



Seamless Digital Banking.  
Zero Fees.  
Endless Opportunities.

**ANNUAL  
REPORT**  
FOR THE YEAR ENDED  
31 DECEMBER 2025

09:59 {}



**DCB**  
COMMERCIAL  
BANK



## Welcome to DCB Pesa Plus

Log in now to enjoy fast, secure, and ZERO fee transactions.

Login

Account Opening

🌐 English ▾

# Seamless Digital Banking. Zero Fees. Endless Opportunities.

As part of its commitment to delivering innovative, accessible, and customer-centric financial solutions, DCB Commercial Bank adopted the theme “Seamless Digital Banking. Zero Fees. Endless Opportunities.” This theme reflects the bank’s strategic focus on digital transformation, financial inclusion, and creating sustainable value for customers, shareholders, and the communities it serves.

**Seamless Digital Banking** underscores DCB Bank’s commitment to providing customers with a convenient, secure, and uninterrupted banking experience. Through continuous investment in digital technologies and alternative delivery channels, customers can access banking services anytime and anywhere without the need to visit a branch. Platforms such as DCB Pesa Plus, Internet Banking, Agency Banking and Merchant Solutions to enable customers to transact efficiently, manage their finances conveniently, and access banking services with greater ease.

**Zero Fees** reflects the bank’s dedication to reducing the cost of banking and enhancing affordability for customers. Through innovative solutions such as TUMA BURE and Lipa TanQR, DCB Bank has continued to eliminate barriers associated with transaction costs, enabling individuals, small businesses, and enterprises to participate more actively in the formal and cashless financial system. By making banking more affordable, the DCB supports economic empowerment and promotes broader financial inclusion across Tanzania.

**Endless Opportunities** embodies the bank’s vision of unlocking growth and prosperity through digital innovation. By providing accessible financial services, financing solutions, and efficient payment systems, DCB Bank empowers individuals, entrepreneurs, farmers, traders, and businesses to seize opportunities, expand their economic activities, and improve their livelihoods. Digital banking serves not only as a channel for transactions but also as a catalyst for economic development and financial empowerment.

The theme aligns with DCB bank’s long-term strategy of becoming Tanzania’s leading inclusive digital bank, connecting our customers to opportunities beyond geographical reach, financial and operational boundaries. Through continuous innovation and customer centric solutions, the bank remains committed to building a more inclusive, efficient, and digitally enabled financial ecosystem that contributes to the growth of businesses, communities, and the national economy.

Seamless Digital Banking. Zero Fees. Endless Opportunities, is therefore more than a theme it reflects DCB’s promise to simplify banking services, reduce costs and empower our customers to achieve more through technology-driven financial services.

## About This Report

The DCB Annual Report 2025 presents a comprehensive overview of our performance and achievements throughout the year. It captures both our financial and non-financial results while providing insight into our governance practices, risk management framework, and future outlook as we continue accelerating our digital transformation.

Throughout 2025, DCB remained focused on delivering sustainable growth, strengthening customer relationships, and driving innovation across our services and operations. This report reflects the milestones we have achieved, the challenges we have successfully navigated, and the opportunities that continue to shape our future. It also highlights the continued impact of our digital initiatives in enhancing customer experience, improving efficiency, and expanding access to financial solutions.

We have further reinforced our governance structures and institutional standards to support responsible, transparent, and ethical business practices across the Bank. In parallel, our proactive risk management approach continues to play a critical role in safeguarding the business while enabling us to adapt confidently to an evolving operating environment.

As we look ahead, DCB remains committed to building a resilient, forward-looking, and customer-centric institution that creates measurable value for all stakeholders. We are proud to share the progress we have made in 2025 and our vision for the future.

## Our Reporting Framework

The financial information presented in this report has been carefully prepared in accordance with the International Financial Reporting Standards (IFRS), ensuring accuracy, consistency, and transparency in our reporting. Our reporting process also complies with the regulatory requirements and guidelines issued by the Bank of Tanzania, National Board of Accountants and Auditors, Capital Markets and Securities Authority, and the Dar es Salaam Stock Exchange.

In preparing this report, we have also drawn from the principles of the Integrated Reporting Framework to ensure that the information presented is relevant, balanced, and meaningful to our stakeholders. This approach enables us to provide a broader view of our performance, governance, and long-term value creation.

At DCB, we remain committed to continuously strengthening our reporting practices in line with evolving regulatory requirements and best practices. Our ongoing focus is to enhance transparency, accountability, and the quality of information we provide to stakeholders.

## Board Responsibility and Approval Statement

The Board of Directors of DCB Commercial Bank Plc acknowledges its responsibility for ensuring the integrity, completeness, and balanced presentation of the 2025 Annual Report and the information contained therein.

In discharging this responsibility, the Board has considered the bank's operating environment, strategic priorities, governance framework, business model, and the key matters that could reasonably influence DCB's ability to create and sustain long-term value for its stakeholders.

The Board is satisfied that this Annual Report presents a fair, balanced, and comprehensive view of the bank's strategy, operating performance, financial position, governance practices, risk landscape, and sustainability-related matters for the year ended 31 December 2025. The Board further confirms that the report was prepared through a bank-wide reporting process involving management across all business and support functions, with appropriate oversight from Management Committees, the Board and its respective committees.

In relation to the audited financial statements included in this Annual Report, the Directors accept responsibility for the preparation and presentation of the financial statements in accordance with IFRS Accounting Standards, the requirements of the Companies Act No. 12 of 2002, applicable banking laws and regulations, and other relevant statutory requirements.

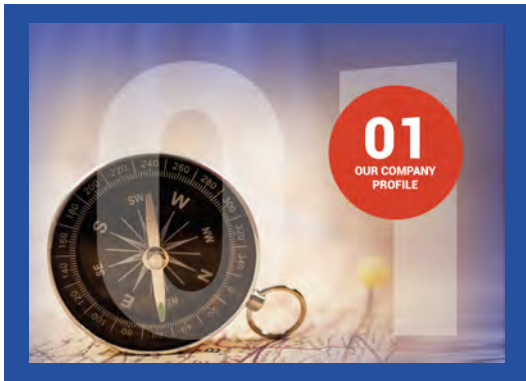
The Directors are also responsible for maintaining proper accounting records and for establishing, implementing, and maintaining effective internal control systems necessary to support the preparation of financial statements that are free from material misstatement, whether arising from fraud or error.

Accordingly, the Board believes that this Annual Report, taken as a whole, fairly reflects the matters material to DCB during the year under review and provides shareholders, customers, regulators, employees, and other stakeholders with an informed basis for assessing the bank's performance, financial position, prospects, and stewardship.





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## COMPANY INFORMATION

### REGISTERED OFFICE

**DCB House**  
Plot No. 182 Block R  
Magomeni Mwembechai  
P.O Box 19798  
Dar es Salaam

### MAIN BANKER

**Bank of Tanzania**  
P.O Box 2939  
Dar es Salaam

### COMPANY SECRETARY

**Ms. Regina Mduma**  
DCB House  
Plot No. 182 Block R  
Magomeni Area  
P.O Box 19798  
Dar es Salaam

### AUDITOR

**KPMG**  
The Luminary  
Plot No.574, Haile Selassie Road  
Msasani Peninsula Area  
P. O. Box 1160  
Dar es Salaam  
TIN 101-269-027  
VAT REG No. 10-007190R  
NBAA Reg. No. PF 020

### LAWYERS

**Excellent Attorneys**  
5<sup>th</sup> Floor Citi Plaza Building  
Jamhuri Street  
Dar es Salaam

**Frostee Attorneys**  
4<sup>th</sup> Floor, Co- Architecture II  
Building Bridge India Street  
P.O. Box 70950  
Dar es Salaam

**Lawfront Advocates**  
P.O. Box 31312  
Mikocheni A, Garden Road  
Dar es Salaam

**Apex Attorneys Advocates**  
1<sup>st</sup> Floor, Scouts Building  
Malik Road, Upanga  
P.O. Box 34674  
Dar es Salaam

## LIST OF ABBREVIATIONS

<b>AGM</b>	- Annual General Meeting
<b>ALCO</b>	- Asset And Liability Committee
<b>BOT</b>	- Bank Of Tanzania
<b>CIR</b>	- Cost To Income Ratio
<b>DCB</b>	Commercial Bank Plc
<b>DSE</b>	- Dar Es Salaam Stock Exchange
<b>EAD</b>	- Exposure At Time Of Default
<b>ECL</b>	- Expected Credit Losses
<b>EPS</b>	- Earnings Per Share
<b>FTE</b>	- Full Time Employees
<b>FVOCI</b>	- Fair Value Through Other Comprehensive Income
<b>IASB</b>	- International Accounting Standards Board
<b>IESBA</b>	- International Ethics Standards Board For Accountants
<b>IFRS</b>	- International Financial Reporting Standards
<b>ISA</b>	- International Standards On Auditing
<b>LC</b>	- Letters Of Credit
<b>LDR</b>	- Loan To Deposit Ratio
<b>LGD</b>	- Loss Given Default
<b>MNO</b>	- Mobile Network Operators
<b>OCI</b>	- Other Comprehensive Income
<b>PD</b>	- Probability Of Default
<b>POCI</b>	- Purchased Or Originated Credit-Impaired
<b>ROUA</b>	- Right Of Use Assets
<b>SICR</b>	- Significant Increase In Credit Risk
<b>SGL</b>	- Solidarity Group Lending
<b>SME</b>	- Small And Medium Enterprises
<b>SMR</b>	- Statutory Minimum Reserve
<b>SPPI</b>	- Solely Payments Of Principal And Interest
<b>SPV</b>	- Special Purpose Vehicles
<b>TMRC</b>	- Tanzania Mortgage Refinance Company Limited
<b>TZS</b>	- Tanzanian Shillings
<b>USD</b>	- United States Dollars





**01**

**OUR COMPANY  
PROFILE**

# WHO WE ARE

DCB Commercial Bank Plc is a fully-fledged retail and commercial bank in Tanzania, committed to delivering accessible, innovative, and customer-centric financial solutions that support individuals, businesses, and communities across the country. Over the years, the bank has evolved into a trusted financial institution serving a diverse customer base that includes individuals, small and medium-sized enterprises (SMEs), and large corporate clients operating across various sectors of the economy.

The bank provides a broad range of financial products and services tailored to meet the changing needs of its customers. These include personal and business banking, savings and investment solutions, trade finance, digital banking services, lending facilities, and other financial solutions designed to drive financial inclusion and economic growth. Through continuous innovation and a strong focus on customer experience, DCB continues to strengthen its position as a reliable financial partner for millions of Tanzanians.

DCB's growing footprint across the country reflects its commitment to expanding access to banking services and promoting inclusive finance. The bank currently operates through a network of 9 branches, more than 700 agents, and over 260 Umoja switch ATMs, collectively serving more than 3 million customers nationwide. This extensive distribution network, supported by ongoing digital transformation initiatives, enables the bank to provide convenient, efficient, and secure banking services to customers in both urban and underserved communities.

DCB was incorporated as a limited liability company on 6 September 2001. In April 2002, the institution commenced operations as a regional microfinance institution, focusing primarily on empowering local communities through accessible financial services. On 12 June 2003, the bank was granted a license to conduct banking business under the name Dar es Salaam Community Bank Limited, marking a significant milestone in its growth journey.

A defining moment in the bank's history came in 2008 when DCB became the first bank in Tanzania to be listed on the Dar es Salaam Stock Exchange. This achievement demonstrated the Bank's commitment to transparency, corporate governance, and broad-based ownership, while also strengthening public confidence in the institution.

In February 2012, DCB obtained a nationwide commercial banking license, enabling the bank to expand its operations across Tanzania as a fully-fledged commercial bank. Following this milestone, the bank officially changed its name from Dar es Salaam Community bank Plc to DCB Commercial Bank Plc, reflecting its broader national presence, expanded service offering, and long-term growth ambitions.

Today, DCB continues to build on its strong legacy by investing in technology, people, and customer-focused solutions that drive financial empowerment and contribute to Tanzania's economic development.



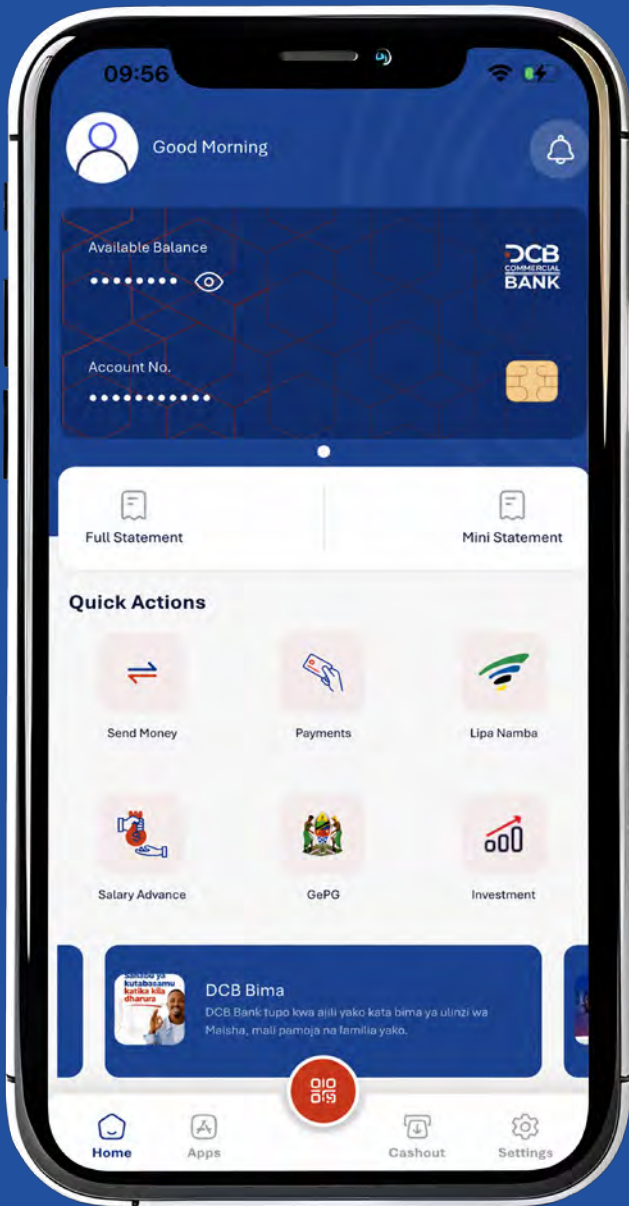
**9 BRANCHES  
NATIONWIDE**



**260+ ATMS  
(UMOJA SWITCH)**



**700+ DCB  
WAKALA**



## Seamless banking

Seamless Digital Banking at DCB represents our focus on providing customers with a simple, secure, and uninterrupted banking experience across all digital channels. Through continuous investment in technology and digital infrastructure, customers can access banking services anytime and anywhere through our digital platforms, including mobile banking, internet banking, agency banking, merchant payment solutions, and other self-service channels.

We are constantly pushing ourselves to innovate and exceed expectations to create delightful experience when using our services. We believe that banking should be effortless and enjoyable, and thus we work hard everyday to make sure that is the case for our customers.

  
**2,100+ DCB  
INTERNET BANKING  
SUBSCRIBED CUSTOMERS**

  
**150,000+  
DCB PESA PLUS  
CUSTOMERS**

  
**8,000+  
WOMEN EMPOWERED**

# BUSINESS OBJECTIVES AND STRATEGIES



## OUR VISION

To be the preferred Financial Services Provider in Tanzania



## OUR MISSION

To provide convenient, excellent and innovative financial services to our esteemed customers, while contributing to social and economic development and generating value to shareholders

## OUR BEHAVIOURS



### Speed in Execution:

We are proactive and prioritize our duties, we say no to procrastination



### Time Management:

We respect and value time, we are accountable not to waste time.



### Ownership:

We hold ourselves accountable.

## OUR VALUES



**Integrity:**  
We possess the courage to do and say the right things.



**Teamwork:**  
We are committed to achieving common goals based on open and honest communication while showing concern and support for each other.



**Responsibility and Accountability:**  
We are accountable for failure as well as success, and do not play the blame game.



**Respect:**  
We understand and encourage diversity of views among our employees and stakeholders.



**Creativity and Innovation:**  
We are the pioneers of innovation and better ways to do things.



**Excellence:**  
We are passionate about leaving things better than they were found.

## OUR SERVICE PRINCIPLES



**Knowledge:**  
DCB Bank products and service



**Friendly:**  
Active listening and courtesy



**Timely:**  
Respond promptly and keep our word



**Value Add:**  
Go the extra mile/ be a solution provider

## OUR MANAGEMENT



**Mr Sabasaba Moshingi**  
Executive Director - Managing Director

MBA Fin., Certified Banker, CDIoDT



**Ms. Regina Mduma**  
Director, Legal & Company Secretary

LLM, LLB, Advocate, CDIoDT



**Mr. Deogratias Thadei**  
Director, Credit Risk

BAF, ACPA- T, ACCA – UK, certification from NBAA, and the Institute of Internal Auditors Tanzania, CDIoDT



**CPA. Bertha Munyera**  
Director, Finance

ACPA-T, MBA, Corporate Management  
Bachelor of Commerce and  
Management (Accounting)



**Mr. Leonard Katamba**  
Director, Operations & Technology

Degree in Computer Science

**Ms. Msingo Mkanzabi**  
**Director, Human Resources**

Honours Degree in Industrial and Organisational Psychology, Bachelor of Social Sciences Degree in Industrial, Organisational and Labour Studies



**Mr. Ramadhan Mganga**  
**Director, Retail Banking**

MBA, Bachelor of Science in Forestry



**Mr. Emmanuel Barenga**  
**Director, Internal Audit**

Master's Degree in Finance and Investment, Bachelor degree on Actuarial Science, Postgraduate Diploma in Scientific Computing, CPA-T, CISA, CRISC and ISACA



**Nancymerina Shaidi**  
**Director, Risk and Compliance**

BSc. Land Management and Valuation, MSc. Real Estate (UK), CPA - T, ACCA -UK certification from NBAA.





## Welcome to DCB Internet banking

### Disclaimer/Notice

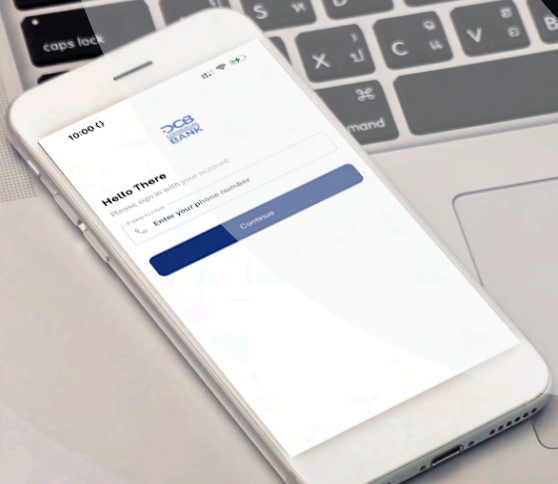
- Your Userid and Passwords are highly confidential. Never reveal it to anybody, not even to the Bank's Staff.
- Please change your internet banking passwords at regular intervals to ward off Phishing risks.
- Always check for the lock symbol appearing on the status bar and click to verify Verisign Certificate.
- Register your mobile number/ Update change of mobile number with your home branch without fail.
- We strongly recommend that you adhere to the above guidelines for securing your Internet banking Account. The Bank shall not be responsible for any misuse of your account due to disclosure of confidential details such as Userid and Passwords of Internet Banking, either knowingly or unknowingly or inadvertently.

