRD Subordinated Debt with Sustainable Use of Proceeds

The Bank secured a USD 30 million subordinated loan to strengthen its Tier II capital, supporting growth plans and optimising its capital structure. The proceeds are allocated to finance eligible green and social sub projects, in line with the Bank’s sustainable finance strategy.

Project Objectives

The loan enhances the Bank’s capital base, enabling the financing of:

- **Eligible green projects (60%)**, supporting environmentally sustainable investments
- **Inclusive financing (40%)**, including lending to women and youth led MSMEs, as well as businesses operating in underdeveloped and financially underserved regions

The project supports a resilient, green, and inclusive transition by strengthening the Bank’s capacity to finance sustainable economic growth. It enables increased investment in environmentally responsible projects while improving access to finance for underserved segments, including women, youth, and MSMEs in less developed regions. This reinforces the Bank’s role as a key contributor to inclusive growth and sustainable development. For more details on the project, you can refer to the European Bank [website](#).

Sectoral Transition

In 2025, the Bank continued to advance its structured transition strategy by expanding its sustainable finance activities to address key physical and transition climate risks in Jordan, while contributing to the country’s Nationally Determined Contributions (NDCs). While spanning multiple sectors, these efforts are focused on enabling high impact industries to transition towards more sustainable business models. This supports the Bank’s decarbonisation roadmap and ensures alignment with both national priorities and global climate objectives.

01 Financing Water-Intensive Sectors

Given Jordan’s acute water scarcity, Bank al Etihad is prioritising financing solutions for water-intensive industries that emphasise conservation, efficiency, and sustainable use:

- **Water Efficiency Projects:** We are financing technologies and practices that promote water savings in agriculture, manufacturing, and hospitality.
- **Agribusinesses:** Our support extends to agribusinesses implementing water-efficient irrigation systems and sustainable farming methods that optimise water usage.

02 Expanding the Building and Retrofitting Sector

We are extending our sustainable finance outreach to the building sector, a major contributor to energy consumption and emissions:

- **Energy-Efficient Retrofitting:** We finance retrofitting projects for residential and commercial buildings to improve energy efficiency and sustainability.
- **Green Construction Financing:** In addition to retrofitting, we support new developments that follow green building standards and certifications such as LEED, contributing to energy savings and emissions reductions.

03 Supporting the Agribusiness Value Chain

Agribusiness plays a vital role in Jordan’s economy. We are expanding financial support across the entire value chain to promote sustainability and resilience:

- **Sustainable Farming Techniques:** We finance projects focused on sustainable farming methods, such as precision agriculture, that contribute to both environmental and economic resilience.
- **Green Supply Chains:** We collaborate with agribusinesses to implement green practices throughout their supply chains, from procurement to packaging and distribution.

04 Financing the Energy Transition

We continue to expand our reach in financing Jordan’s energy transition, particularly in the renewable energy space:

- **Renewable Energy Projects:** We finance a range of renewable energy initiatives, with a strong focus on solar energy providers and contractors. These projects support Jordan’s NDCs and national energy targets.
- **Energy Efficiency in Industry:** In addition to renewable energy, we support energy efficiency upgrades in industrial sectors that drive environmental sustainability and cost savings.

05 Financing E-mobility

In line with Jordan’s transition to greener mobility, we are increasing our focus on the transport sector, especially electric vehicles (EVs):

- **EV Auto Loans:** Our retail auto loan portfolio now includes dedicated financing for electric vehicles, supporting broader adoption of cleaner transport options.
- **Financing EV Suppliers:** We provide financing to EV importers, dealerships, and charging infrastructure providers to help strengthen Jordan’s growing EV ecosystem.

Climate Focused Financial Solutions

Client Segment	Product	Purpose	Features	% Distributed
Business Clients	SME Green Loans (GEFF)	Support SMEs in adopting sustainable practices	Competitive interest rates with cashback incentives (10%-15%) on up to \$1M per loan and \$2M per client exposure	1.02%
	EIB-Funded Credit Lines	Finance sustainable sectors in line with the Paris Agreement	€90 million in EIB credit lines and a \$50 million EIB portfolio guarantee secured	0.30%
	CBJ Sector Financing	Promote energy efficiency, renewables, and green buildings	Up to 3 million JOD; interest rates up to 4.5%; repayment terms up to 10 years including a grace period of up to 2 years	2.85%
	Internal Green Financing	Fund projects in the circular economy and green production	Tailored to the specific sustainability objective, as per our sustainable finance framework	4.83%
	Green Fleet Financing	Help businesses transition to energy-efficient transport	Flexible terms and competitive rates	2.62%
	Supply Chain Finance (Green)	Encourage suppliers to adopt sustainable practices	Structured as revolving facilities	25.17%
	Green Leasing	Lease energy-efficient equipment and electric vehicles	Helps manage costs while adopting green technologies	0%
Retail Clients	EV Loans	Finance electric vehicle purchases	Flexible and competitive financing terms	62.17%
	Solar & Renewables Loans	Support installation of renewable energy systems at home	0% interest on credit card instalments for up to 24 months	0.02%
Employees	Staff EV Loans	Promote electric vehicle adoption among employees	Higher financing amounts, lower interest rates, and longer tenors	1.01%

2025 Product Innovations

Sustainable Trade Finance

Development of a structured trade finance offering aligned with ICC Sustainable Trade criteria, including eligibility definitions, sector-specific considerations, and alignment with international standards.

Sustainable Transport Finance (Corporate Segment)

Structuring of financing solutions for corporate clients to support fleet transition, aligned with international financing programmes and resulting in booked transactions and pipeline growth.

*Same as SME offering

Sustainable Leasing Structures

Development of leasing structures for energy-efficient assets in coordination with the leasing subsidiary and internal product teams, aligned with the bank’s sustainable finance framework and being operationalised within the subsidiary.

**SMEs can be eligible



Customer Enablement

During 2025, we continued to advance our approach to supporting clients in their transition toward a more resource efficient and climate resilient economy.

Our focus was on building internal capabilities to enable consistent, technically grounded, and commercially relevant engagement across the Group. The objective is to move beyond centralised expertise and ensure that transition related insights are integrated into day to day decision making and client interactions.

Consequently, we began designing and delivering tailored client support solutions that respond to varying needs, including climate capability building, technical advisory services, and support in developing transition plans. These services enable more structured engagement with clients, helping them navigate transition challenges while aligning financing solutions with their long term sustainability objectives.

Sustainable Non Financial Services

Empowering businesses through tailored Sustainability Services



Sustainable Growth Academy helping businesses integrate sustainability into their strategy, operations, and financial planning. From startups to established enterprises, it provides the tools, insights, and best practices needed for long-term sustainable success



Sustainability Advisory Services technical assistance to help businesses transition to sustainable models. We provide expert support on strategy, implementation, and best practices for long-term impact.



Transition Planning helping businesses develop a transition plan that can be tied to the sustainability linked financing as a service.



Sustainable Growth Academy offering ESG training for corporate clients and listed companies, helping them integrate sustainability into their strategies and meet regulatory expectations.

Sustainable Business Growth Academy

We established the Sustainable Business Growth Academy to support capability development across business lines. A structured “train the trainer” model was introduced, equipping 12 internal professionals as sustainability champions responsible for supporting client engagement and identifying transition related financing opportunities.

