Climate-Related Financial Disclosures

2025 Report

capital bank

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01. BASIS OF PREPARATION

Reporting Entity

Capital Bank of Jordan's (CBoJ) 2025 Climate-Related Disclosure represents the Bank's first-year climate report, addressing the financial year 1 January 2025 to 31 December 2025. It should be read in conjunction with the Bank's consolidated financial statements and 2025 Sustainability Report.

Connectivity

This report makes connections with other reports, including the consolidated financial statements and the 2025 Sustainability Report, to present a cohesive view of how identified climate-related risks and opportunities could affect the Bank's financial position, performance, and cash flows over the short, medium, and long term.

Statement of Compliance

This report has been prepared in accordance with IFRS S2 Climate-Related Disclosures as issued by the International Sustainability Standards Board (ISSB), as well as the Central Bank of Jordan's (CBJ) Climate Reporting Requirements, and the emerging Amman Stock Exchange (ASE) sustainability disclosure requirements.

In preparing this disclosure, the Bank has also referred to and considered the applicability of the SASB Standards Industry-Based Guidance on Implementing IFRS S2 (Volume 16 – Commercial Banks), GRI Standards, NGFS scenario guidance, and the Jordan National Green Taxonomy.

Currency

Climate-related financial information is presented in Jordanian Dinars (JOD). Where US Dollar (USD) amounts are cited in relation to international transactions, these are noted explicitly.

Scope of Assessment

The climate materiality assessment and resulting disclosures are applied to CBoJ's corporate credit portfolio, covering on-balance-sheet term lending exposure. The assessed portfolio is Jordan-based.

Key Judgements Made In Preparing This Report

The preparation of this climate report requires the application of professional judgement to determine which information is relevant, reliable, and decision-useful for disclosure. Key judgements applied are summarized below:

Materiality assessment

In identifying sustainability-related risks and opportunities and determining material information, the Bank applied judgement in assessing impacts and dependencies across its value chain that could reasonably be expected to influence its strategy, business model, financial position and performance.

GHG emissions

The Bank applied judgement in selecting appropriate emission factors and, where necessary, using proxy activity data in cases where actual primary data was unavailable.

Scenario selection

The selection of climate-related scenarios required judgement to ensure an appropriate range of temperature outcomes and transition pathways were considered, reflecting uncertainties most likely to affect the Bank's strategy and financial performance.

Addressing Measurement Uncertainty

Measurement uncertainty arises from data limitations, proxy information, external factors, and inherent uncertainty associated with forward-looking information. Principal sources of measurement uncertainty are described below:

GHG emissions

The quantification of GHG emissions is subject to limitations including incomplete scientific knowledge and constraints in the methodologies and data used to determine emission factors. The selection of different, but acceptable, emission factors or measurement approaches could result in materially different reported emissions.

Water withdrawal

Measurement uncertainty arises in locations where water withdrawal is not directly metered. Data quality is expected to improve as metering coverage increases.

Resilience assessment

Forward-looking disclosures relating to transition risks rely on assumptions regarding future carbon pricing, regulatory developments, and macroeconomic conditions which are inherently uncertain.

02. ABOUT CAPITAL BANK OF JORDAN

Capital Bank of Jordan (CBoJ) is a Jordan-headquartered banking group with a regional footprint across Jordan, Iraq, Saudi Arabia, and the UAE, including banking operations through the National Bank of Iraq (NBI) and an investment services presence through Capital Investments (DIFC). As of 31 December 2025, the Group reported total assets of JOD 8.7 billion, total equity of JOD 989 million, and a net profit of JOD 201 million.

Total assets	Total equity	Net profit
JOD 8.7 bn	JOD 989 m	JOD 201 m
As of 31 December 2025	As of 31 December 2025	Financial year 2025

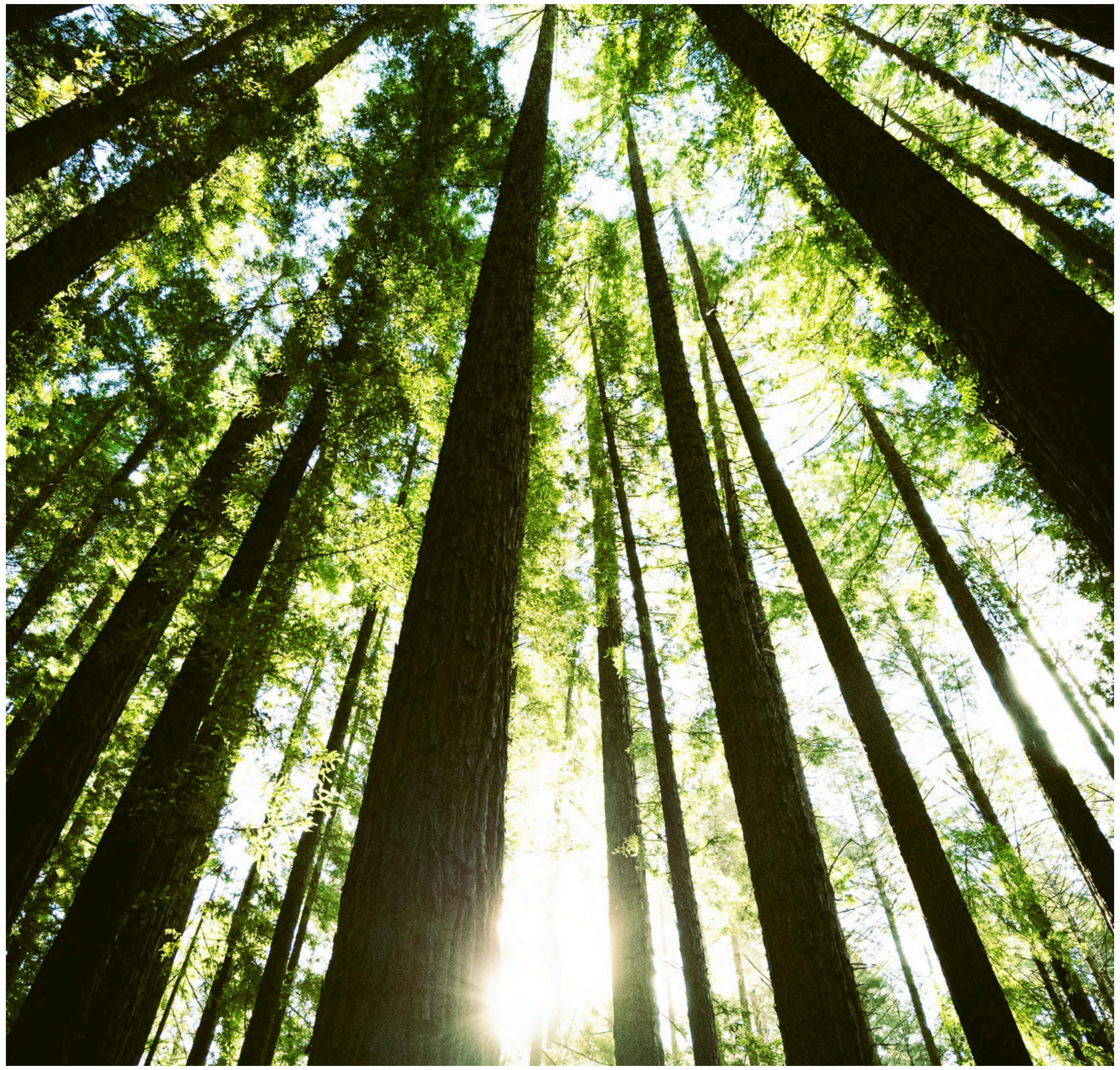
CBoJ's climate-related exposure is primarily linked to its role as a lender. The Bank's main climate-related financial risks and opportunities arise through its corporate and SME credit portfolio, where borrower performance, collateral values, operating costs, and sector competitiveness may be affected by physical climate hazards and transition-related developments.

