

2025 Climate Report



البنك العربي
ARAB BANK



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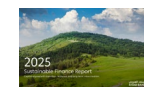
2025 Annual Report

Annual disclosure detailing Arab Bank Group financial performance for the year 2025.



2025 ESG Report

Annual disclosure detailing ESG performance, initiative, and progress across the bank's operations and markets.



2025 Sustainable Finance Report

Sustainable finance allocation and impact results, covering eligible asset portfolio composition and verified environmental and social outcomes.



Sustainable Finance Framework

Framework defining the bank's eligibility criteria, governance structure, and reporting commitments for issuing sustainable debt instruments.



2025 ESG Data Pack

A deeper dive on the 2025 ESG metrics, presented for the entire plc countries and per country.

Prelude: Executive Summary

Arab Bank's IFRS S2 Climate-related Disclosures Report is issued by Arab Bank plc and outlines the bank's current approach to climate-related governance, strategy, risk management, metrics and forward-looking commitments. Unless otherwise stated, references in this report to "the bank" and "Arab Bank" are to Arab Bank plc. The bank's climate-related strategy is anchored in its Environmental, Social, and Governance (ESG) strategy and focuses on three priorities: scaling sustainable finance, managing climate-related risks and portfolio impacts, and reducing its operational impacts. As it builds the foundations for transition planning, the bank assesses climate-related risks and opportunities across short-, medium- and long-term horizons, supported by selected NGFS scenarios: Net Zero, Delayed Transition and Current Policies.

Key opportunities identified include sustainable finance and sustainable operations leading to improved portfolio resilience and operational efficiency. Key risks include potential impacts on credit, market, liquidity, operational, compliance, reputational and strategic risk, driven by transition and physical climate factors. In response, the bank is advancing its institutionalization of Sustainable Finance through frameworks, policies and tools; and adopting operational efficiency measures focused on energy, material consumption and waste.

The report also presents the bank's climate-related metrics and forward-looking commitments. Operational metrics cover Scope 1, Scope 2 and selected Scope 3 (excluding financed emissions) and related activity data. Sustainable Finance metrics cover sustainable finance portfolio, high risk portfolio and financed emissions.

Forward-looking priorities include defining the bank's Net Zero Operations roadmap, improving financed emissions calculations to build a baseline and updating the ESG and climate strategy.



1. About this Report

1.1 Purpose of this Report

This report presents Arab Bank's climate-related disclosures in line with the structure and principles of IFRS S2 Climate-related Disclosures. It outlines the bank's current approach to governance, strategy, risk management, metrics and targets in relation to climate-related risks and opportunities. The report is intended to provide stakeholders with information on how Arab Bank is strengthening its climate-related governance, risk management, data capabilities and disclosure readiness.

1.2 Statement of Alignment

The report has been informed by the ISSB IFRS S2 Climate-related Disclosure Standards and is structured around its four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets. The disclosures reflect the information currently available to the bank and include areas where methodologies, metrics, baselines and forward-looking targets are still under development. Where relevant information is not yet available, this report identifies the bank's current development approach rather than presenting unsupported conclusions.

1.3 Scope and Reporting Period

This report covers Arab Bank plc and focuses on climate-related matters relevant to the bank's operations, financing activities, sustainable finance, risk management processes and transition planning. Unless otherwise stated, the information presented relates to the reporting year ended 31 December 2025. Certain forward-looking initiatives refer to work underway or planned beyond the reporting period.

2. Governance

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2. Governance

2.1 Governance of Climate-related Risks and Opportunities

Arab Bank's corporate governance framework provides the basis for board oversight of strategy, risk management, internal controls and regulatory compliance. The board is responsible for overseeing executive management, approving the bank's strategic direction, and ensuring that governance and control systems remain effective.

During 2025, the Board of Directors met six times. Climate-related matters are reported to the Board through its committees, with the Board Risk Management Committee serving as the main board-level forum for climate risk oversight.

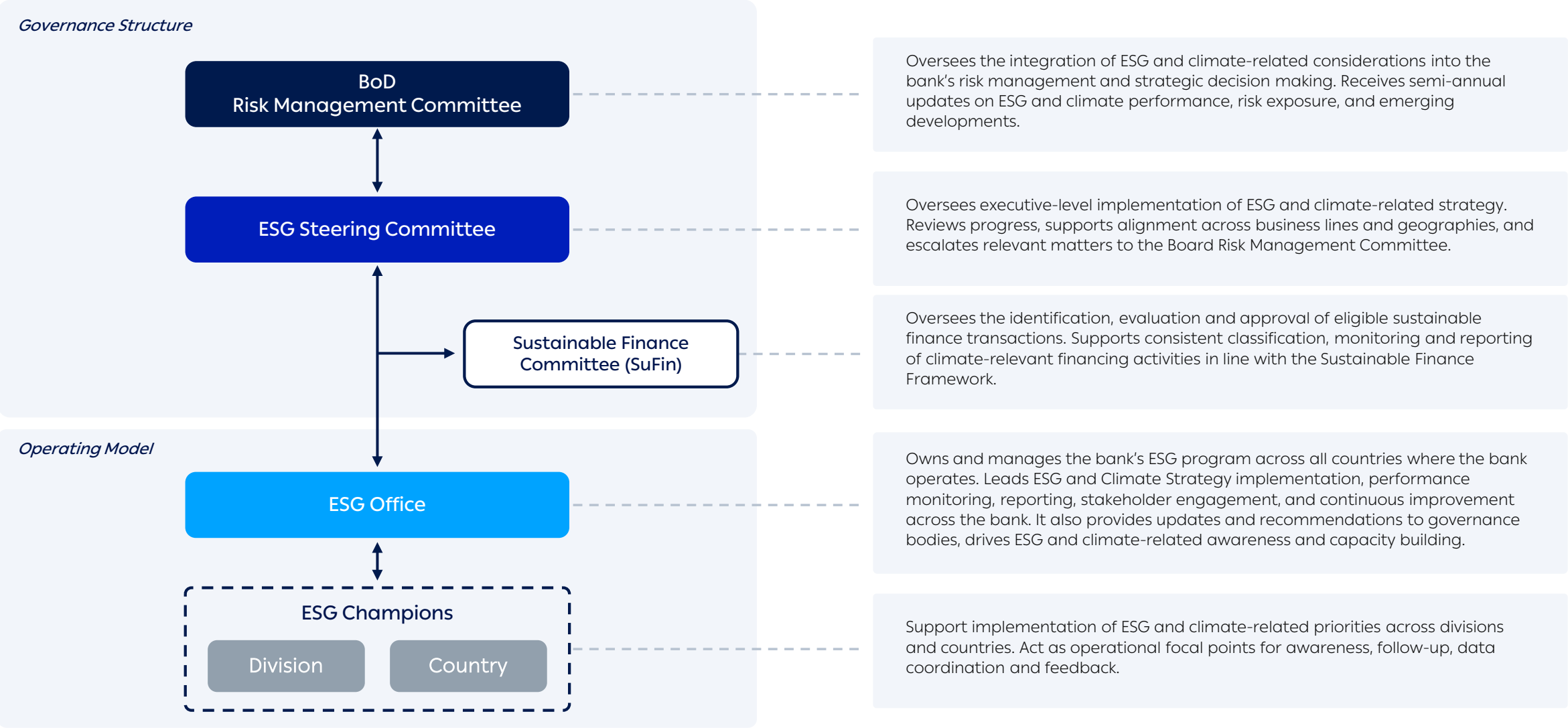
The Board Risk Management Committee receives dedicated ESG and climate-related updates on a semi-annual basis. These updates support oversight of ESG and climate-related risks and opportunities, regulatory developments, key exposures, and the integration of ESG considerations into the bank's broader risk management and governance framework.