## Sign in to Get Started

User ID

Password  
 [Forgot password?](#)

OTP Delivery  
SMS





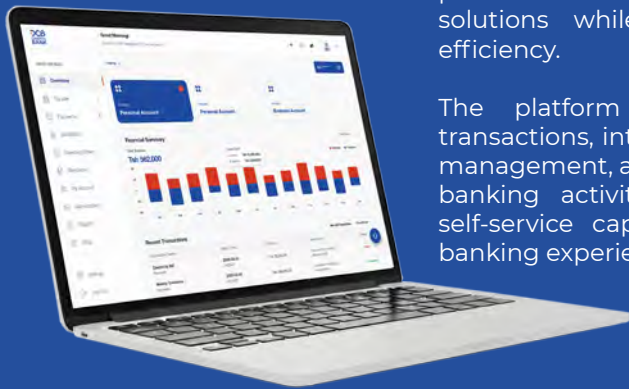
**02**

**OUR PRODUCTS  
AND SERVICES**

# Our Digital Banking Products

## Internet Banking

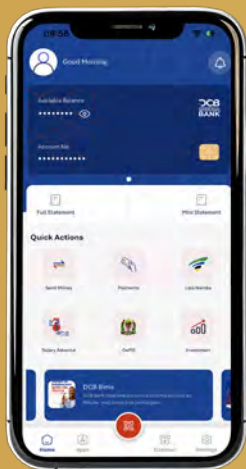
DCB Internet Banking is an enhanced digital platform designed for both individual and business customers, enabling convenient, secure, and efficient banking services anytime and anywhere. The upgraded platform provides customers with seamless access to a broad range of banking solutions while improving customer experience and operational efficiency.



The platform supports multiple services including high-value transactions, interbank and intrabank transfers, bulk payments, account management, and other financial services designed to simplify customer banking activities. The recent enhancements aims to strengthen self-service capabilities and provide customers with flexible digital banking experiences regardless of their location.

## Mobile Banking – DCB Pesa Plus

DCB Pesa Plus is an upgraded mobile banking platform accessible through both mobile application and USSD channels, designed to provide customers with simple, convenient, and secure access to financial services.



The platform offers a wide range of services including transfers to all banks and mobile networks, interbank and intrabank transfers, bill payments such as LUKU, TV subscriptions and GePG services, merchant payments through Lipa Namba, investment and savings solutions, and various financial services aimed at improving customer convenience and accessibility.

## Merchant Services – DCB LIPA FASTA

DCB LIPA FASTA is a digital merchant payment solution designed to enable businesses and merchants to receive payments directly into their bank accounts in a secure, convenient, and efficient manner.

The solution supports collection of payments and enables merchants to monitor transactions in real-time and maintain accurate sales records. The service assists businesses in migrating from cash-based transactions toward more secure and efficient digital payment methods.



## Input Strategy

- ▶ We target individual customers and businesses seeking efficient, secure, and accessible digital banking solutions. As customer demand for remote banking services and faster transaction processing continues to increase, DCB has invested in strengthening its digital infrastructure to support customers' evolving financial needs and reduce dependence on physical banking channels.

## Output Strategy

- ▶ The enhancement of Internet Banking has significantly improved customer accessibility and convenience by enabling customers to perform transactions independently from any location. The platform has strengthened customer engagement, improved operational efficiency, increased digital transaction volumes, and accelerated migration toward digital banking channels.

## Input Strategy

- ▶ Growing digital adoption and mobile usage, create opportunities to provide customers with affordable and accessible at anytime and from any location.

## Output Strategy

- ▶ The enhanced DCB Pesa Plus platform has improved customer convenience and accessibility while increasing digital transaction adoption. The service has strengthened customer retention, improved customer experience, and reduced reliance on traditional banking channels.

## Input Strategy

- ▶ Onboard MSMEs and SMEs into the formal financial system. Our objective is to improve transaction visibility and operational efficiency.

## Output Strategy

- ▶ Improved deposits, enabled the bank to cross-segmented customers, increased transaction volumes and grew new bank customers.

## Our Digital Banking Products

### Agency Banking



DCB Agency Banking enables customers to access a variety of banking services including cash deposits, withdrawals, transfers, and other banking solutions conveniently through a third party agent (Wakala). The platform has been enhanced through the introduction of improved digital POS devices to strengthen transaction efficiency, reliability, and customer experience.



### Self Account Opening

Is a digital onboarding solution designed to enable customers to conveniently open an account using a mobile phone. The service simplifies customer onboarding processes by linking KYC process with NIDA which has significantly reduce turn around time.



### Digital Salary Advance

Digital Salary Loan is a short-term lending product that enables salaried employees to access up to 50% of their monthly pay at a very affordable rate. The product is designed to address customers' immediate financial needs through a convenient, fast, and digitally enabled process.

By providing timely access to funds, the bank supports customer financial well-being while promoting greater usage of its digital banking services.

### SACCOS



This is a B2B digital payment platform that connects SACCOS to DCB's payment rails, including mobile money, internet banking, GePG, merchant payments, and card networks. The SACCOS Aggregation Service is designed to convert existing SACCO member relationships into active digital financial participation, promoting financial inclusion and enhancing digitisation within the cooperative societies

## Input Strategy

- ▶ Our strategy is to focus on expanding banking accessibility to underserved communities and customers requiring convenient access to financial services. Through continuous investment in digital infrastructure and expansion of agent networks, DCB aims to increase banking accessibility and strengthen financial inclusion.

## Output Strategy

- ▶ Agency Banking has improved customer accessibility and convenience while reducing dependence on physical branches. The service has strengthened financial inclusion, increased transaction volumes, expanded customer reach, and enhanced overall customer experience.

## Input Strategy

- ▶ Grow customer base, eliminate inefficiencies associated with the physical onboarding process

## Output Strategy

- ▶ Has increased customer acquisition, improved customers' use of digital channels, and increased customer satisfaction.

## Input Strategy

- ▶ The bank aims to increase salaried accounts acquisition, promote digital channel adoption and strengthen its position as a customer - centric financial institution.

## Output Strategy

- ▶ The product increases interest and non interest income. It also strengthens customer loyalty by providing convenient financial solution during emergencies and enabled the bank to cross sell.

## Input Strategy

- ▶ Build a long-term institutional relationship and position the bank as a key technology and financial partner for cooperative societies and grassroots financial organisations.

## Output Strategy

- ▶ The bank grew its CASA, generated non funded income, fees and commission and increased its customers' base.

## Our Other Products

### Personal Banking



DCB offers a variety of personal banking solutions tailored to customers' needs. These include education-focused accounts like Skonga and Young Savers, which offer interest earnings and fee-free banking. The Mstaafu Savings Account provides easy access to funds without maintenance charges. Personal and joint accounts offer flexible saving and borrowing options, while CBO and NGO-specific accounts provide added services such as overdraft facilities. DCB also offers personal loans, mortgages, and microloans to support small-scale entrepreneurs, traders, women in business, market vendors, and motorcycle riders.

#### Input Strategy

We serve a diverse customer base that includes children, students, working adults, and retirees. Each group has unique financial goals — from saving for education and securing income during retirement to accessing loans for personal needs. We provide affordable, flexible, and accessible banking solutions that support customers at every stage of life.

#### Output Strategy

We are building long-term relationships with individuals by providing products that align with their personal financial journeys. This has led to increased savings volumes, higher product adoption, improved customer retention, and more financially empowered communities.

### Business Banking



DCB supports businesses of all sizes with a range of financial products. The flagship product introduced in 2024 was the Bamba Account, designed for SMEs and combining interest earnings with flexible access to emergency loans. DCB offers business current and call accounts that come with overdraft facilities, cheque books, and attractive interest rates for large balances. The Bank also provides term loans and overdrafts tailored to match customers' cash flow needs. For importers, exporters, and contractors, DCB offers trade finance solutions. Business owners can also access asset financing, housing microloans, and insurance services.

#### Input Strategy

We work with small and medium-sized entrepreneurs who require business-friendly banking services to support their growth, operations, and day-to-day financial needs.

#### Output Strategy

We have grown our business portfolio by offering practical and responsive financial solutions. This has resulted in greater loan uptake, stronger client engagement, and increased interest-based income.

## Group Banking



DCB's group banking services promote financial access for community groups, cooperatives, and small enterprises. The flagship product introduced in 2024 was the Tausi Loan Product, tailored specifically for women. The Bank also offers solidarity group loans that provide short-term credit through group guarantees and regular savings. VICOBA and Ushirika Savings Accounts support community saving groups with attractive interest rates, NHIF access, and credit opportunities. NGOs and development organisations are also supported through flexible savings accounts that include overdraft options.

### Input Strategy

We engage with community groups, SACCOs, NGOs, and VICOBA associations. These groups often lack formal access to banking and credit but possess strong internal trust, social guarantees, and collective financial discipline.

### Output Strategy

We engage with community groups, SACCOs, NGOs, and VICOBA associations. These groups often lack formal access to banking and credit but possess strong internal trust and social guarantees.

## Corporate Banking



We are committed to serving large corporations, government institutions, and high-volume enterprises through our Corporate Banking segment. We provide structured financing, trade and treasury services, and dedicated relationship management. Through these solutions, we position ourselves as a reliable financial partner that supports growth, expansion, and operational efficiency.

### Input Strategy

We engage with well-established organisations that require tailored financial solutions, efficient access to capital, and seamless banking services to support complex and high-value operations.

### Output Strategy

We engage with well-established organisations that require tailored financial solutions, efficient capital access, and seamless banking services to support complex and high-value operations.

# Our Strategy

**Capital  
Growth**



**Customer Deposit  
Growth**



**Channel  
Optimization**



**Quality Asset  
Growth and  
Income**



**Banking for  
Low-Income  
Earners**



## Objective

The bank aims to strengthen its capital base to support sustainable growth, improve financial stability, and increase its capacity to fund strategic initiatives. A stronger capital position will also enhance regulatory compliance, investor confidence, and long-term profitability.



## Actions

The bank will pursue a rights issue and explore sustainability-focused corporate bonds to raise long-term funding. It will also strengthen partnerships with investors and development finance institutions to support future growth and efficient capital allocation.

The bank seeks to improve the quality and stability of deposits by increasing low-cost funding and strengthening customer relationships. This will reduce funding costs, improve liquidity, and support sustainable lending growth.



The bank will build relationships with government institutions and VICOBAs to mobilize deposits and expand financial inclusion. It will also introduce targeted savings products, improve digital banking channels, and conduct customer engagement and financial literacy initiatives.

The bank aims to improve customer access and service delivery through branch expansion and stronger digital banking platforms. This will enhance convenience, operational efficiency, and customer satisfaction.



The bank will expand and modernize branches while investing in mobile, internet, and agent banking solutions. It will also improve digital integration, streamline processes, and strengthen cybersecurity to ensure reliable

The bank aims to grow its loan portfolio to TZS 322 billion by 2028 while maintaining NPLs below 4.5%. This will support sustainable income growth, stronger asset quality, and long-term financial stability.



The bank will diversify lending across key sectors and introduce tailored financing solutions for customers. It will also strengthen credit appraisal, loan monitoring, and risk management practices to improve portfolio performance.

The bank is committed to improving financial inclusion for women, youth, and low-income earners through accessible and affordable financial services. This will support entrepreneurship, savings, and economic empowerment.



The bank will expand microcredit programs, develop tailored financial products, and provide financial literacy training. It will also leverage digital and agent banking channels to extend services to underserved communities.





**03**

**OUR CORPORATE  
GOVERNANCE**

## CHAIRPERSON'S LETTER TO SHAREHOLDERS



**TOTAL  
ASSETS**

**Tsh 260.8B** ▲

**MARKET  
CAPITALISATION**

**Tsh 47B** ▲

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of DCB Commercial Bank Plc for the year ended 31 December 2025

### Macroeconomic Environment

Tanzania's operating environment in 2025 reflected strong macroeconomic fundamentals and a resilient financial sector. The economy grew between 5.9 - 6.4%, supported by agriculture, mining, construction, tourism, financial services, public infrastructure projects and private investment. Inflation remained low and stable at 3.2 - 3.6%, underscoring prudent monetary policy. Private sector credit expanded between 20 - 23.5%, led by mining, trade and agriculture, while lending rates moderated to about 15.2%, improving access to finance. Collectively, these developments highlight prudent financial management, providing favourable ground for DCB's performance and strategic execution in 2025.

### Bank Performance for the Financial Year 2025

The bank reduced its loss before tax by 80% from TZS 1.7 billion in 2024 to TZS 347 million in 2025. This outcome reflects strengthened core banking performance, prudent cost management, and resilience in a competitive environment. Average Return on Equity improved from (3.5%) in 2024 to (2.5%) in 2025, signaling a positive shift in shareholders' returns.

Total assets closed at TZS 260.8 billion with loans of TZS 133.7 billion, and deposits of TZS 150 billion, supported by strong liquidity and capital adequacy ratios of 25% and 16.32, respectively, demonstrating resilience and compliance with prudential thresholds.

### Market and Shareholder Value

Investors' confidence remained steady, with the bank's market capitalisation rising to TZS 47 billion from TZS 39 billion in 2024, and the share price increased from TZS 135 per share in 2024 to TZS 240, reflecting shareholders' confidence in the bank's long term strategy. However, as of 31st May 2026, the bank's price per share was TZS 535 and the market capitalisation was TZS 102 billion.

### Dividend Payout

In view of the bank's financial results and regulatory requirements, the Board informs shareholders that there will be no dividend declared for FY2025. The Board assures the investors that the bank will continue to improve its performance to increase shareholders' value.

### Role of the Board on Strategic Oversight

Throughout the year, the Board guided management in executing the long term strategic plan, strengthened governance, enhanced risk management and oversaw digital transformation initiatives aimed at improving customer experience and operational efficiency. The Board is confident that through the implementation of the 2026 strategy, which aims at reducing the cost of fund, increasing revenue, improving efficiency and reducing the NPLs ratio, the bank will regain its profitability and increase the shareholders' funds for dividend payout.

## Corporate Governance and Compliance

The bank continued to uphold strong governance practices, maintaining compliance with the pertinent regulators of the banking industry. The Board ensured effective oversight of risk, audit, and internal controls, reinforcing transparency and accountability across all operations. The Board Audit, Risk and Compliance Committee provided close monitoring of financial reporting and risk exposures, while the Board Governance and Human Resource Committee ensured that Board composition and succession planning remained aligned with regulatory requirements and strategic needs. The bank also strengthened its internal control environment through quarterly governance reviews, enhanced compliance monitoring, and independent external audit oversight, all of which reinforced stakeholder confidence in the integrity of financial reporting and governance structures.

## ESG (Environmental, Social, and Governance)

DCB integrated ESG principles into its operations, focusing on financial inclusion, responsible lending, and community engagement. Initiatives included expanding agency banking to underserved communities, supporting SMEs and micro entrepreneurs with tailored financing solutions, embedding sustainability considerations into credit and procurement processes, and promoting ethical governance and responsible business practices. In line with its commitment to financial inclusion, DCB continued to serve women under its loan product designed specifically for women micro-entrepreneurs, alongside products targeting youth, thereby broadening access to affordable credit and empowering vulnerable segments of society.

## Future Outlook

Looking ahead, the bank will continue to safeguard earnings, strengthen capital reserves, and maintain prudent risk management practices to ensure stability in a competitive environment. Tanzania's economy is projected to maintain robust growth, with GDP levels between 5.3% and 5.5% in 2026, supported by strong performance in agriculture, construction, tourism, mining and services. This positive macroeconomic outlook provides a supportive environment for banking sector expansion, and DCB is well positioned to leverage these opportunities.

## Appreciation

On behalf of the Board, I extend my deepest appreciation to our shareholders for their continued trust and confidence in us, to our customers for their loyalty and partnership, to our regulators for their guidance and support, and to our employees for their dedication and commitment to the bank's turnaround journey. The loyalty demonstrated in 2025, despite challenges, is a testament to the collective effort of all stakeholders. Together, we will continue to build a strong bank that delivers value for shareholders and contributes meaningfully to Tanzania's economic development.

Yours faithfully,



Ms. Zawadia J. Nanyaro

Chairperson of the Board of Director

## BARUA YA MWENYEKITI WA BODI KWA WANAHISA



**MALI ZA BENKI**

**Tsh 260.8B** ▲

**THAMANI YA HISA**

**Tsh 47B** ▲

### Ndugu wanahisa,

Ninayo furaha kuwasilisha Ripoti ya benki na Taarifa ya Fedha ya mwaka 2025. Mwaka huu umekuwa mzuri sana kwa benki yetu ya DCB, kwa matokeo yake thabiti kifedha na kiutendaji yanayoakisi mikakati bora na utekelezaji wenye ufanisi na kuongeza thamani ya muda mrefu ya wanahisa.

### Hali ya Uchumi kwa Mwaka 2025

Mazingira ya uendeshaji biashara nchini Tanzania katika mwaka 2025 yaliendelea kuwa imara ikiashiria msingi thabiti wa uchumi katika sekta ya fedha. Uchumi ulikuwa kwa wastani wa asilimia 5.9 na 6.4, ukichochea na utendaji mzuri wa sekta za kilimo, madini, ujenzi, utalii na huduma za kifedha, sambamba na uwekezaji katika miradi ya kimkakati ya miundombinu na shughuli za sekta binafsi. Mfumuko wa bei uliendelea kuwa tulivu kati ya asilimia 3.2 na 3.6, jambo linalodhihirisha ufanisi wa sera za fedha na usimamizi madhubuti wa uchumi. Aidha, ukuaji wa mikopo kwa sekta binafsi uliendelea kuimarika na kufikia kati ya asilimia 20 na 23.5, ukiongozwa na sekta za madini, biashara na kilimo. Riba za mikopo zilishuka hadi wastani wa asilimia 15.2 na hivyo kuboresha upatikanaji wa huduma za kifedha. Kwa ujumla, mwenendo huu unaakisi uthabiti wa uchumi ambao ulileta mazingira wezeshi kwa benki ya DCB kutekeleza mikakati yake kwa mwaka 2025.

### Utendaji wa DCB kwa Mwaka wa Fedha 2025

Kwa mwaka wa fedha 2025, benki iliendelea kuwa na utendaji bora na ufanisi ambapo hasara ya benki kabla ya kodi ilipungua kutoka Tsh bilioni 1.7 kwa mwaka 2024 hadi kufikia Tsh milioni 347, ambayo ni sawa na punguzo la hasara kwa asilimia 80. Mafanikio haya yanadhihirisha kuimarika kwa shughuli za msingi za benki, udhibiti makini wa gharama pamoja na uthabiti katika mazingira yenye ushindani. Licha ya kuwepo kwa changamoto mbalimbali zilizotokana na misukosuko ya kiuchumi duniani na kuyumba kwa masoko ya kimataifa ya kifedha, benki iliendeshwa katika mazingira tulivu ya kibiashara.

Aidha, wastani wa faida ya mtaji iliongezeka kwa asilimia moja kutoka -3.5 mwaka 2024 hadi asilimia -2.5 mwaka 2025. Hii inaashiria matumizi bora ya mtaji na mwelekeo chanya katika kuongeza thamani kwa wanahisa.

Jumla ya mali za benki zilifikia Tsh bilioni 260.8, ambapo mikopo iliyotolewa na amana za wateja zilifikia Tsh bilioni 133.7 na Tsh bilioni 150, mtawalia. Aidha, benki iliendelea kudumisha viwango imara vya ukwasi kwa asilimia 25 na mtaji kwa asilimia 16.32. Hali hii inaakisi ustahilimivu wa kifedha na uzingatiaji wa matakwa ya kisheria.

### Soko na Thamani kwa Wanahisa

Imani ya wawekezaji iliendelea kuwa imara, huku thamani ya hisa ya DCB sokoni (Market Capitalization) iliongezeka kutoka Tsh bilioni 39 mwaka 2024 hadi kufikia Tsh bilioni 47 mwaka 2025, na bei ya hisa ilipanda kutoka Tsh 135 kwa hisa mpaka Tsh 240. Hii inaashiria kuongezeka kwa imani ya wanahisa wetu katika mikakati ya benki. Hata hivyo, kufikia tarehe 31 Mei 2026, bei ya hisa moja ya benki sokoni ilikuwa Tsh 535 na thamani ya hisa ya DCB sokoni ilikuwa Tsh bilioni 102.