The programme is supported by dedicated learning modules, delivered in collaboration with an external certified trainer and with partial support from the SANAD Fund. These modules are designed to translate technical climate concepts into practical application, enabling teams to engage with clients on transition pathways, resource efficiency, and resilience in a commercially relevant manner. The Academy forms a core component of our broader capability building framework, with defined outputs linked to client engagement, awareness building, and the origination of transition related financing. As part of the 2026 rollout, these outputs will be formalised into KPIs to ensure consistent application, accountability, and scalability across the Group.

Building on this foundation, we plan to formally launch our climate advisory offering across the Group in 2026, followed by further scaling and deeper integration across business lines in 2027.

Carbon Calculator Platform

A key milestone in 2025 was the launch of Carbon Calculator, developed in collaboration with Clarity AI and Visa, representing Jordan’s first fully integrated digital sustainability product within a banking application. The calculator leverages transaction data to generate meaningful insights into the environmental impact of customer spending behaviour. By translating payment activity into structured, easy to understand information, the tool enables customers to better understand their consumption patterns and make more informed choices through customer-facing dashboards. Creating of a foundation for future behavioural nudging and green product targeting. Beyond visibility, the carbon calculator has delivered measurable impact through:

Increased engagement with digital channels

Higher transaction activity and value per user

Observable shifts in spending behaviour

This initiative demonstrates the Bank’s ability to move beyond data collection towards active behavioural influence, positioning data as a practical tool to inform customer decisions and strengthen engagement. Know more about our carbon calculator on our [website](#).

Industry Engagement

We actively engage in public–private dialogue to contribute to the development of national climate priorities. In Jordan, we participated as an active contributor in key dialogues on climate finance, transport, and artificial intelligence. In addition, through our role in the Association of Banks in Jordan’s Green Finance Committee, we have collaborated with the World Bank, IFC, the Central Bank of Jordan, and the Ministry of Environment to support the development and refinement of policies related to climate and green finance.

At the client level, Bank al Etihad has begun engaging key corporate clients on sustainability linked financing. Currently, four major clients are developing transition plans in collaboration with external consultants. Our internal Sustainability Linked Loan framework guides the alignment of financing structures with clients’ transition objectives once these plans are finalised.

This approach reflects our commitment to supporting clients’ transition journeys while embedding our climate strategy into corporate advisory and financing activities, reinforcing our role as a facilitator of sustainable economic transformation.

Risk Management

5

Group Risk Management

The risk management function at Bank al Etihad is the nucleus unit driving the bank's sustainability and climate performance. With governance and strategic directions coming from the Risk Committee and unit, the team also works closely with departments across the Group ensuring a decentralised approach to climate and sustainability integration.

Our approach is anchored in a strong governance structure and a culture of accountability. We follow global best practices to identify, assess, and manage a wide range of risks, from financial and operational to emerging risks such as climate and cybersecurity. This framework ensures that resilience is built into every part of our business.

Key Methodologies and Practices for Risk Management at the Group Level



Reporting and Disclosures

- Preparing and submitting reports to senior management and committees
- Regulatory reports and disclosures
- Disclosures in accordance with standards and requirements (IFRS, GRI, regulatory bodies)



Governance and Monitoring

- Monitoring risk limits and breaches
- Escalation and management of material risks
- Reviewing and updating policies and frameworks



Scenario Analysis and Stress Testing

- Developing scenarios and analyzing their impact
- Testing stressed conditions at the level of facilities (the granted), financial investments, and across the branch network and digital infrastructure
- Assessing future implications on risks and costs



Measurement and Monitoring

- Measuring exposures across different risk types
- Key Risk Indicators (KRIs)
- Continuous monitoring and trend analysis

Risk Culture



Financial Capacity to Bear Risk



Risk Policies and Procedures



First Line of Defense

Second Line of Defense

Third Line of Defense

Risk Governance and Oversight

To ensure effective risk management, the Board of Directors and senior management, supported by the Risk Management function, are responsible for establishing and maintaining a strong, integrated risk framework across the Bank. This includes:

- Fostering a robust risk culture
- Defining and monitoring adherence to risk appetite and financial risk limits
- Ensuring that risks are identified, assessed, monitored, and controlled in a consistent and disciplined manner

The Bank's risk management structure is based on the **three lines of defense model**, which provides clear allocation of roles and responsibilities across business units, risk oversight, and independent assurance functions.

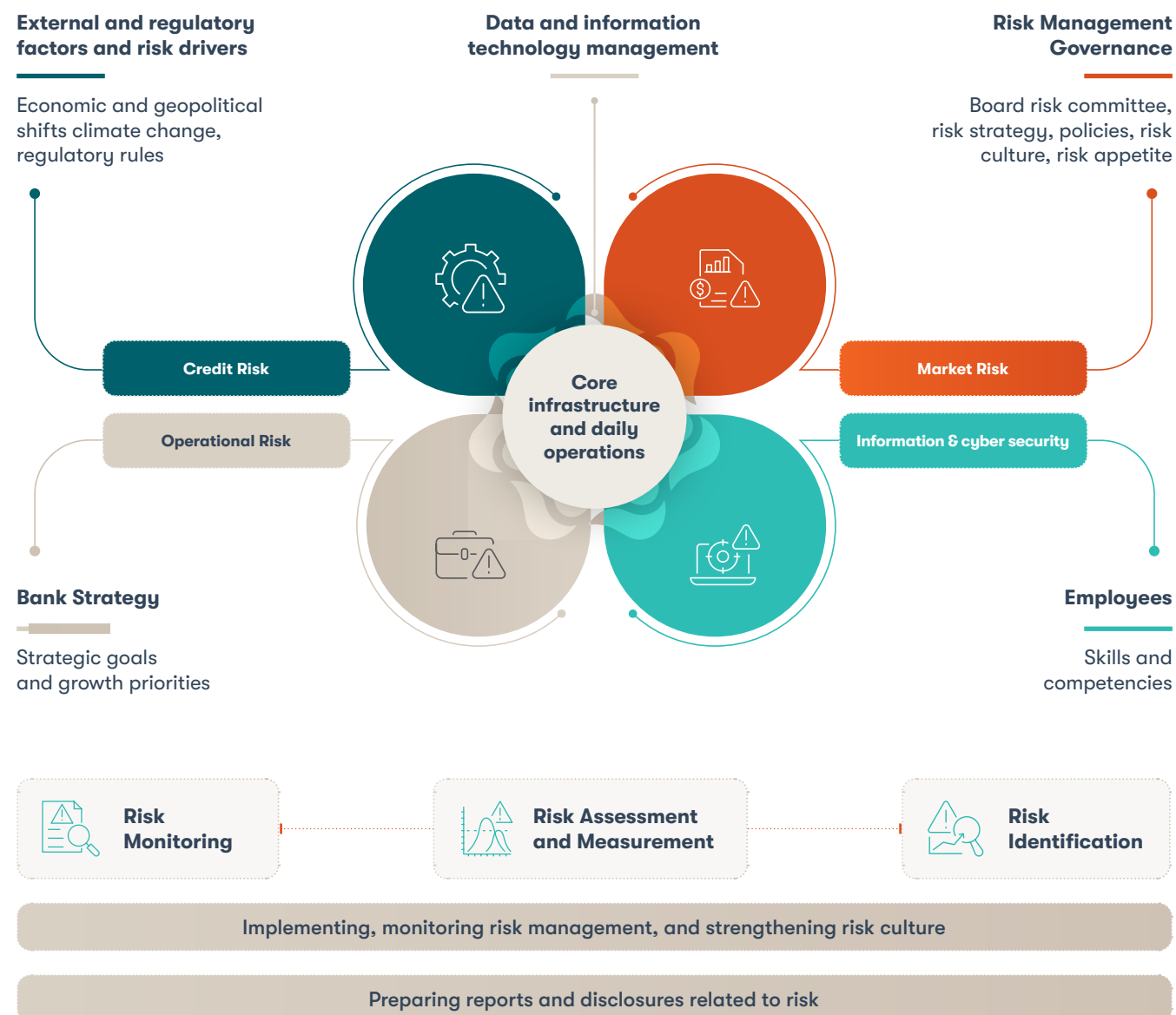
Oversight is further strengthened through the Board Risk Committee, which is responsible for developing and maintaining the Bank's risk management framework. The Committee ensures that risk exposures are appropriately identified, measured, and monitored in line with the Bank's approved risk appetite, as endorsed by the Board of Directors.