The bank supports this governance structure through climate-related capacity-building. Board members and senior management receive climate-related training. The bank has also established a dedicated ESG Learning and Development Program to enhance the knowledge, capabilities and culture across the organizations. The program includes ESG awareness training for all employees, integration of ESG into new joiners induction program, role-based training and system-based training, leadership-focused training, and support for professional ESG certifications.

The bank's Annual Report includes detailed information on Board composition, directors' profiles, senior executive profiles, committee structure, remuneration, performance appraisal and compensation disclosures. Further details are available in [Arab Bank's 2025 Annual Report](#).



Figure 1: Arab Bank ESG Governance and Operating Framework



2.2 Policies, Frameworks, Controls and Climate-related Capabilities (Figure 2)



3. Strategy

3.1 Climate Strategy and Strategic Positioning

3.2 Strategy Parameters

3.3 Climate Scenarios, Risks and Opportunities

3.4 Strategic Initiatives and Transition Planning Outlook

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3. Strategy

3.1 Climate Strategy and Strategic Positioning

Arab Bank’s climate-related priorities are anchored in its broader ESG strategy and focus on the areas most relevant to the bank’s role as a regional financial institution: enabling the growth of sustainable finance and fostering a just and resilient transition to a low-carbon economy.

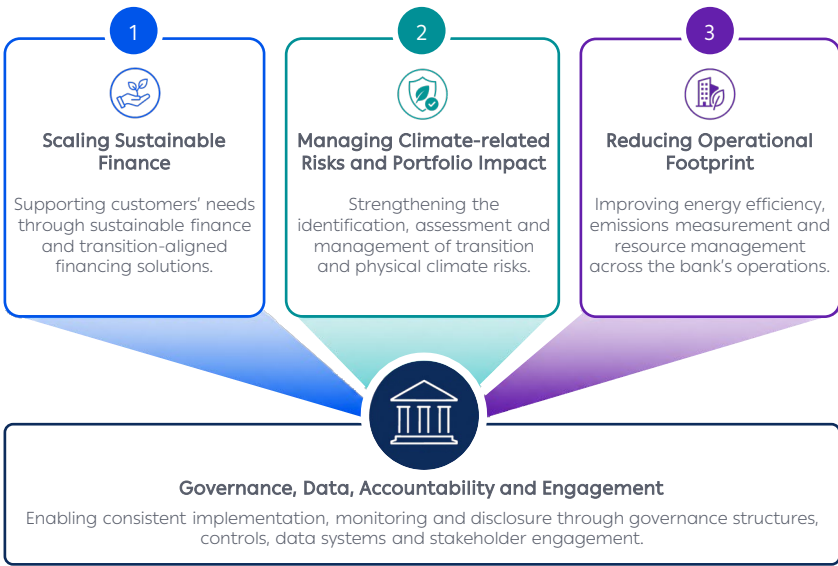
The bank organizes its climate-related approach across three strategic priorities: scaling sustainable finance, managing climate-related risks and portfolio impact, and reducing its operational footprint. These priorities are supported by governance, data, controls, accountability and engagement mechanisms that enable implementation and monitoring across the bank.

Through sustainable finance, Arab Bank seeks to support customers and market needs linked to lower-carbon, resource-efficient and transition-aligned outcomes. Through risk and portfolio management, the bank is strengthening its ability to identify and assess transition and physical climate risks, including through customer assessment tools, scenario analysis and financed emissions measurement.

The bank is also advancing operational initiatives to improve energy efficiency, increase renewable electricity adoption, reduce resource consumption and strengthen emissions measurement. These activities support the development of a Net Zero Operations Plan.

As transition pathways vary across sectors and geographies, Arab Bank’s approach is designed to remain practical, risk-aware and responsive to evolving regulation, data availability, market conditions and customer needs.

Figure 3: Climate-related Priorities within Arab Bank’s ESG Strategy



3.2 Strategy Parameters

Time Horizons

Arab Bank assesses climate-related risks and opportunities across short-, medium- and long-term horizons. These horizons are designed to align climate-related assessment with the bank’s strategic planning cycles and the anticipated timing of transition and physical risk impacts.

- **The short-term:** covers up to 3 years and reflects planning and decision-making cycles for the bank’s ESG Strategy.
- **The medium-term:** spans 3 to 10 years and supports the assessment of strategic initiatives, portfolio evolution and sectoral transition pathways.
- **The long-term:** extends beyond 10 years and is intended to capture structural shifts in markets, technology, regulation and climate-related risk and opportunity exposure that may influence the bank’s operating environment and business model over time.

