Allocation & Impact Report 2025 Q2

Sustainability at QNB

QNB Turkey (QNB) defines sustainability as a transformation journey that starts from its own activities and extends to all its stakeholders.

The main guidance of QNB’s sustainability strategy is the sustainability framework of QNB Group.

The key pillars of QNB Group's sustainability framework are

Sustainable Finance,
Sustainable Operations and
Beyond Banking.

In this regard, QNB has adopted the Group's sustainability framework and created "QNB Sustainability Road Map". All three pillars support QNB’s goal of Sustainable Financial Performance, through reducing risks, opening up new business opportunities and strengthening our brand. Under each pillar, we have identified Material Topics and a series of actions plans to improve our performance.

The QNB sustainability roadmap focuses on four main impact areas: **"Green Transformation"**, **"Responsible Transformation"**, **"Internal Transformation"** and **"Transformation of the Financier"**.

The first two impact areas,

Green Transformation and Responsible Transformation, focus on the sustainable transformation of our customers,

The other two impact areas,

Internal Transformation and Financier Transformation, centers sustainability of the Bank's own operations.

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Green / Blue/ Sustainable Bonds

In 2024, QNB issued a public Sustainable Eurobond in the amount of USD 500 million along with 4 Private Placements in the amount of USD 185 mio with Green, Blue and Social themes.

- In 2024, QNB issued a USD 500 million Sustainable Eurobond. The use of proceeds will be Applicable Green and Social categories in QNB's Portfolio
- In first half of 2025, QNB issued USD 20 million Green, USD 55 million Social Bond

Bond Details

Issuer: QNB Bank A.Ş. LEI: 789000Q21SW842S9IJ58	Bond #1	Bond #2	Bond #3	Bond #4	Bond #5	Bond#6	Bond #7
ISIN	XS2798098310	XS2912352551	XS2921631003	XS2921631185	XS3008522891	XS3008522974	XS2968728068
Issuance Type	Sustainable Bond	Green Bond	Blue Bond	Green Bond	Green Bond	Social Bond	Social Bond
Issue Date	21 May 2024	03 Oct 2024	16 Oct 2024	16 Oct 2024	27 Feb 2025	27 Feb 2025	30 June 2025
Maturity	21 May 2029	15 Sep 2029	20 Sep 2029	20 Sep 2029	3 Dec 2029	3 Dec 2029	1 Jul 2026
Bond Amount	USD 500 million	USD 20 million	USD 25 million	USD 100 million	USD 20 million	USD 15 million	USD 40 million
Allocation	100%	100%	0%	16%	100%	100%	100%
Total as of 30.06.2025			**USD 720 million**				

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Green / Sustainable Deposit - 1st in Türkiye

We enable our customers to invest in sustainable projects in our portfolio

- As QNB, we enable our customers to access finance/refinance sustainable projects under our eligible portfolio constructed in accordance with QNB Sustainable Finance and Product Framework
- QNB is the 1st Bank in Türkiye offering such product to its clients. With this opportunity given;
    - We allow depositors to invest their excess cash in projects in line with the UN Sustainable Development Goals.
    - Support customers' sustainability reports and ESG KPIs.
    - Offer the advantage of having a reliable and sustainable product.
- In accordance with QNB Sustainable Finance and Product Framework, the equivalent of USD 6.27 million proceeds will be used to finance/refinance green/social projects in the QNB's portfolio.

Depositors	Deposit Amount (million)	Agreement Date	Tenor	Status
Depositor 18	TL 100	Jan 2025	9 months	Open
Depositor 19	TL 100	Jan 2025	10 months	Open
Depositor 54	TL 50	March 2025	3 months	Open
Closing Balance As of 30.06.2025	**TL 250 million**	**USD 6.27 million[1]**		

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1 USD/TL 30/06/2025 39.81

Syndicated Loan

Sustainable Syndicated Loan Allocation Status

- In 1H 2025, QNB issued a USD 600 million Sustainable Syndicated Loan with 1-,2- and 3- year tenor options. All amounts borrowed under the Facility Agreement has been applied towards financing of loans to SMEs and microfinance clients (including but not restricted to trade Finance) aligned with socio-economic advancement and empowerment category included in QNB Sustainable Finance and Product Framework. No balance remains unallocated. All loans allocated as new financing.