## Pendekezo la Gawio

Kwa kuzingatia matokeo ya mwaka wa fedha 2025 na matakwa ya kanuni za uthibiti, Bodi inawafahamisha wanahisa kwamba benki haitaweza kutoa gawio kwa mwaka huu. Hata hivyo, Bodi inaendelea kusimamia mpango mkakati wake unaolenga ukuaji wa benki, kuimarisha utendaji na kujenga misingi imara ya kuongeza thamani kwa wanahisa katika kipindi kijacho.

## Nafasi ya Bodi katika Usimamizi wa Kimkakati

Mwaka 2025 ulikuwa muhimu katika kuimarisha msingi wa ukuaji wa benki kwa miaka ijayo. Katika kipindi hicho, Bodi iliendelea kutoa mwongozo wa kimkakati kwa Menejimenti kwa lengo la kuhakikisha uendeleu wa biashara, kuimarisha mifumo ya utawala bora, kuboresha usimamizi wa viashiria hatarishi na kusimamia uwekezaji katika teknolojia, kuharakisha mageuzi ya kidijitali yanayoongeza ufanisi na kurahisisha upatikanaji wa huduma kwa wateja.

Bodi ina matarajio makubwa kuhusu utekelezaji wa mkakati wa mwaka 2026 unaolenga kuongeza mapato, kupunguza gharama za fedha, kuboresha ufanisi wa matumizi ya rasilimali na kupunguza kiwango cha mikopo chechefu. Tunaamini kuwa utekelezaji wa mkakati huu utairejesha benki katika kupata faida endelevu, kuimarisha mtaji wake na kuongeza thamani kwa wanahisa.

## Utawala Bora na Uzingatiaji wa Sheria na Kanuni

Utawala bora umeendelea kuwa nguzo muhimu katika kuhakikisha uthabiti, uwajibikaji na uendeleu wa benki. Katika mwaka wa fedha 2025, Bodi iliendelea kusimamia mifumo ya viashiria hatarishi, ukaguzi na udhibiti wa ndani ili kuhakikisha shughuli za benki zinaendeshwa kwa uwazi na uwajibikaji. Pia Bodi ilihakikisha uwepo wa mifumo mathubuti yakusimamia uadilifu wa taarifa za benki, tathmini ya utendaji wa viongozi na mpango wa kurithisha majukumu ya uongozi unabaki imara na wenye kuendana na mahitaji ya sasa na ya baadaye. Haya yote yalitekelezwa kupitia Kamati za Bodi za mikopo, Ukaguzi, Utawala Bora na Rasilimali Watu.

Sambamba na hilo, benki iliendelea kuimarisha mazingira ya udhibiti kupitia tathmini za robo mwaka, uzingatiaji wa sheria na kanuni pamoja na usimamizi wa ukaguzi huru wa nje. Hatua hizi zimeendelea kuimarisha imani ya wanahisa, wateja, wadhibiti na wadau wengine katika uadilifu wa taarifa za fedha na uimara wa mifumo ya utawala wa benki.

## Mazingira, Jamii na Utawala Bora (ESG)

Katika mwaka uliopita, benki iliendelea kuzingatia misingi ya Mazingira, Jamii na Utawala Bora (ESG) katika utekelezaji wa shughuli zake, kwa kuimarisha ujumuishi wa kifedha, utoaji wa mikopo kwa uwajibikaji na ushiriki katika maendeleo ya jamii. Miongoni mwa hatua zilitekelezwa ni pamoja na kuongeza huduma za mawakala wa benki katika maeneo ambayo hayakuwa na huduma za kutosha za kifedha, kusaidia biashara ndogo na za kati pamoja na wajasiriamali wadogo kupitia suluhisho mahsusi, na kujumuisha masuala endelevu katika michakato ya utoaji wa mikopo na manunuzi. Aidha, benki iliendelea kuimarisha utawala bora na kuendeleza maadili ya uwajibikaji katika utekelezaji wa shughuli zake.

Sambamba na dhamira yetu ya kukuza ujumuishi wa kifedha, benki iliendelea kuwahudumia na kuwawezesha wanawake kupitia bidhaa yake maalum ya mikopo inayolenga wanawake wajasiriamali wadogo, pamoja na kuendelea kutoa huduma za kifedha zinazokidhi mahitaji ya vijana. Juhudi hizi zimeendelea kupanua upatikanaji wa mikopo nafuu na kuchochea ushiriki wa makundi mbalimbali ya jamii katika shughuli za kiuchumi, hivyo kuchangia maendeleo jumuishi na endelevu ya Taifa letu.

## Mtazamo wa Baadaye

Katika kipindi kijacho, DCB itaendelea kulinda mapato yake, kuimarisha mtaji na kudumisha mifumo ya usimamizi ya viashiria hatarishi ili kuhakikisha uthabiti na ukuaji endelevu katika mazingira yenye ushindani mkubwa. Uchumi wa Tanzania unatarajiwa kuendelea kukua huku pato la Taifa likikadiriwa kufikia kati ya asilimia 5.3 hadi 5.5 mwaka 2026, ukichangiwa na utendaji imara katika sekta za kilimo, ujenzi, utalii, madini na huduma. Mtazamo huu mzuri wa kiuchumi unatoa mazingira ya kuunga mkono upanuzi wa sekta ya benki, na DCB iko katika nafasi nzuri ya kutumia fursa hizi.

## Shukurani

Kwa niaba ya Bodi ya Wakurugenzi, natoa shukurani zangu za dhati kwa wanahisa wetu kwa kuendelea kutuamini na kutuunga mkono, kwa wateja wetu kwa uaminifu na ushirikiano wao, kwa mamlaka za usimamizi kwa mwongozo na msaada wao, na kwa wafanyakazi wote wa benki kwa kujituma na kujitua kwao katika safari ya kuirejesha benki katika mafanikio.

Uaminifu mliuonyesha kwa benki mwaka 2025, licha ya changamoto tulizopitia ni ushahidi tosha wa imani na ushirikiano wetu sote kama wadau wa DCB. Kwa pamoja, tutaendelea kujenga benki yenye misingi imara, inayoongeza thamani kwa wanahisa wetu na kutoa mchango wa kudumu katika safari ya maendeleo ya uchumi wa Tanzania.

Wenu katika Utumishi,



Bi. Zawadia J. Nanyaro

Mwenyekiti wa Bodi ya Wakurugenzi

## Our stakeholders

**Shareholders**



**Employees**



**Customers**



**Regulators**



**Society**



## Needs and expectations

Shareholders expect sustainable business growth, effective risk management, ensuring regulatory compliance, sound corporate governance, transparent financial reporting, strong returns on investment, and experienced leadership.

Employees seek a healthy and safe working environment, trustworthy relationships, fair remuneration, and opportunities for talent retention and career growth.

Customers expect real-time support, innovative and accessible banking channels, enhanced digital products, and personalized engagement with relationship managers and senior management.

Regulators expect full compliance with regulatory requirements and active engagement on reforms and industry initiatives that uphold the integrity of the banking sector.

Society expects sustainable social development support, promotion of social enterprises, and greater financial inclusion.

## How we delivered value

We maintained a strong balance sheet to protect against downside risks, invested in profitable low-risk assets while expanding our client base, and continued investing in people and sustainability initiatives to support long-term value creation.

We implemented value-based reward programs and encouraged employees to embrace digital transformation while supporting their professional development to improve service delivery and innovation.

We provided responsible credit solutions that support wealth creation, sustainable development, and job creation, while also promoting financial inclusion through affordable banking services and innovative solutions tailored to customers' unique needs.

We maintained sustainable banking practices and strong regulatory compliance while actively participating and engaging with regulators and policymakers to promote a safe and stable banking environment.

We provided financial education and advisory services while engaging in impactful corporate social responsibility initiatives that support community wellbeing and inclusive economic growth.

# Material Matters

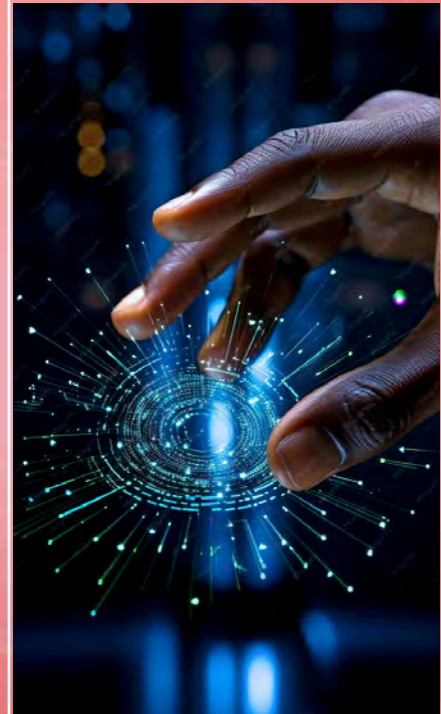
## Global economic trends and foreign currency pressures



## Increasing competition in the banking industry



## Digital transformation and disruptive technologies



### Risk / Impact on Value Creation

Rising cost of foreign borrowings and foreign currency acquisition which may affect the bank's lending activities and business operations.

Increased pressure on customer deposits, lending margins, and non-funded income as financial institutions expand digital and retail offerings.

Higher investment requirements in technology infrastructure, cybersecurity systems, and employee digital skills development.

### DCB Bank's Response

Enhance liquidity management practices, supporting local currency transactions, reduce exposure to foreign currency lending, and align with Bank of Tanzania guidance on foreign exchange management.

Continue enhancing customer experience through innovative digital banking solutions, targeted campaigns, and diversified products to grow deposits and strengthen non-interest income.

Invest in modern banking technologies, strengthen cybersecurity frameworks, and provide continuous staff training to support digital innovation and secure banking services.

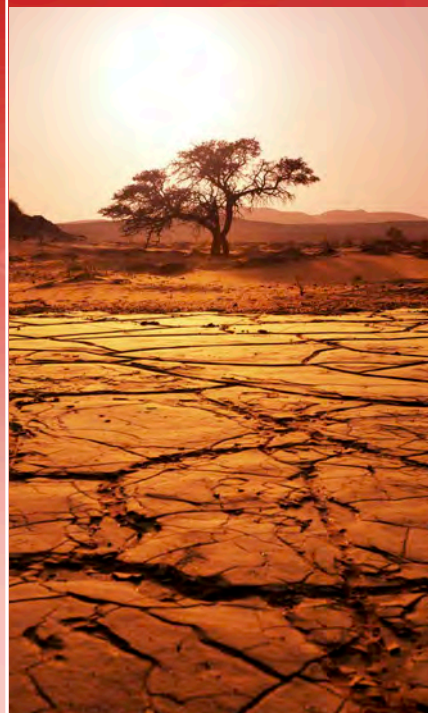
### Rising stakeholder expectations



### Regulatory and policy changes



### Emerging risks and climate-related challenges



Increased operational and reporting costs related to sustainability, governance, customer service, and data protection requirements.

Additional compliance obligations, operational adjustments, and training costs that may impact profitability and operations.

Potential disruptions from cyber threats, climate-related risks, and rising compliance costs associated with environmental and social risk management.

Enhance stakeholder engagement, improve sustainability reporting, strengthen governance frameworks, and invest in systems that support transparency and service efficiency.

Maintain strong regulatory compliance, engage proactively with regulators and policymakers, and continuously train employees on evolving banking regulations and standards.

Strengthen cyber risk management and data protection measures, integrate climate risk considerations into operations, and collaborate with relevant stakeholders on sustainable banking initiatives.

## MANAGING DIRECTOR'S STATEMENT



### STRONG PROGRESS IN NARROWING LOSSES AND IMPROVING EFFICIENCY



2024	2025
<b>TZS 1.7</b> BILLION	<b>TZS 347</b> MILLION
LOSS	LOSS

A significant improvement compared to the loss before tax.

### Dear Shareholders

On behalf of the Management Team of DCB Commercial Bank PLC, I am pleased to provide an update on the Bank's strategic direction and outlook.

### Business Performance Overview

The Bank's performance in 2025 reflects the effectiveness of our strategy and our continued commitment to sustainable growth. The bank decreased its loss before tax by 80% from TZS 1.7 billion in 2024 to TZS 347 million. Our CASA grew from 27.5% in 2024 to 34.2%. This signifies effectiveness of bank's strategy to grow cheap deposit and reduce the cost of funds. Moreover, the bank improved its efficiency significantly by reducing the cost to income ratio from 104.7 in 2024 to 94.08. This demonstrates our commitment to reduce cost and cost to income ratio to the level required by the regulator.

Throughout the year, we strengthened our digital capabilities, expanded access to financial services, empowered small and medium-sized businesses, and introduced customer-centric solutions designed to enhance convenience, accessibility, and financial inclusion across the markets we serve.

### Progress on Strategic Priorities Execution

A key strategic priority during the year was the advancement of our digital transformation agenda under the theme "Seamless Digital Banking. Zero Fees. Endless Opportunities." Throughout the year, we accelerated investments in technology and digital delivery channels to provide customers with efficient, secure, and affordable financial services. By strengthening platforms such as Internet Banking, DCB Pesa Plus, Agency Banking, and Merchant Solutions, we enhanced customer experience, increased transaction convenience, and broadened access to banking services across the country. These initiatives are imperative for creation of a strong foundation necessary to position the bank competitively and to capture emerging opportunities in Tanzania's rapidly evolving digital economy.

The bank made notable progress in executing its strategic plan. Operational efficiency improved and risk management frameworks, supported asset quality monitoring and recovery efforts. The bank also prioritized staff training and development to build capacity; a key foundation for improved service delivery. Other core strategic initiatives such as the self account opening campaigns, and partnerships with SACCOS and Fintechs were advanced to mobilize low cost deposits, diversify funding sources, and reduce reliance on expensive liabilities. These initiatives contributed to the reduction in the Cost to Income Ratio and continue to reinforce the bank's stability in this competitive environment.

### Future Outlook for 2026 and Beyond

Looking ahead, we remain committed to strengthening the bank's financial position, protecting earnings, maintaining adequate capital buffers, and upholding prudent risk management practices. Our strategic focus will be on accelerating customer acquisition and growing our CASA and deposit base, expanding our loan

## OUR KEY STRATEGIC FOCUS AREAS



**ACCELERATING CUSTOMER ACQUISITION**



**GROWING OUR CASA & DEPOSIT BASE**



**EXPANDING OUR LOAN PORTFOLIO**



**ENHANCING OUR DIGITAL CAPABILITIES**



**INVESTING IN TECHNOLOGY, INNOVATION & SERVICE EXCELLENCE**

Expanding our customer base through targeted outreach, personalized engagement, and superior service experiences.

Strengthening customer relationships and delivering value-led propositions to grow our low-cost CASA and overall deposit base.

Driving disciplined and diversified lending across retail, SME and corporate segments to create sustainable and balanced growth.

Investing in digital platforms and data-driven solutions to elevate customer experience and operational efficiency.

Continuously strengthening our technology, fostering innovation, and delivering service excellence to stay ahead of evolving customer needs.

Our unwavering commitment is to build a future-ready bank that is resilient, agile, and focused on creating long-term value for our customers, stakeholders, and communities.

portfolio through disciplined and diversified lending, and further enhancing our digital capabilities to improve customer experience and operational efficiency. We will continue to invest in technology, innovation, and service excellence to ensure that banking with DCB is seamless, accessible, and responsive to the evolving needs of our customers.

Sustainability will remain an integral part of our business strategy as we continue to embed Environmental, Social, and Governance (ESG) principles across our operations, with particular emphasis on financial inclusion, responsible banking practices, and meaningful community engagement.

Our people remain at the heart of our success. We will continue to invest in leadership development, employee engagement, and talent growth to build a high-performing workforce capable of driving innovation and executing our strategic priorities.

### Appreciation

I wish to extend my sincere appreciation to our shareholders for their continued confidence, to our customers for their loyalty, to our regulators for their guidance, and my fellow employees for their dedication and commitment. The resilience demonstrated in 2025, despite challenges, is a testament to the collective effort of all stakeholders. Together, we will advance DCB's vision, strengthen our impact, and deliver sustainable value to our stakeholders.

Yours faithfully,



Sabasaba Moshingi  
Managing Director  
DCB Commercial Bank Plc

## TAARIFA YA MKURUGENZI MTENDAJI



HATUA KUBWA KATIKA KUPUNGUZA  
HASARA NA KUBORESHA UFANISI



2024	2025
<b>TZS 1.7</b> BILIONI	<b>TZS 347</b> MILIONI
HASARA	HASARA

Mafanikio makubwa  
ikilinganishwa na hasara  
kabla ya kodi.

### Ndugu Wanahisa,

Kwa niaba ya Menejimenti ya benki ya biashara ya DCB, ninafuraha kuwasilisha ripoti ya mwaka 2025 inayotoa muhtasari wa utendaji wetu na utekelezaji wa mpango mkakati na matarajio ya siku zijazo.

### Muhtasari wa Utendaji wa Benki

Mwaka wa fedha ulioishia 31 Disemba 2025, benki ilifanya vizuri na kupunguza hasara kabla ya kodi kutoka kiasi cha Tsh bilioni 1.7 mwaka 2024 hadi kufikia Shilingi za Kitanzania milioni 347. Hii ni sawa na punguzo la hasara kwa asilimia 80. Hii inaonyesha juhudi za mkakati wetu na dhamira yetu ya kuendeleza ukuaji endelevu.

Amana za benki za gharama nafuu ziliongezeka kutoka asilimia 27.5 mwaka 2024 hadi kufikia asilimia 34.2. Matokeo haya chanya yanaonyesha kazi kubwa iliyofanywa na benki katika kutekeleza mpango mkakati wake wa kuongeza amana za gharama nafuu zinazolenga kupunguza gharama za uendeshaji. Gharama za uendeshaji zilipungua kutoka asilimia 104.7 mwaka 2024 hadi kufikia asilimia 94.08. Hii inaonyesha ustahimilivu wa hali ya juu katika shughuli za benki.

Katika kipindi chote cha mwaka, tuliboresha uwezo wa kidijitali, kuongeza wigo wa upatikanaji wa huduma za kifedha, kuwezesha wafanyabiashara wadogo na wa kati na kuanzisha huduma kulingana na mahitaji ya wateja wetu; juhudi ambazo zililenga kurahisisha upatikanaji wetu na kuhamasisha ujumuishaji wa kifedha nchini.

### Maendeleo katika Utekelezaji wa Vipaumbele vya Kimkakati

Kipaumbele muhimu cha kimkakati katika mwaka 2025 kilikuwa kuendeleza agenda yetu ya mageuzi ya kidijitali chini ya kaulimbiu ya Benki Kidijitali, Bila Makato, Bila Mipaka.

Kwa mwaka uliopita, tuliongeza uwekezaji katika teknolojia na njia za utoaji huduma za kidijitali ili kuwapatia wateja huduma za kifedha zilizo bora, salama, na nafuu. Tuliimarisha Internet Banking, DCB Pesa Plus, huduma za mawakala, ilikuongeza urahisi wa kufanya miamala na upatikanaji wa huduma. Mipango hii ni muhimu katika kujenga msingi imara utakaowezesha benki kujiweka katika nafasi bora ya ushindani na kunufaika na fursa zinazojitokeza katika uchumi wa kidijitali unaokua kwa kasi nchini.

Benki ilipiga hatua muhimu katika utekelezaji wa mpango wake, ikiwa ni pamoja na kuimairisha mifumo ya usimaizi wa vihashiria hatarishi, ufuatiliaji na uhakiki wa ubora wa mikopo na ukusanyaji wa madeni. Aidha, benki iliendelea kuweka kipaumbele kwenye mafunzo na maendeleo ya wafanyakazi ili kuwajengea uwezo, ambao ni msingi muhimu katika kuboresha utoaji wa huduma.