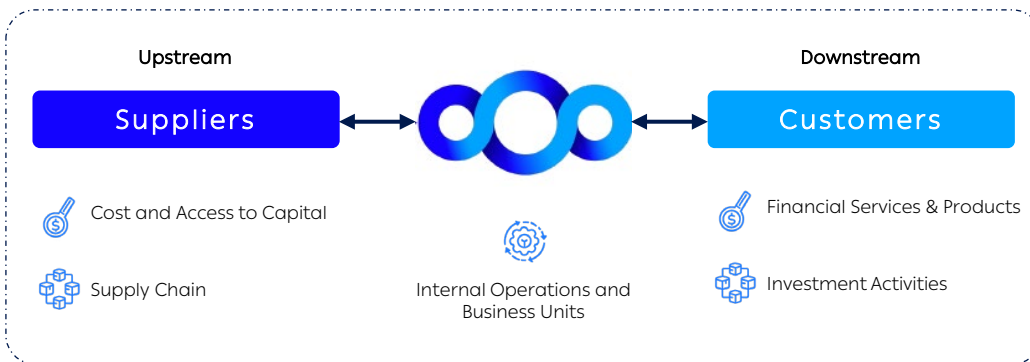
Business Model and Value Chain

Arab Bank considers climate-related risks and opportunities across its business model and value chain. As a regional financial institution, these matters may arise through the bank's suppliers, own operations, customer relationships, financial products, financing activities and investment activities.

This value chain perspective enables the bank to understand how climate-related factors may influence its operating environment, business model, customers, and portfolio over time. By assessing climate-related risks and opportunities across the value chain, the bank is better positioned to evaluate potential implications for business performance, capital allocation, customer engagement, operational resilience, and long-term value creation.

The insights derived from this assessment support the integration of climate considerations into strategic planning, risk management, business development, and capital allocation decision-making processes. This enables the bank to strengthen resilience to climate-related impacts, identify emerging growth opportunities, support customers in their transition journeys, and align its long-term objectives with evolving market, regulatory, and stakeholder expectations.

Figure 4: Arab Bank's Value Chain



3.3 Climate Scenarios, Risks and Opportunities

Arab Bank uses climate scenario analysis to assess the potential implications of climate-related risks and opportunities on its strategy, portfolio, operations, and broader value chain across different time horizons.

The bank selected three scenarios from the Network for Greening the Financial System (NGFS) to frame its assessment. These scenarios were chosen to provide a range of plausible climate futures and to assess how transition and physical risks may evolve under different levels of climate action.

- **The Net Zero Scenario:** reflects an orderly transition pathway characterized by early and coordinated policy action.
- **The Delayed Transition Scenario:** reflects a more disorderly transition, where delayed action results in more abrupt policy, market, and technological adjustments.
- **The Current Policies Scenario:** assumes limited additional climate action and is associated with increasing physical climate risks and exposure to climate-related impacts over time.

By considering both transition and physical risk pathways, the bank evaluates its resilience under a range of plausible climate futures and informs strategic and risk management decision-making.

Transition-related drivers include policy and regulatory developments, carbon pricing mechanisms, technological advancements, shifts in market demand, and changes in investor expectations.

Physical risk drivers include acute events such as floods, storms, and heatwaves, as well as chronic changes including rising temperatures, water stress, and changing precipitation patterns.

These drivers may influence credit quality, collateral values, portfolio resilience, operational continuity, funding conditions, and broader business performance.

The analysis also helps identify areas where climate-related opportunities may emerge and where strategic responses may be required.

Based on this assessment, Arab Bank identified climate-related opportunities primarily in sustainable finance and sustainable operations. These opportunities include supporting customer transition and adaptation efforts, expanding sustainable finance solutions, improving resource efficiency, strengthening operational resilience, and enhancing access to sustainable funding sources.

Over time, these opportunities may contribute to portfolio diversification, business growth, long-term resilience, and value creation while supporting the transition towards a low-carbon economy.

Figure 5: Climate Scenarios Selected For Identifying Climate-related Risks & Opportunities



Table 1: Climate-related Opportunities

Upstream ▲ Own Operations ● Downstream ▼

Opportunity	Description	Short-term (<3 yrs)	Medium-term (3–10 yrs)	Long-term (>10 yrs)
 Sustainable Operations	Embedding sustainability and climate factors into operations, processes and resource use.	Efficiency gains in energy, water, materials and processes; reduced resource consumption ●	Sustained cost savings, direct cash flow benefits and enhanced operational resilience ●	Structural cost optimization; resource-efficient operations ●
 Sustainable Finance	Financing aligned with sustainable finance objectives and climate-eligible activities.	Rising demand for sustainable products; access to ESG-linked funding and cost-of-capital benefits. ▲▼	Diversified growth in sustainable assets; more stable climate-aligned flows. ▲▼	Greater portfolio resilience; stronger positioning in a low-carbon economy. ▲▼

Table 2: Climate-related Risks

Risk	Impact of climate transition risks	Impact of physical climate risks	Financial impact and probability of occurrence		
			Short (<3y)	Medium (3–10y)	Long (>10y)
 Credit Risk	- Carbon pricing/regulation weakens carbon-intensive customers - Reduced repayment capacity - Higher default probability ▼	- Damage to customer assets/collateral - Disrupted operations cut cash flows - Higher default risk. ▼	Low	Medium	High
 Market Risk	- Repricing of carbon-intensive assets - Higher commodity/securities volatility - Shifting market expectations ▲	- Sudden physical-event disruptions - Localized/sector-wide value declines - Portfolio losses ▼	Low	Low	Low
 Liquidity Risk	- Investor shift to sustainable assets - Reduced funding access - Higher funding costs ▲	- Higher drawdowns and deposit withdrawals - Immediate funding obligations in affected areas ▲	Low	Medium	High
 Operational & BCM* Risks	- Evolving regulation - Embedding climate into processes/systems - Higher operational complexity and costs ●	- Branch closures and system outages - Supply-chain interruptions ●	Low	Medium	High
 Strategic & Reputational Risk	- Damage to stakeholder trust - Weak ESG practices harm reputation - Missed low-carbon opportunities - Reduced competitiveness/market misalignment ● ▼	- Poor climate-event response harms reputation - Climate change alters sector viability - Shifting geographic risk affects positioning ● ▼	Medium	High	High

*BCM: Business Continuity Management

3.4 Strategic Initiatives and Transition Planning Outlook

Arab Bank is advancing a range of climate-related initiatives that support both the management of climate-related risks and the pursuit of opportunities arising from the transition to a more sustainable and low carbon economy. These initiatives focus on expanding sustainable finance, improving operational efficiency, strengthening emissions management capabilities, and enhancing the data, governance and analytical foundations needed to support informed decision-making and future transition planning.

Sustainable Finance

Arab Bank maintains an active role in supporting the transition to a lower-carbon and more sustainable economy by offering financing options that promote sustainability and facilitate the transition toward environmentally responsible practices in its markets. The bank seeks to direct capital towards activities that contribute to climate mitigation, climate adaptation, resource efficiency, and broader sustainable development outcomes, while supporting customers in managing evolving environmental and climate-related challenges.