- On 2H 2024, QNB also issued USD 650 million Sustainability-Linked Syndicated Loan with 1-, 2-, and 3-year tenor tranches, marking Türkiye's first 3-year SLL deal.

Syndication Details

Borrower: QNB Bank A.Ş.

Type	Dual Currency Sustainable Syndicated Loan
Signing Date	29 May 2025
Maturity	367 days, 734 days and 1101 days
Transaction Amount	USD 600 million (EUR 110,4 million + USD 473,9 million)
Allocation	100%
Total as of 30.06.2025	**USD 600 million**

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Local Bond

Sustainable Syndicated Loan Allocation Status

- QNB Turkey has completed its first domestic sustainable bond issuance, worth 250 million Turkish Lira, for domestic investors. The funds raised through this bond will be invested in projects supporting renewable energy, green building, clean transportation and social inclusion.

- QNB Turkey has completed its first domestic sustainable bond issuance, which will create positive environmental and social impact by providing Funding for projects in the sustainable finance sector. Adding another step to its sustainable finance efforts, QNB Turkey has completed its first domestic sustainable bond issuance, worth 250 million Turkish Lira and with a maturity of 185 days.

Local Bond **Issuer: QNB Bank A.Ş.**	
ISIN	TRFQNBB82520
Issuance type	Sustainable Bond
Maturity	185 days
Transaction Amount	TL 250 million
Allocation	100%
Total **as of 30.06.2025**	**TL 250 million USD 6.29 million[1]**

1 USD/TL 30/06/2025 39.74

Allocation Report

Bond and Deposit Allocation Status

The Allocation Report is prepared in accordance with the QNB Sustainable Finance and Product Framework.

Total amount of Green/Sustainable Bond issuance is USD 720 million and TL 250 million, 627 million is allocated to eligible projects for refinancing purposes.

Total amount of Green/Sustainable Deposit is USD 6,27 million as well as the total amount of proceeds allocated to eligible projects.

Total amount of Sustainable Syndicated Loan is USD 400 million as well as the total amount of proceeds allocated to eligible loans.

As of June 2025, allocation is made to 9 green and 2 social loan projects and 1173 SME Loans.

USD 93 million of the Bonds proceeds remains unallocated.

The size of the identified eligible green and social loan Portfolio allocated is USD 834 million for Green and USD 228 Million for Social Projects.

Eligible portfolio consists of 66,55% new assets (booked within 24 months)

Allocation of proceeds by…

Asset Category[1,2]	Allocation Amount, (USD'million)[2]	Number of Eligible Loans	UN SDG SUSTAINABLE DEVELOPMENT GOALS
Renewable Energy	38	4	7, 13
Green Buildings	245	3	11, 12
Clean Transportation	164	2	9, 11, 13
Access to Essential Services	131	2	3
Environmentally sustainable management of living natural resources, land and biodiversity	47	38	14, 15
Socio-economic advancement and empowerment	615	1135	10
Total	**1240**	**1184**	

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1 Eligible categories as defined in the QNB Sustainable Finance and Product Framework
2 All projects are located in Türkiye.

Appendix-1:

QNB Bank Allocation Report 2025 Q2 - Reporting Principles

This reporting principle (the “Principle") provides information on the data preparation and reporting methodologies of indicators within the scope of the limited assurance of QNB Bank A.Ş. (the “Bank”) included in the QNB Bank Allocation Report 2025 Q2 (the"Report").

The indicators include categories within the scope of the green/social use of proceeds such as Renewable Energy, Green Buildings, Clean Transportation, Access to Essential Services, and Environmentally sustainable Management of living natural resources, land and biodiversity as identified in the QNB Bank ‘Sustainable Finance and Product Framework 2023.

The data included in this principle is for 30 June 2025 and as detailed in the “Key Definitions and Reporting Scope” section.