Mipango mingine muhimu ya kimkakati kama vile kufungua akaunti kwa kutumia simu bila kufika tawini, ushirikiano na SACCOS na kampuni za teknolojia ya kifedha (Fintechs), iliendelezwa kwa lengo la kuongeza amana za gharama nafuu, vyanzo vya fedha, na

## VIPAUMBELE VYETU VIKUU VYA KIMKAKATI



**KUPATA  
WATEJA KWA  
KASI ZAIDI**

Kuongeza idadi ya wateja kupitia mikakati mahsusi ya kuwafikishia, huduma zinazolenga mahitaji yao.



**KUKUZA AMANA  
ZA WATEJA  
CASA**

Kuimarisha uhusiano na wateja na kutoa huduma zenye thamani ili kuongeza amana za CASA.



**KUKUZA KITABU  
CHA MIKOPO**

Kuimarisha uchambuzi wa mikopo na kuongeza ufuatiliaji wa mikopo baada ya kutoa.



**KUIMARISHA  
UWEZO WETU  
WA KIDIGITALI**

Kuwekeza katika teknolojia na kuongeza huduma zinazotolewa kidijitali.



**UWEKEZAJI  
KATIKA  
TEKNOLOJIA,  
UBUNIFU NA  
HUDUMA BORA.**

Kuimarisha teknolojia, kukuza ubunifu na kutoa huduma bora ili kukidhi mahitaji ya wateja.

Tumejidhatiti kujenga benki ya kisasa iliyo tayari kwa siku zijazo, yenye ustahimilivu na wepesi wa kukabiliana na mabadiliko, huku ikitoa thamani endelevu kwa wateja, wadau na

kupunguza utegemezi wa amana zenye gharama kubwa. Mipango hii ilichangia kupungua kwa uwiano wa gharama dhidi ya mapato na inaendelea kuimarisha uthabiti wa benki katika mazingira haya yenye ushindani mkubwa.

### Matarajio ya Mwaka 2026 na Kuendelea

Mtazamo wetu wa kipindi kijacho ni kuendelea kuimarisha huduma zetu za kibenki, tukisimamia mapato, kulinda mtaji na usimamizi madhubuti wa viashiria hatarishi. Tutaendelea na mpango mkakati wetu wa kuongeza wateja wapya, kukuza amana na kitabu cha mikopo, kuongeza bidhaa zinazotolewa kidigitali ili tuweze kuhudumia wateja wetu kwa ufanisi zaidi. Tutaendelea kuwekeza kwenye tekinolojia, ubunifu na utoaji wa huduma bora ili kuhakikisha kubenki na DCB ni rahisi, salama, bila vikwazo na bila makato ili kukidhi matakwa ya wateja.

Mkakati wetu wa biashara utaendelea kuzingatia kanuni za mazingira, jamii na utawala bora hususani katika ujumuishi wa kifedha, kuimarisha misingi madhubuti ya utoaji huduma za kibenki na ushirikiano endelevu unaochangia maendeleo ya jamii.

Tunatambua kuwa wafanyakazi wetu ndio msingi muhimu wa mafanikio ya benki. Hivyo tutaendelea kuimarisha uwezo wa uongozi, kukuza vipaji vya wafanyakazi na kuwekeza katika maendeleo yao ili kujenga utamaduni wa uajibikaji, ubunifu na utendaji bora unaoweza

utekelezaji wa malengo yetu na kuendelea kuongeza thamani kwa wanahisa na wadau wetu.

### Shukurani

Ninapenda kuwashukuru kwa dhati wanahisa wetu, kwa imani waliyoweka katika benki yetu, wateja wetu kwa kufanya biashara na sisi, mamlaka mbalimbali zinazotusimamia kwa miongozo yao, Bodi ya Wakurugenzi kwa kusimamia mpango mkakati wa benki yetu na wafanyakazi wenzangu kwa kujitolea kufanya kazi kwa bidii. Tunapoendelea na safari hii ya mageuzi nina imani kuwa tukishirikina pamoja tutafanya mabadiliko makubwa katika sekta ya benki na uchumi wa Tanzania.

Sabasaba Moshingi  
Managing Director  
DCB Commercial Bank Plc

## STATEMENT FROM THE DIRECTOR OF FINANCE



### LOANS AND ADVANCES

Grew modestly to  
**TZS 133.3B**   
 Compared to TZS 132.4B in 2024

### CASA RATIO IMPROVEMENT

The CASA ratio improved significantly from

**27.5%**  
in 2024



**34.2%**  
in 2025

### STRATEGIC INITIATIVES TO MOBILIZE LOWCOST DEPOSITS



**Mobilize Lowcost Deposits**



**Diversify funding sources**



**Reduce reliance on expensive liabilities**

## Performance Overview

During the financial year 2025, the bank significantly narrowed its loss before tax from TZS 1.7 billion in 2024 to TZS 347 million, with an after-tax loss of TZS 634 million, down from TZS 969 million in 2024. This highlights 80% loss reduction before tax and 34.6% loss after tax, demonstrating progress in stabilising operations and reinforcing resilience in a competitive environment.

Net interest income before impairment increased from TZS 13.0 billion in 2024 to TZS 15.3 billion, a growth of 17.7% driven by modest loan growth and improved margins. After impairment, net interest income rose to TZS 13.8 billion compared to TZS 10.9 billion in 2024, reflecting a stronger recovery of 26.6% despite higher provisioning requirements. Operating expenses stood at TZS 19.7 billion from TZS 18.9 billion in 2024, an increase of 4.2%, reflecting inflationary pressures and strategic investments.

## Balance Sheet Performance

The bank maintained a stable balance sheet, with total assets increasing to TZS 260.8 billion from TZS 259.6 billion in 2024, representing a 0.5% growth.

Loans and advances grew modestly to TZS 133.3 billion compared to TZS 132.4 billion in 2024, supported by stable customer deposits of TZS 150.5 billion versus TZS 152.0 billion in 2024. The CASA ratio improved significantly from 27.5% to 34.2%, underscoring progress in mobilising low-cost deposits. Strategic initiatives such as the expansion of LIPA Namba, self-account opening campaigns, and partnerships with SACCOS and Fintechs were advanced to mobilise cheap deposits, diversify funding sources, and reduce reliance on expensive liabilities. These initiatives directly support the bank's long-term goal of lowering the cost of funding. Shareholders' funds strengthened to TZS 33.6 billion in 2024, up 8.7% from TZS 30.9 billion in 2024, reflecting an improved capital buffer.

## Capital Management

The bank remained committed to prudent capital management practices, focusing on strengthening buffers and optimising asset allocation. As of 31st December 2025, DCB maintained healthy capital ratios above regulatory requirements, with the Tier 1 Capital Ratio at 15.34% and the Total Capital Ratio at 16.31%, exceeding the minimum regulatory thresholds of 12.5% and 14.5%, respectively. This strong capital position reinforces resilience and capacity to support future growth.

Bertha Munyera  
 Director, Finance  
 DCB Commercial Bank Plc

## TAARIFA YA MKURUGENZI WA FEDHA



### MIKOPO

**Tsh 133.3B**   
kulinganisha na Tsh 132.4B (2024)

### ONGEZEKO LA CASA

Uwiano wa akaunti za muda mfupi na akiba (CASA) uliimarika

**27.5%**  
in 2024



**34.2%**  
in 2025

### HATUA ZA KIMKAKATI ZA KUKUZA NA KUONGEZA AMANA ZA GHARAMA NAFUU



**Kuongeza  
amana za  
gharama  
nafuu**



**Kupunguza  
kutegemea  
fedha za  
gharama**



**Kupanua na  
kutofautisha  
vyanzo vya  
fedha**

### Muhtasari wa Utendaji

Kwa mwaka wa fedha 2025, benki ilifanikiwa kupunguza hasara yake kabla ya kodi kwa kiwango kikubwa kutoka Tsh bilioni 1.7 mwaka 2024 hadi Tsh milioni 347. Vilevile, hasara baada ya kodi ilipungua kutoka Tsh milioni 969 hadi Tsh milioni 635. Hali hii inaakisi kupungua kwa hasara kabla ya kodi kwa asilimia 80 na baada ya kodi kwa asilimia 34.6, ikithibitisha maendeleo ya benki katika kuimarisha utendaji wake na kujenga ustahimilivu katika mazingira ya biashara yenye ushindani.

Mapato halisi ya riba kabla ya tengo la mikopo chechefu yaliongezeka hadi kufikia Tsh bilioni 15.3 kutoka Tsh bilioni 13.0 mwaka 2024, ongezeko la asilimia 17.7. Hii ilichangizwa na ukuaji wa mikopo na maboresho ya viwango vya riba. Baada ya tengo la mikopo chechefu, mapato halisi ya riba yaliongezeka hadi kufikia Tsh bilioni 13.8 ikilinganishwa na Tsh bilioni 10.9 mwaka 2024, ongezeko la asilimia 26.6. Jumla ya mapato ya kiundeshaji yaliongezeka kutoka Tsh bilioni 17.2 mwaka 2024 hadi Tsh bilioni 19.4, ongezeko la asilimia 12.8 likionyesha uimara wa shughuli za msingi za kibenki. Gharama za uendeshaji zilifikia Tsh bilioni 19.7 kutoka Tsh bilioni 18.9 mwaka 2024, ongezeko la asilimia 4.2. Hii ilichangizwa na shinikizo la mfumuko wa bei na uwekezaji wa kimkakati.

### Utendaji wa Mizania ya benki

Mizania ya benki iliendeleza kuwa imara, ambapo jumla ya mali ziliongezeka hadi kufikia Tsh bilioni 260.8 kutoka Tsh bilioni 259.6 mwaka 2024, ongezeko la asilimia 0.5. Hii ilichangiwa na ukuaji wa mikopo Tsh bilioni 132.4 mwaka 2024 hadi Tsh bilioni 133.3, ongezeko la 0.7. Amana za wateja zilikuwa hadi kufikia Tsh bilioni 150. Uwiano wa akaunti za muda mfupi na akiba (CASA) uliimarika kwa kiasi kikubwa kutoka asilimia 27.5 hadi 34.2 ikionyesha maendeleo katika uhamasishaji wa amana za gharama nafuu. Hatua za kimkakati kama LIPA Namba, kampeni za kujisajili wateja kidigitali, ushirikiano wa benki na Vyama vya Ushirika vya Akiba na Mikopo (SACCOS) na Kampuni za Teknolojia za Kifedha (Fintechs) ziliendelezwa. Mikakati hii ililenga kuongeza amana za gharama nafuu na kupanua wigo wa vyanzo vya fedha, hivyo kuimarisha ufanisi wa shughuli za benki. Hatua hizi zinaunga mkono moja kwa moja dhamira yetu ya muda mrefu ya kupunguza gharama ya uendeshaji. Mtaji wa wanahisa uliimarika kutoka Tsh 30.9 bilioni 2024 hadi Tsh bilioni 33.6, ongezeko la asilimia 8.7.

### Usimamizi wa Mtaji

Benki iliendelea kusimamia mtaji wake, ikilenga kuimarisha akiba na kuboresha mgawanyo wa mali. Kufikia tarehe 31 Disemba 2025, viwango vya mtaji vilikidhi matakwa ya kisheria, ambapo uwiano wa mtaji wa Daraja la kwanza ulikuwa asilimia 15.34 na uwiano wa jumla ya mtaji ulikuwa asilimia 16.31, ukizidi viwango vya chini vya kisheria vilivyowekwa na Benki Kuu vya asilimia 12.5 na asilimia 14.5 mtawalia. Mtaji huu unaonyesha benki iko imara na ina nafasi ya kufanya biashara zaidi ili kuongeza thamani ya wanahisa.

Bertha Munyera  
Mkurugenzi wa Fedhae  
DCB Commercial Bank Plc

## OUR BOARD OF DIRECTORS



**Ms. Zawadia Nanyaro** - 53

**Chairperson**

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MBA Fin., Bachelor of Commerce in Accounting, CPA-PP, CISA, CDIoDT  
Appointed on 20th December 2016 and was reappointed on 27<sup>th</sup> June 2020  
Re-appointed on 27<sup>th</sup> June 2020 and 17<sup>th</sup> June 2023



**Mr. Alexander Sanga** - 47

**Vice Chairperson and Chairperson of the Board Governance & Human Resource Committee**

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MBA, Bachelor of science in computer science, CISA, CISM, AEC, SMC, CRISC, CGEIT.  
Appointed on 17<sup>th</sup> April 2020  
Re-appointed on 17<sup>th</sup> June 2023



**Prof. (Emer) Tadeo Satta** - 64

**Independent - Non-Executive and Chairperson Board Audit, Risk & Compliance Committee**

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Ph.D. in Development Finance, MBA in Financial Management, Post Graduate Diploma in Financial Management and Advanced Diploma in Banking, CDIoDT  
Appointed on 17<sup>th</sup> June 2023



**Mr. David Shambwe** - 52

**Independent - Non-Executive Chairperson, Board Credit Committee**

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Bachelor of Commerce in Marketing and the ACI Dealing Certificate, CDIoDT  
Appointed on 12<sup>th</sup> June 2021,  
Re-appointed on 17<sup>th</sup> September 2024



**Ms. Pamela Nchimbi** - 44

**Non Executive**

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MBA, Bachelor of Commerce (Corporate Finance), ACI dealing certificate, Fundamental Securities Certificate, Asset & Liabilities Management Certificate and Authorized dealer's Representative.  
Chartered Financial Analyst (CFA), CDIoDT  
Appointed on 27<sup>th</sup> May 2017  
Reappointed 27<sup>th</sup> June 2020 and 17<sup>th</sup> June 2023



**Dr Amina Baamary** - 49  
**Non Executive**

PhD in Business Management, MBA Fin.,  
Bachelors Degree in Commerce -Gorpo  
rate Finance, Diploma in Accounting,  
CDIoDT  
Appointed on 12<sup>th</sup> June 2021,  
Re-appointed on 17<sup>th</sup> September 2024



**Mr. Cliff Maregeli** - 45  
**Non Executive**

Master of Science degree in  
Computer Engineering, Bachelor of  
Science in Computer Engineering  
and Information Technology, PMP,  
CDIoDT  
Appointed on 12<sup>th</sup> June 2021,  
Re-appointed on 17<sup>th</sup> September 2024



**Ms. Hanifa Hamza** - 42  
**Non Executive**

Master's degree in international business  
management, Bachelor's Degree in  
Business Management, Diploma in Sales,  
and a Certificate in Insurance Skills.  
Appointed on 9<sup>th</sup> May 2022  
Re-appointed on 19<sup>th</sup> July 2025



**Mr. David Minja** - 56  
**Non Executive**

MBA and Bachelor of Science degree  
in Business Information Systems.  
Appointed on 14<sup>th</sup> September 2024



**Mr. Michael Bujiba** - 45  
**Non Executive**

MSc in Finance, Advance Diploma in  
Accountancy, CPA (T)  
Appointed on 29<sup>th</sup> December 2025



**Mr. Sabasaba Moshingi** - 55  
**Executive Director (Managing Director)**

MBA Fin, Certified Banker, CDIoDT  
Appointed on 1<sup>st</sup> November 2023





**04**

**OUR  
SUSTAINABILITY  
REPORT**

# SUSTAINABILITY REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

## Introduction

DCB Commercial Bank PLC's 2025 Sustainability Report has been prepared in accordance with IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB). DCB Commercial Bank Plc is reporting under IFRS Sustainability Disclosure Standards for the first time for its annual reporting period ended 31 December 2025. It has applied the IFRS S1 and IFRS S2 following standards for its annual reporting period commencing 1 January 2025:

This report covers a 12-month period for the year ended 31 December 2025; it contains the sustainability-related financial information of the Bank for the financial year ended 31 December 2025 and should be read in conjunction with the Bank's financial statements.

## 1. Governance

The Bank's governance processes play a critical role in supporting a sustainability approach that is well-defined, integrated and consistently applied across operations. DCB Bank embeds sustainability at the highest level of corporate governance, beginning with its Board of Directors that sets the tone at the top for responsible business practices and corporate sustainability.

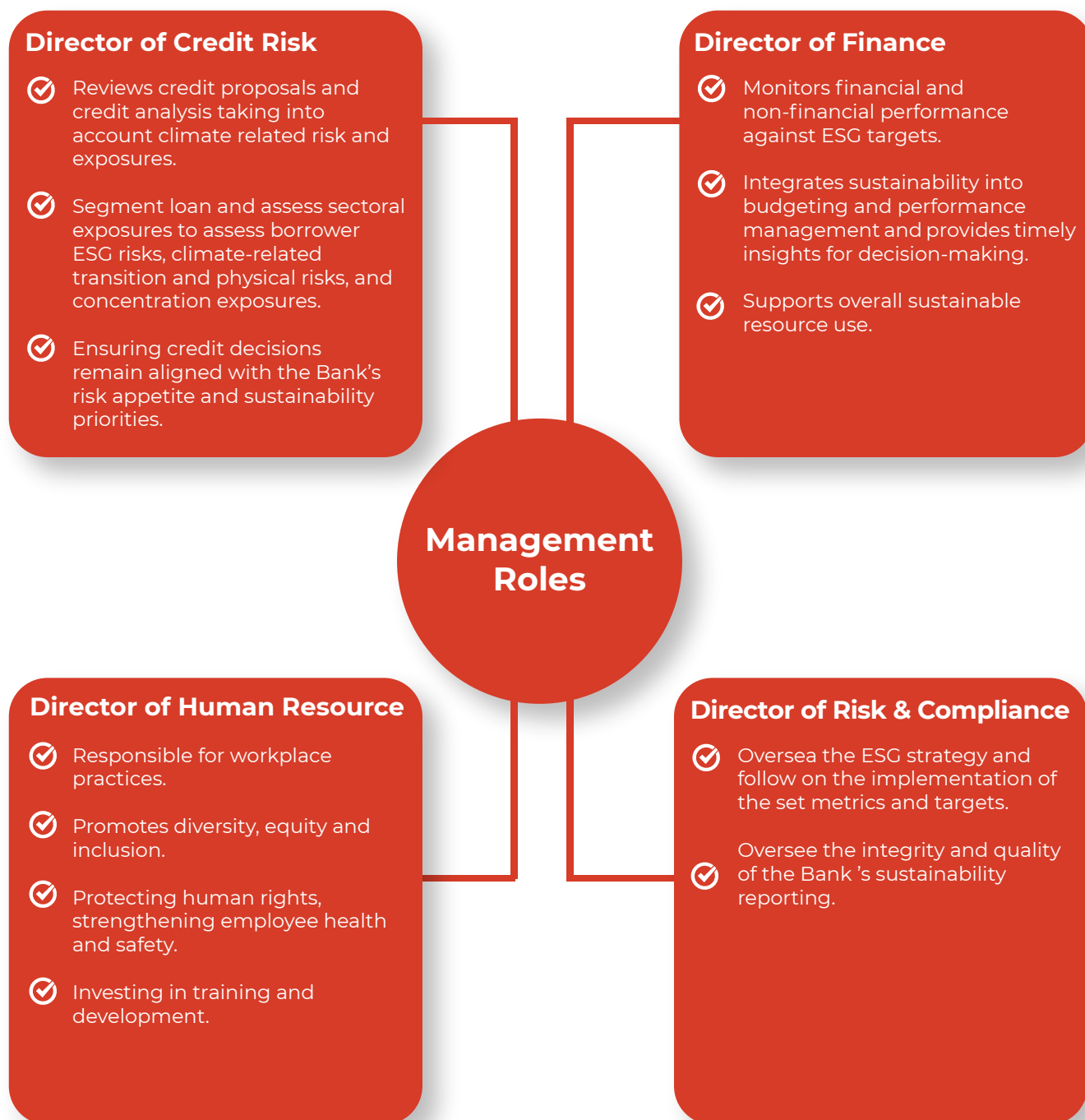
Our Board of directors is comprised of members selected based on their experience, qualifications, diversity, and independence. The Board of Directors guides the Bank's strategic direction by approving and monitoring management's effective strategy execution. Our Board composition embodies a wide range of diversity, including age, gender, culture, educational background, skills, experience, and knowledge. This diversity fosters meaningful discussions, valuable input, constructive challenges, and thoughtful outcomes.