At the management level, the Risk function maintains ownership of the framework, working across business, technology, data, and control functions to ensure that climate and sustainability considerations are consistently embedded across the Bank.

Climate and Sustainability Risk Management

At Bank al Etihad, climate and sustainability related considerations are not treated as standalone risk categories. Instead, they are recognised as risk drivers that influence the Bank's existing risk landscape, affecting both financial and non financial exposures across portfolios, operations, and systems. This approach reflects our broader risk management philosophy, which focuses on integrating emerging risks into established frameworks rather than creating separate categories. We assess how external developments, such as climate change and the transition to a low carbon economy, impact core risk types, including credit, market, operational, and strategic risks, and incorporate these insights into decision making processes across the Bank.

Risk Management Framework



Climate and sustainability related drivers can affect the Bank through multiple risk transmission channels, reflecting their broad and cross cutting nature:

Credit Risk

Through changes in client performance, sector dynamics, and collateral values driven by climate and transition impacts

Market Risk

Through repricing effects, macroeconomic shifts, and volatility in energy and commodity markets

Strategic Risk

Through shifts in business models, client demand, and sector competitiveness as the economy transitions

Compliance Risk

Through evolving regulatory, supervisory, and disclosure requirements related to climate and sustainability

Operational Risk

Including disruptions to physical infrastructure and branch operations, impacts on critical processes and service continuity, and increased reliance on digital systems and third party providers, potentially heightening technology and cybersecurity risks

This integrated view ensures that climate related drivers are systematically considered across the Bank's core risk categories, supporting consistent identification, assessment, and management of risks in line with the Bank's overall risk framework, rather than being treated in isolation.

Climate and Sustainability Risk Identification and Assessment

The Risk function, including the Sustainability Unit, ensures that climate and sustainability related drivers are systematically identified, assessed, and monitored across the Bank. This includes:

- **Sector exposure analysis** to assess portfolio sensitivities
- **Evaluation of risk drivers** and their potential impact on clients and operations
- **Scenario analysis** to assess forward looking impacts on:

The Bank's portfolio

Operational Activities

Financial Performance

This approach supports risk informed decision making across credit, strategy, and operations, ensuring that climate considerations are effectively integrated into core business processes.

2025 Climate Risk Highlights

In 2025, the Bank strengthened its climate and sustainability risk management approach by enhancing analytical capabilities, expanding the scope of coverage, and improving consistency of application across the Group. Key developments included:

- **Advancement to quantitative scenario analysis** | The Bank conducted quantitative climate scenario analysis and stress testing, moving beyond qualitative assessments. Multiple climate pathways were applied to assess potential impacts on the portfolio, supporting forward looking risk evaluation.
- **Expansion to investment portfolio exposures** | Climate related analysis was extended to investment portfolios, including the measurement of associated financed emissions. These metrics are used as exposure indicators to support the development of market risk analysis and scenario based assessments.
- **Enhancement of financed emissions methodologies and data quality** | The Bank refined its approach by improving underlying data inputs, reducing reliance on high level proxies, and strengthening internal calculation tools and methodologies.
- **Strengthening of Group wide data infrastructure** | Progress was made in standardising data capture and reporting across entities, including newly integrated subsidiaries, to enable consistent measurement and future integration into risk processes.
- **Improved consistency across the Group** | Following the Group's expansion, the Bank focused on aligning methodologies, definitions, and application across entities at different stages of maturity, ensuring a more consistent approach to assessing and interpreting climate related risks.

These enhancements support the Bank's transition towards a more consistent, data driven, and forward looking approach to climate risk assessment, in line with IFRS S1 and IFRS S2 requirements.

Climate-Related Risk Evaluation

Climate related physical and transition risks can affect businesses through multiple transmission channels, giving rise to credit, market, operational, and other financial risks. These effects extend to financial institutions through their exposure to clients and sectors impacted by climate change.

For example, credit risk may arise as clients face increasing pressures from carbon pricing, water scarcity, evolving fuel efficiency standards, and technological shifts towards low carbon alternatives. For Bank al Etihad, such factors may weaken borrowers' financial performance, impair their ability to service debt, increase default risk, and reduce the value of collateral. They may also heighten the Bank's exposure to climate vulnerable sectors, reinforcing the need for proactive and forward looking risk management.

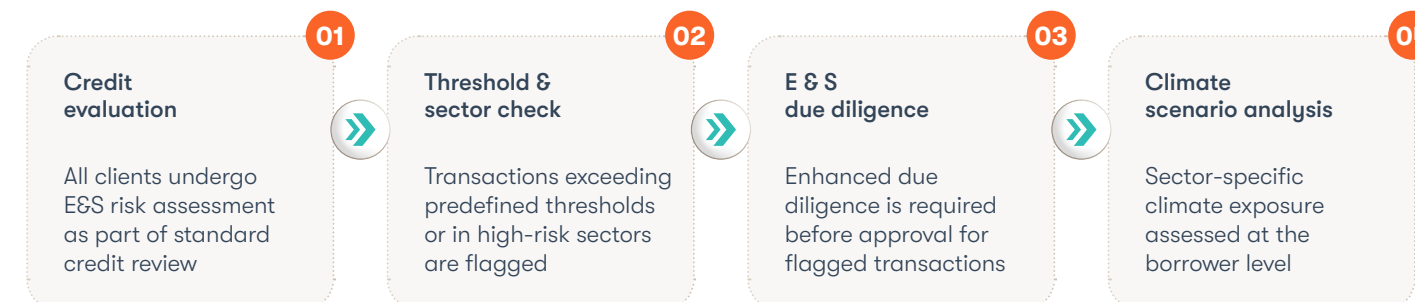
	Definition	Climate Drivers
Credit	The risk of loss to the bank arising from the failure of clients, customers, or counterparties to fully meet their contractual obligations — this includes the full and timely repayment of principal, interest, collateral, and other receivables.	Clients in carbon-intensive sectors may face financial challenges as evolving regulations and shifting market preferences undermine their creditworthiness and increase the risk of default. These pressures are further compounded by physical climate risk — such as extreme heat and water scarcity — that can disrupt operations and hinder their ability to maintain business as usual.
Market	The risk of loss resulting from adverse changes in the value of the bank's assets and liabilities due to fluctuations in market variables — including, but not limited to, interest rates, foreign exchange rates, equity and commodity prices, credit spreads, implied volatilities, and asset correlations.	Climate change may give rise to market risk either through a disorderly transition to a low-carbon economy or through physical climate events. These factors can disrupt supply and demand dynamics for financial instruments, potentially affecting market valuations across vulnerable sectors in Jordan.
Operational	The risk of loss to the bank resulting from inadequate or failed internal processes or systems, human error, or external events (such as extreme weather), where the underlying cause is not related to credit or market risk.	Climate-related events, such as extreme weather, may impact the locations and sites where the bank operates, potentially preventing employee access to premises and/or causing disruptions to critical infrastructure such as data centres.