To embed sustainable finance across the organization, the bank has established the governance, policies, processes and tools required to support consistent identification, assessment and monitoring of sustainable financing activities. These foundations enable the integration of sustainability considerations into financing decisions while supporting the bank's long-term sustainable finance ambitions.

Current financing activities support projects and initiatives that contribute to climate mitigation and climate adaptation across a range of sectors. The bank has also continued to expand products and services that encourage the adoption of more sustainable practices, including green auto loans, solar financing solutions, green corporate finance, ESG-linked syndicated facilities, and green bond portfolio activities.

Key Initiatives Include:

- Sustainable Finance Framework, supported by policies and governance structures that define the bank's sustainable finance approach.
- Sustainable Finance Identification Tool, Register and Due Diligence Process to support the identification, review and monitoring of eligible sustainable finance transactions.
- Integration of sustainable finance data tagging within core banking systems to enhance transaction monitoring, portfolio oversight, internal reporting and external disclosures.
- Introduction of an ESG Awareness and Maturity Questionnaire for selected corporate customers to support understanding of customers' ESG practices, climate-related awareness and sustainability considerations as part of the credit review process.
- Enhancement of governance, validation and monitoring processes to support the consistent classification and oversight of sustainable financing activities.

These initiatives reflect the bank's continued efforts to institutionalize sustainable finance by embedding governance, processes, tools and capabilities across its business. Together, they strengthen the bank's ability to manage sustainable financing opportunities, support customers in their transition journey and expand financing activities that contribute to a lower-carbon economy.

Sustainable Operations

In addition to supporting the transition through financing activities, Arab Bank continues to reduce the environmental impact of its own operations and strengthen operational resilience through resource-efficiency and emissions management initiatives.

Current initiatives include energy-efficiency measures, increased reliance on renewable electricity in Jordan, digital onboarding, paper reduction, digitalization, responsible waste management, e-waste recycling, and enhanced asset lifecycle management practices.

The bank is also strengthening the operational data and management foundations needed to support more structured emissions and resource-efficiency planning. In Jordan, this includes a comprehensive energy and asset assessment across buildings, equipment and operational processes to improve the bank's understanding of energy consumption, asset performance and emissions sources.

These efforts are expected to support the bank's longer-term objectives of improving operational efficiency, reducing environmental impacts and enhancing the data and analytical capabilities required to inform future climate-related decision-making and transition planning.

Transition Planning and Future Outlook

Arab Bank has calculated its financed emissions in line with the Partnership for Carbon Accounting Financials (PCAF) Standard, providing an initial basis for understanding emissions associated with lending and investment activities and strengthening climate-related measurement and disclosure capabilities.

Looking ahead, the bank is working to improve its financed emissions methodology, data quality, calculation approach and portfolio coverage. These enhancements are expected to support a more robust financed emissions baseline, which will help inform portfolio analysis, climate risk assessment, customer engagement and future decarbonization planning.

In parallel, Arab Bank is developing its Net Zero Operations Plan, beginning with Jordan as an initial implementation market. Once finalized, the plan will define a structured approach for operational emissions reduction and inform future expansion across other Arab Bank plc countries. The bank also plans to update its ESG and climate-related strategy in 2026 to reflect progress on transition planning, financed emissions measurement and operational decarbonization priorities.



4. Risk Management

4.1 Overview of Climate Risk Management

4.2 Identification and Assessment of Climate-related Risks

4.3 Integration into the Management of Traditional Risks

4.4 Monitoring of Climate-related Risks



4. Risk Management

4.1 Overview of Climate Risk Management*

Arab Bank is actively integrating ESG and climate risk considerations into its overall strategy, risk management approach, and business model. Arab Bank’s journey in managing ESG and climate risks began with the issuance of its Environmental and Social Risk Policy in 2021 and was further strengthened in 2023 through the launch of its ESG Strategy to embed sustainability across its operations and portfolio. The bank reinforces this commitment by identifying ESG Risk Management as a material topic in its materiality assessment and defining a dedicated strategy objective to “develop and implement a comprehensive ESG and climate risk framework, policy and tools”.

The bank has established an ESG and Climate Risk Framework to support and continuously enhance the systematic identification, assessment, monitoring and management of climate-related risks across its operations and financing activities. The Framework is designed to integrate climate-related considerations into existing risk management processes and governance structures, recognizing that climate-related risks may manifest through traditional risk categories, including credit risk, market risk, liquidity risk, operational risk, business continuity risk, and strategic risk.

Climate-related risks are classified in accordance with the bank's risk taxonomy and are categorized into physical risks and transition risks. Physical risks arise from acute and chronic climate-related events, while transition risks stem from policy, legal, technology, market and reputational changes associated with the transition to a lower-carbon economy.

The bank applies a three lines of defense model for climate risk management. Business units are responsible for the identification and initial assessment of climate-related risks as part of customer onboarding, transaction assessment and ongoing relationship management. The ESG Office provides oversight, methodology development, challenge and review functions, while Risk Management functions integrate climate-related considerations into their respective risk management processes. Internal Audit provides independent assurance over the effectiveness of the Framework and its implementation.