## 2. Board Committees

The Bank's sustainability agenda is overseen by three Board Committees that meet quarterly and report to the full Board. These committees support the Board by overseeing sustainability-related matters within their defined mandates and helping inform decision-making, while overall responsibility for sustainability oversight remains with the Board. The Committees support the Board's sustainability mandate by focusing on:

Sustainability Oversight Committee		
Board Credit Committee	Board of Governance and Human Resource Committee	Board Audit, Risk and Compliance Committee
Implement policies governing credit activities, assesses sustainability-related exposures and ensures that credit decisions appropriately consider environmental, social, and governance risks. This strengthens the Bank's portfolio and long-term sustainability objectives.	Oversee corporate governance matters and operational risks related to human capital management and sustainability-related risks. Ensures the design and alignment of executive and Board compensation and incentive structures to mitigate material risks to the Bank.	Oversee the Bank's enterprise risk management framework, including the establishment and monitoring of the Bank's risk tolerance and profile. This includes the oversight of emerging and key sustainability-related risks and opportunities

## SUSTAINABILITY REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025



### 3. Strategy

To ensure the report reflects issues most relevant to the bank and its stakeholders, DCB commercial Bank conducted a structured and robust assessment to identify sustainability-related risks and opportunities that could reasonably influence its strategy, business model, performance, and affect the Bank's ability to create value and achieve short-, medium-, and long-term objectives.

#### Stakeholder Engagement and Value Creation

Working with our stakeholders, the bank has identified and assessed sustainability and ESG risks and opportunity that are necessary to meet their expectations hence guiding strategy of the bank in driving sustainable value through maintaining environmental conscious, corporate governance and strategic risk management. The key stakeholders engaged include customers, employees, investors, government and regulators, community, suppliers and the environment as presented below;

## SUSTAINABILITY REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

Stakeholder Engagement and Value Creation (continued)

Stakeholder Group	Stakeholder Value / Purpose
<b>Customers</b>	Reliable, efficient, and secure banking services Assurance security over deposits & assets
<b>Employees</b>	Creating a supportive and inclusive workplace that offers competitive compensation, and professional growth.
<b>Investors</b>	Deliver sustainable long-term value through consistent performance and prudent capital management.
<b>Community</b>	Support national development by contributing to financial literacy and inclusion. Support economic activities and GDP growth.
<b>Environment</b>	Protection of ecosystems and promotion of environmental stewardship Support for climate resilience and environmental sustainability
<b>Suppliers</b>	Foster strong and reliable supplier relationships that support sustainable growth and operational continuity.

## SUSTAINABILITY REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

Sustainability-Related Risks, Opportunities	How We Engaged
<ul style="list-style-type: none"> <li>Risks related to customer data privacy, cybersecurity breaches, and protection of confidential information.</li> <li>Reputational risks linked to poor customer service, unfair practices, or lack of transparency.</li> </ul>	<ul style="list-style-type: none"> <li>Direct, face-to-face engagements.</li> <li>Social media and digital platforms.</li> <li>Call center support and service touchpoints.</li> </ul>
<ul style="list-style-type: none"> <li>Diversity, equity, and inclusion (DEI)</li> <li>Training, skills development, and career progression.</li> </ul>	<ul style="list-style-type: none"> <li>Employee engagement initiatives and internal programs.</li> <li>Leadership town halls and management briefings.</li> <li>Training programs, workshops, and learning sessions.</li> </ul>
<ul style="list-style-type: none"> <li>Business ethics risks and Strong corporate governance.</li> <li>Risks related to inadequate disclosure of sustainability-related performance and climate-related risks.</li> </ul>	<ul style="list-style-type: none"> <li>Publication of financial results and statutory reports.</li> <li>Annual General Meetings (AGMs) and investor updates.</li> </ul>
<ul style="list-style-type: none"> <li>Financial Inclusion and accessible financing.</li> <li>Addressing social and environmental challenges.</li> </ul>	<ul style="list-style-type: none"> <li>Financial inclusion programmes targeting underserved communities.</li> <li>Corporate social responsibility (CSR) initiatives.</li> <li>Partnerships with community finance institutions and associations like SACCOS and local organizations.</li> </ul>
<ul style="list-style-type: none"> <li>Environmental risks associated with climate change, including extreme weather events and environmental degradation.</li> <li>Risks related to increased greenhouse gas emissions and carbon footprint from operational activities.</li> </ul>	<ul style="list-style-type: none"> <li>Review of regulatory guidelines, environmental standards, and policy updates.</li> <li>Monitoring of environmental developments, climate trends, and industry best practices.</li> <li>Benchmarking against peer institutions.</li> </ul>
<ul style="list-style-type: none"> <li>Efficient and timely payment processes.</li> <li>Ethical and responsible business conduct.</li> </ul>	<ul style="list-style-type: none"> <li>Periodic supplier interaction meetings.</li> <li>Supplier discussion and proposals meetings.</li> <li>Collaborative contract negotiation processes.</li> </ul>

## SUSTAINABILITY REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### Relevant Sustainable risks and opportunities

Following engagement with key stakeholders, the Bank assessed and prioritized their expectations based on their potential impact on operations and long-term value creation. Using insights from stakeholder engagement, industry trends, and peer benchmarking, the Bank identified sustainability-related risks and opportunities that may affect its risk profile, performance, strategy, business model, and long-term objectives.



Pillar	Risks / Opportunities	
Environment	<b>Physical Risk</b>	<b>Revenue turnover risk:</b>
	The risk of financial loss or operational disruption arising from climate-related events such as floods, storms, heatwaves, and droughts.	Potential financial impact on bank revenue due to climate-related events affecting loan customers' operations or overall market activity.
	<b>Integration of ESG in Credit Analysis:</b>	<b>Collateral risk:</b>
Failure to adequately and accurately incorporate ESG considerations, including climate-related risk in lending decisions	Physical assets used as loan collateral may lose value due to their geolocation and exposure to climate-related hazards	<b>Risk of mispricing of loans</b> , underestimation of potential losses, or exposure to borrowers vulnerable to ESG-related shocks.
<b>Transitional risk</b>	<b>Compliance risk:</b>	<b>Market Transition risk:</b>
Risks arising from policy, regulatory, technological, and market changes as economies transition toward more sustainable and low-carbon systems.	New regulations raise compliance costs and may lead to fines and penalties for non-compliance.	Growing environmental concerns are increasing demand for environmentally sustainable products and services, which may alter traditional market dynamics and affect the risk profiles of certain sectors.

## SUSTAINABILITY REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025



Management Actions	Time
<p>Integrate ESG considerations in loan pricing, credit analysis, and product offerings.</p> <p>Stress-test portfolios against climate scenarios.</p>	
<p>Ensure robust valuation practices that incorporates climate and geo-reference data to assess property values</p>	
<p>Loan Classification: Implement robust procedures to classify loans based on ESG exposure and risk level, enabling precise assessment of potential ESG impacts.</p> <p>Geospatial &amp; Data Analysis: Collaborate with geospatial and other data providers to evaluate borrower and collateral vulnerability to climate change and other ESG-related factors.</p> <p>Training &amp; Awareness: Provide targeted training for credit analysts to enhance understanding and evaluation of climate and ESG risks in credit assessments.</p>	
<p>Implement frameworks to support compliance with the ISSB disclosure requirements</p> <p>Staff training to ensure adherence to evolving regulatory requirements.</p>	
<p>Integrate environmental risk considerations into credit assessments, monitor sector exposure to transition risks.</p> <p>Develop loan products that promote financing for environmentally sustainable projects and technologies.</p>	

## SUSTAINABILITY REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

Relevant Sustainable risks and opportunities (continued)



Pillar	Risks / Opportunities
Sustainable consumption of resources	<p><b>Resource Efficiency Risk:</b></p> <p>Inefficient use of resources such as energy, water, and materials can increase operational costs.</p>
	<p><b>Carbon Emissions risk</b></p> <p>Inefficient use of energy negatively impacts the bank's carbon footprint resulting in reputational damage.</p>
Data privacy & Cybersecurity	<p><b>Fraud risk:</b> ransom attacks and money theft are plausible</p>
	<p><b>Operational risk:</b> disruption to a bank's daily operations,</p> <p><b>Data and information loss:</b> such as customer data which is a breach of data privacy and hence result in financial loss</p>
Financial Inclusion & Capacity Building	<p><b>Financial Inclusion Risk:</b></p> <p>Limited access to banking services for underserved populations may restrict the bank's market reach and performance.</p>
	<p><b>Ethical and Corruption Risk:</b></p> <p>conflicts of interest, fraud, bribery, or corruption may expose the bank to legal penalties, financial losses, and reputational damage.</p>

Social



Management Actions	Time
<p>Optimize digital transformation to reduce paper-based processes.</p> <p>Implement energy- and resource-efficient practices across operations.</p> <p>Integrate ESG consideration in monitoring resource consumption for continuous improvement.</p>	
<p>The bank maintains updated anti-malware software, limited access controls, encrypting sensitive data, and regularly updating and patching systems.</p> <p>Robust governance and controls on our core banking system and auxiliary systems. Including policies, BCP and DRP</p> <p>Cybersecurity training and awareness programs for all employees.</p>	
<p>Launched mobile self-account opening to enable digital banking access, reaching underbanked individuals and expanding financial inclusion across the community.</p> <p>Waive transaction fees on all digital transactions to promote digital adoption and financial literacy.</p> <p>Offer specialized accounts and loan products such as Tausi, Sokoni, Nguvu Moja that support small businesses and community development, providing members with financial training opportunities.</p>	
<ul style="list-style-type: none"> <li>• Implemented whistleblowing mechanisms for reporting unethical practices.</li> <li>• Strong internal controls policies on code of ethics &amp; conduct cascaded from the Board level to all staff.</li> </ul> <p>Training on ethics, compliance, AML and anti-corruption standards</p>	

## SUSTAINABILITY REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. Risk Management

DCB Commercial Bank manages sustainability-related risks and opportunities through its Enterprise Risk Management (ERM) framework, aligned with ISO 31000:2018, which integrates sustainability risk management into the Bank's operations and strategic decision-making.

The Bank uses a structured risk management framework to identify, assess, manage, monitor, and report sustainability-related risks and opportunities across its operations and value chain. Risks are identified through stakeholder engagement and recorded in a risk register, then assessed based on likelihood and impact to determine priority levels. Appropriate controls and treatment strategies are implemented to keep risks within the Bank's risk appetite, while ongoing monitoring, internal audits, and regular reporting to management and the Board ensure effective oversight and accountability.

The risk management process as per the diagram illustrated below



### 5. Metrics and Targets

#### 5.1 Physical risk

Approximately 4% of the loan book with an exposure of TZS 4.98billion vested in value chain production real estate, infrastructure, transport. Sokoni loan product, which are loans specialized to agricultural and food value and related value chain offered about 383 loans amounting to TZS 440 Million is assessed as vulnerable to material physical climate risks such that severe weather events may result in temporary or prolonged business interruptions, asset damage, and reduced borrower cash flows, increasing the likelihood of payment delays, covenant breaches, and defaults.

Area	Metric / KPI	2025 Performance	Target / Commitment	Responsible Party	Evidence / Tools / Metrics
<b>Portfolio Exposure to High-Carbon Sectors</b>	% of loan portfolio in carbon-intensive sectors (e.g., fossil fuels, heavy industry)	3% of total portfolio	Maintain exposure to <5% by 2026	Credit Risk	Portfolio analysis reports, sector classification
<b>Carbon Footprint of Loan Portfolio</b>	Estimated financed emissions (tCO <sub>2</sub> e)	1,398 tCO <sub>2</sub> e	Reduce financed emissions by 5% per TZS 1 billion of outstanding loans.	Risk & compliance	Portfolio emissions model, client ESG disclosures

## SUSTAINABILITY REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 5. Metrics and Targets (continued)

#### 5.1 Physical risk (continued)

##### Transitional risk

Transition risk arises from the economic and financial impacts associated with the shift to a low-carbon and sustainable economy, including changes in regulations, market demand, technology, and stakeholder expectations. The Bank actively monitors and manages transition risks within its lending portfolio to ensure financial resilience while supporting clients in adapting to a low-carbon future. This section presents the key metrics and targets used to track exposure to carbon-intensive sectors, adoption of green finance solutions, and engagement with clients on transition strategies, demonstrating the Bank's commitment to mitigating transition risk and promoting sustainable economic development.

##### Integration of ESG in Credit Analysis:

The Bank integrates Environmental, Social, and Governance (ESG) considerations into its credit risk assessment framework to promote responsible lending and strengthen portfolio resilience. ESG factors are systematically incorporated into borrower evaluation, collateral appraisal, and portfolio-level risk monitoring to ensure that financing decisions account for environmental impacts, social responsibility, and sound governance practices. This section presents the key metrics and targets used to track the Bank's performance in ESG integration;

Area	Metric / KPI	2025 Performance	Target / Commitment	Responsible Party	Evidence / Tools / Metrics
<b>ESG Screening Coverage</b>	% of loan exposures above TZS 30M screened for ESG risks.	No full screening was performed during the period.	Maintain 100% ESG screening for all loans above TZS 30M.	Retail and Business banking.	ESG risk framework, internal policies.
<b>Credit Risk Assessment</b>	Number of borrowers with ESG risk integrated into credit rating.	8,587 borrowers assessed amounting to TZS 53.17Billion.	Integrate ESG in all credit rating assessments.	Retail and Business banking.	ESG assessment tools, internal credit rating models.
<b>Portfolio Stress Testing</b>	Climate / ESG scenario analysis coverage.	Stress tested 50% of the portfolio.	Expand to 100% portfolio coverage by 2026.	Risk Analytics Team.	Climate stress models, scenario analysis reports.
<b>Policy Coverage</b>	Adoption of ESG policies in credit processes.	100% of loans processed under ESG policy guidance.	Maintain full compliance with the Sustainability policy, Climate risk policy & Credit Policy.	Board Credit Committee, Senior Management.	ESG Policy, Sustainable Finance Policy.

#### 5.2 Data privacy & Cybersecurity

During the reporting period the bank observed only 1 cybersecurity incident, DenialofService (DoS) attack involving TCP over SSL (HTTPS) targeting port 443 from an external IP source. The threat was automatically detected by Darktrace farewell. However, the malicious traffic was blocked in real time and the originating IP has been blacklisted at the firewall level. No disruption of network services, customer. There were no incidents involving personally identifiable information (PII) hence none of our account holders were affected.

#### 5.3 Financial Inclusion

The Bank is committed to advancing financial inclusion by expanding access to affordable, appropriate, and inclusive banking solutions for individuals and communities across all income levels.

In 2025 our bank ventured into a digital transformation launching services such as the DCB Kitaa and DCB Mobile, which is a portal where the bank accounts can be opened digital using mobile phone. A total of 1,777 accounts has been opened, 55% of the accounts were for females and 70% being a youth age group.

To address the needs of informal/ low-income earners, the Bank continued to expand access to tailored credit solutions. Specialized products such as the Boda Boda Loan and Bajaj Loan were developed to support micro-entrepreneurs enabling income generation and business growth. This segment has specifically Put 150 three wheelers' drivers and 20 motorcycle riders hence supporting employment and wealth creation for youth.

## SUSTAINABILITY REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 5. Metrics and Targets (continued)

#### 5.3 Financial Inclusion (continued)

In addition, the Tausi Loan, designed to support women-led micro and small enterprises within low- to middle-income segments, provided access to finance for over 4641 households, with a portfolio amounting to TZS 2.9billion. This product enhances women's economic participation and empowerment, household income stability and resilience, and financial independence.

This can be summarized in the table below;

Strategic Pillar	Initiative / Product	Target Beneficiaries	Key Activities	2025 Performance	Social & Economic Impact
<b>Digital Financial Access</b>	DCB Kitaa Digital Account Opening Portal	Unbanked and underbanked individuals, youth, women.	Launch of a mobile-enabled digital portal allowing customers to open accounts remotely without visiting bank branches.	1,277 digital accounts opened; 55% female customers; 70% youth customers.	Expands access to formal banking, particularly for underserved groups, reducing geographic and mobility barriers to financial services.
<b>Customer Self-Service Banking</b>	Self-Account Opening Product	New retail customers and digitally enabled clients.	Introduction of a self-service digital account opening platform enabling customers to independently onboard into the banking system.	500 accounts opened through the self-service digital platform.	Improves convenience, accelerates onboarding, and supports broader financial inclusion through technology.
<b>Digital Commerce &amp; SME Enablement</b>	DCB Merchant Service	Small and micro-business owners, merchants.	Deployment of a digital merchant payment platform enabling businesses to accept digital payments and transact electronically.	600 merchants onboarded to the digital merchant platform.	Facilitates SME participation in the digital economy, improves business efficiency, and supports growth in local trade activities.
<b>Inclusive Micro-Enterprise Financing</b>	Boda Boda Loan & Bajaj Loan	Informal transport operators and youth entrepreneurs.	Provision of specialized financing solutions for motorcycle and three-wheeler operators to support income-generating activities.	150 three-wheeler drivers financed; 20 motorcycle riders supported.	Supports employment creation, youth entrepreneurship, and income generation within the informal sector.
<b>Women's Economic Empowerment</b>	Tausi Loan	Women-led micro and small enterprises.	Targeted loan product designed to provide affordable credit for women entrepreneurs in low- to middle-income segments.	4,641 households supported; portfolio value of TZS 2.9 billion.	Strengthens women's economic participation, improves household income stability, and enhances financial independence.
<b>Digital Financial Ecosystem</b>	Telecommunications Partnerships & System Integrations	Retail and SME customers across communities.	Collaboration with telecommunications providers to expand digital banking access and enable transactions closer to customers' communities.	5,585 digital transactions processed.	Improves convenience, reduces transaction costs, and expands the reach of financial services.

## SUSTAINABILITY REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 5. Metrics and Targets (continued)

#### 5.4 Business Ethics and Compliance

We are committed to the highest standards of business ethics, transparency, and legal compliance. Our Code of Ethics and conduct govern the board of directors and also cascades down to management and all staff. This initiative is supported by robust internal controls such as implementation of several channels for whistle-blowing. The bank has in place a whistle blowing policy and has created (3) toll free numbers for persons to report on any misconduct, fraud and/or unethical practices. Our bank has in place suggestion boxes placed in branches and head office which are overseen by the risk and compliance directorate. Staff are also provided with an email address to be used in reporting the same and another channel is the whistle blowing portal available on the bank's site allowing access to the general flag to raise any issues. These Confidential and anonymous reporting mechanisms are maintained to encourage reporting of concerns without fear of retaliation, hence governing behavior across all operations. During the reporting period, the bank has not suffered any losses due to legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.

#### 5.5 Sustainable Consumption of Resources and Social Engagement

The Bank prioritizes the sustainable consumption of resources as part of its Environmental Stewardship agenda, with a focus on reducing operational costs while minimizing the environmental footprint associated with electricity, water, and paper use. Through targeted efficiency initiatives, the Bank continues to improve resource utilization across its operations.

##### *Digital transformation*

In October 2025, the Bank implemented a major digital transformation initiative with the launch of a self-service account opening mobile application. The traditional paper-intensive processes contribute significantly to environmental impact. Historically, opening an individual bank account required approximately five pages of documentation per customer, including application forms and supporting attachments. This platform enables customers to open accounts conveniently using their mobile phones, eliminating the need for physical forms and significantly reducing paper consumption.

As at the reporting date, 3,920 accounts had been successfully opened through the digital platform. This transition eliminated the use of paper-based account opening forms and contributed to estimated savings of approximately 40 reams of printed stationery during the reporting period (2024: 3,441 reams; 2025: 3,466 reams), reducing both paper waste and associated procurement costs by approximately 1.9 million

Digitization efforts were also extended to internal processes, including IT helpdesk requests and user access management, which are now conducted through online platforms. These initiatives collectively saved more than 50 reams of paper during the reporting period, further reducing the Bank's operational footprint.