General Reporting Principles

In preparing this principle document, consideration has been given to following principles:

- Information Preparation - to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting - to highlight the primary principles of comparability / consistency with other data including prior year and understandability / transparency providing clarity to users.

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Key Definitions and Reporting Scope

For the period between 1 January 2025 and 30 June 2025, the data of QNB Bank is related to:

Indicator	Scope
Renewable Energy	It refers to projects related to financing or refinancing the equipment, development, manufacturing, construction, operation and maintenance of renewable energy generation sources. These loans include onshore and offshore wind, photovoltaic and concentrated solar power, small-scale hydroelectric projects under 10MW, and medium-scale projects between 10MW and 1000MW. Eligible bioenergy facilities must utilize sustainable biomass or biofuels, while geothermal projects and tidal energy systems must have emissions intensity below 100gCO2e/kWh. Loans also cover green hydrogen production from renewable-powered electrolysis and infrastructure for energy storage and transmission of renewable energy. Eligible portfolio for Renewable Energy projects consists of one loan and total allocated amount is USD 16 million.
Green Buildings	It refers to projects related to financing or refinancing the acquisition, development, construction and refurbishment of buildings which meet at least one of the eligibility criteria. Eligible projects include new and existing buildings certified with at least LEED ‘Gold’, BREEAM ‘Very Good’, or equivalent standards such as Passive House or WELL ‘Silver’. Loans may also be allocated to buildings ranked in the top 15% for energy efficiency in their region, as determined by specialized assessments. Lastly, refurbished buildings must demonstrate a minimum 30% reduction in energy use or carbon emissions, or achieve at least a two-step improvement in EU Energy Performance Certificate ratings to be included. Eligible portfolio for Green Buildings projects consists of three loans and total allocated amount is USD 280 million.
Clean Transportation	It refers to projects related to financing or refinancing the production, establishment, acquisition, expansion, upgrades, retrofit, maintenance and operation of transport infrastructure to reduce emissions and negative environmental impact. These loans support the acquisition and development of low-carbon vehicles for public, passenger, and freight use. Eligible vehicles include electric cars, buses, ferries, and trains, as well as plug-in hybrid electric and green hydrogen-powered options. Additionally, funding can be allocated to infrastructure that supports low-carbon transportation, such as electrified railways and electric vehicle charging stations, promoting a more sustainable transportation network. Eligible portfolio for Clean Transportation projects consists of two loans and total allocated amount is USD 140 million.
Access to Essential Services	It refers to projects related to financing or refinancing of facilities and equipment that enhance access to public, not-for-profit, free or subsidized essential services including healthcare, and education. Eligible projects include hospitals, laboratories, clinics, childcare, and elder care centers, as well as educational institutions offering services for children, youth, and adults, including vocational training. Additionally, these loans support initiatives aimed at providing services to vulnerable or disadvantaged populations, ensuring equitable access to essential resources and opportunities. Eligible portfolio for Access to Essential Services projects consists of two loans and total allocated amount is USD 195.4 million.
Environmentally sustainable Management of living natural resources, land and biodiversity	It refers to activities related to financing or refinancing sustainable forestry, agriculture, fisheries and aquaculture practices that are certified to an independent standard, as well as conversation of biodiversity. These loans support sustainable agricultural, sustainable fishery, sustainable terrestrial and aquacultural activities, sustainable tourism activities and sustainable forestry activities. Additionally, funding can be allocated to sustainable activities certified via EU organic, CDC organic, Rainforest Alliance, ASC, MSC, BCI, GSTC, FSC, PEFC and similar certifications promoting more sustainable forestry, agriculture, fisheries and aquaculture practices. Eligible portfolio for “Environmentally sustainable Management of living natural resources, land and biodiversity” activities consists of 38 loans and total allocated amount is USD 47 million.

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Restatement

The measuring and reporting of data inevitably involve a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at the Bank level.

IMPACT REPORT

QNB Bank's in-house team members have assessed the environmental and social impact of QNB Bank's Sustainable Bonds and Deposits. Environmental and social impact assessment is an obligatory process for all loans that are classified as green and/or social eligible in line with QNB Sustainable Finance and Product Framework (2023). Nine Green and two social Projects are in QNB Bank portfolio and the report is prepared based on the data provided by the Client.