The Bank’s portfolio includes exposure to sectors with varying levels of climate sensitivity, including energy, water and utilities; consumer trade and retail; manufacturing, industrial and mining; construction; wholesale and distribution; transportation; tourism-related activities; agriculture; and Other Services. These sectors may be affected by rising temperatures, water scarcity, extreme weather events, energy-system changes, regulatory developments, and shifting market expectations.

Climate Exposure

Given this business model, CBoJ's climate assessment focuses on the lending portfolio as the primary channel through which climate-related risks and opportunities could affect financial position, performance, and cash flows — including potential effects on borrower repayment capacity, asset quality, collateral resilience, credit concentration, sustainable finance demand, and long-term portfolio composition.

CBoJ is progressively integrating climate-related considerations into its strategy, credit processes, portfolio monitoring, and sustainable finance activities. The Bank's growing sustainable finance portfolio — including green lending and development finance partnerships — reflects an early but active response to climate-related opportunities within the corporate credit market.



Climate-Relevant Profile

Primary channel of climate risk transmission

Corporate and SME lending portfolio

Primary geography

Jordan, with a regional footprint across Iraq, Saudi Arabia, and the UAE.

Key climate-sensitive sectors

- Energy & utilities
- Trade & retail
- Transportation
- Manufacturing
- Construction
- Agriculture

Sustainable finance KPI

Sustainable finance volumes are tracked internally, targeting 5% annual growth. No formal quantitative climate target was set for this reporting period.

Reporting framework

IFRS S2 · CBJ Climate Reporting Requirements · ASE sustainability disclosure requirements

For the Bank's broader corporate profile, including its vision, mission, values, strategic pillars, and workforce information, refer to the Capital Bank of Jordan 2025 Sustainability Report, available at capitalbank.jo.

03. GOVERNANCE

Why Climate Matters to Capital Bank

Climate change represents a material source of financial risk and opportunity for the Bank. As a credit-focused institution, the primary exposure arises through the lending portfolio, where climate-related risks may affect borrower performance, collateral values, and overall sector stability.

In Jordan and the wider region, climate-related challenges, including rising temperatures, water scarcity, and extreme weather events, are expected to intensify. Simultaneously, transition dynamics such as evolving regulation, shifting market expectations, and international trade requirements are reshaping financing needs across key sectors. The Bank recognizes that these factors may affect its financial position, performance, and cash flows.

ESG Policy and Climate Integration

CBoJ has established an ESG Policy that sets out its sustainability principles and provides a structured framework for integrating climate-related considerations across its operations, including business lines and risk management processes. Climate-related risks and opportunities are embedded within this framework, supporting integration into strategic planning, decision-making, and financial risk assessment.
Environmental, Social and Governance (ESG) factors provide a recognized framework for assessing long-term resilience and value creation. Within this framework, the Bank places particular emphasis on climate-related matters, supported by relevant metrics and processes to identify, assess, and manage climate-related risks and opportunities that may affect its financial position and performance.

Board and Committee Oversight
Climate Governance and Oversight Structure

Governance Layer	Body / Function	Role in Climate Governance
Board-Level Oversight	Board of Directors	Retains overall accountability for oversight of climate-related risks and opportunities as part of the Bank's governance, strategy, and risk management responsibilities. Reviews periodic updates on climate-related exposures, regulatory developments, sustainable finance progress, and implementation of climate-related initiatives.
Board-Level Oversight	Board Risk Management Committee	Supports the Board by overseeing the integration of climate-related risks into the Bank's risk management framework, including risk identification, assessment, monitoring, escalation, and consideration in relevant credit-related processes.
Management-Level Implementation	Senior Management	Responsible for implementing the Bank's climate-related direction, embedding climate considerations into relevant business and risk processes, and coordinating implementation across responsible functions.
Management-Level Implementation	ESG Committee	Supports the integration of ESG and climate considerations into strategy, initiatives, performance monitoring, and disclosure preparation.
Management-Level Implementation	Climate Taskforce	Coordinates climate-related implementation activities, supports data collection and analysis, follows up on regulatory requirements, and prepares structured inputs for management and Board-level reporting.

As a first-time preparer of climate-related financial disclosures, the Bank is continuing to enhance its governance arrangements and supporting processes in line with evolving reporting requirements.. The Bank is progressing a phased implementation approach and will continue to refine its governance, methodologies, and data systems as practices mature.

Board Skills and Climate Training

CBoJ places strong emphasis on building climate-related knowledge and capabilities across its workforce. During the reporting period, targeted capacity-building initiatives included in-person ESG training sessions and e-learning modules delivered across the bank, achieving an overall reach of 87% of employees. In addition, dedicated training programs were provided to the Finance and Risk teams, covering sustainable finance principles and the IFRS S2 climate disclosure standards. These initiatives support the integration of climate-related considerations into governance, risk management, and financial reporting processes.

04. STRATEGY

Capital Bank's strategy is built on four strategic pillars: Operational Excellence, Customer Centricity, Sustainable Growth, and Our People. Together, these pillars strengthen our value proposition, enhance operational efficiency and digital capabilities, drive sustainable growth, and leverage ESG as a value driver across the Bank.

Our Vision, Mission and Strategic Pillars

Vision

To be one of the leading banks in the region, placing our customers and people at the heart of our journey and enabling them to make informed life decisions.

Mission

To simplify daily banking and support economic prosperity through digitisation, innovation and personalised customer experience.

Strategic Pillars:

Operational Excellence

Enhance our digital capabilities and continue our digital transformation journey through continuous innovation while building an efficient future-ready infrastructure.

Customer Centricity

Expand into a holistic value proposition that meets the banking and investment needs of our clients and revolves around service excellence and elevated customer experience.

Sustainable Growth

Grow the Group's regional footprint, promote cross-border banking, diversify sources of revenue and optimise the risk management framework to create sustainable and profitable growth that maximises shareholders' value.

Our People

Invest in our strongest asset; our people, through creating an inspiring workplace culture focused on the continuous building of capabilities.

Climate Materiality Assessment Process

Step 1

Map Portfolio Exposure

Identified key sectors within the lending portfolio using consolidated classifications aligned with the Jordan National Green Taxonomy. Sectors were selected based on representativeness of portfolio exposure and relevance to climate risk screening.

Step 2

Identify Climate-Related Risks & Opportunities

Developed a high-level list of climate-related risks and opportunities covering physical risks (chronic and acute), transition risks (policy, legal, market, technology, reputational), and climate-related opportunities from mitigation and adaptation activities.