Other digital initiatives include the deployment of Cash Deposit Machines (CDMs), which have significantly reduced the need for customers to visit bank branches. This has helped lower carbon emissions associated with transportation and reduced paper usage previously required for manual deposit forms. Through the use of CDMs, the number of required cash transportation trips has been substantially reduced from an estimated 1,800 trips to approximately 620 Cash-in-Transit (CIT) trips.

##### *Sound Paper Consumption and responsible procurement*

Environmental considerations are embedded within the Bank's procurement processes. Purchasing decisions for office equipment, including laptop computers and other ICT assets, prioritizes energy-efficient specifications with lower carbon footprints. This approach to responsible sourcing supports reduced resource consumption and enhances the sustainability of the Bank's operations.

Improvement and operational efficiency have been achieved in 2025 with a positive trajectory in minimizing environmentally affecting cost such as emissions and papers utilized in postages expenses 1.9million (FY2024: 3.1M). The bank has also minimized spending on paper utilization by about 500 reams of paper, reflecting a decrease of about TZS22million 237million (2024:259million). Fuel utilization has also significantly decreased TZS 44million (2024: TZS 174million). Utilization of the media and digital platforms has lowered magazine cost and the associated carbon emission TZS 0.323million against TZS 1.5million.

In April 2025, the Bank was able to successfully conducted its Annual General Meeting (AGM) online as compared to previous years where it was held physically, resulting in significant savings on paper, printing, and stationery costs that are normally incurred during a physical meeting. This digital approach reduced the Bank's environmental footprint and aligns with its ESG commitment by promoting resource efficiency, minimizing waste, and supporting sustainable operational practices.

## SUSTAINABILITY REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 5. Metrics and Targets (continued)

#### 5.5 Sustainable Consumption of Resources and Social Engagement (continued)

##### Complaints Management and Service Recovery

Effective complaints management is central to customer trust and responsible banking practices. During 2025, the Bank received 1,868 customer feedback cases, a reduction from 2,160 cases in 2024, reflecting improving service stability. Of these, 97 cases were classified as formal complaints, all of which were resolved within the reporting period.

Strategic Pillar	Initiative / Program	2025 Performance Indicators	Environmental & Operational Impact	Financial Impact to the Bank
<b>Digital Transformation for Resource Efficiency</b>	Self-Service Digital Account Opening Platform	3,920 digital accounts opened; Elimination of paper account-opening forms; ~40 reams of paper saved.	Reduced paper consumption and operational waste while improving customer convenience.	Reduced printing and stationery procurement costs, contributing to estimated savings of approximately TZS 1.9 million during the reporting period.
<b>Paper Consumption Reduction</b>	Digitization of Banking Processes	Paper consumption reduced by 500 reams; Procurement cost TZS 237M (2025) vs TZS 259M (2024).	Reduced environmental footprint through lower paper usage.	Cost savings of approximately TZS 22 million from reduced paper procurement.
<b>Internal Process Digitization</b>	Digital IT Helpdesk & Access Management Systems	More than 50 reams of paper were saved during the reporting period.	Improved operational efficiency and reduced administrative resource consumption.	Lower administrative printing and stationery costs, contributing to operational cost efficiency.
<b>Low-Carbon Banking Infrastructure</b>	Cash Deposit Machines (CDMs)	32 deposit points processed TZS 62.19B; CIT trips reduced from ~1,800 to ~620.	Reduced transport-related emissions and operational inefficiencies in cash handling.	Reduced Cash-in-Transit logistics costs and fuel consumption, contributing to significant operational savings.
<b>Operational Cost &amp; Resource Efficiency</b>	Resource Optimization Initiatives	Postage costs TZS 1.9M Fuel costs TZS 44M Magazine costs TZS 0.323M.	Reduced environmental footprint through lower fuel consumption and reduced print media usage.	Significant cost reductions across operations, including fuel savings of approximately TZS 130M and lower printing and distribution costs.
<b>Sustainable Corporate Governance</b>	Virtual Annual General Meeting (AGM)	AGM held virtually with digital participation by shareholders.	Reduced travel, printing, and meeting logistics emissions.	Savings in printing, stationery, venue, and logistics costs normally associated with physical AGMs.

## SUSTAINABILITY REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 5. Metrics and Targets (continued)

#### 5.5 Sustainable Consumption of Resources and Social Engagement (continued)

Our key focus is to deploy capital investment on the digital transformation agenda, leveraging on our robust system and continued enhancement in technological infrastructure to increase number of accounts open through our digital platform as well as embrace the cashless economy by ensuring our platforms offer gateway to numerous financial and consumer services/product providers.

Strategic Pillar	Capital Deployment Initiative	Description	2025 Performance Indicators	Target / Future Commitment	Financial & Strategic Impact
<b>Financial Inclusion</b>	Loans to Micro, Small & Medium Enterprises (MSMEs).	Allocation of credit to support women-led businesses, youth entrepreneurs, and micro-enterprises.	<ul style="list-style-type: none"> <li>- Tausi Loan: TZS 2.9B to 4,641 households.</li> <li>- Boda Boda &amp; Bajaj Loans: TZS 50M supporting 170 operators.</li> </ul>	Expand MSME lending by 20% YoY and increase women-led enterprise financing by 25% by 2026.	Promotes economic growth, job creation, and financial inclusion; diversifies bank's lending portfolio.
<b>Digital Transformation &amp; Operational Efficiency</b>	Capital invested in digital banking infrastructure.	Deployment of capital to digital account opening, Cash Deposit Machines, internet/mobile banking, and self-service platforms.	32 CDMs deployed; 3,920 digital accounts opened.	Expand digital infrastructure to 50 CDMs and enable +50% digital account onboarding by 2026.	Reduces operational costs, paper use, fuel consumption; improves customer convenience; supports sustainable operations.

#### 5.6 GHG Emission

DCB Bank shall actively pursue environmental and climate-related initiatives aimed at reducing the Bank's environmental footprint, conserving natural resources, and fostering a culture of sustainability. Our bank has deployed the UNFCC GHG Emission calculator to estimate and track the carbon foot print under scope 1 and scope 2 categories. A total of 1,398 CO<sub>2</sub>e Tonnes of carbon emission was released to the environment due to the bank's operations. This encompasses of fuel emission, refrigerants, and electricity. This has not had a direct financial implication to the bank's performance however tracking and strategy have been put in place to improve efficiency, reducing energy consumption and so saving cost.





**05**

**OUR EVENT  
HIGHLIGHTS  
2025**





DCB Bank sponsored and participated in the launch of the wall construction project at Kawe Ukwamani Secondary School as part of strengthening security and improving the educational environment. (July 2025)



DCB Bank participated in the Top 50 Young Women Entrepreneurs (YWE) 2025 - Zanzibar, an event celebrating the innovation and leadership of young female entrepreneurs in the country. (September, 2025)



DCB Bank conducted a strategic visit to PBZ Bank (The People's Bank of Zanzibar) to strengthen business relations and explore new opportunities for cooperation. (July 2025)



DCB Commercial Bank met with FSDT met to discuss collaboration on the MSME Impact Grant Fund, which will support women and youth entrepreneurs in innovative and eco-friendly sectors.



We actively participated in the 2025 NBC Marathon.



We celebrated women's community groups during Customer Service Week.



We have sustained our strategic lending initiative, offering dedicated credit facilities for three-wheelers (bajaji) and motorcycles (bodaboda) to drive economic empowerment.



We celebrated with staff during Customer Service Week.



The background features a close-up of a silver pen resting on a document with a grid. A large red circle is centered over the document, containing the number '06' and the text 'OUR FINANCIAL STATEMENTS'.

# 06

**OUR FINANCIAL  
STATEMENTS**

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025

## 1. INTRODUCTION

Those charged with governance ("Directors") submit their report together with the audited financial statements for the year ended 31 December 2025, which disclose the state of affairs of DCB Commercial bank Plc ('the bank' or 'the Company').

## 2. INCORPORATION

The bank was incorporated in 2001 under the Companies Ordinance, Cap 212 (later repealed by the Companies Act No 12 of 2002) and is listed at the Dar es Salaam Stock Exchange. The bank of Tanzania provided license under the banking and Financial Institutions Act, of 2006.

## 3. PRINCIPAL ACTIVITIES

The principal activities of the bank are taking deposits on demand, providing short-term, medium-term and long-term credit facilities, and other banking services allowed under banking and Financial Institutions Act, of 2006.

## 4. DIVIDENDS

In accordance with the regulatory compliance requirements for the bank to pay dividends, the Directors do not propose payment of dividends for the year 2025 (2024: NIL).

## 5. PERFORMANCE FOR THE YEAR

The bank incurred a loss before tax of TZS 347 million for the year ended 31 December 2025, compared to a loss of TZS 1.7 billion in 2024. This represents a 80% year-on-year improvement, driven by significant strengthening in core banking performance relative to 2024. The results further demonstrate enhanced operational resilience, achieved despite challenges in non-interest income performance.

### Interest and similar income

Interest and similar income rose to TZS 34.87 billion in 2025, compared to TZS 32.28 billion in 2024, representing an increase of 8% or TZS 2.6 billion. This growth was supported by a 1% expansion in loans and advances to customers, which increased from TZS 132.4 billion in 2024 to TZS 133.3 billion in 2025.

### Interest and similar expenses

Interest and similar expenses amounted to TZS 19.53 billion in 2025, compared to TZS 19.23 billion in 2024, reflecting a modest increase of 2%. The rise in interest expense is attributable to competitive dynamics in deposit mobilization, underscoring the bank's continued efforts to strengthen its funding base.

### Non-interest income

Non interest income totaled TZS 5.60 billion, compared to TZS 6.22 billion in 2024. The 10% decline was mainly driven by lower fees and commission income as well as reduced foreign exchange earnings.

### Operating expenses

Operating expenses, comprising employee benefits, general and administrative costs, as well as depreciation and amortization, amounted to TZS 19.70 billion in 2025 compared to TZS 18.87 billion in the prior year. This represents a 4% increase, reflecting the bank's continued investment in its operations and resources to support sustainable growth.

### Total asset

The balance sheet reflects stability with modest growth, as total assets increased by 1% to TZS 260.8 billion in 2025 from TZS 259.1 billion in 2024. Liquidity improved significantly, underscoring management's deliberate efforts to maintain a strong buffer. Balances due from other banks declined by 28%, reflecting a strategic reallocation of funds toward lending and government securities. The loan portfolio recorded a slight growth of 1%, consistent with a prudent lending approach, while government securities remained stable, ensuring a well balanced investment mix.

### Customer deposits

Customer deposits stood at TZS 150.5 billion in 2025, compared to TZS 152 billion in 2024, reflecting a marginal decline of 1%. The movement was influenced by competitive pressures in the market, underscoring the bank's resilience in sustaining a strong deposit base amidst heightened competition.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 5. PERFORMANCE FOR THE YEAR (CONTINUED)

#### Net loans and advances

Net loans and advances increased by 1%, rising from TZS 132.41 billion in 2024 to TZS 133.32 billion in 2025. This growth reflects the bank's deliberate efforts to expand its asset base, reinforcing income generation and supporting sustainable performance, given that the loan book remains the bank's primary earning asset.

#### Government securities

Government securities increased by 1.43%, rising from TZS 62.05 billion in 2024 to TZS 62.94 billion in 2025. This growth reflects the bank's strategic focus on strengthening liquidity while ensuring steady income generation through prudent investment in government securities.

#### KEY PERFORMANCE INDICATORS

The following Key Performance Indicators (KPIs) are effective in measuring the delivery of the bank's strategy and managing the business.

Performance indicator	Definition and calculation method	2025	2024
Return on equity	Net income/Total equity	(1.41%)	(0.93%)
Return on assets	Net income/Total assets	(0.18%)	(0.11%)
Cost to income ratio	Operating costs/Net income gross of impair charge on financial instruments	94.08%	97.98%
Interest margin on earning assets	Total interest income/(Government securities + inter-bank loan receivables + investments in other securities + net loans, advances and overdrafts)	16.59%	15.09%
Non - interest income to Gross income	Non - interest income/total income gross of impair charge on loans and advances to customers	26.71%	32.29%
Earnings per share	Basic earnings/number of ordinary shares in issue	(3.31)	(5.95)
Non - performing loans to gross loans	Non-performing loans/gross loans and advances	6.38%	4.96%
Earning assets Ratio	Earning assets/Total assets	81.84%	83.70%
Growth on total assets	(Current year total assets/ prior year total assets) - 1*100%	0.66%	12.19%
Growth on loans and advances to customers	(Current year net loans and advances/prior year net loans and advances) - 1*100%	0.69%	9.97%
Growth on total deposits	(Current year total deposits/prior year total deposits) - 1*100%	(0.99%)	8.56%
Capital adequacy			
Tier 1 Capital	Risk Weighted assets including off-statement of financial position items/Core Capital	15.34%	15.65%
Tier 1+Tier 2 Capital	Risk Weighted assets including off-statement of financial position items/Total Capital	16.31%	16.56%

### 6. CORPORATE GOVERNANCE

The bank is committed to the principles of effective corporate governance. The bank's Board of Directors recognise the importance of integrity, fairness, transparency, and accountability. Directors have a statutory duty to promote the success of the bank for the benefit of the shareholders. In promoting the success of the bank, Directors must have due responsibility with regard to the short, medium and long-term strategies, the legitimate interests of employees, the need to have effective business relationships with suppliers, customers and various stakeholders, the impact of the bank's operations on the community, the environment, and the desire to maintain high standards of business conduct.

The Board has an oversight responsibility for the bank, including responsibility for setting the risk appetite for the bank, considering, and monitoring investment decisions, considering significant financial matters, approving and reviewing the business performance and budget. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and compliance with sound corporate governance principles.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 6. CORPORATE GOVERNANCE (CONTINUED)

The Board is committed to ensuring that the bank complies with all applicable laws, regulations and consider adherence with codes and standards applicable to the industry. The Board ensures that high standards and practices in Corporate Governance and more specifically the principles, practices and recommendations set out under the BOT regulations on corporate governance (2021), Code of Corporate Governance Practices for Listed Companies, 1994 (CMSA Principles of Good Corporate Governance Practices), DSE rules (2022) as well as the Companies Act, 2002 (CAP 212) are adhered to.

The Board has delegated the day-to-day management of the business to the Managing Director who is assisted by the management team.

#### The Board of Directors

The Board of Directors acts as stewards of the bank in governing the present times and providing guidance and direction for the future. The Board has delegated the implementation of the bank strategy, management, and day-to-day operations of the bank to the Managing Director. The management regularly provides reports to the Board and relevant Board committees for the Board to make informed decisions and provide guidance on the business. The management shall be accountable for providing the information requested by the Board and the Board committees in a timely, transparent, and accurate manner.

As of 31 December 2025, the bank had 11 Directors including the Managing Director and one alternate Director. Apart from the Managing Director, no other Directors hold executive positions in the bank.

#### ROLES AND RESPONSIBILITIES OF THE BOARD

##### The board of Directors is responsible for among others matters:

- Providing effective oversight and control of all affairs of the bank.
- Approving the bank's vision, mission, business ethics, code of conduct, goals, strategic business plans, annual budget and policies as well as monitoring the management to ensure the business operates in line with the approved policies.
- Performing its duty in compliance with relevant laws, regulations, and regulatory requirements to ensure that the bank's business operation is accurate, transparent, and free from corruption.
- Ensuring that the bank has in place an efficient risk management framework, policies, procedures, and guidelines which shall provide adequate risk management tools covering all risk areas.
- Setting the bank's risk appetite and ensuring that management and all employees operate within the agreed risk appetite and risk limits.
- Assigning the Board Audit, Risk and Compliance Committee to regularly monitor the internal control and assess the efficiency.
- Monitoring and ensuring that the bank has stable and adequate capital.
- Approving the annual audited financial statements before presenting the same to the shareholders.
- To appoint the Managing Director, the Company Secretary and executive management members of the bank. The Board shall ensure that there is a proper mechanism in place for the nomination and development of the managing director and key executives to ensure that they possess the knowledge, skills, experience, and characteristics necessary for the company to achieve its objectives.
- Ensure that all credit facilities granted to insiders and the related parties by the bank are given at an arm's length basis.
- The Board shall set appropriate performance and remuneration standards for senior management consistent with the long-term strategic objectives and the financial soundness of the bank.
- The Board shall ensure there is an appropriate succession plan for senior management positions.

During the year the Board performed their roles and responsibilities as provided in the DCB Memorandum and Articles of Association (MEMARTS) and the Board Charter. All members of the Board were collectively responsible and complied with the best practices in corporate governance practices.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 6. CORPORATE GOVERNANCE (CONTINUED)

#### Members charged with Governance

Composition of the Board of Directors who served during the year.

Name	Position	Age	Gender	Nationality	Qualification/ discipline	Appointment date
Ms. Zawadia J. Nanyaro	Chairperson	53	Female	Tanzanian	MBA (Finance), B. Com (Hons) in accounting, holder of CPA (T) in Public Practice (CPA -PP) and Certified Information System Auditor -CISA	Re -Appointed 17 June 2023
Mr. Alexander Sanga	Vice Chairperson	47	Male	Tanzanian	Master of Business Administration, Bachelor of Science in Computer Science, Certified Information Systems Audit (CISA) – ISACA, Certified Information Manager (CISM) – ISACA, Agile Expert Certified Credential (AEC), Scrum Master Certified Credential (SMC), Certified and Information Systems Control (CRISC) – ISACA and Certified in Governance of Enterprise IT (CGEIT) – ISACA	Appointed on 17 April 2020
Prof. (Emer) Tadeo Satta	Member	64	Male	Tanzanian	PhD in Development Finance, MBA in Financial Management, Post Graduate Diploma in Financial Management and Advanced Diploma in Banking	Appointed on 17 June 2023
Mr. David Shambwe	Member	52	Male	Tanzanian	Bachelor of Commerce in Marketing and various business courses	Re-Appointed on 17 September 2024
Ms. Pamela F. Nchimbi	Member	44	Female	Tanzanian	MBA, Bachelor of Commerce (Corporate Finance), holder of ACI dealing certificate, Authorized Dealer's Representative, Level 1 Candidate in the Chartered Financial Analyst program, Fundamental Securities Certificate	Appointed on 27 May 2017
Dr. Amina Abdul Baamary	Member	49	Female	Tanzanian	PhD in Business Administration majoring in Microfinance Groups and SMEs Development), Master of Business Administration, Bachelor of Commerce (with Honors) Majoring in Cooperate Finance and Diploma in Accountancy	Re-Appointed on 17 September 2024
Mr. Cliff Maregeli	Member	45	Male	Tanzanian	Master's degree in computer engineering, bachelor's degree in computer engineering and IT and Professional Certificates in areas of Project Management, IT Governance, Procurement and IT Infrastructure technologies, IT networks and applications	Re-Appointed on 17 September 2024
Ms. Hanifa Hamza	Member	42	Female	Tanzanian	Master of Business Administration (International Business), Post graduate diploma in business Administration, Advanced Diploma in marketing and Certificate in Proficiency in Insurance	Appointed on 9 May 2022
Mr. David Minja	Member	56	Male	Tanzanian	Master of Business Administration (General Business Administration), Bachelor of Science (Business Information Systems).	Appointed on 17 September 2024
Mr. Onesmo Mwoga	Alternate Board Member	47	Male	Tanzanian	Master of Science in Accounting & Finance, Advanced Diploma in Accountancy and Certified Public Accountant CPA (T).	Appointed on 25 June 2024
Mr. Sabasaba Moshingi	Managing Director	55	Male	Tanzanian	Master of Business Administration, Diploma in Banking and Certificate in Banking. He is a Chartered Banker	Appointed on 1 November 2023

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 6. CORPORATE GOVERNANCE (CONTINUED)

#### Members charged with Governance (continued)

Directors' interest in the bank's shares

Name of the director	Number of shares held in 2025	Number of shares held in 2024
Ms. Zawadia J. Nanyaro	210,480	210,480
Ms. Pamela F. Nchimbi	739,444	739,444
Mr. Cliff Maregeli	170,179	170,179
Mr. David Shambwe	94,798	94,798
Mr. Alexander Sanga	44,156	43,980
Dr. Amina Abdul Baamary	30,000	23,991
Mr. David Minja	150,000	150,000
Mr. Sabasaba Moshingi	167,046	167,046
<b>Total shares held by directors</b>	<b>1,606,103</b>	<b>1,599,918</b>

The Board of Directors meetings

During the year the Board held seven (4) ordinary meetings and twelve (9) extraordinary meetings. The attendance is as shown in the table below:

No	Name	Position	Total Meeting required	Number of meetings attended
1	Ms. Zawadia J. Nanyaro	Chairperson	13	13
2	Mr. Alexander M. Sanga*	Vice Chairperson	13	12
3	Prof. (Emer) Tadeo Satta	Member	13	13
4	Mr. David M. Shambwe	Member	13	11
5	Ms. Pamela F. Nchimbi*	Member	13	5
6	Dr Amina A. Baamary	Member	13	13
7	Mr. Cliff N. Maregeli*	Member	13	11
8	Ms. Hanifa S. Hamza	Member	13	-
9	Mr. David Minja	Member	13	13
10	Mr. Onesmo Mwoga*	Alternate Director for Kinondoni Municipal Council	13	-
11	Mr. Sabasaba Moshingi*	Member	13	12

Note

\*Absent in other meeting with apologies.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 6. CORPORATE GOVERNANCE (CONTINUED)

#### Board Committees

Each Board Committee operates under a charter that outlines its roles, responsibilities, and contribution to the efficiency and effectiveness of board performance. Throughout the year, the Board maintained several sub-committees to uphold high corporate governance standards.