At Bank al Etihad, climate related risks are integrated within our broader Environmental and Social (E&S) risk management framework, ensuring alignment with our Climate Transition Plan and long term sustainability objectives. We apply a structured, multi layered approach to risk screening and mitigation, beginning with E&S assessments aligned with the IFC Performance Standards and complemented by our internal trigger criteria.

Climate risk considerations are also embedded within our Internal Capital Adequacy Assessment Process (ICAAP), reinforcing a proactive and forward looking approach to risk management. This integration enables the Bank to systematically assess the potential financial impact of climate related risks, strengthen capital planning, and enhance resilience across its portfolio and operations.

How environmental, social, and climate risks are integrated into credit evaluation

Assessment Process



High-emission sectors will be required to submit climate transition plans once the bank's climate advisory service is launched.

E&S Risk Assessment

The outlined process below represents the fourth step of our environmental and social risk assessment process for loan applications, after which a credit decision is made.

01 General Requirements Check

- Confirm that the client is meeting relevant laws, regulations and standards, including environmental and health and safety regulations, planning permissions, operating licenses and permits
- Search online media for the client's history of fines or legal action taken against it.
- Check publicly available databases (e.g. through regulators) for any criminal or civil action in recent years (e.g. past three years) and for any liabilities (current or potential).

02 Determine Sector/Business Activity Risk

In determining the E&S risks associated with the business activity of our client, we adopt the EBRD's E&S Risk Categorisation list.

- **(Category A) High Risk Projects:** The client's business activities may give rise to significant or long-term environmental and social impacts.
- **(Category B) Medium Risk Projects:** The client's business activities have limited environmental and social risks and impacts, and these are capable of being readily and prevented or mitigated through technical and financially feasible measures.
- **(Category C) Low Risk Projects:** The client's business activities have minor/few environmental and social risks and impacts associated with them.

03 Determine overall E&S risk

The Overall E&S Risk is a combination of the E&S "Sector Risk" and the tenor of the loan.

Loan Tenor	Long	MEDIUM	HIGH	HIGH	
		LOW	MEDIUM	HIGH	
	Short	LOW	MEDIUM	MEDIUM	
		Low	E and S Sector Risk		High

The length of the loan is determined as follows:

Loan Tenor	SME Loans	Corporate Loans
Short Term	<1YR	<2YR
Medium Term	1-3 YR	2-5 YR
Long Term	> 3 YRS	> 5 YRS

Risk Assessment – Client and Transactional Level

Our Environmental and Social Risk (E&S Risk) policy remains a key component of our broader sustainability-related risk management approach. Approved by the board of directors, the policy serves as the Bank’s framework for identifying, assessing, monitoring, and managing environmental and social risks associated with financing and investment activities.

Our E&S Risk policy aligns with the eight principles of the IFC Performance Standards outlines below:

PS1	Conducting assessment and management of Environmental and Social Risks and Impacts
PS2	Upholding Labour and Working Conditions
PS3	Promoting Resource Efficiency and Pollution Prevention
PS4	Ensuring Community Safety, Health and Security
PS5	Addressing Land Acquisition and Involuntary Settlement
PS6	Encouraging Biodiversity Conservation
PS7	Respecting Indigenous People
PS8	Preserving Cultural Heritage

Our Environmental and Social (E&S) Policy applies across the entire Bank, extending beyond the Risk function and requiring strong cross departmental collaboration. Effective implementation depends on ensuring that employees are equipped with the necessary knowledge and training to understand sustainability risks and apply relevant procedures in their day to day activities.

The Policy is primarily applied to corporate and SME lending, as well as private equity investments, embedding environmental and social considerations into key financing decisions. In addition, the Bank maintains a defined exclusion list, against which all credit and investment activities are screened. This ensures that activities with potential negative impacts on the environment or society are not financed.

Understanding our Climate-related Risks Across our Portfolio

In 2025, we strengthened our ability to identify and assess climate-related risks across the portfolio, focusing on both transition and physical risk drivers and their potential financial implications at the client level.

On the transition side, we identified priority client segments with elevated exposure to evolving regulatory and market developments. This includes publicly listed companies facing increasing climate related disclosure requirements, as well as clients linked to EU markets—particularly in sectors affected by the Carbon Border Adjustment Mechanism (CBAM). These segments are more exposed to carbon pricing, regulatory alignment, and shifting market expectations.

We also developed a forward looking assessment of how these factors may impact client performance under different transition pathways. This included evaluating potential financial impacts from carbon costs, resource consumption, and regulatory changes, supported by client level analysis of EU revenue exposure and cost sensitivities related to energy use, fuel consumption, and carbon pricing

In parallel, we strengthened our understanding of physical climate risk drivers across the portfolio, with a focus on water stress and climate related disruptions such as flooding. These risks are particularly material in the Jordanian context, where resource constraints and extreme weather events can directly impact operational continuity and financial performance. This exposure is especially pronounced in resource intensive sectors, including manufacturing segments such as food production, pharmaceuticals, and cement, where water and energy availability, as well as vulnerability to physical disruptions, are critical operational and financial factors.

Together, these efforts represent a shift towards translating climate related risks into financially meaningful insights at the client level, enabling more informed risk assessment, targeted engagement, and stronger, data driven decision making across the Bank.



Transition Risk

Focuses on regulatory evolution, carbon pricing, and market shifts that affect client competitiveness and financial performance.

PRIORITY CLIENT SEGMENTS

Publicly listed companies

Subject to rising climate compliance & disclosure requirements

EU-linked clients

Direct & indirect exposure to CBAM and EU regulatory alignment

PRIORITY CLIENT SEGMENTS

Carbon pricing

Regulatory alignment

Market expectations

CBAM exposure

FORWARD-LOOKING ANALYSIS

Carbon cost implications

Multiple transition pathways

Energy & fuel cost structures

EU revenue sensitivity



Physical Risk

Addresses how climate-related physical disruptions threaten operational continuity and financial performance – especially in Jordan.

PRIMARY RISK DRIVERS

Water stress

Resource constraints in a water-scarce environment affect production continuity

Flooding & disruptions

Extreme weather events threaten assets, operations & supply chains

HIGH-EXPOSURE SECTORS

Food production

Pharmaceuticals

Manufacturing

Cement

CRITICAL CONSIDERATIONS

Water availability

Energy availability

Operational continuity

Asset exposure

Financial Implications at the Client Level



Revenue Exposure

Client-level assessment of income sensitivity to climate-driven regulatory and market shifts



Operating cost impact

Carbon costs, energy use, fuel consumption, and resource pricing pressures on margins



Competitiveness over time

How transition pathways and physical disruptions reshape long-term client positioning

Metrics and Targets

6

Our climate-related metrics and targets continue to evolve alongside the maturity of our climate risk management framework, data capabilities, and strategic priorities.