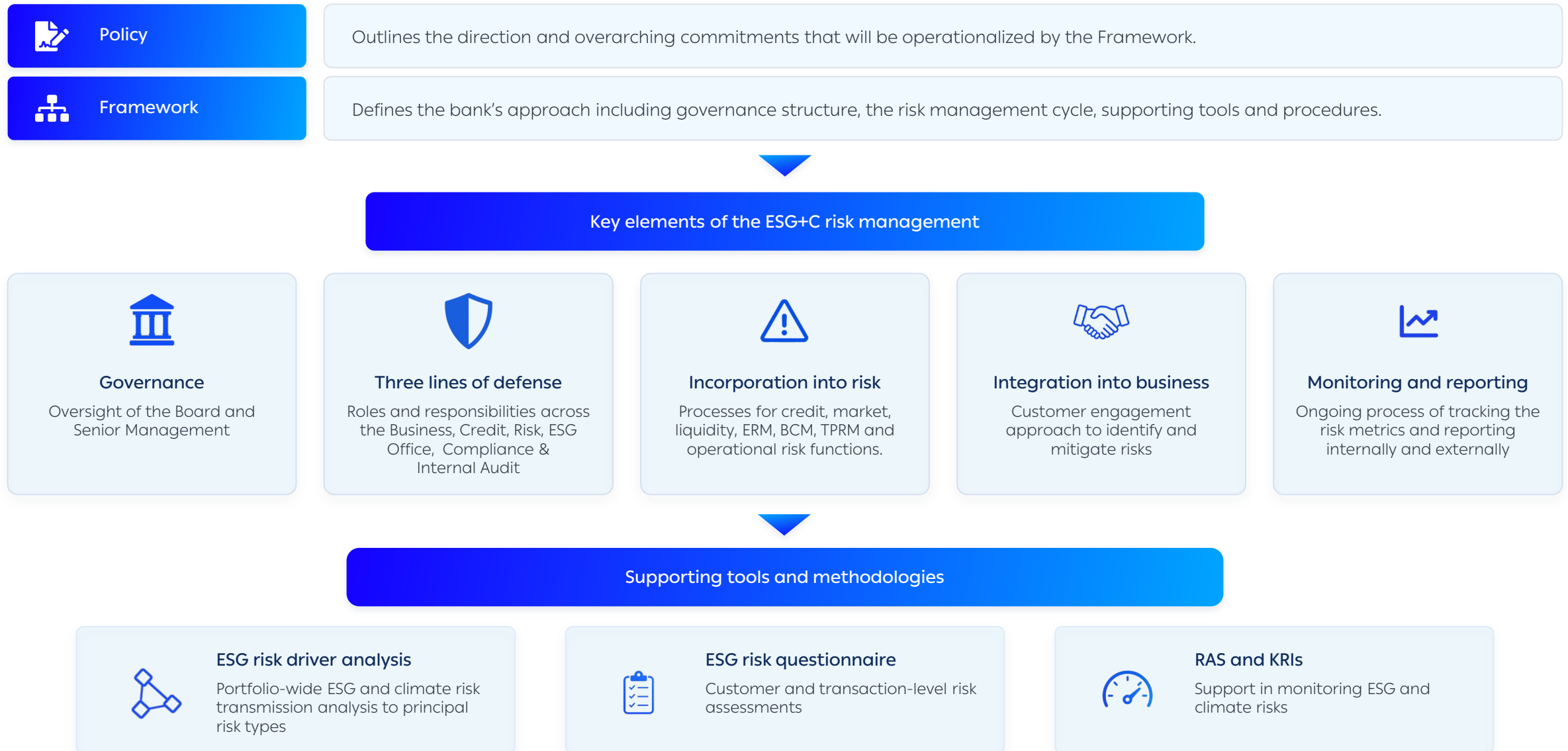
Figure 6: Three Lines of Defense



Climate-related risk management is supported by defined governance arrangements, as shown in [Figure 1](#), including oversight by senior management and the Board of Directors through established risk governance structures, periodic reporting, and escalation mechanisms.

*While this report relates to the reporting period ended 31 December 2025, certain aspects of the bank's approach to climate risk management have been further developed and formalized during 2026. These enhancements are disclosed where relevant to provide context on the bank's evolving approach.

Figure 7: Overview of the Framework, Policy and Tools That Set the Foundation for ESG and Climate Risk Implementation



4.2 Identification and Assessment of Climate-Related Risks

Arab Bank utilizes a variety of tools to identify and assess climate-related risks, including a combination of customer and transaction-level assessments, portfolio analysis, sector reviews, materiality assessments, climate scenario analysis, and risk driver analysis. Climate-related risks are evaluated across short, medium and long-term horizons to reflect the evolving nature of physical and transition risks and the different timeframes over which their financial implications may materialize.

The ESG and Climate Risk Driver Analysis was undertaken in collaboration with relevant risk and business functions, drawing on their expertise to evaluate the potential financial impact and probability of occurrence of each climate-related risk driver across the defined time horizons. The climate-related risk drivers that were considered are presented in Figure 8.

The assessment considers how these risks may affect the bank through key transmission channels, including impact on access to finance, cost of capital and financial performance, and how they may translate into the bank's principal risk categories. Sectoral characteristics, geographic exposure and conditions across the bank's key operating markets are also incorporated into the assessment to reflect the different climate risk profiles. The materiality and potential impact of climate risks on traditional risks is presented in [Table 2](#), in the Strategy section.

The identification of high risk sectors complements the ESG and Climate Risk Driver analysis by identifying sectors with elevated exposure to climate-related risks. High-risk sectors, presented in Figure 9, are determined based on their inherent ESG and climate risk profile, exposure to physical and transition risks, materiality to the bank's portfolio, economic significance within key operating markets and alignment with national climate commitments and evolving regulatory developments across these markets. This assessment supports the prioritization of climate risk management activities, portfolio monitoring and customer engagement.

Figure 8: Climate-related Risk Drivers Identified through the Risk Driver Analysis

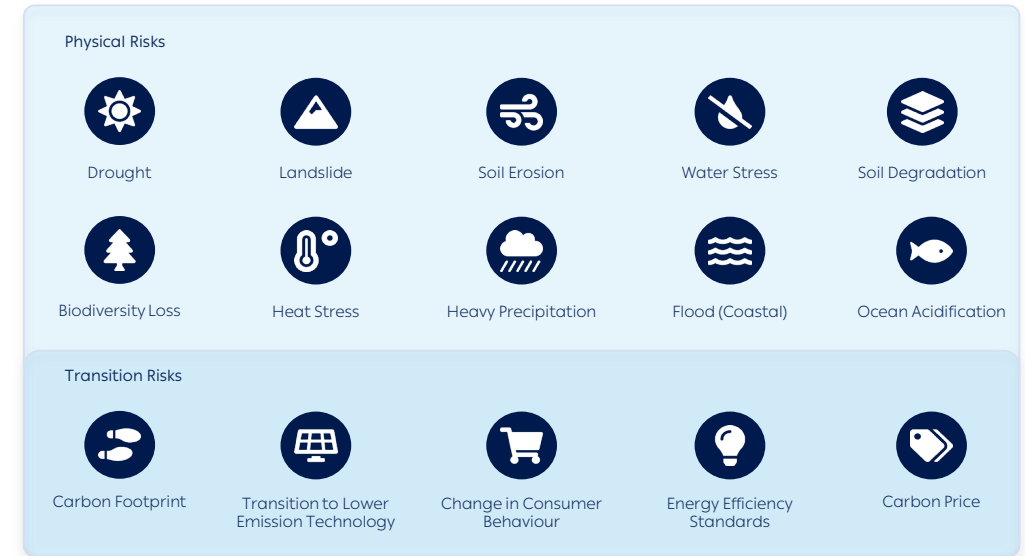


Figure 9: High-risk Sectors



4.3 Integration into the Management of Traditional Risks

Arab Bank integrates climate-related risks into its existing risk management frameworks, recognizing that physical and transition risks can influence traditional risk categories across varying time horizons. The bank recognizes climate-related risks as evolving risk drivers, characterized by long-term time horizons, data limitations and heightened uncertainty.