During the year the Board changed the names of its committees to align with the best practices. To uphold governance standards, it also revised the Board Charter and each Board Committee Charter to reflect these changes. Consequently, the Board adjusted the membership of these committees during the year under review, with details provided below.

#### a. Board Audit, Risk and Compliance Committee (BARCC)

The BARCC held four (4) ordinary meetings and one (1) extraordinary meeting whose attendance is as shown in the table below:

No	Name	Position	Total Meeting required	Number of meetings attended
1	Prof. (Emer) Tadeo Satta	Chairperson	5	5
2	Ms. Pamela F. Nchimbi*	Member	5	4
3	Mr. Cliff Maregeli	Member	5	5

#### b. Board Nomination and Human Resources Committee (BNHRC)

The BNHRC Committee held four (4) ordinary meetings. The attendance is as shown in the table below:

No	Name	Position	Total Meeting required	Number of meetings attended
1	Mr. Alexander Sanga	Chairperson	4	4
2	Mr. David Shambwe	Member	4	4
3	Dr. Amina Baamary	Member	4	4
4	Ms. Hanifa Hamza*	Member	4	-
5	Mr. David Minja	Member	4	4

#### c. Board Credit Committee (BCC)

The Board Credit Committee held four (4) ordinary meetings. The attendance is as shown in the table below:

No	Name	Position	Total Meeting required	Number of meetings attended
1	Mr. David Shambwe	Chairperson	4	4
2	Mr. Alexander Sanga	Member	4	4
3	Dr. Amina Baamary	Member	4	4
4	Ms. Hanifa Hamza*	Member	4	-
5	Mr. David Minja	Member	4	4

Note

\*Absent with apologies.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 7. MANAGEMENT TEAM

As of 31 December 2025, the management of the bank was under the Managing Director, assisted by the following:

No	Position	Name
1	Managing Director	Mr. Sabasaba Moshingi
2	Director - Retail Banking	Mr. Ramadhani Mganga
3	Director - Operations & Technology	Mr. Leonard Katamba
4	Director - Credit Risk	Mr. Deugratius Thadei
5	Director - Internal Audit	Mr. Emmanuel Barenga
6	Director - Human Resources	Ms. Msingo Mkanzabi
7	Director - Legal & Company Secretary	Ms. Regina Mduma
8	Director - Finance	Ms. Bertha Munyera
9	Director - Risk & Compliance	Ms. Nancymerina Shaidi

### 8. CAPITAL STRUCTURE AND CASHFLOWS

The bank is listed at the Dar es Salaam Stock Exchange, and it is actively trading in the exchange. The performance of the bank's shares in the secondary market was as follows: Market capitalization as at 31 December 2025 was TZS 47 billion (2024: TZS 39 billion). The average market price per share is TZS 236 (2024: TZS 135) and the closing market price per share as at 31 December 2025 was TZS 240 (2024: TZS 135) per share.

Authorized	400,000,000 ordinary shares of TZS 250 each.
Called up and fully paid	191,581,247 ordinary shares of TZS 250 each.

The bank's capital structure for the year under review is as below:

The total number of shareholders as of 31 December 2025 was 191,581,247 (2024: 162,992,488 shareholders). The share structure of the bank are as follows:

As of 31 December 2025

Name	No. of shares	Value of shares TZS	Holding %
UTT-Asset Management & Investor's Services Plc (UTT-Amis Plc)	44,431,614	11,107,903,500	23.19
Hans Aingaya Macha	18,657,818	4,664,454,500	9.74
Public Service Social Security Fund	18,599,661	4,649,915,250	9.71
National Health Insurance Fund	12,000,000	3,000,000,000	6.26
Dar Es Salaam City Council	10,228,320	2,557,080,000	5.34
National Social Security Fund	9,989,091	2,497,272,750	5.21
Ilala Municipal Council	7,866,859	1,966,714,750	4.11
Kinondoni Municipal Council	5,625,019	1,406,254,750	2.94
Temeke Municipal Council	3,422,252	855,563,000	1.79
Ubungu Municipal Council	2,877,367	719,341,750	1.50
Kigamboni Municipal Council	2,281,502	570,375,500	1.19
Other 11,545 Shareholders	55,601,744	13,900,436,000	29.02
<b>Total share capital</b>	<b>191,581,247</b>	<b>47,895,311,750</b>	<b>100.00</b>

Authorized	400,000,000 ordinary shares of TZS 250 each.
Called up and fully paid	191,581,247 ordinary shares of TZS 250 each.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 8. CAPITAL STRUCTURE AND CASHFLOWS (CONTINUED)

#### THE SHAREHOLDERS OF THE BANK

As of 31 December 2024

Name	Number of shares	Value of Shares TZS	Holding %
UTT-Asset Management & Investor's Services Plc (UTT-Amis Plc)	28,257,676	7,064,419,000	17.33
Umoja Unit Trust Scheme	14,182,594	3,545,648,500	8.70
National Health Insurance Fund	12,000,000	3,000,000,000	7.36
Dar Es Salaam City Council	10,228,320	2,557,080,000	6.28
Ilala Municipal Council	7,866,859	1,966,714,750	4.83
Kinondoni Municipal Council	5,625,019	1,406,254,750	3.45
Temeke Municipal Council	3,422,252	855,563,000	2.10
Regular Income Unit Trust Scheme	3,176,994	794,248,500	1.95
Ubungu Municipal Council	2,877,367	719,341,750	1.77
Kigamboni Municipal Council	2,281,502	570,375,500	1.40
Children's Career Plan Unit Trust Scheme	805,694	201,423,500	0.49
Other 8,186 Shareholders	72,268,211	18,067,052,750	44.34
<b>TOTAL</b>	<b>162,992,488</b>	<b>40,748,122,000</b>	<b>100.00</b>
Authorized	400,000,000 ordinary shares of TZS 250 each.		
Called up and fully paid	162,992,488 ordinary shares of TZS 250 each.		

#### FUNDING MIX

The bank funding mix as at 31 December 2025 is as below;

Details	December 31 2025 TZS'000	December 31 2024 TZS'000
<b>Equity</b>		
Share Capital	46,874,858	39,757,915
Share premium	4,183,291	4,183,291
Share discount	(13,150,800)	(9,148,376)
Accumulated losses	(8,475,526)	(5,064,843)
Other Reserves	4,155,077W	1,240,934
<b>Debt</b>		
Customer deposits	150,526,851	152,039,156
Deposits from banks and financial institutions	39,826,968	36,419,080
Borrowings	29,260,167	32,738,415
Other liabilities	3,872,138	3,096,390
Lease liabilities	3,737,048	3,874,347

#### Capital management

The banks' regulatory capital during the year was higher than the regulatory required levels. The Tier 1 Capital ratio stood at 15.34% (2024: 15.65%), Tier 2 Capital closed at 16.31% (2024:16.56%). Note 6.5 on financial risk management disclosures details the components of Tier 1 and 2 capitals as at 31 December 2025 as compared to 31 December 2024.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 9. LIQUIDITY RISK

Liquidity risk is defined as the risk that an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Successful liquidity management assures the bank of business continuity and command respect from the market. Treasury has the responsibility of managing liquidity risk and at the same time being able to meet its entire obligation when they fall due. Poor management of the liquidity may result into interest rate risk hence affect the net interest income of the bank. For proper Liquidity management the limits shall be established to the extent to which DCB can take liquidity risk as established in Risk Management Program. The size of the limit will greatly depend on bank's capital, depth of the market, the bank's experience level, the stability of the liabilities and the liquidity of the assets.

The Asset Liability Management Committee (ALCO) manages the liquidity by dealing with the following:

- Maintain an effective liquidity management to ensure that trust and confidence is maintained in the bank to avoid liquidity crisis.
- Ensure that the agreed commitments to the bank's creditors can be met in the long term (solvency) and at the right time (liquidity).
- Maintain an adequate level of liquidity at all times for both expected and unforeseen obligations, and/or, contingent needs. Never hold too much never hold too little.
- Ensure that cash needs can always be met at a reasonable cost, too much cash is a cost to the bank, but also too little cash is a risk to the bank, so we should establish optimal level.
- Maintain combined liquidity reserves of cash and securities and unused bank lines of credit as a buffer just in case.
- Maintain access to the financial market.
- Ensure that its assets and liabilities are diversified across currencies, geographic areas, and businesses.
- Observe the funding mix.

The ALCO guided by Treasurer, reviews the current and prospective funding requirements for the bank, analyze the maturity structures of both assets and liabilities considering all funding obligations, especially deposits and borrowings (Refer to note 6.3 for more details).

### 10. BUSINESS OBJECTIVES AND STRATEGIES

#### Bank's vision

The vision of DCB Commercial Bank Plc is to be the preferred financial services provider in Tanzania.

#### Bank's mission

The mission of DCB Commercial Bank Plc is to provide convenient, excellent, and innovative financial services to our esteemed customers, while contributing to the social and economic development and generating value to shareholders.

#### Bank's values

##### Integrity

We possess the courage to do and say the right things.

##### Teamwork

We are committed to achieving common goals based on open and honest communication while showing concern and support for each other.

##### Respect

We understand and encourage diversity of views among our employees and stakeholders.

##### Responsibility and Accountability

We are accountable for failure as well as success, and do not play the blame game.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 10. BUSINESS OBJECTIVES AND STRATEGIES (CONTINUED)

#### Bank's values (Continued)

##### Creativity and Innovation

We are the pioneers of innovation and better ways to do things.

##### Excellence

We are passionate about leaving things better than they were found.

#### Bank's behaviours

##### Speed in Execution

We are proactive and prioritize our duties, we say no to procrastination.

##### Time Management

We respect and value time, we are accountable not wasting time.

##### Ownership

We hold ourselves accountable.

##### Bank's service principles

- **Knowledge:** DCB Bank products and service
- **Friendly:** Active listening and courtesy
- **Timely:** Respond promptly and keep our word
- **Value Add:** Go the extra mile / be a solution provider.

#### Our Strategy

The DCB Board of Directors approved the bank's five-year strategic plan (2024–2028) in 2024, focusing on five key areas to drive transformation and profitability. The plan aims to enhance low-cost deposit mobilization, increase the non-funded income ratio, ensure capital growth, promote financial inclusion, and strengthen the bank's digital presence. The five key areas are.

Capital Growth – The bank aims to increase its Total Capital from TZS 15.5 billion in June 2024 to TZS 61.4 billion by 2028, while raising its Tier 1 capital ratio from 10.55% to 19.02% within the same period.

- Customer Deposit Base Growth – the bank is targeting a current and savings accounts ratio of 67% by 2028 with average customer deposit at TZS 300 billion. Initiatives to achieve this level of growth are ongoing, where the bank provides tailored solutions to prospective customers to attract cheap deposits.
- Loan Book Growth – Our business segments (Commercial, Personal banking and Microfinance) continue to make headway lending to the various sectors within the country. The bank is focused on financing ongoing government projects through our trade financing solutions, as well as other sectors of focus include trading, real estate, transportation, energy, communication, and agriculture. Together with efforts to grow our loan portfolio, management is keen on monitoring and recovery of the non-performing loans. The ongoing efforts to digitize the bank have seen roll-out of short-term loans on mobile (Digital Salary Advance); in the long-term, the bank is expected to partner with MNOs and FinTech's to further extend digital loans to the masses targeting 50% of our portfolio going digital by 2028.
- Channel Optimization – After assessing our position in 2020 the bank set out to 'catch-up' with the industry in terms of services offered. The bank onboarded VISA services, launched internet banking services and is currently in the final stages of completing its state-of-the-art mobile application. Apart from only 'catch-up' the bank went further to enhance its services, offering more than the basics including Mastercard-QR, mobile interbank transfers and MNO interoperability. Efforts are ongoing to ensure all customers are digitized and sensitized to increased usage of our channels growing our fees and deposits targeting a digital customer base of at least 152,000 customers – being 38% of the population.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 10. BUSINESS OBJECTIVES AND STRATEGIES (CONTINUED)

#### Our Strategy (Continued)

- **Customer Deposit Growth** – The bank aims to increase deposits from TZS 152 billion in 2024 to TZS 363 billion by 2028, targeting a CASA ratio of 40:60 (CASA: FDR) while maintaining a cost of funds below 5%. To drive CASA growth, the bank will implement various initiatives, including an enhanced VICOBA strategy to onboard more VICOBA and improve the current offerings. Additionally, the Local Government Strategy will focus on strengthening relationships with municipalities, particularly targeting youth and women. The bank also plans to expand its customer base through mass account opening, the rollout of digital products, and the SACCOS module, all designed to attract low-cost deposits. Furthermore, strategic partnerships with MNOs and CIT solutions will help source affordable deposits and promote existing products like Bamba. For fixed deposits, the bank will focus on targeted campaigns, maintaining existing deposits, and renegotiating maturing FDRs at lower rates to optimize cost efficiency.
- **Channel Optimization (Branch & Digital)**– As part of its new strategy, the bank aims to enhance its services and catch up with industry standards by focusing on branch expansion, ATMs and cards, agency banking, internet banking, mobile banking, and international payments. The bank plans to increase its branch network from 9 to 15 branches by 2028, while also relocating three branches to more strategic locations. For cards, the bank will introduce virtual cards, ensure full interoperability with other banks, and increase the number of ATMs from 11 to 25.
- Additionally, the bank aims to grow its active card base from 20,000 to 50,000 by 2028. In agency banking, the bank plans to revamp its current model, 10,000 agents nationwide. For internet banking, the bank will enhance the platform by incorporating advanced features that improve usability, especially for high-end customers. The bank also plans to increase mobile banking usage through both USSD and app-based services, focusing on creating a user-friendly experience to drive greater adoption. Lastly, in international payments, the bank will continue to leverage existing partnerships and onboard A-rated correspondent banks to facilitate seamless cross-border transactions.
- **Quality asset growth and income**- The management has strategically focused on loans monitoring and recovery to improve asset quality, with a target to reduce the NPL ratio to less than 3% by 2028. This focus is expected to significantly enhance the bank's profitability, capital, and liquidity moving forward. The bank plans to achieve these goals by implementing robust underwriting criteria and clearly defining acceptable credit risk appetites, continuously improving credit appraisal procedures, and strengthening both business and credit committees. Additionally, the bank will conduct thorough monitoring of its loan portfolio, identifying and addressing remedial measures in a timely manner. Loan quality will be reviewed weekly by the EXCO and recovery teams, with a focus on containing the migration of performing loans through daily monitoring. The bank will expedite pending court cases and negotiate settlements with potential customers. Furthermore, the loan book will be reviewed to identify potential recoveries, including NPLs and written-off loans. The roles and capacity of individuals within the credit monitoring and recovery unit will also be reviewed to ensure effective execution of these strategies
- **eBanking to low-income earners (microcredit & MSME)**– The bank aims to grow its loan portfolio to TZS 50 billion by 2028, with an NPL ratio of less than 3%. To achieve this, the bank plans to implement several key strategies. These include expanding outreach for microcredit disbursements in the Dar es Salaam region for all branches suitable for such lending. The bank will also focus on improving its turnaround time to enhance customer satisfaction. Additionally, the bank intends to raise awareness of government-specific projects for microcredit lending and ensure proper clustering in Dar es Salaam and Dodoma to strengthen governance and controls. The bank will increase its footprint in key regions with high potential, such as Mwanza, Mbeya, Morogoro, Kilimanjaro, Iringa, Njombe, Kigoma, Kagera, and Arusha. Recruiting competent staff to operate the microcredit products and ensuring strong systems to support their growth are also critical components of the strategy. The bank plans to establish group lending for agri-finance and expand group lending to special groups, including disabled entrepreneurs, youth, and women. Furthermore, rebranding existing products will be a priority to enhance stakeholder alignment and market penetration.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 10. BUSINESS OBJECTIVES AND STRATEGIES (CONTINUED)

#### Our Strategy (Continued)

- Business growth initiatives are already underway, including rebranding and positioning strategies that will ensure the bank achieves its five-year goals, even within the highly competitive market landscape. The primary focus is on building a robust, digitally active customer base to drive sustainable and profitable growth. The bank's digital transformation is progressing well, with significant investments in the necessary technology and delivery channels to expand outreach. We will continue to leverage enhanced delivery channels such as mobile banking, agency banking, strategic partnerships with payment gateways, and minimal brick-and-mortar branch expansion. Looking ahead, the bank aims to position itself as the market's go-to partner. The collaborations will offer customers nationwide convenience, flexibility, and simplified access to financing, benefiting both existing and potential customers

#### ACTUAL PERFORMANCE AGAINST BUDGET

##### INCOME STATEMENT

The bank recorded a loss before tax of TZS 635 million (2024: TZS 1.7 billion). The bank's performance against the budget is as detailed below:

Key performance indicator	Actual 2025 TZS billion	Budget 2025 TZS billion	Budget % Achievement	Actual 2024 TZS billion
Interest income	34.87	35.26	99	32.28
Interest expense	(19.53)	(20.70)	106	(19.23)
Net interest margin	15.34	14.56	105	13.05
Non funded income	5.59	7.34	76	6.22
Operating expenses	(19.70)	(18.48)	94	(18.87)
(Impairment of financial instruments (Note 23	(1.59)	(1.95)	82	(2.11)
Loss before tax	(0.35)	1.47	(24)	(1.71)

##### BALANCE SHEET

The balance sheet decreased by 2% in earning assets from 2024 position of TZS 217 billion to TZS 213 billion as at 31 December 2025. The interest-bearing liabilities grew from TZS 221 billion in 2024 to TZS 220 billion in 2025.