During the reporting period, we continued to strengthen our approach by integrating climate considerations into portfolio management, risk assessment, and strategic decision-making. This included expanding greenhouse gas accounting, enhancing financed emissions measurement, advancing climate scenario analysis and stress testing, and improving our assessment of climate-related risks and opportunities across our lending portfolio.

The metrics presented below are used by management to monitor progress against our climate strategy, assess exposure to physical and transition risks, evaluate climate-related opportunities, and support informed decision-making. They have been developed with reference to the IFRS Sustainability Disclosure Standards (IFRS S2), the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), the Central Bank of Jordan’s climate-related regulatory expectations, and our internal climate risk and sustainable finance frameworks.

Unless otherwise stated, the metrics presented reflect Bank al Etihad’s reporting boundary, including our operations in Jordan and our Iraq branches, in accordance with the reporting scope described in this report.

As our methodologies, data quality, and analytical capabilities continue to mature, we will continue to refine these metrics by increasing portfolio coverage, improving data granularity, incorporating additional forward-looking indicators, and progressively establishing more quantitative targets to support our climate strategy and meet evolving regulatory and stakeholder expectations.

Progress Against Previously Announced Climate Targets

Metric	Previous Target	Target Year	2025 Status	Performance
Scope 3 GHG emissions	Disclose at least two material Scope 3 categories.	2024	Achieved 	3 material Scope 3 categories disclosed.
Financed emissions coverage	Cover at least 50% of the lending portfolio.	2024	Achieved 	[JD1.1]% of the lending portfolio is covered.
Green Lending Portfolio	Reach 6% of the lending portfolio.	2024	Achieved 	6.28% of the lending portfolio
Climate Risk Training	Deliver mandatory annual climate risk training.	Annual (from 2024)	Achieved 	128 employees trained (100% completion rate)
Climate Scenario Analysis	Conduct qualitative climate scenario analysis using NGFS scenarios.	2024	Achieved 	Climate scenario analysis completed using NGFS scenarios.

Current Climate Metrics and Forward-looking Targets

Metric	Current Performance (2025)	Forward-looking Target	Timeline	Reference
Scope 1 GHG Emissions	405.8 tCO ₂ e	Measure and disclose 100% of Scope 1 greenhouse gas emissions across the reporting boundary annually.	Annual	IFRS S2
Scope 2 GHG Emissions	2,899.5 tCO ₂ e	Measure and disclose 100% of Scope 2 greenhouse gas emissions across the reporting boundary annually.	Annual	IFRS S2
Scope 3 GHG Emissions	3 material categories disclosed	Continue expanding the disclosure of material Scope 3 categories and improving underlying data quality and coverage.	Ongoing	IFRS S2
Financed Emissions Coverage	100% of PCAF applicable asset classes	Continue expanding financed emissions coverage across the lending portfolio and improve data quality in accordance with the PCAF Standard.	Ongoing for full group	IFRS S2 / PCAF
Physical Climate Risk Exposure	100% of Corporate portfolio assessed	Maintain and enhance the quantitative assessment of physical climate risks across the lending portfolio.	Annual	IFRS S2
Transition Climate Risk Exposure	100% of Corporate portfolio assessed	Maintain and enhance the quantitative assessment of transition risks across the lending portfolio.	Annual	IFRS S2
Climate-related Opportunities	6 material sectors	Expand the identification and assessment of climate-related opportunities across priority sectors and products.	Ongoing	IFRS S2
Portfolio exposure to carbon-intensive sectors	100% of corporate portfolio	Establish, monitor, and manage exposure to carbon-intensive sectors to support portfolio transition planning.	2026 onwards	Internal Climate Risk Framework
Corporate clients with transition plans	6% of corporate portfolio	Increase the proportion of corporate clients with transition plans through client engagement and advisory support.	Ongoing	Internal Climate Strategy
Green Lending Portfolio	10.14% of group lending portfolio	Continue increasing the proportion and value of green lending within the group portfolio.	Annual	Sustainable Finance Framework
Climate Risk Training	• 128 employees trained • 65% of roles have sustainability and climate-related competency incorporated into their learning plans	Deliver annual climate risk and sustainable finance training to relevant employees and management.	Annual	Internal
Climate Scenario Analysis	Completed	Update climate scenario analysis at least every two years using recognised climate scenarios and integrate findings into strategic planning and risk management.	Annual	IFRS S2
Climate Stress Testing	Completed	Conduct annual climate stress testing in line with Central Bank of Jordan requirements and integrate the results into risk management processes.	Annual	IFRS S2 / CBJ

Our GHG Accounting approach

Our approach to carbon footprint measurement is aligned with the Greenhouse Gas Protocol, reflecting its status as the most widely recognised global standard and its role as the reference framework for emissions disclosure under IFRS S2.

For financed emissions, the Bank applies the Partnership for Carbon Accounting Financials (PCAF) (version 3, 2025) methodology. PCAF provides a standardised approach for measuring and attributing emissions across key asset classes, including listed equities and corporate bonds, business loans and unlisted equities, project finance, commercial real estate, mortgages, and motor vehicle loans. This ensures consistency, comparability, and alignment with industry best practice in financed emissions accounting.

At the same time, the Bank's corporate strategy is focused on expanding operations and growing its customer base. While this growth strengthens our market position, it also results in an evolving emissions baseline, which presents challenges in establishing meaningful emissions reduction targets at this stage. As a result, our current focus is on strengthening data quality, improving measurement capabilities, and embedding carbon management practices across the organisation.

Our Operational Footprint

As the Bank continues to advance its growth strategy, expanding its business, customer base, systems, and operational footprint, its energy demand and overall environmental impact are expected to increase. We recognise this trajectory and are committed to ensuring that growth is achieved in the most efficient and low emission manner possible.

We believe that this expansion presents an opportunity to further strengthen our sustainability practices by integrating energy efficient solutions and proactive management approaches, enabling us to minimise environmental impacts as we scale our operations.

Our Fuel Consumption

In 2025, the Bank's total fuel consumption included 34,429 litres of petrol and 10,053.9 litres of diesel, primarily used by the operational vehicle fleet. In addition, 32,784 litres of fuel were consumed for stationary uses, including heating at headquarters, operations of backup generators, as well as branch and business park activities. Our fuel consumption in 2025, witnessed a 20% increase that was mainly driven by renovations carried in our branches.

The Iraq branch recorded 78,228 litres of diesel consumption for stationary combustion, along with 9,000 litres of kerosene. For mobile combustion, fuel use was limited, with 1,701.2 litres of petrol consumed by a single operational vehicle.

Fuel Consumption (litres)	2024 ²	2025 ¹
Total petrol consumption	33,389.98	36,130.18
Total diesel consumption ³	12,206.31	10,053.87
Fuel purchased for other purposes (heating & standby generators)	19,200	111,011.99 ⁴
Total fuel consumption	64,796.29	157,196.03

¹ Fuel Consumption for 2025 includes Bank al Etihad, its 100% owned subsidiaries, and Iraq branch. For a consumption breakdown and InvestBank's consumption data please refer to the Annex on page 58.

² Fuel consumption for 2024 does not include the Iraq branch.

³ Diesel consumption refers to diesel purchased and used for vehicles owned or leased by Bank al Etihad.

⁴ Diesel consumption for Iraq branch include kerosene consumption.

In 2025, we continued our commitment to fleet decarbonisation by increasing the share of electric and hybrid vehicles. While certain operational needs continue to require the use of fuel and diesel, we have taken deliberate steps to reduce overall consumption and optimise usage through the transformation of our vehicle fleet.