QNB Bank's Impact Report is prepared in line with **the "Harmonized Framework for Impact Reporting (June 2022)" as** defined in the QNB Sustainable Finance and Product Framework (2023).

Projects Description:

Green Building Project-1 is a green building Project including shopping mall and offices. The Project has been awarded by LEED certificate in Core & Shell category and Gold level with the LEED 2009 version.

Green Building Project-2 is a green building Project including shopping mall and offices. The Project has been awarded by LEED certificate in Core & Shell category and Platinum level with the LEED 2009 version.

Green Building Project-3 is a green building Project including shopping mall and offices. The Project has been awarded by LEED certificate in Core & Shell category and Gold level with the LEED 2009 version.

Renewable energy power plant Project-1 is a wind power plant with 38 MW installed power capacity located in Hatay District of Turkey.

Renewable energy power plant Project-2 is a wind power plant with 14 MW installed power capacity located in Malatya District of Turkey.

Renewable energy power plant Project-3 is a solar power plant with 30 MW installed power capacity located in İzmir District of Turkey.

Renewable energy power plant Project-4* is a wind power plant with 5.9 MW installed power capacity located in İzmir District of Turkey.

Clean transportation project-1 is high speed electrified railway project. The total length of the railway is 500 km. 6 million passengers are expected to be transported by the railway, approximately. GHG emission calculation has been provided by the Client.

Clean transportation project-2 is electrified railway project. The total length of the railway is 200 km. 10 million passengers and 13 million freight are expected to be transported by the railway, approximately. GHG emission calculation has been provided by the Client.

Environmentally sustainable Management of living natural resources, land and biodiversity is GSTC certified hotels with less than 50 km distance to the coastline .

Environmentally sustainable Management of living natural resources, land and biodiversity is BCI certified activities which certification spans the entire agricultural and textile value chain. BCI certification ensures sustainable farming practices, responsible resource management, and transparent supply chain operations.

Projects that are categorized as "access to essential services" are hospital projects located in Central Anatolia and Marmara Regions.

*The facility will become operational during H2 2025; impact metrics will be incorporated in the next reporting cycle one full reporting period is available.

Impact Report / Summary of the Analysis Results 1:

Annual Electricity consumption of the Green Building Project-1 is 23,314 MWh in 2024 and annual Natural Gas Consumption of the Project as per Lower Heat Value is 119.1 MWh in 2024 as per the information obtained from the Client.

Annual Electricity consumption of the Green Building Project-2 is 14,625 MWh in 2024 and annual Natural Gas Consumption of the Project as per Lower Heat Value is 4698 MWh in 2024 as per the information obtained from the Client.

Annual Electricity consumption of the Green Building Project-3 is 12,704 MWh in 2024 and annual Natural Gas Consumption of the Project as per Lower Heat Value is 403 MWh in 2024 as per the information obtained from the Client.

As a result of the LEED Gold certificate calculations, the green building Project-1&3 efficiency from the energy consumption is determined as 24% compared to the baseline building without certificate according to the ASHRAE.90.1 which is International Energy Efficiency Standard.

As a result of the LEED Platinum certificate calculations, the green building Project-2 efficiency from the energy consumption is determined as 44% compared to the baseline building without certificate according to the ASHRAE.90.1 which is International Energy Efficiency Standard.

Turkey's electricity grid emission factor is defined as 442 g CO2/kWh in the National Electricity Grid Emission Factor Report 2024.