Step 3

Assess Exposure, Vulnerability & Potential Impact

Applied a qualitative (exposure × vulnerability × likelihood) lens. Used qualitative climate scenario analysis to assess how risks may evolve across short-, medium-, and long-term horizons.

Step 4

Identify Potentially Material Information

Identified material climate-related risks and opportunities with reference to IFRS S2 requirements, SASB guidance, and CBJ/ASE requirements. Materiality assessed on whether risks and opportunities could reasonably be expected to influence financial position, performance, and cash flows.

Step 5

Consolidation & Validation

Results consolidated and reviewed through internal governance processes, including validation by management and relevant committees. Outputs inform climate-related disclosures and will be refined as methodologies and data capabilities mature.

Business Strategy and Value Creation

The Bank's business strategy is reviewed and updated under the oversight of the Board to support long-term financial resilience and effective management of climate-related risks and opportunities. The Bank's portfolio is primarily concentrated in corporate and SME lending, with exposure to sectors such as manufacturing, energy, infrastructure, and trade-related services, sectors that are inherently sensitive to both transition and physical climate-related risks.

In response to evolving regulatory requirements and market expectations, the Bank is progressively integrating climate-related considerations into its strategic direction. This includes the development of sustainable finance solutions and the incorporation of climate-related factors into lending, risk assessment, and portfolio management processes.

Stakeholder Engagement

CBoJ is strengthening its approach to stakeholder engagement to support the identification and assessment of climate-related risks and opportunities. Engagement with key stakeholder groups - including clients, regulators, investors, and employees - supports the identification of emerging climate risks, enhanced understanding of regulatory developments, and the development of climate-related strategies and disclosures. Insights derived from stakeholder engagement inform the ongoing evolution of the Bank's ESG policy and related frameworks.

Portfolio Sector Exposure and Risk Concentration

Exposure	Sectors	Sector-Level Climate Risk Exposure
High Portfolio Exposure	1. Energy, Water & Utilities	Core transition and physical risk sector: carbon pricing, fuel mix shifts, and water security/infrastructure resilience.
	2. Consumer Trade & Retail	Demand and supply-chain sensitivity; climate-driven volatility in consumer spending and inventory disruption.
	3. Other Services	Lower direct exposure overall; climate impacts are mainly indirect via premises, mobility, and client-sector dependence.
Medium Portfolio Exposure	4. Manufacturing, Industrial & Mining	Transition-sensitive (energy intensity, emissions regulation) with material exposure to resource and input-price volatility.
	5. Construction	Materials and energy intensity plus high physical risk to assets (flooding/heat) and resilience/code requirements.
	6. Wholesale & Distribution	Logistics-dependent sector with physical disruption exposure and transition impacts through transport and warehousing.
	7. Transportation	High transition sensitivity (fleet electrification, fuel standards) and acute physical disruption to logistics networks.
Medium Portfolio Exposure	8. Financial Services	Indirect exposure driver through financed emissions, portfolio re-pricing, and regulatory/supervisory expectations.
	9. Tourism-related activities	Demand-sensitive sector with heat stress and water constraints affecting operations and seasonality.
	10. Agriculture, Forestry, and Fishing	High physical risk sensitivity (heat, drought, water availability) and supply-chain disruption exposure.

Key Observation and Portfolio Concentration

Energy, Water & Utilities, Consumer Trade & Retail, and Other Services collectively account for approximately 61% of the Bank's corporate credit portfolio and represent the primary drivers of climate-related financial risk exposure. These sectors are materially sensitive to both physical climate hazards (heat, water scarcity, floods) and transition dynamics (energy regulation, carbon pricing, market shifts).

At present, climate-related financial effects are assessed qualitatively through sector exposure screening and credit risk analysis. Potential financial effects may arise through changes in borrower credit quality, collateral resilience, capital allocation toward green assets, and funding structure adjustments (including green subordinated financing). The Bank monitors these exposures within its broader risk management framework.

Based on the Bank's current qualitative climate risk assessment and portfolio exposure analysis, management has not identified a climate-related risk that would reasonably be expected to require a material adjustment to the carrying amounts of assets or liabilities within the next annual reporting period. Climate-related risks are currently assessed as medium- to long-term structural risks and are monitored through the Bank's risk management framework.

Material Climate-Related Risks and Opportunities

Through a structured sector-based screening and forward-looking scenario analysis, CBoJ has identified four climate-related risks and two opportunities within the corporate credit portfolio that could reasonably be expected to materially affect our financial position, performance, or cash flows.

The risks arise primarily through indirect transmission channels within the lending portfolio, where sectoral exposures may be sensitive to transition dynamics and physical climate impacts. Portfolio concentrations in climate-exposed segments heighten vulnerability to borrower-level stress, cost pressures, and asset repricing, thereby linking climate-related developments to credit risk, portfolio quality, and overall financial performance.

The opportunities have been informed by portfolio exposure trends, sectoral transition needs, and forward-looking scenario analysis. They are reflected in the Bank's expansion of green lending and sustainable finance instruments, which support asset growth, portfolio diversification, and evolving client demand. Over time, these developments may also influence portfolio risk composition and long-term credit risk dynamics.

		Time Horizon	Why This Is Material for CBoJ
Physical Risks	Event-Driven Asset & Cash-Flow Shock Risk		Increasing frequency and severity of extreme weather events, which may disrupt economic activity, impair asset values, weaken borrower repayment capacity, and elevate credit, operational, and concentration risks across the Bank's portfolio.
Physical Risks	Structural Cost & Productivity Deterioration Risk		Water scarcity and rising temperatures may structurally constrain economic growth, increase operating costs across the economy, weaken borrower cash flows, and contribute to sustained credit deterioration and heightened portfolio risk over time.
Transition Risks	Policy & Carbon Repricing Risk		Energy system reforms, renewable penetration, shifting regulatory frameworks, and evolving market expectations may alter cost structures, reprice high-emission assets, and affect borrower cash flows, asset valuations, and overall credit risk across the Bank's portfolio.
Transition Risks	Borrower Transition Capacity & Credit Migration Risk		Evolving international climate policies, carbon-related trade measures, and shifting global standards may affect the competitiveness of domestic industries, reduce export performance, and weaken borrower cash flows and credit quality across the Bank's portfolio.
Opportunities	Climate Resilience & Efficiency Capex Financing		Physical climate impacts (heat, water stress, extreme weather) increase demand for climate resilience investments (water efficiency, cooling systems, resilient logistics, facility hardening), supporting project finance and asset-backed lending.
Opportunities	Transition Capex & Portfolio Repositioning Finance		Policy tightening, energy-cost pressures, and export requirements are driving increased borrower demand for energy-efficiency upgrades, electrification, renewable energy, and transition capex, creating lending, refinancing, and advisory opportunities.