The Bank's fleet currently comprises 37 vehicles, of which **14% are fully electric**, **3% are hybrid**, and **24% are plug in hybrid**, in addition to **10 scooters**. To enable more accurate monitoring, we installed fuel consumption tracking systems across all Bank owned vehicles. This allows us to better manage fuel use and identify efficiency opportunities.

Fully electric and plug-in hybrid vehicles are assigned to executive management and are used daily. The remainders of our fleet serve essential operational functions:

10 scooters are used for delivering client cards, mail, and legal documentation

4 vehicles support employee use, logistics, and administrative work

1 vehicle is a remote branch

The rest are used for logistics, internal movement, and facility-related tasks



Our Energy Consumption

To reduce our operational footprint, the Bank has prioritised energy efficiency and the use of renewable energy across its operations. While growth has increased overall energy demand, we continue to integrate energy efficient solutions to manage this impact responsibly.

Over time, we have implemented key upgrades across our branch network, including LED lighting, timer controlled systems, high efficiency air conditioning, and Variable Refrigerant Volume (VRV) systems in new branches, improving overall energy performance.

In 2025, we expanded our Energy Monitoring System (EMS) to 20 branches, with full rollout planned for 2026. The system enhances visibility into consumption patterns, enabling targeted actions to improve efficiency and reduce energy use. At headquarters and selected branches, including the Abdoun Branch, the Siemens Building Management System (BMS) supports centralised monitoring and automated control of facilities. This has reduced energy waste, improved maintenance efficiency, and lowered both consumption and operational costs.

Electricity Consumption	2023 ¹	2024 ¹	2025 ³
Total (MWh)	6,142	6,638	7,092
Per employee ²	4.4	4.76	5



¹ Consumption includes Bank al Etihad's facilities only, Etihad Leasing and Etihad Brokerage are not included in this scope. Consumption per employee number is calculated using total employees excluding Etihad Leasing and brokerage employees, equalling 1,394.

² The number of employees used for 2025 includes Iraq, making the total number of employees used in the calculation 1,417. Previous years calculations include only Bank al Etihad employees.

³ Consumption for 2025 includes Bank al Etihad, its wholly owned subsidiaries and Iraq branch.

In 2025, the Bank's total electricity consumption reached **6,779 MWh**, whilst Iraq recorded a 313 MWh consumption, representing a slight increase compared to the previous year. This rise was primarily driven by business growth-growth in customer base and systems energy needs- and operational expansion. Electricity consumption per employee also increased, reflecting the combined effect of a marginal reduction in total headcount and the increase in overall energy consumed during the year.

Renewable Energy

As part of our long standing commitment to energy conservation, we have deployed solar photovoltaic (PV) systems across both on site and off site locations, including solar farms, branch rooftops, and our headquarters with a total installed capacity of **3.2 MW**, generating an average of **4,838 MWh** of renewable electricity per year since installation.

The portfolio comprises 15 net metering sites across branches, headquarters, and governorates, in addition to wheeling farms located in Al Sokhneh and Wadi Al Esh. Energy performance is continuously monitored through advanced systems to ensure optimal utilisation, efficiency, and operational transparency. In 2025, 13 out of 15 installations exceeded their projected performance levels, reflecting strong operational efficiency and effective asset management.

This investment supports our efforts to reduce reliance on conventional energy sources, lower Scope 2 emissions, and increase the share of clean energy across our operations.

	2023 ¹	2024	2025
Overall Capacity (MWp)	3.2	3.2	3.2
Average Output (MWh/year)	4,918	4,918	4,684
Average CO ₂ Reduction (tonnes/year)	2,487	2,235	2,365

¹ Installed capacity was reported as 3.2 MW in 2023. This refers to the peak capacity (MWp) of the solar PV systems.

As a result, the Bank avoided approximately **4,684 MWh** of grid electricity consumption during the year, contributing to a verified reduction of around **2,365 tonnes of CO₂** emissions. In parallel, these initiatives generated approximately **JOD 1.238 million** in cost savings, strengthening operational efficiency and demonstrating the long term financial and environmental value of our renewable energy investments.

	2023	2024	2025
Average CO ₂ Emission Reduction (tco2)	2,487	2,235	2,365
Financial Impact per year (JOD)	1,387,696.9	1,290,005.4	1,238,200.2
Renewable Energy % of the Bank's Consumption	80%	74%	69%

During the reporting period, we observed a 5% decrease in the percentage of renewable energy consumption. This decline reflects external market and regulatory factors, including increased electricity tariffs and evolving energy pricing and regulatory conditions, as well as constraints on further renewable energy expansion.

Our Emissions

Our approach to managing our operational carbon footprint is anchored in robust data, systems, and measurable impact, with a clear objective to reduce emissions across our operations as effectively as possible. In 2025, we continued to apply our carbon emissions management framework to measure and monitor our operational footprint. This framework supported the Bank in navigating the operational changes experienced during the year, including growth in our customer base, increased systems utilisation, and expanded data requirements, while ensuring consistent tracking of emissions across Scope 1, Scope 2, and relevant Scope 3 categories.

In addition, we expanded our Scope 3 reporting coverage to include Category 5 – Waste Generated in Operations, enhancing the completeness of our emissions inventory and strengthening transparency in our environmental disclosures. Most notably, for this year our reporting scope has also expanded to include Bank al Etihad, its wholly owned subsidiaries, and our Iraq branch, whilst previous years included only Bank al Etihad.

Emissions ¹ (tCO ₂ e)	2023	2024	2025
Direct emissions ² – Scope 1	155	173.2	405.8
Indirect emissions ³ – Scope 2	2,663.4	2,692.2	2,899.5
Indirect emissions ⁴ – Scope 3 – Category 6 – Business Travel ⁵	Na	125.9	81.5
Indirect emissions – Scope 3 – Category 1 – Purchased Goods and Services ⁶	Na	505.3	169.55
Indirect emissions – Scope 3 – Category 5 – Waste Generated ⁷	Na	Na	47.2

¹ Emission data for Scope 1 and 2 in 2025 includes Bank al Etihad, its 100% owned subsidiaries, and Iraq branch. Emission data for 2023 and 2024 includes Bank al Etihad only.

² Scope 1 GHG emissions are calculated based on all direct energy consumption from sources owned and controlled by Bank al Etihad. The emission factors are derived from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

³ Scope 2 GHG emissions are indirect emissions from the generation of purchased energy (electricity) by Bank al Etihad. The emission factor applied is sourced from the Carbon Database Initiative: CaDI (2025), Greenhouse Gas Emission Factors for International Grid Electricity (calculated from fuel mix), published by Carbon Footprint Ltd. Retrieved from www.carbondi.com.

⁴ Data for all Scope 3 categories includes only Bank al Etihad and its 100% owned subsidiaries.

⁵ Scope 3 GHG emissions under Category 6 (Business Travel) represent indirect emissions resulting from air travel undertaken by employees for business purposes. Emission factors are based on the methodology provided by myclimate.org, which aligns with internationally recognised GHG accounting standards, including the GHG Protocol.

⁶ Scope 3 GHG emissions under Category 1 (Purchased Goods and Services) represent emissions resulting from the purchase of E-assets (laptops, monitors, and tablets) by the bank in 2025. Emissions are calculated using emission factors drawn from each asset's manufacturing company's ESG reporting.