In response, Arab Bank has established a dedicated process to ensure these risks are explicitly managed. At the same time, climate risks are embedded as cross-cutting drivers across traditional risk types ensuring a comprehensive and consistent approach to risk management across the bank. Further, climate-related risks have been incorporated into the bank's risk management strategy and risk universe.

Climate Risk Management Across Traditional Risk Types

Arab Bank has taken steps to integrate climate-related considerations into the management of traditional risk types. The bank will continue to enhance these practices over time as its understanding of climate-related risks, data availability and capabilities evolve.

Scenario Analysis and Stress-testing

The bank’s approach to scenario analysis and stress testing has been informed by regulatory guidance across key markets. Climate-related risks are incorporated into the bank’s stress testing and capital assessment activities. These assessments allow the bank to evaluate the impact of physical and transition risks under a range of scenarios, providing an understanding of portfolio vulnerabilities and insights on the potential impacts on credit quality and capital adequacy.

Internal Capital Adequacy Assessment Process (ICAAP)

Based on a structured assessment of climate-related risks across relevant risk categories, the bank assessed the potential implications of climate-related risks for Pillar II capital purposes, as part of ICAAP exercise.

Both likelihood and severity were considered, and the assessment was informed by the Central Bank of Jordan’s stress testing scenarios.

Business Continuity Management (BCM)

Climate-related risks are also considered within the bank’s BCM framework. Business continuity planning considers the potential impacts arising from extreme weather events and other acute physical climate risks affecting facilities, critical infrastructure, service providers and operational resilience.

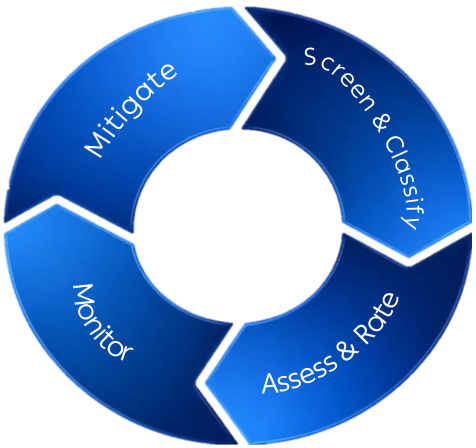
Integration Across the Credit Lifecycle

To ensure effective management of climate-related risks and their impact on credit risk, the bank has designed an ESG and climate risk assessment approach which is integrated across the credit lifecycle.

The assessment follows a structured workflow covering risk screening and classification, risk scoring, risk mitigation and ongoing monitoring. This is enabled by an ESG and climate risk assessment tool which evaluates the performance of material customers and transactions.

Assessment outcomes may inform risk classification, monitoring requirements, enhanced due diligence measures and risk mitigation actions where appropriate.

Figure 10: Credit Lifecycle



Advancing Climate Risk Management

The bank will continue to assess and integrate climate-related risks across traditional risk types, where material, such as market, liquidity, and operational risks.

As implementation advances, the mainstreaming of climate risk considerations across the bank's risk management processes is expected to improve the quality and availability of climate-related information across the portfolio.

This will strengthen the bank's understanding of climate-related risk exposures, support meaningful customer engagement and further inform portfolio monitoring and strategic decision-making.

4.4. Monitoring of Climate-Related Risks

Portfolio Monitoring and Key Risk Indicators

The bank is progressively strengthening its climate risk monitoring capabilities to provide a forward-looking view of climate-related exposures across the portfolio. Portfolio monitoring shall combine climate-related information from customer assessments, sector analyses and portfolio reviews to identify concentrations, emerging trends and areas of heightened climate risk.

As part of the bank's ESG and Climate Risk Framework, a selection of KRIs has been developed and defined to guide the portfolio monitoring process. As implementation progresses, these KRIs will further enhance the bank's ability to monitor material exposures, identify emerging risks and support portfolio oversight.

Risk Appetite

ESG and Climate-related considerations are incorporated within the bank's Risk Appetite Statement (RAS), reflecting the bank's current understanding of material climate-related risks. At this stage, the bank's approach is primarily qualitative, providing guiding principles for managing climate-related risks across the portfolio. As climate-related data, portfolio insights and analytical capabilities continue to develop, the bank intends to progressively strengthen the framework through the introduction of quantitative metrics and thresholds where appropriate.

5. Metrics and Targets

5.1 Operational Climate Metrics

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5.2 Financed Emissions

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5.3 Sustainable Finance Highlights

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5. Metrics and Targets

Arab Bank uses climate-related metrics to measure and monitor performance across own operations, sustainable finance activities, lending and investment exposure and emissions data maturity. Current disclosures cover operational environmental indicators, GHG emissions, sustainable finance portfolio and financed emissions. Quantitative target-setting remains under development and will be strengthened as data coverage, methodology and baselines mature.

5.1 Operational Climate Metrics

Arab Bank monitors operational metrics covering energy consumption, renewable electricity use, water, waste, paper use, recycling and GHG emissions.

Energy consumption is a key driver of the bank’s operational footprint. The bank continues to implement energy-efficiency measures, infrastructure upgrades and facility performance improvements, while increasing reliance on renewable electricity where available. The bank also tracks water and waste indicators, with initiatives to manage material consumption and waste generation including paper reduction, recycling, e-waste management and expanded digital processes such as digital onboarding, electronic letters of guarantee and paperless documentation.

These operational aspects feed into the bank’s GHG emissions calculations: Scope 1 covers direct fuel combustion, Scope 2 covers purchased electricity, and Scope 3 categories 1, 2, 3, 5, 6 and 7 capture purchased goods and services, capital goods, fuel- and energy-related activities, waste generated in operations, business travel and employee commuting, all calculated in accordance with the GHG Protocol.

Forward-looking priorities include improving energy and water tracking, strengthening waste baseline coverage, expanding renewable electricity use where feasible, and developing operational emissions targets through the Net Zero Operations Plan by 2027.