Time Horizons		
Short–Medium Term (0–5 yrs)		Relates to near-term acute physical disruptions, evolving regulatory developments, and market adjustments that may affect borrower cash flows, collateral values, and credit performance within the Bank's immediate planning and budgeting cycle.
Medium Term (3–10 years)		Relates to gradual portfolio repricing, sectoral transition dynamics, and shifts in cost structures associated with energy system reform and regulatory tightening.
Medium–Long Term (5–20+ years)		Relates to structural climate dynamics, including chronic water scarcity and energy system transformation, which may influence economic structure, sovereign risk conditions, and long-term portfolio resilience.

Resilience

The Bank conducted a qualitative climate-related scenario analysis to assess the resilience of its credit portfolio across key sectors. The analysis considered both transition and physical risk pathways, reflecting plausible future climate conditions and policy developments. Three scenarios were applied, drawing on NGFS scenario guidance.

SCENARIO	WARMING PATHWAY	TRANSITION RISK	PHYSICAL RISK & ANALYTICAL VALUE FOR CBOJ
Orderly Transition	1.5–2°C / Net Zero by 2050	Moderate and gradual; predictable carbon pricing, steady technology uptake.	Lower in medium term. Helps assess credit exposure to carbon-intensive clients, growing demand for green/transition finance, and managed sector risk shifts.
Disorderly Transition	<2°C with delayed action	High; sudden policy tightening after 2030, rapid carbon cost increases, disruptive repricing.	Very high; frequent heatwaves, worsening droughts and floods. Helps assess abrupt carbon cost rises, sudden asset repricing, clients with limited transition plans.
Hot-House	3°C+ (current policies only)	Low to moderate; slower decarbonization incentives, continued fossil dependence.	Very high; severe chronic stress and irreversible impacts. Helps assess credit stress in climate-sensitive sectors, collateral impairment, macroeconomic disruption.

Application of Scenario Analysis

Scenario analysis is used qualitatively to support sector-level risk screening and prioritization, portfolio monitoring and forward-looking credit assessments, and strategic discussions on climate-related risks and opportunities. At this stage, scenario analysis is qualitative and does not extend to quantitative financial impact modelling or capital stress calibration.

For each material risk and opportunity, the analysis assessed whether each scenario pathway amplifies, mitigates, or is broadly neutral with respect to the potential financial effect, considering portfolio relevance, geography, and time horizon.

Key Resilience Considerations

The Bank's resilience assessment considers how climate-related risks may affect borrower performance, portfolio composition, and financial stability across short-, medium-, and long-term horizons. Key considerations include:

- Borrower adaptive capacity, including financial flexibility and ability to respond to evolving climate and policy conditions.
- Exposure to climate-sensitive infrastructure (energy, water, logistics) and supply-chain dependencies.
- Portfolio concentration in sectors sensitive to heat stress, water scarcity, and transition dynamics.
- Borrower cash-flow sensitivity, refinancing conditions, and demand shifts under transition scenarios.
- Potential implications for credit quality and asset performance under physical and transition risk developments.

Uncertainties and Limitations

The assessment is subject to material uncertainties, including: the timing and magnitude of regulatory and policy developments; the pace of energy transition in regional markets; evolving impacts of water scarcity and climate hazards; and limited availability of granular, borrower-level climate data. These factors introduce uncertainty in estimating the financial impacts of climate-related risks. Current disclosures are accordingly based on qualitative assessments, with plans to enhance data quality and analytical depth over time.

Development Priorities

The Bank continues to enhance its analytical capabilities. Key focus areas include:

- Improving borrower-level climate data availability and quality.
- Strengthening methodologies linking climate drivers to credit risk indicators (PD, LGD, ECL).
- Enhancing access to localized hazard and transition datasets for Jordan and regional markets.
- Developing internal analytics and reporting infrastructure to support progressive quantification of climate financial impacts.

05. RISK MANAGEMENT

Integrated Approach

Capital Bank applies a structured, qualitative approach to identify, assess, prioritize, manage, monitor, and communicate climate-related risks and opportunities across its lending portfolio. This process is progressively being enhanced in line with IFRS S2 and CBJ regulatory expectations. The Bank's risk management approach follows a six-stage process:

STEP	PROCESS	KEY ACTIVITIES
1	Identify	Sector-level screening of climate-sensitive exposures; mapping physical and transition risk drivers across priority sectors; review of regulatory developments; qualitative climate scenario considerations; internal stakeholder engagement.
2	Assess	Qualitative framework assessing magnitude of impact (effects on borrower performance), likelihood (sector trends, forward-looking data), and nature of exposure (physical vs transition, time horizon). Focus on credit risk, collateral value, and sector performance.
3	Prioritize	Prioritization based on sectoral exposure concentrations, sensitivity to key climate drivers (heat, water stress, regulatory change), and potential impact on borrower resilience and repayment capacity.
4	Manage	Climate risks incorporated within the ESMS and broader credit governance framework: sector-level climate sensitivity identification; ESG risk assessment within lending; consideration of climate drivers in borrower evaluation; portfolio-level monitoring.
5	Monitor	Ongoing portfolio review and sector monitoring; internal risk reporting to management and relevant committees; periodic reassessment of climate risks as data and methodologies evolve.
6	Communicate	Climate-related risks and opportunities reported through internal governance structures and external disclosures, including this report, with the aim of providing decision-useful information on potential financial impacts.

Integration with Enterprise Risk Management

This represents the Bank's first year of structured climate risk work. In 2025, the Bank began to conduct a climate risk maturity assessment and to support early-stage compliance with CBJ Climate Risk Management Regulations, which provided the foundation for this disclosure.

A formal climate materiality assessment was completed during the reporting period, constituting the Bank's first documented, sector-based identification of material climate-related risks and opportunities.

Climate risk is not yet formally embedded as a standalone category within the Bank's enterprise risk management framework, and climate-specific risk appetite metrics, key risk indicators, and quantitative integration into credit processes have not yet been established. The existing ESMS provides a general environmental and social risk screening capability for lending decisions; however, this is broader than climate-specific financial risk assessment and does not yet extend to climate transmission channel analysis, borrower-level vulnerability scoring, or linkage to expected credit loss modelling.

The outputs of the 2025 materiality assessment, including the sector exposure framework, risk and opportunity inventory, and scenario narratives, constitute the starting point for building a more structured climate risk management capability over time. The Bank has identified the following as priority areas for development in the near term:

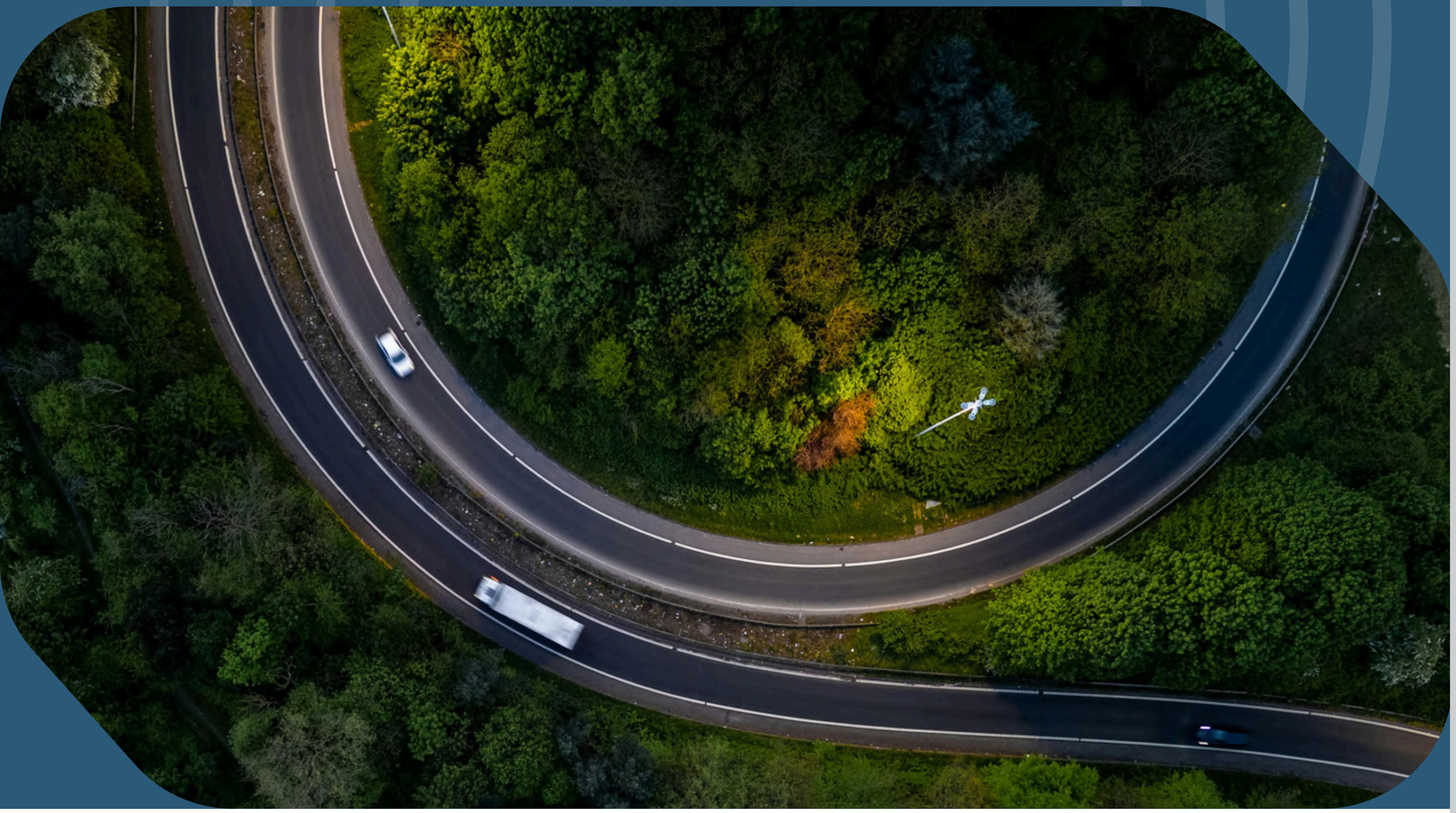
Future Outlook

- Inclusion of climate risk within the enterprise risk management taxonomy as an emerging, cross cutting risk category.
- Introducing a set of qualitative/quantitative climate indicators to monitor physical and transition risk exposure, concentration in climate sensitive sectors, and relevant KRIs.
- Implement climate sensitivity flags for review and fulfillment of requirements in credit/risk review.
- Enhance climate task force mandate with defined escalation pathways and governance structure.

Approach and Maturity

The Bank's approach remains primarily qualitative and continues to evolve. Future enhancements will focus on improving data availability, strengthening analytical methodologies, and progressively integrating climate considerations into more advanced risk and financial assessment processes. Such actions may include:

- Defining and formalizing climate risk categories (physical/transition) within the internal risk taxonomy.
- Introducing qualitative climate sensitivity indicators within sector concentration monitoring.
- Developing sector-specific guidance notes and borrower information questionnaires.
- Strengthening internal capability through targeted staff training and cross-functional coordination.
- Progressively assessing suitability of quantitative tools as data quality, methodologies, and regulatory expectations evolve.



06. METRICS AND TARGETS

GHG Emissions

In line with IFRS S2 requirements, CBoJ measures its greenhouse gas (GHG) emissions using the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (PCAF), applying the operational control approach. This enables the Bank to account for emissions from activities under its direct control, including facilities and owned assets. Emissions are reported on a gross basis, without the use of offsets, in metric tons of carbon dioxide equivalent (tCO_2e).

This represents an initial year of IFRS S2-aligned climate-related disclosure, and the Bank has adopted a phased and proportionate approach reflecting current data availability and evolving internal methodologies.

Scope 1 Emissions
Scope 1 emissions include direct emissions from sources owned or controlled by the Bank, primarily fuel consumption and company-operated vehicles. Emissions are calculated using available activity data and relevant emission factors.

Scope 2 Emissions
Scope 2 emissions represent indirect emissions from purchased electricity and energy consumption, calculated using the location-based method, applying appropriate grid emission factors.

Scope 3 Emissions
The Bank has not yet calculated Scope 3 emissions, including Category 15 financed emissions attributable to the lending and investment portfolio. A phased implementation approach is planned, beginning with a feasibility assessment for PCAF (Partnership for Carbon Accounting Financials) alignment and identification of material Scope 3 categories.

METRIC	2024 (tCO_2e)	2025 (tCO_2e)
Total Scope 1 Emissions	71	36
Total Scope 2 Emissions (Location-Based)	1,991	1,419
Total Scope 1 & 2 Emissions	2,061	1,455
Emissions Intensity (tCO_2e per Employee)	1.6	1.09

Energy Metrics

The table below summarizes the Bank's energy consumption across electricity, heating/cooling, and fuel sources. Total energy consumption declined 3.0% year-on-year, reflecting operational efficiency improvements including IT infrastructure optimization and green fleet transition.

ENERGY INDICATOR	2024 (GJ)	2025 (GJ)
Energy from Electricity	18,073	17,797
Energy from Heating / Cooling	14,474	14,230
Energy from Fuels	985	495
Total Energy Consumption	**33,532**	**32,523**

Operational Decarbonization Highlights

80% of the Bank's vehicle fleet is now hybrid or electric. Server utilization improved to 65%, reducing redundant server load. Right-sizing of over-provisioned servers reduced hardware resource use by 20–30% and lowered energy consumption. Total Scope 1 & 2 emissions declined from 2,061 tCO_2e (2024) to 1,455 tCO_2e (2025), a reduction of approximately 29%.

Water Metrics

Water availability is a key environmental consideration in Jordan, given the country's structural water scarcity and increasing climate pressures. CBoJ's direct water use is limited to its operational footprint, office operations across branches and facilities. The Bank relies on municipal water supply and does not engage in water-intensive production processes. Water efficiency measures implemented include installation of sensor taps and dual-flush systems at selected sites.

WATER METRIC	2025
Total Water Withdrawal	8,474 m^3
Sites with Water-Saving Devices Installed	10%

Water-related metrics are currently reported at the aggregate operational level. The Bank has not yet established disaggregated tracking of water sources, discharge, or consumption by location. Future enhancements are expected to focus on improving data granularity across branches and expanding coverage of water efficiency measures.