⁷ Scope 3 GHG emissions under Category 5 (Waste Generated in Operations) represent indirect emissions arising from the treatment and disposal of waste generated through the Bank's operations. Emission factors were derived from the UK Government Greenhouse Gas Reporting Conversion Factors 2025.

Our Financed Emissions

Building on the foundations established in the previous reporting period, we completed our first comprehensive financed emissions assessment in 2025 in accordance with the **Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard (Version 3, 2025)**. While our previous assessment focused on establishing the methodology, defining the reporting boundary, assessing data availability, and calculating financed emissions for selected portfolios, this year's assessment significantly expands both the breadth and robustness of our analysis. For the first time, the assessment covers Bank al Etihad's operations in Jordan and its **Iraq branch**, providing a more comprehensive view of the greenhouse gas emissions associated with our financing activities.

The assessment establishes our financed emissions baseline as at 31 December 2025, representing an important milestone in embedding climate considerations into our lending activities, climate risk management, and sustainable finance strategy. This baseline will support annual performance monitoring, strengthen climate-related portfolio analysis, inform future target setting, support client engagement, and identify transition finance opportunities across our portfolio. As data quality, availability, and methodologies continue to evolve, we will continue to enhance the granularity, coverage, and accuracy of our financed emissions assessment in line with the PCAF Standard and emerging international best practice.

Portfolio Snapshot (Jordan)

Total Financed Emissions (tCO₂e)

1.47 MN

Portfolio Snapshot (Iraq)

Total Financed Emissions (tCO₂e)

3, 234



Emissions per Asset Class

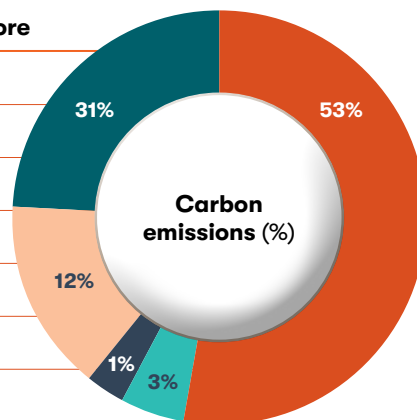
We assessed six applicable PCAF asset classes across Bank al Etihad's operations in Jordan and its Iraq branch, representing 100% of the in-scope portfolio and estimated financed emissions of approximately 1.47 million tCO₂e.

BaE – Jordan Portfolio

While the portfolio is diversified across multiple asset classes, both the portfolio composition and financed emissions are concentrated within a limited number of exposures. Business Loans and Unlisted Equity and Sovereign Debt together represent 72% of the assessed portfolio by volume, while contributing approximately 84% of total financed emissions. Business Loans and Unlisted Equity account for the largest share of financed emissions (53%), followed by Sovereign Debt (31%).

This concentration provides valuable insight into where climate-related engagement and portfolio management efforts are likely to have the greatest impact. Going forward, these findings will support the prioritisation of client engagement, portfolio steering, climate risk management, and the development of transition finance opportunities as we continue integrating climate considerations into our financing activities.

PCAF asset classes*	Vol (%)	Carbon emissions (tCO ₂ e)	Data Quality Score
Business loans and unlisted equities	35%	780,289	Score 5
Commercial real estate	5%	39,786	Score 5
Mortgages	10%	15,219	Score 5
Motor vehicle loan	8%	177,033	Score 5
Listed equities and corporate bonds	5%	0	Score 5
Sovereign debt	37%	458,925	Score 1
TOTAL	100%	1,471,252	1,471,252



*Project Finance is not applicable to Bank al Etihad's lending portfolio composition.

Our results show that financed emissions are strongly concentrated in a limited number of portfolio segments. Business Loans & Unlisted Equity is by far our largest source, accounting for 780,289 tCO₂e, or 53% of our total portfolio footprint. This really underscores how significant our corporate lending exposure is and confirms it as our main area of climate-related transition exposure.

Sovereign Debt comes in as our second largest contributor, at 458,925 tCO₂e, or 37% of total financed emissions. We see this as reflecting the emissions intensity tied to Jordan's national economic and energy profile, and it's consistent with what we'd expect under the PCAF sovereign debt methodology.

Together, these two asset classes make up 90% of our total financed emissions, which tells us our climate-related emissions exposure is highly concentrated within the portfolio. The remaining asset classes we assessed—listed equity and corporate bonds, commercial real estate, mortgages, and motor vehicle loans—contribute comparatively smaller shares of our total emissions.

Sector Level Emissions

Beyond asset level concentration, sector level analysis provides deeper insight into the economic activities that contribute most to the Bank's financed emissions. The results show a concentration in carbon intensive sectors, particularly those characterised by high direct energy use, significant electricity consumption, industrial processing emissions, and complex upstream value chains.

For this analysis, sectors were classified using NACE Rev. 2.1, while the Bank's internal borrower classification remains aligned with NAICS. The use of NACE enables alignment with European and international climate data sources, emissions factors, and benchmarking methodologies applied under the PCAF framework.

Our findings indicate that the Bank's financed emissions are predominantly concentrated in four key sectors, particularly Electricity, Gas and Energy Supply, followed by Wholesale & Retail Trade, Manufacturing, and Construction.



Electricity, Gas, Steam and Air Conditioning Supply | This sector is the largest contributor to financed emissions, with approximately **213,089 tCO₂e**, reflecting the Bank's exposure to power generation, utilities, and energy distribution activities. These segments typically exhibit high emissions due to fuel combustion, generation processes, and significant electricity consumption.

Given its emissions intensity and strategic importance, the sector remains highly exposed to transition risks, including regulatory changes, carbon pricing, shifts in energy markets, evolving technologies, and increasing decarbonisation expectations. At the same time, it presents significant opportunities for climate focused financing, particularly in renewable energy and energy efficiency initiatives.



Wholesale and Retail Trade | The Wholesale and Retail Trade sector is the second largest contributor, with approximately **180,822 tCO₂e** in financed emissions. While individual borrowers typically have lower emissions intensity than heavy industry or utilities, the sector's overall impact is driven by its scale and emissions embedded across logistics, transportation, warehousing, refrigeration, and supply chains.

Key emission drivers include transportation and distribution activities, electricity use in commercial operations, cold chain logistics, and upstream supply chain emissions. Given its significance within the portfolio, this sector represents a key focus area for client engagement on energy efficiency, operational optimisation, and supply chain resilience.



Manufacturing | The Manufacturing sector contributes approximately **138,303 tCO₂e**, making it a significant source of financed emissions within the portfolio. Its impact is driven by industrial process emissions, fuel combustion, high electricity consumption, and reliance on carbon intensive raw materials.

Sub sectors such as cement, metals, chemicals, and food processing face elevated transition risk due to tightening decarbonisation requirements and evolving market expectations. As a result, this sector represents a key focus area for transition finance, supporting cleaner production, energy efficiency, electrification, and emissions reduction investments.



Construction | The Construction sector contributes approximately **35,140 tCO₂e** to our financed emissions. While smaller in scale than other sectors, it remains strategically significant due to its reliance on high emission materials such as cement and steel, as well as energy intensive construction activities.

Emissions are primarily driven by embodied carbon in materials, fuel use in machinery and transport, and energy demand during project execution. At the same time, the sector presents strong opportunities for sustainable urban projects, including green building developments, energy efficient construction, sustainable urban projects, and climate resilient infrastructure investments.