Table 3: Operational Metrics

Metric	Unit	2023	2024	2025
Total Energy Consumption	GJ	83,104	114,279	133,063
Energy Intensity	GJ/Employee	11	16	18
Renewable Energy Share	%	47	40	39
Water Consumption	m3	149,533	141,676	137,275
Paper Consumption	Tons	407.6	480.3	399.8
Paper Recycled	Tons	139.3	92.5	195.6
Waste Generated	Tons	977.0	1,013.8	883.7

Table 4: Emissions from Operations Metrics

Metric	Unit	2023	2024	2025
Scope 1	tCO2e	1,081.5	3,756.4	2,682.4
Scope 2	tCO2e	9,929.3	13,560.5	17,711.1
Scope 1 + 2	tCO2e	11,010.8	17,316.9	20,393.5
Scope 3 (Upstream)	tCO2e	-	18,405.3	61,831.2
Total Emissions	tCO2e	11,010.8	35,722.1	82,224.6
Emissions Intensity	tCO2e/Employee	1.5	5.0	11.4

5.2 Financed Emissions

Financed emissions represent the GHG emissions associated with the bank's lending and investment activities and are reported as part of Scope 3 emissions under the GHG Protocol. For financial institutions, financed emissions typically constitute the largest share of their total emissions footprint. Arab Bank measures its financed emissions in accordance with the PCAF Standard, and in alignment with the GHG Protocol.

The bank has undertaken its first financed emissions assessment across its entire portfolio to support management of climate related risks and portfolio impact. Given the current limitations in emissions data availability across counterparties, and the resulting reliance on estimation techniques, proxy methodologies, and third-party emission factors, the bank has not established a financed emissions baseline year for target-setting purposes.

Based on the bank's December 2025 financials, assets totaling \$17.5 bn have been determined to be in scope for financed emissions assessment. These assets represent five asset classes across the bank's lending and investment portfolio. The total financed emissions amounted to 10.5 MtCO₂e (scope 1, 2 and 3), of which scope 1 and 2 represented 60% and scope 3 represented 40%. The bank's calculation approach and methodology are outlined in Section [6.1: Methodology Notes](#).

As the bank's long-term objective is to decarbonize its portfolio and develop a science-based and pragmatic transition pathway, ongoing efforts are underway to enhance data quality, coverage, and calculation methodologies.

To provide transparency during this initial disclosure year, the bank is reporting aggregate financed emissions. As data quality, coverage, and methodological robustness improve over time, the bank intends to establish a baseline year, set targets for high-emitting sectors, and monitor and disclose progress against these targets on an ongoing basis.

Figure 11: Portfolio Coverage



5.3 Sustainable Finance

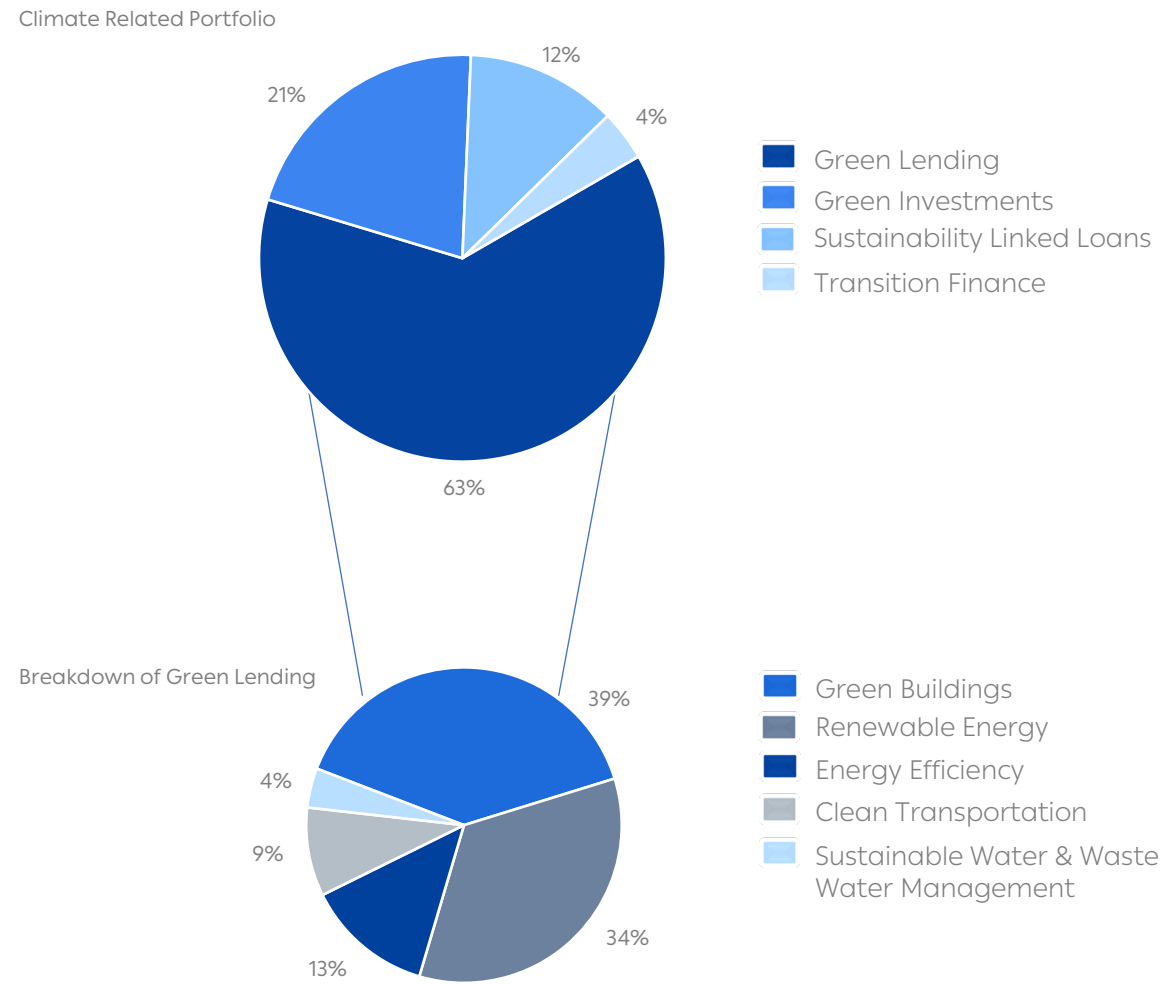
Sustainable Finance represents a key mechanism through which Arab Bank captures climate-related opportunities and supports the transition to a lower-carbon and more resilient economy. Across all its business lines, the bank engages customers and develops sustainable finance solutions to mobilize capital towards climate mitigation and adaptation. This includes direct lending, the facilitation of sustainable financing transactions and sustainable investment activities that support customers in their transition.