Sustainable Finance and Capital Allocation

A key element of CBoJ's climate-related financial profile is its growing portfolio of sustainable finance and green lending activities. The following summarizes key sustainable finance initiatives in the reporting period:

Initiative	Description
USD 155 million Green Tier 2 Subordinated Loan	Consortium led by EBRD (ILX Fund, OPEC Fund, Arab Fund, Green for Growth Fund, SANAD Fund). 10-year facility supporting green projects and SME financing.
JOD 41.7 million Green Loans Disbursed	Green loans disbursed to grow the Bank's credit portfolio of green financing programs.
JOD 5.0 million EBRD/GEFF Green Direct Credit Facility	Received through Green Direct Credit Facility for Capital Leasing from EBRD and GEFF.
JOD 3.4 million Green Loan Approved	Central Bank facilities / energy sector financing to expand green portfolio.

Sustainable finance volumes are reported as a Key Performance Indicator, with a target of 5% year-on-year growth. The Bank is in the process of mapping its portfolio to the Jordanian National Green Taxonomy to determine the proportion of assets aligned with taxonomy-defined climate-related opportunities. Taxonomy-aligned asset classification has not yet been completed.

Climate-Related Targets

The Bank has not established formal quantitative climate-related targets, including greenhouse gas emissions reduction targets or portfolio decarbonization targets, for the reporting period. Accordingly, the detailed disclosures required under IFRS S2 paragraphs 33–36 relating to target metrics, base years, interim milestones, and alignment with international climate agreements are not applicable where no targets have been set.

The Bank intends to develop measurable climate-related targets as internal data capabilities mature. Planned steps include: completing an operational GHG inventory baseline; assessing feasibility of financed emissions calculation under PCAF; and defining sustainable finance ratio targets aligned with the Jordan National Green Taxonomy and CBJ Green Finance Strategy (2023–2028).

07. CLIMATE TRANSITION PLAN

CBoJ is in the early stages of developing its climate transition approach, aligned with national priorities, regulatory expectations, and emerging international standards. The Bank's transition plan reflects a phased and proportionate approach, recognizing current data availability and the evolving nature of climate-related risk management in the banking sector.

The Bank's strategic direction is guided by Jordan's Economic Modernization Vision (2023–2025), the Central Bank of Jordan's Green Finance Strategy (2023–2028), and the Paris Agreement, which collectively support the transition toward a low-carbon and climate-resilient economy.

Disclosure Note and Transition Plan Maturity

As this represents CBoJ's first year of IFRS S2-aligned disclosure, the transition plan is primarily qualitative and does not include time-bound portfolio decarbonization pathways or formal sector transition alignment analysis. The Bank intends to progressively enhance this plan as data capabilities and regulatory guidance develop. No formal climate targets have been committed at this stage, and the Bank has not made a net-zero declaration.

Strategic Direction

The Bank is progressively integrating climate considerations into its core business activities, with a focus on:

- Aligning financing activities with low-carbon and resource-efficient sectors, including renewable energy, energy efficiency, and sustainable infrastructure.
- Strengthening the integration of climate-related risks into credit risk assessment and portfolio monitoring.
- Supporting economic resilience through climate-aligned lending and investment decisions.

Portfolio Transition Approach

As a credit-focused institution, the Bank's transition is primarily driven through its lending portfolio. The Bank is working to:

- Gradually increase exposure to climate-aligned sectors through sustainable finance and green lending initiatives.
- Monitor and manage exposure to climate-sensitive sectors, including those affected by transition and physical risks.
- Incorporate climate-related considerations into sectoral analysis and portfolio strategy over time.

Capital Allocation and Climate Finance

The Bank is progressively directing capital toward climate-aligned activities, including:

- Sustainable Finance and Capital Strategy: The Bank continues to expand green lending, SME financing, and climate-aligned funding instruments, including the issuance of a USD 155 million Green Tier 2 Subordinated Facility, one of the largest of its kind in Jordan, led by the EBRD.

- Regional Climate-Aligned Lending Partnerships: Through its subsidiary National Bank of Iraq (NBI), CBoJ has established development finance partnerships to expand trade finance and support lending to sectors with climate mitigation and adaptation relevance. A USD 70 million portfolio guarantee from GuarantCo enables capital allocation toward climate-aligned sectors, with over 60% of the portfolio supporting climate mitigation activities.

Operational Transition

The Bank is taking steps to reduce its operational footprint through:

- Direct Mitigation: Operational energy efficiency improvements, the use of renewable energy sources where available, and gradual transition toward lower-emission technologies.
- Indirect Mitigation: Financing renewable energy and environmentally sustainable projects within the corporate portfolio, contributing to economy-wide emissions reduction.

Governance and Risk Integration

Climate considerations are embedded within the Bank's risk management and governance framework, including integration into the ESMS, incorporation of climate factors into credit decision-making processes, and ongoing portfolio-level monitoring of climate-related risk concentrations.

Future Development

- The transition plan remains evolving and primarily qualitative. The Bank intends to progressively enhance its approach through:
- Improved data collection and measurement of portfolio exposures, including financed emissions under PCAF.
- Development of more granular methodologies, including quantitative scenario analysis and risk quantification.
- Potential establishment of formal climate targets and metrics as internal capabilities mature.
- Advancing analytics and reporting infrastructure to meet IFRS S2 and CBJ regulatory expectations over time.

08. APPENDIX A: IFRS S2 DISCLOSURE INDEX

The table below maps each disclosure requirement of IFRS S2 Climate-Related Disclosures to the relevant section of this report and indicates the coverage status for the 2025 reporting period. As a first-year preparer, a number of requirements are partially covered or not yet in scope, consistent with the Bank's phased and proportionate implementation approach.

Covered	
First Year Disclosure - Phased implementation	
Not applicable in 2025	

REF	DISCLOSURE REQUIREMENT	LOCATION IN THIS REPORT	STATUS
S2 6(a)(i)	Board responsibilities for climate risks and opportunities reflected in terms of reference, role descriptions, and relevant policies	*Governance, Board and Committee Oversight (Page 10)*	
S2 6(a)(ii)	Extent to which the Board has developed the necessary skills and competencies for climate oversight	*Governance, Board Skills and Climate Training (Page 11)*	
S2 6(a)(iii)	How and how often the Board is informed about climate-related matters	*Governance, Board and Committee Oversight (Page 10)*	
S2 6(a)(iv)	How the Board considers climate risks and opportunities in overseeing strategy, major transactions, and risk management policies	*Governance, Board and Committee Oversight; Risk Management, Integration with ERM (Page 10, 23-24)*	
S2 6(a)(v)	How the Board oversees climate objective-setting and monitors progress, including linkage to remuneration	*Governance, Board and Committee Oversight (Page 10)*	