Sector (NACE)	Vol (%)	Carbon emissions (tCO ₂ e)	Carbon emissions* (%)
Agriculture, forestry and fishing	1%	17,709	1%
Manufacturing	5%	138,303	12%
Electricity, gas, steam and air conditioning supply	6%	213,089	19%
Construction	1%	35,140	3%
Wholesale and retail trade	14%	180,822	16%
Transportation and storage	1%	16,254	1%
Accommodation and food service activities	1%	17,218	2%
Professional, scientific and technical activities	0%	13,196	1%
Real estate activities	7%	21,693	2%
Public admin & defense; compulsory social security	52%	460,880	40%
Human health and social work activities	3%	18,195	2%
TOTAL	91%	1,132,499	99%

*A 1% emissions threshold is applied to identify sectors deemed material for reporting purposes. Any sector contributing with less than 1% of emissions is out of the reporting scope.



Agriculture, forestry and fishing

Asset classes	Emissions (tCO ₂ e)
Business loans and unlisted equity	17,709
Total	17,709

Data quality distribution	Emissions (tCO ₂ e)	
Score 5	17,709	100%
Total	17,709	

Manufacturing

Asset classes	Emissions (tCO ₂ e)
Business loans and unlisted equity	138,072.5
Commercial real estate	230.1
Total	138,302.6

Data quality distribution	Emissions (tCO ₂ e)	
Score 5	138,302.6	100%
Total	138,302.6	

Electricity, gas, steam and air conditioning supply

Asset classes	Emissions (tCO ₂ e)
Business loans and unlisted equity	213,006
Commercial real estate	83
Total	213,089

Data quality distribution	Emissions (tCO ₂ e)	
Score 5	213,089	100%
Total	213,089	

Construction

Asset classes	Emissions (tCO ₂ e)
Business loans and unlisted equity	32,156.519
Commercial real estate	2,983.071
Total	35,140

Data quality distribution	Emissions (tCO ₂ e)	
Score 5	35,140	100%
Total	35,140	



Public admin & defense; compulsory social security

Asset classes	Emissions (tCO ₂ e)
Business loans and unlisted equity	2,312.586
Sovereign debt	458,567.366
Total	460,880

Data quality distribution	Emissions (tCO ₂ e)	
Score 1	458,567.366	99.5%
Score 5	2,312.586	0.5%
Total	460,880	

Wholesale and retail trade

Asset classes	Emissions (tCO ₂ e)
Business loans and unlisted equity	179,735
Commercial real estate	1,087
Total	180,822

Data quality distribution	Emissions (tCO ₂ e)	
Score 5	180,822	100%
Total	180,822	

Accommodation and food service activities

Asset classes	Emissions (tCO ₂ e)
Business loans and unlisted equity	16,673.167
Commercial real estate	544.468
Total	17,218

Data quality distribution	Emissions (tCO ₂ e)	
Score 5	17,218	100%
Total	17,218	

Iraq Branch Portfolio

The Iraq branch portfolio consists entirely of sovereign debt exposures, with 100% of its assessed portfolio allocated to the Sovereign Debt asset class under the PCAF methodology.

Consequently, financed emissions associated with the Iraq branch are wholly attributable to sovereign debt, reflecting the branch's current portfolio composition rather than a diversified lending portfolio.

As the Iraq branch's lending activities continue to evolve, the financed emissions profile is expected to become more representative of the broader asset mix and will continue to be monitored as part of the Bank's annual financed emissions assessment.

Sovereign debt

Total Emissions

Total emissions (kgCO₂e) = **3,233,966**
Total emissions in tCO₂e = 3,234

Data quality distribution (Scores)

Score 1 3,233,966 | **100.0%**
TOTAL 3,233,966 kgCO₂e

Transportation and storage

Asset classes	Emissions (tCO ₂ e)
Business loans and unlisted equity	15,992.640
Commercial real estate	261.552
Total	16,254

Data quality distribution	Emissions (tCO ₂ e)	
Score 5	16,254	100%
Total	16,254	

Professional, scientific and technical activities

Asset classes	Emissions (tCO ₂ e)
Business loans and unlisted equity	93.605
Commercial real estate	13,101.952
Total	13,196

Data quality distribution	Emissions (tCO ₂ e)	
Score 5	13,196	100%
Total	13,196	

Data Quality

Assessing data quality is a critical component of the PCAF methodology, as it provides transparency on the reliability, accuracy, and maturity of the financed emissions calculations. In addition to quantifying emissions, the PCAF framework requires institutions to disclose the quality of underlying data used in the calculation, ranging from verified borrower-reported emissions to high-level proxy estimates.

For Bank al Etihad's 2025 financed emissions baseline, the analysis indicates that the portfolio is predominantly classified under PCAF Data Quality Score 5, reflecting reliance on estimated emissions factors and proxy-based methodologies. This means that the emissions inventory currently depends largely on:

- Sector-average emission factors;
- National and regional proxy datasets;
- Estimated borrower emissions derived from economic activity and exposure values; rather than on borrower-specific reported greenhouse gas emissions data.

The table below presents the PCAF data quality scale applied in the assessment, ranging from **Score 1** (highest quality) to **Score 5** (lowest quality). Lower scores reflect direct borrower-reported or verified emissions data, while higher scores indicate greater dependence on estimates and generalised emissions assumptions.

Score Interpretation

Score	Interpretation
1	Verified company-reported emissions
2	Company-reported with partial estimation
3	Physical activity-based estimate
4	Sector/regional proxy estimate
5	Economic average / high-level estimation

The distribution of data quality scores across the assessed portfolio shows the following:

69% of total financed emissions were calculated using PCAF Score 5 data;

31% of emissions were calculated using PCAF Score 1 data;

Real estate activities

Asset classes	Emissions (tCO ₂ e)
Business loans and unlisted equity	2,228.405
Commercial real estate	19,464.531
Total	21,693

Data quality distribution	Emissions (tCO ₂ e)	
Score 5	21,693	100%
Total	21,693	

Human health and social work activities

Asset classes	Emissions (tCO ₂ e)
Business loans and unlisted equity	18,194.706
Total	18,195

Data quality distribution	Emissions (tCO ₂ e)	
Score 5	18,195	100%
Total	18,195	

Appendix

7

IFRS | Disclosures Index

Topic	IFRS Index		Report Page
Conceptual Foundations	IFRS S1. 11		8
	IFRS S1. 13		8
	IFRS S1. 17		8
	IFRS S1. 18		8
	IFRS S1. 20		8
	IFRS S1. 21		8
Governance	IFRS S2. 5	Governance Chapter, page 12	
	IFRS S2. 6		
Strategy	IFRS S2. 8		23, 24, 25, 26, 27
	IFRS S2. 9		27, 28, 29, 30, 31
	IFRS S2. 10		27, 28, 29, 30, 31
	IFRS S2. 11		27, 28, 29, 30, 31
	IFRS S2. 12		27, 28, 29, 30, 31
	IFRS S2. 13		29, 30, 31
	IFRS S2. 14		26
	IFRS S2. 22		29, 30
Risk Management	IFRS S2. 24	Risk Management Chapter, page 30	
	IFRS S2. 25		
Metrics and Targets	IFRS S2. 27		42
	IFRS S2. 28		43, 44
	IFRS S2. 29		44, 45
	IFRS S2. 30		44, 45
	IFRS S2. 32		42
	IFRS S2. 33		42
	IFRS S2. 36		42



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