The bank’s ESG strategy objective is to grow its sustainable finance portfolio. Since 2024, the bank has achieved USD 1.1 Bn in sustainable finance in line with its Sustainable Finance Framework, of which 87% has climate related objectives. A detailed breakdown of the financed climate-related categories is shown in Figure 12.

The bank’s 2023 inaugural USD 250 Mn Sustainable AT1 Issuance has been fully allocated to eligible sustainable finance assets. Further information on the bank’s sustainable finance allocation and impact is available in the [2025 Sustainable Finance Report](#).

As part of the bank’s upcoming ESG strategy update, the bank intends to define forward-looking sustainable finance target.

Figure 12 Climate-Related Financing



6. Appendices

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6. Appendices

6.1 Methodology Notes

Operational Emissions

A detailed methodology note on operational emissions which covers scopes 1, 2, and 3 (excluding category 15) can be found in the [2025 ESG Report](#).

Financed Emissions

Arab Bank has adopted the Partnership for Carbon Accounting Financials (PCAF) methodology for financial institutions to measure and report Scope 3 Category 15 financed emissions. The PCAF Standard provides methodologies for assessing greenhouse gas emissions associated with loans and investments.

The calculation of financed emissions encompasses Arab Bank plc on-balance sheet lending and investment values, ensuring comprehensive coverage across all relevant asset classes and portfolios.

The bank has applied PCAF asset classes and related methodology to identify the in-scope portfolio for calculation of financed emissions out of the total assets. In addition, the bank has excluded certain values due to data limitations, immaterial exposures or to avoid potential double counting, which include:

- Sovereign and sub-sovereign debt
- Exposures to other banks
- Residential mortgages to the bank staff

For corporate emissions, where reported emissions data and financials are available, these figures were used directly to achieve the highest data quality score permissible.

In instances where customer reported emissions data was unavailable, the bank applied sector-specific proxy methodology. The bank relied on the Comprehensive Environmental Data Archive (CEDA) emissions factors database to source carbon dioxide equivalent (CO2e) per USD emission factors.

In instances where customer reported financial data was unavailable, the bank applied a pro-rata approach to arrive at estimated emissions

For residential mortgage, portfolio emissions are estimated utilizing country-specific grid emission factors, energy-use intensity metrics, and average real estate dimensions, differentiated by both country and property type

For motor vehicle loans, emissions are estimated using vehicle make, model and fuel type and country-specific average distance travelled. In instances where vehicle specific data was not available, brand-level emissions data were estimated and adopted.

Rounding

All figures in this report are rounded. Totals and percentages may not sum exactly as a result. Calculations are performed on unrounded values and rounded only for presentation.

6.2 Listing Tables and Disclosure Index

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Table 7: Disclosure Index

Section	Disclosure	Description	Page(s)	Notes/Omissions
Governance	6(a)	The governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities	6–7	
	6(a)(i)	How responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and related policies	6–7	
	6(a)(ii)	How the governance body determines whether appropriate skills and competencies are available or will be developed to oversee climate-related strategies	6	
	6(a)(iii)	How and how often the governance body is informed about climate-related risks and opportunities	6	
	6(a)(iv)	How the governance body takes climate-related risks and opportunities into account when overseeing strategy, major transactions, and risk management processes	6–7	
	6(a)(v)	How the governance body oversees the setting of climate-related targets and monitors progress, including whether and how related performance metrics are included in remuneration policies.	—	Details on the general remuneration policy can be found in the Annual Report . Quantitative targets not yet set (target-setting under development, p. 23); linkage of climate performance to remuneration not addressed yet.
	6(b)	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	7–8	
	6(b)(i)	Whether the role is delegated to a specific management-level position or committee, and how oversight is exercised over that position or committee	7	
	6(b)(ii)	Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these are integrated with other internal functions	8, 16, 18	
Strategy	9(a), 10–12	Climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects; whether each risk is a physical or transition risk; the time horizons over which effects could occur; and how time horizons link to strategic planning horizons	10, 12, 17, 19	
	9(b), 13	Current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain, and where these effects are concentrated	11, 19	
	9(c), 14(a)	Effects of climate-related risks and opportunities on strategy and decision-making, including information about climate-related transition plans	13–14	
	9(d), 15–21	Current and anticipated effects of climate-related risks and opportunities on financial position, financial performance and cash flows over the short, medium and long term	17	
	9(e), 22	Climate resilience of the strategy and business model, including how and when climate-related scenario analysis was carried out	12	

Section	Disclosure	Description	Page(s)	Notes/Omissions
Risk Management	25(a)	Processes and related policies used to identify, assess, prioritize and monitor climate-related risks	16–21	
	25(a)(i)–(ii)	Inputs and parameters used, and whether and how scenario analysis is used to inform the identification of climate-related risks	12, 19–20	
	25(a)(iii)–(iv)	How the nature, likelihood and magnitude of effects are assessed, and how climate-related risks are prioritized relative to other risk types	17, 19, 21	
	25(a)(v)	How climate-related risks are monitored	21	
	25(b)	Processes used to identify, assess, prioritize and monitor climate-related opportunities	12–13, 25	
	25(c)	The extent to which, and how, these processes are integrated into the entity's overall risk management process	16, 20	
Metrics and Targets	29(a)(i)	Absolute gross greenhouse gas emissions generated during the reporting period	23	
	29(a)(ii)	Measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)	24, 27	Methodology stated in the 2025 ESG Report
	29(a)(iii)	Disclose the approach used to measure greenhouse gas emissions	24, 27	Methodology stated in the 2025 ESG Report
	29(a)(iv) – (a)(vi)(1)	Scope 1, 2, and 3 disclosures	24	
	29(a)(vi)(2)	Additional information about the entity's Category 15 greenhouse gas emissions	27	
	29(b)	Amount and percentage of assets or business activities vulnerable to climate-related transition risks	19	
	29(d)	Amount and percentage of assets or business activities aligned with climate-related opportunities	25	
	29(e)	Amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	25	
	29(g)	Whether and how climate-related considerations are factored into executive remuneration, and the percentage of remuneration linked to climate considerations	—	Details on the general remuneration policy can be found in the Annual Report . Quantitative targets not yet set (target-setting under development, p. 23); linkage of climate performance to remuneration not addressed yet.
	33–36	Quantitative and qualitative climate-related targets set to monitor progress towards strategic goals, including metrics used, baseline, timeframe and interim targets	14, 23	
	32, B64–B65	Industry-based metrics associated with the entity's business model and activities (with reference to the Industry-based Guidance – Commercial Banks)	24–25, 27	



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