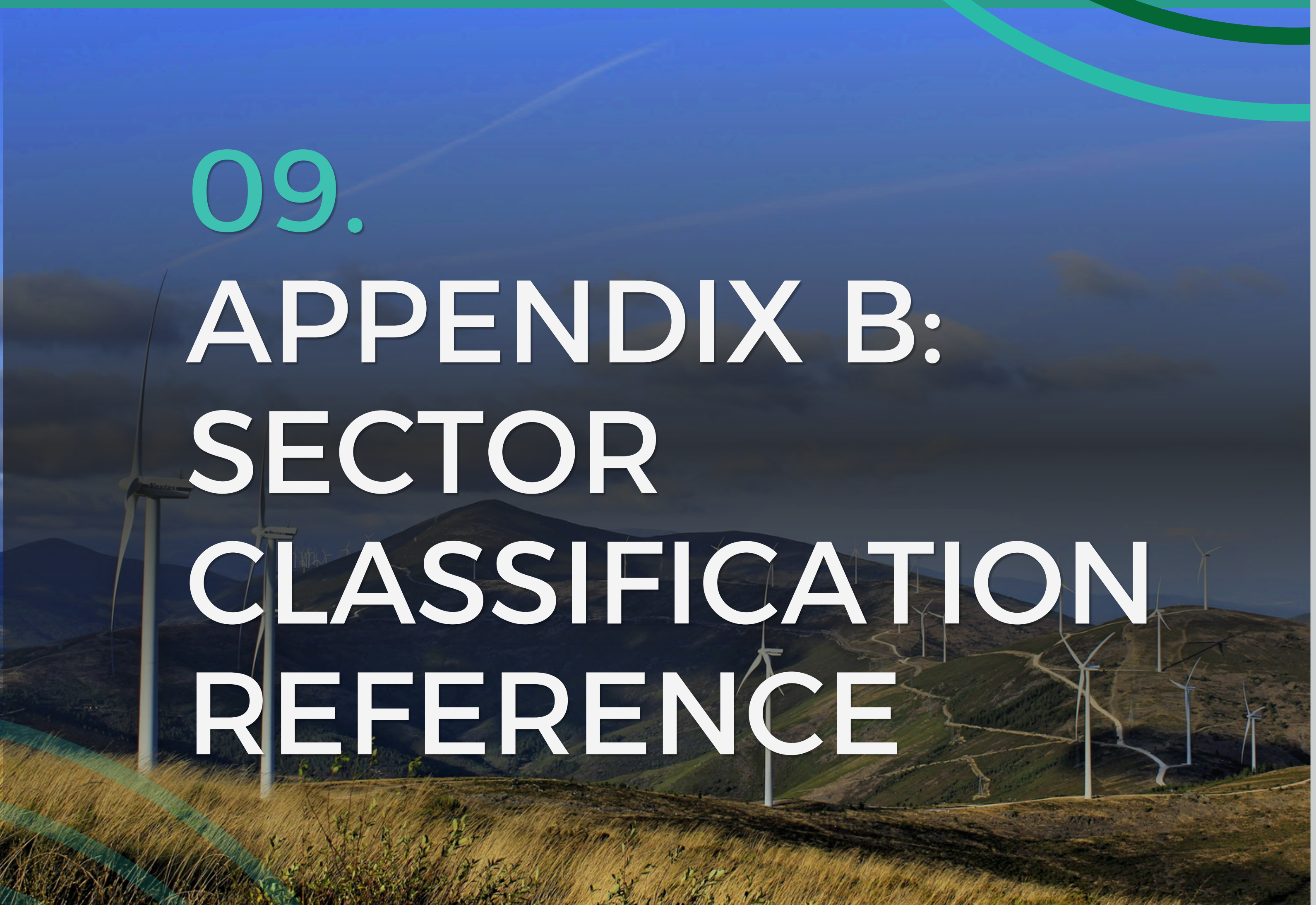
REF	DISCLOSURE REQUIREMENT	LOCATION IN THIS REPORT	STATUS
S2 6(b)(i)	Role of senior management in governance processes, controls, and procedures for climate risks and opportunities	*Governance, Board and Committee Oversight (Senior Management row) (Page 10)*	
S2 6(b)(ii)	How climate oversight controls are integrated with other internal functions (risk management, compliance, credit)	*Risk Management, Integration with ERM (Page 23-24)*	
S2 10(a)	Description of each climate-related risk and opportunity that could affect the Bank	*Strategy, Material Climate-Related Risks and Opportunities (Page 16-17)*	
S2 10(c)/(d)	How identified risks and opportunities affect the Bank's outlook across time horizons; definition of time horizons	*Strategy, Material Risks and Opportunities (Time Horizons table) (Page 17-18)*	
S2 13(a)	Current and anticipated effects on the Bank's business model, value chain, and overall risk profile	*Strategy, Portfolio Sector Exposure; Material Risks and Opportunities (Page 15-17)*	
S2 13(b)	Concentration of climate risks and opportunities in the business model and value chain	*Strategy, Portfolio Sector Exposure and Risk Concentration (Page 15-16)*	
S2 14(a)	How the Bank responds to climate risks and opportunities within strategy and decision-making	*Strategy, Assessment Process; Climate Transition Plan (Page 13, 33-34)*	
S2 14(a)(i)	Changes to business model and resource allocation to address climate risks and opportunities	*Climate Transition Plan, Capital Allocation and Climate Finance (Page 33-34)*	
S2 14(a)(ii)/(iii)	Current and anticipated climate mitigation and adaptation efforts, direct and indirect	*Climate Transition Plan, Operational Transition (Page 33-34)*	

REF	DISCLOSURE REQUIREMENT	LOCATION IN THIS REPORT	STATUS
S2 14(a)(iv)	Any climate-related transition plan and key assumptions	*Climate Transition Plan (Page 33-35)*	
S2 14(a)(v)	How the Bank plans to achieve climate-related targets, including GHG reduction targets	*Metrics and Targets, Climate-Related Targets (Page 31)*	
S2 15/16(a)	Current and anticipated financial effects on financial position, performance, and cash flows across time horizons	*Strategy, Portfolio Sector Exposure; Material Risks and Opportunities (Page 15-18)*	
S2 16(b)	Significant risk of material adjustment to carrying amounts of assets or liabilities in next reporting period	*Strategy, Portfolio Sector Exposure and Risk Concentration (Page 15-18)*	
S2 16(c)/(d)	Anticipated financial effects and integration into financial planning	*Strategy, Material Climate-Related Risks and Opportunities (Page 16-18)*	
S2 22(a)(i)	Impacts of scenario analysis on the Bank's assessment of its strategy and business model	*Resilience, Application of Scenario Analysis (Page 19-20)*	
S2 22(a)(ii)	Significant uncertainties considered when assessing the Bank's resilience	*Resilience, Uncertainties and Limitations (Page 21)*	
S2 22(a)(iii)	Bank's ability to adapt its strategy and business model over short, medium, and long term	*Resilience, Key Resilience Considerations (Page 20)*	