Green Asset Category	Project Region	Estimated Annual Electricity Consumption (kWh/m2)	Estimated Annual Heating Consumption as per LHV (kWh/m2)	Annualised Project Avoided Emissions of the Project (TCO2e)
Green Building-1	Marmara	124.68	0.64	2848
Green Building-2	Marmara	67.60	17.72	14320
Green Building-3	Marmara	69.80	2.22	7128

Green Use of Proceeds Category	Sub-Category	KPI 1 - Total installed capacity (MW)	KPI 2 - Estimated Annualised GHG Emissions Avoided (TCO2e)	KPI 3 - Environment Certification
Renewable Energy	Wind power electricity generation plant	38 MW	45084	-
Renewable Energy	Wind power electricity generation plant	14 MW	27000	-
Renewable Energy	Solar power electricity generation plant	30 MW	61000	-
Green Building	New and existing buildings	-	24296	LEED Gold LEED Platinum

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Impact Report / Summary of the Analysis Results 2:

For the Clean transportation-1 project, alternative transportation is assumed to be diesel-hauled railway&road option together. CO2e emission per year as per base case only HSR scenario is calculated as 40,500 tCO2e/year, and CO2e emission per year as per diesel hauled railway&road option is calculated as 272,000 tCO2e/year, approximately.

For the Clean transportation-2 project, alternative transportation is assumed to be diesel-hauled railway&road option together. CO2e emission per year as per base case only HR scenario is calculated as 37,000 tCO2e/year and CO2e emission per year as per diesel hauled railway&road option is calculated as 1,010,000 tCO2e/year, approximately.

Both clean transportation projects are not operational yet.

Green Use of Proceeds Category	Sub-Category	Amount of Expected Passenger & Freight	KPI 1 - Avoided GHG emission (tonnes per year) due to the installed technology (direct), by transferring freight or passenger transport from road to railway (tCO2e/year)	KPI 2 - No of KM of units installed (electric track)
Clean Transportation-1	Infrastructure to support low carbon vehicles including electrified railways	6,000,000 passengers	232,100	500
Clean Transportation-2	Infrastructure to support low carbon vehicles including electrified railways	10,000,000 passengers and, 13,000,000 freight per annum	973,000	200

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Impact Report / Summary of the Analysis Results 3:

For the Environmentally sustainable Management of living natural resources, land and biodiversity activities 27 BCI certified loans and 11 GSTC certified loans are allocated.

Green Use of Proceeds Category	Sub-Category	KPI 1 - Sustainable certification scheme
Environmentally sustainable management of living natural resources, land and biodiversity 1	Conservation including the protection of coastal, marine and watershed environments	11 GSTC certified hotels
Environmentally sustainable management of living natural resources, land and biodiversity 2	Sustainable agriculture practices	27 BCI certified activities

Social Category

Social Use of Proceeds Category	Sub-Category	KPI 1 - No people able to access essential service
Access to essential services-Hospital 1	Infrastructure for hospitals, laboratories clinics, healthcare	4050 bed capacity 720,918 in patient 13,575,424 out patient
Access to essential services-Hospital 2	Infrastructure for hospitals, laboratories clinics, healthcare	566 bed capacity 483,791 in patient 3,237,655 out patient

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Methodology:

Renewable Energy

Installed power capacity (MW) and amount of annual electricity generated have been provided by the Client. Avoided carbon emission by electricity generation from the wind power plant operation is calculated and given in this report by using the Turkey's electricity grid emission factor which is 442 g CO_2/kWh in the National Electricity Grid Emission Factor Report 2024.

Green Building

Energy consumption and avoidance of carbon emission of the green building Project is compared with similar baseline building without certification (called as Business As Usual scenario as well).

Greenhouse gas emission impacts from electricity are calculated by multiplying the amount of electricity use per year with the Turkey's grid emission factor. Greenhouse gas emission impacts of yearly heating use in the building are also calculated by multiplying the natural gas consumption with natural gas emission factor.

Energy consumption from electricity and heating has been calculated by considering the gross building area information obtained from the Client.

Clean Transportation

Energy consumption and carbon emission generation of the base case project have been calculated and compared with the calculated data for alternative option (diesel hauled railway & road). The carbon emission generation difference between the project and the alternative scenario is the "avoided carbon emission" by the high speed railway project. Both clean transportation projects are in construction phase and "avoided carbon emission" data given in this report is calculated based on the design values and assumptions. Therefore, realistic value for "avoided carbon emission" will be given once projects are operational.

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Ref. https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_annex-ii.pdf

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