REF	DISCLOSURE REQUIREMENT	LOCATION IN THIS REPORT	STATUS
S2 22(b)	Approach to conducting scenario analysis, including inputs used and date performed	*Resilience, Scenario Analysis (Page 19-20)*	
S2 22(b)(i)	Key inputs: scenarios applied, sources, temperature alignment, time horizons, and scope covered	*Resilience, Scenario Analysis (three-scenario table) (Page 19)*	
S2 22(b)(ii)	Main assumptions including climate policy, macroeconomic, and regional/national assumptions	*Resilience, Scenario Analysis; Resilience, Uncertainties and Limitations (Page 19-21)*	
S2 22(c)	Reporting period in which the scenario analysis was conducted	*Resilience, Scenario Analysis (Page 19)*	
S2 25(a)	Processes and policies used to identify, assess, and prioritize climate risks; how they are monitored	*Risk Management, Integrated Approach (six-step table) (Page 23)*	
S2 25(a)(i)	Inputs and key metrics used in climate risk identification and assessment processes	*Risk Management, Integrated Approach; Strategy, Portfolio Sector Exposure (Page 15-16, 23)*	
S2 25(a)(ii)	Whether scenario analysis is used to identify climate risks, and how	*Risk Management, Integrated Approach (Step 1: Identify) (Page 23)*	
S2 25(a)(iii)	How the Bank assesses the nature, likelihood, and magnitude of climate risk effects	*Risk Management, Integrated Approach (Step 2: Assess) (Page 23)*	
S2 25(a)(iv)	Whether and how climate risks are prioritized relative to other risks	*Risk Management, Integrated Approach (Step 3: Prioritize) (Page 23)*	

REF	DISCLOSURE REQUIREMENT	LOCATION IN THIS REPORT	STATUS
S2 25(a) (v)	How the Bank monitors climate-related risks	*Risk Management, Integrated Approach (Step 5: Monitor) (Page 23)*	
S2 25(a) (vi)	Whether processes have changed compared to previous reporting periods	*Basis of Preparation, first-year disclosure; no prior period (Page 3)*	
S2 25(b)	Processes used to identify, assess, and prioritize climate-related opportunities	*Strategy, Material Risks and Opportunities (Opportunities rows) (Page 17)*	
S2 25(c)	Extent to which climate risk and opportunity processes are integrated into overall risk management	*Risk Management, Integration with ERM (Page 24)*	
S2 29(a) (i)	Total GHG emissions: Scope 1, 2, and 3 in tCO2e per the GHG Protocol	*Metrics and Targets, GHG Emissions (Page 27-28)*	
S2 29(a) (iii)	Measurement methodology, inputs, and assumptions for GHG emissions	*Metrics and Targets, GHG Emissions; Basis of Preparation, Measurement Uncertainty (Page 5, 27-28)*	
S2 29(a) (v)	Scope 2 location-based emissions and any contractual instruments	*Metrics and Targets, GHG Emissions (table) (Page 27)*	
S2 29(a) (vi)	Scope 3 categories included per GHG Protocol Corporate Value Chain Standard; Category 15 financed emissions	*Metrics and Targets, GHG Emissions (Scope 3 paragraph) (Page 27)*	

REF	DISCLOSURE REQUIREMENT	LOCATION IN THIS REPORT	STATUS
S2 B62	Financed emissions by industry (GICS) and asset class; total exposure; attribution methodology	*Metrics and Targets, GHG Emissions (Scope 3 paragraph) (Page 27)*	
S2 29(b)	Size and proportion of assets exposed to climate transition risks	*Strategy, Portfolio Sector Exposure and Risk Concentration (Page 15-16)*	
S2 29(c)	Size and proportion of assets exposed to physical climate risks	*Strategy, Portfolio Sector Exposure and Risk Concentration (Page 15-16)*	
S2 29(d)	Amount and proportion of assets aligned with climate-related opportunities per Jordan National Green Taxonomy	*Metrics and Targets, Sustainable Finance and Capital Allocation (Page 30)*	
S2 29(e)	Capital expenditure, financing, or investment allocated to climate-related risks and opportunities	*Metrics and Targets, Sustainable Finance and Capital Allocation (page 29-30)*	
S2 29(f)	Whether an internal carbon price is applied in decision-making, and the price per ton	*Not applicable, no internal carbon price in use for 2025*	
S2 29(g)	Whether climate considerations are taken into account in executive remuneration, and percentage linked	*Not applicable, no climate KPIs in remuneration for 2025*	
S2 33-36	Climate-related targets: metric, purpose, scope, period, base year, milestones, absolute vs intensity; progress; GHG target detail	*Metrics and Targets, Climate-Related Targets (Page 31)*	



09. APPENDIX B: SECTOR CLASSIFICATION REFERENCE

CONSOLIDATED DISCLOSURE SECTOR	ISIC	JORDAN NATIONAL GREEN TAXONOMY	PRINCIPAL CBoJ INTERNAL SECTOR CLASSIFICATIONS INCLUDED
1. Energy, Water & Utilities	ISIC D, E	*Energy (ISIC D)*	Water and Electricity; Oil Refining
2. Consumer Trade & Retail	ISIC G	*Not fully covered by taxonomy*	Food and Beverages; Food Products; Malls & Supermarkets; Cars and Spare Parts; Tires & Inner Tubes; Used Car Dealers
3. Other Services	ISIC Q, P, M, J	*Not fully covered by taxonomy*	Educational, Health & Cultural Inst; Other Services; Services to Buildings
4. Manufacturing, Industrial & Mining	ISIC C, B	*Manufacturing (ISIC C); Mining (consultation draft)*	Machinery-Elec. Equip & Supplies; Machines and Electrical Supplies; Paper Product; Drug Industry; Industrial Chemical; Metal Basic Industries; Miscellaneous Industries; Plastic Products; Grain Mill Products; Furniture and Wood Products; Ready-Made Garment; Bakery Products; Drug Cosmetics & Medical Equip
5. Construction	ISIC F	*Construction (ISIC F)*	Construction Comp and Undertakings; Pvt Inst Comp & Real Estate; Build Materials and Sanitary Equip; Cement and Lime; Clay Ceramic & Refractory Minerals; Construction Individuals; Other Constructions
6. Wholesale & Distribution	ISIC G (part)	*Not fully covered by taxonomy*	Other General Trade; Fabrics and Clothing and Footwear; Agricultural Products Trading; Trade of Agri. Materials and Equip; Traders and Fin. Intermediaries
7. Transportation	ISIC H	*Transportation (ISIC H)*	Air Transportation; Rail and Road Transportation; Ports and Marine Transport; Transportation Equipment; Automotive Rentals No Drivers

CONSOLIDATED DISCLOSURE SECTOR	ISIC	JORDAN NATIONAL GREEN TAXONOMY	PRINCIPAL CBoJ INTERNAL SECTOR CLASSIFICATIONS INCLUDED
8. Financial Services	ISIC K	*Not covered by taxonomy*	Banks and Other Financial; Other Financial Services; Other Buying Shares
9. Tourism-related Activities	ISIC I	*Tourism-related activities (ISIC I)*	Hotels Restaurants Entertainment; Other Tourism Services; Tourism Services
10. Agriculture, Forestry & Fishing	ISIC A	*Agriculture Forestry and Fishing (ISIC A)*	Cattle Poultry Fish and Bees; Citrus Fruits Cereals and Veg; Agriculture Industry-Inside Farm

YOUR INSIGHTS MATTER

Sustainability is a continuous journey of learning and improvement. We welcome feedback from all our stakeholders to help us refine our strategies and reporting practices.

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