Key performance indicator	Actual 2025 TZS billion	Budget 2025 TZS billion	Budget % Achievement	Actual 2024 TZS billion
Investment in Government Securities	62.94	64.96	97	62.05
Balances due from other banks	14.00	8.16	172	19.39
Loans and advances to customers	133.32	142.40	94	132.41
Equity investments	3.20	3.04	105	3.04
Earning assets	213.46	218.56	98	216.89
Deposits from customers	150.53	185.27	81	152.04
Due to banks and financial institutions	39.83	43.41	92	36.42
Borrowings	29.26	31.08	94	32.74
Interest bearing liabilities	219.62	259.76	85	221.20

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 11. FUTURE PROSPECTS

As DCB Commercial Bank Plc enters the third year of its five - year strategic plan (2024–2028), the bank remains focused on executing its priorities aimed at sustainable growth, financial inclusion, and digital transformation. The bank's prospects are anchored on expanding the customer deposit base, growing the loan book, increasing non funded income, and optimizing digital channels to enhance efficiency and customer convenience.

Deposit mobilization continues to be a key priority. The bank's strategy emphasizes growing customer deposits as a foundation for funding future lending and investment activities. By expanding savings products, leveraging agency banking, and enhancing customer convenience through digital platforms, DCB aims to reduce reliance on expensive wholesale funding. This approach will lower the cost of funds, strengthen liquidity, and support sustainable loan growth.

Expanding the loan portfolio remains a central pillar of the bank's growth strategy. The focus is on MSMEs, SMEs agriculture, and retail lending, sectors that drive Tanzania's economic development, supported by prudent credit risk management and diversification of products.

To diversify revenue streams and reduce dependence on interest income, the bank is expanding nonfunded income through fees, commissions, and value added services, particularly from digital transactions and agent banking.

Digital optimization remains central to the strategy, with investments in mobile and internet banking platforms, self registration initiatives, and the "Tuma Bure" campaign designed to attract new customers, reduce acquisition costs, and increase transaction volumes.

Complementing digital growth, the bank plans to expand its physical presence by opening two new branches in 2026, strengthening access in under served regions and supporting deposit mobilization. Customer base growth will be accelerated through innovative acquisition strategies and partnerships, including collaborations with mobile network operators and FinTech's to deliver innovative financial solutions. The bank has partnered with Mixx by Yas (Tigo Wakala – Tigo Nivushe) and SACCOS groups to provide tailored financial services to members and intends to deepen such collaborations to expand reach and enhance competitiveness.

Recognizing that people are central to delivering these objectives, the bank has prioritized a comprehensive people strategy focused on continuous training, leadership development, and performance management. Staff will be equipped with skills in digital banking, customer service, and risk management to support the transformation agenda, while fostering a culture of innovation, accountability, and engagement.

### 12. OPERATING ENVIRONMENT

The global economy remained resilient throughout 2025, absorbing shocks stemming from heightened trade policy uncertainty and escalating geopolitical tensions. The resilience was underpinned by a combination of supportive factors, most notably robust private consumption, sustained capital investment within technology-intensive sectors, broadly accommodative financial conditions, and supportive macroeconomic policies in major economies

In 2025, Tanzania's economy recorded moderate but resilient growth, supported by stable monetary policy and strong private sector credit expansion. Real GDP grew by approximately 6.4%, reflecting robust activity in mining, tourism, and services. Inflation remained contained at around 3.6%, despite persistent global commodity price pressures, aided by domestic measures to stabilize food and fuel costs. Monetary Policy. At its 239 meeting in October 2025, the Monetary Policy Committee (MPC) maintained the Central Bank Rate (CBR) at 5.75 per cent for the quarter ending December 2025. The decision aimed to sustain economic recovery amid low-inflation environment anchored within the 3–5 per cent target range

The foreign exchange market remained broadly stable, with the Tanzanian shilling appreciating slightly against major currencies due to strong export performance, particularly gold exports which rose by over 37%, and increased tourism inflows. Lending rates moderated to about 15.2%, easing credit conditions, while declining deposit rates to 8.4% reduced funding costs and supported bank margins. Money supply expanded in line with private sector credit growth of 23.5%, reflecting improved liquidity in the financial system.

Climate change remained a policy priority, with government initiatives focusing on renewable energy, sustainable agriculture, and resilience against weather-related shocks. These measures aimed to align financial sector practices with broader sustainability goals.

The regulatory environment in the financial sector continued to emphasize capital adequacy, liquidity management, and compliance. The bank of Tanzania maintained close oversight, ensuring that institutions adhered to prudential standards and strengthened risk management frameworks.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 12. OPERATING ENVIRONMENT (CONTINUED)

For DCB Commercial Bank Plc, this environment presented both challenges and opportunities. Elevated lending rates constrained credit demand, while easing deposit rates supported margins. Regulatory requirements necessitated continued investment in compliance and risk management systems. Despite these pressures, DCB maintained resilience, achieving growth in total assets and shareholders' funds, while focusing on turning around the business in the short term.

### 13. OPERATING MODEL

DCB Commercial Bank Plc operates as a retail and commercial bank in Tanzania, serving individuals, small and medium-sized enterprises, and corporate clients. The bank's operating model is anchored on accessibility, financial inclusion, and a diversified product offering. Its distribution network comprises nine(9) branches, primarily located in Dar es Salaam and Dodoma, which serve as key hubs for customer engagement and service delivery. This branch presence is complemented by a robust agency banking system with more than 700 DCB Wakala agents spread across the country, enabling the bank to extend services to communities beyond urban centers. Customers also benefit from access to over 290 Umoja Switch ATMs, ensuring nationwide coverage and convenience. By 2025, the bank served a customer base exceeding three million, reflecting its growing role in Tanzania's financial sector.

The bank offers a comprehensive range of products and services designed to meet the needs of its diverse clientele. These include deposit products such as savings accounts, current accounts, and specialized schemes tailored for individuals and businesses. Lending services cover consumer loans, SME financing, and corporate credit facilities, supporting both personal financial needs and enterprise growth. DCB also provides treasury services, including foreign exchange, liquidity management, and investment products, enabling customers to manage risk and optimize returns. Digital banking channels, including mobile and internet banking, together with the Wakala network, further enhance accessibility and financial inclusion.

DCB's operating model in 2025 reflects a balance between traditional branch banking and innovative digital and agency solutions. This structure allows the bank to reach underserved communities while maintaining strong relationships with urban and corporate clients. The combination of a wide distribution network, diverse product portfolio, and customer-focused services positions DCB as a resilient and inclusive financial institution within Tanzania's evolving economic and regulatory environment.

#### **Risk management framework.**

The management of risk lies at the heart of business. The bank's major risks arise from extending credit to customers through our trading and lending operations. The bank is also exposed to a range of other risk types such as market, liquidity, operational, reputational, and other risks that are inherent to bank's strategy, product range and geographical coverage. Effective risk management is fundamental to being able to generate profits consistently and sustainably and is thus an integral part of the financial and bank's operational management.

### 14. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

#### **Risk governance**

The ultimate responsibility for setting our risk appetite and for the effective management of risk rests with the Board. Acting within an authority delegated by the Board, The Board Audit, Risk and Compliance Committee (BARCC) has responsibility for oversight and review of prudential risks including but not limited to credit, market, capital, liquidity and operational. It reviews the bank's overall risk appetite and makes recommendations thereon to the Board.

Its responsibilities also include reviewing the appropriateness and effectiveness of the bank's risk management systems and controls, considering the implications of material regulatory change proposals and ensuring effective due diligence on material transactions. The BARCC reviews regular reports on risk management, policies, stress testing, liquidity, and capital adequacy, and is authorized to investigate or seek any information relating to an activity within its terms of reference.

The Board accepts final responsibility for the risk management and internal control systems of the bank. It is the task of the Directors to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis. The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the bank's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 December 2025 and is of the opinion that they met accepted criteria. The Board carries out risk and internal control assessment through the Board Audit, Risk and Compliance Committee.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 14. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (CONTINUED)

#### Risk Management Culture

The bank is cognizant of the fact that people are its most important asset and are core to the establishment of a positive and responsible risk management culture. To that end, the bank continues to invest in the capability of its people through carefully designed initiatives and programs towards embedding a positive risk management culture in the bank. Roles and responsibilities for risk management are defined under two lines of defence model. Each line of defence describes a specific set of responsibilities for risk management and control:

First line of defence: This comprises management and internal controls; operational managers own and manage risks. They also are responsible for implementing corrective actions to address process and control deficiencies.

Second line of defence: This comprises the independent risk function and is responsible for ensuring that the risks remain within the bank's risk appetite.

Third line of defence: The independent assurance provided by the Internal Audit Department. Its role is defined and overseen by the Board Audit Committee.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 14. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (CONTINUED)

#### Risk Management Culture (Continued)

In servicing its clients, DCB Commercial bank Plc assumes numerous risks. Principal risks that the bank is exposed to are:

Risk	Mitigation Actions
<p><b>Credit Risk</b></p> <p>Risk of loss arising from failure of customers to meet their contractual obligations when they fall due. These obligations can be financial and non-financial.</p>	<ul style="list-style-type: none"> <li>Enhanced customer onboarding procedures with increased scrutiny on customer's past credit performance and present capacity.</li> <li>Recovery process monitoring and reporting on monthly basis.</li> <li>Daily loan monitoring procedures to flag out customers with elevated credit risk for quicker actions and remediation plans.</li> </ul>
<p><b>Compliance Risk</b></p> <p>Potential risk of penalties, sanctions, reputational damage and material loss resulting from failure to adhere to regulatory requirements.</p>	<ul style="list-style-type: none"> <li>Periodic assessment of the bank's compliance with existing regulatory requirements.</li> <li>Assessment of the adequacy of the bank's internal controls put in place to mitigate and manage compliance risk.</li> </ul>
<p><b>Strategic Risk</b></p> <p>Strategic risk can have severe consequences that impact organizations in the long term. Unmanaged strategic risks pose a risk to the bank. As such the bank manages its strategic risks in order to ensure that long term objectives are achieved.</p>	<ul style="list-style-type: none"> <li>Formulation of a strategic plan that maps out the strategic activities and initiatives that are taken by the bank.</li> <li>Monitoring of key performance indicators quarterly and discussed during the meeting of the Board Audit Risk and Compliance Committee.</li> <li>Develop a performance evaluation system that tracks progress towards achieving both financial and non-financial targets.</li> <li>Proper succession plan for the board of directors' critical positions (Chairman of the Board and the Managing Director) and management succession plan.</li> </ul>
<p><b>Liquidity Risk</b></p> <p>Inability of the bank in meeting its repayment obligations in full when they fall due or from being unable to do so at a sustainable cost.</p>	<ul style="list-style-type: none"> <li>Ensure that the agreed commitments to the bank's creditors can be met in the long term (solvency) and at the right time (liquidity).</li> <li>Maintain combined liquidity reserves of cash and securities and unused bank lines of credit as a buffer just in case.</li> <li>Ensure that the bank's assets and liabilities are diversified across currencies, geographic areas and business.</li> </ul>
<p><b>Operational Risk</b></p> <p>The risk of loss resulting from inadequate or failed internal processes, people, and systems, or external events.</p>	<ul style="list-style-type: none"> <li>Risk transfer through outsourcing and insurance.</li> <li>Establishment of controls through policies and procedures.</li> <li>Business Continuity Planning by ensuring Disaster Recovery Site is in place and all core systems are replicated at the site.</li> </ul>

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 14. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (CONTINUED)

Risk Management Culture (Continued)

Risk	Mitigation Actions
<p><b>Market Risk</b></p> <p>The risk of adverse movement of interest rates, foreign exchange fluctuations and or commodities prices.</p>	<ul style="list-style-type: none"> <li>• Hedging of foreign currency.</li> <li>• Timely evaluation and monitoring of market interest rates and prices movements.</li> </ul>
<p><b>Technology and Cyber Risk</b></p> <p>Risk of inability to manage Confidentiality of information, integrity of data, protection of physical IT assets and system availability which could results in loss of data, reputational damage and significant financial loss.</p>	<ul style="list-style-type: none"> <li>• Enhancement of modules in the core banking system.</li> <li>• Enhancement of the resilience of system security.</li> <li>• Improvement of system stability.</li> </ul>

### 15. TECHNOLOGY AND INNOVATION

The organization has gone through a phenomenal transformation in the past year, in the respective key areas mainly in its “Processes, Technology & Governance” in the effort to ensure a “healthy” environment to facilitate business growth. In July 2019 the bank laid down a “road map” for the bank’s digital transformation, which was divided into three main phases.

- 1. Information Gathering Phase:**  
This involved understanding the bank’s key pain points at the time and all the possible remediations.
- 2. Stabilization and Catch-Up Phase:**  
This entailed stabilizing the bank’s technology environment to foster business growth and catching up with the market in terms of the products the bank is offering.
- 3. Business Growth Phase:**  
To grow the business through building more “use-cases” and advanced services and creating diversified revenue streams for the bank for a delightful customer experience.

Phase 1 and 2 have been completed and we are now in the “Business Growth Phase” today, we are running a much stronger bank, with a stronger brand equity, better & advanced services with our profits more assured as we deliver value to our shareholders.

The 2025 strategy is a continuation of the 2024-2028 five-year plan, which is focused on the five strategic pillars, Customer Deposit Growth, Channels Optimization, Growth of our Loan Book, NFI Growth and footprint expansion.

The bank’s role is to support the business in bringing this strategy to reality by ensuring there is a technology-ready environment to foster innovations, guaranteed operational efficiency while observing controls and governance and costs, and in addition, enhancing whatever good that was previously done.

These innovative ambitions shall be achieved through the strategic initiatives already in place to strengthen the bank’s Cyber security environment and governance, continued infrastructure development, creating a conducive development environment to foster new product innovation and speed to market.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 16. STAKEHOLDER RELATIONSHIP

Being a bank that is rooted to servicing the community, we are deeply connected to the society we serve. Our capacity and ability to provide services and create value is reliant on how we relate and contribute to the wellbeing of our stakeholders.

Stakeholder	Needs and expectations	How we delivered value
Shareholders	<ul style="list-style-type: none"> <li>Sustainable growth of business.</li> <li>Minimised business risks.</li> <li>Compliance with regulatory requirements.</li> <li>True and fair financial reporting.</li> <li>Return on investment.</li> <li>Competent experienced management.</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining a strong balance sheet to protect against downside risk.</li> <li>Investing in profitable minimal risk assets and growing our client base.</li> <li>Investing in people sustainability.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Safe working environment.</li> <li>Trustworthy relationship.</li> <li>Fair remuneration.</li> <li>Talent Retention programs.</li> </ul>	<ul style="list-style-type: none"> <li>Value based reward program.</li> <li>Encouraging our employees to embrace digital changes and further their careers to improve our services and products.</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Real time customer service support.</li> <li>Innovative multiple banking channels and enhanced digital products which are easily accessible.</li> <li>One-on-one interactions with relationship managers and senior management for corporate and MSME segment customers.</li> </ul>	<ul style="list-style-type: none"> <li>Provide credit in a responsible manner that enables wealth creation, sustainable development, and job creation in line with the current industrialisation initiative by the government.</li> <li>Safeguarding banks' liquidity while growing returns.</li> <li>Enabling financial inclusion by offering unbanked population access to affordable banking channels.</li> <li>Developing innovative banking solutions that meet our customers' unique needs.</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>Full compliance with regulatory requirements.</li> <li>Active engagement with regulatory bodies on reforms and new initiatives that help to maintain the integrity of the banking industry.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable banking practices and regulatory compliance which is key to promoting a safe banking environment.</li> <li>Active participation and engagement with regulatory bodies and policy makers.</li> </ul>
Society	<ul style="list-style-type: none"> <li>Sustainable support on development of the community.</li> <li>Supporting social enterprises and promoting financial inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>Providing financial education and advice.</li> <li>Engaging in impactful corporate social responsibility activities.</li> </ul>

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 17. EMPLOYEE WELFARE

#### Management and employees' relationship

The bank has adequate number of employees with pre-requisite competency and experience in key positions to manage the banking operations as well as pursuing the business objectives. As of 31 December 2025, the number of employees were 273 (2024: 250).

There has been a good working relationship between management and employees as well as employees and their supervisor's/line managers. Complaints are resolved through meetings and discussions. Work morale is good and there were no unresolved complaints from employees. During the year, there were five new cases referred to the Commission for Mediation and Arbitration (CMA).

The bank is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion, and disability which does not impair ability to discharge duties.

#### Training

During the year, the bank spent TZS 64 million for training of its staff (2024: TZS 23 million). Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees received training to upgrade skills and enhance productivity.

#### Staff loans and advances

The bank provides mortgage and personal loans to staff as well as salary advances to enable them to overcome financial needs and promote their personal development. Staff loans and advances are based on specific terms and conditions approved by the Board of Directors.

#### Medical and group life insurance benefits

The bank pays medical expenses for all members of staff and their family dependents as part of the bank's policy through medical insurance arrangement.

#### Retirement benefits

The bank makes contributions in respect of staff retirement benefits to statutory pension schemes namely Public Service Social Security Fund (PSSSF). The bank's obligations in respect of these contributions are limited to 15% of the employees' monthly salary while the employee contributes 5% making a total of 20% contribution as per The Public Service Social Security Fund Act, 2018. Total contribution of TZS 1,009 million was made in year 2025 (2024: TZS 943 million).

### 18. GENDER PARITY

The bank is an equal opportunity employer. As at year end, the bank had the following distribution of employees by gender.

Gender	2025	%	2024	%
Female	163	60	151	60
Male	110	40	99	40
Total	273	100	250	100

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 19. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 37 to these financial statements.

### 20. POLITICAL AND CHARITABLE DONATIONS

The bank participates actively in community activities and development programs; contribution through corporate social responsibility for the year ended 31 December 2025 reached TZS 32.7 million (2024: TZS 33.9 million) and the amount was used to purchase desks and bags of cement for different primary schools within Dar es Salaam municipals and support construction of a new church at Kibondo Kigoma.

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION

#### 1. Basis of preparation

##### 1.1. Compliance with IFRS Sustainability Disclosure Standards

DCB Commercial Bank Plc's 2025 Sustainability Report has been prepared in accordance with IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB). These standards provide a globally consistent framework for disclosing sustainability-related risks and opportunities that could reasonably affect the bank's enterprise value over the short, medium, and long term.

In addition to the ISSB standards, the bank has also referred to and considered relevant disclosure topics outlined in the Sustainability Accounting Standards Board (SASB) standards and also integrates other sustainability approaches, including the GRI Standards. These supplementary references have helped guide the selection of industry-specific metrics and enhance the relevance and comparability of the information presented in this report.

This report makes connections with other reports to present a cohesive view of how relevant Sustainability risks and opportunities, (SROs) could impact the bank's financial position, financial performance and cash flows over the short, medium and long term. Where applicable, quantitative sustainability-related metrics are directly connected and cross-referenced to relevant financial statement line items, such as administrative and operational costs, training and financial inclusion, waste management costs, provisions and capital expenditure on digital banking initiatives.

##### 1.2. Connectivity with financial statements

This report covers a 12-month period for the year ended 31 December 2025; it contains the sustainability-related financial information of the bank for the financial year ended 31 December 2025 and should be read in conjunction with the bank's financial statements.

The reporting entity DCB Commercial Bank PLC operates as a single legal and operational entity with no subsidiaries or joint ventures. In preparing our sustainability-related financial disclosures, the bank has assessed its operations and value chain, which includes shareholders, customers, regulators, employees, environment and third-party service providers.

The presentation currency of the sustainability-related financial disclosures is the Tanzanian Shilling (TZS), which aligns with the presentation currency used in the financial statements, and amounts disclosed are rounded to the nearest thousands unless otherwise stated.

##### 1.3. Connectivity with financial statements

This report covers a 12-month period for the year ended 31 December 2025; it contains the sustainability-related financial information of the bank for the financial year ended 31 December 2025 and should be read in conjunction with the bank's financial statements.

The reporting entity DCB Commercial Bank Plc operates as a single legal and operational entity with no subsidiaries or joint ventures. In preparing our sustainability-related financial disclosures, the bank has assessed its operations and value chain, which includes shareholders, customers, regulators, employees, environment and third-party service providers.

The presentation currency of the sustainability-related financial disclosures is the Tanzanian Shilling (TZS), which aligns with the presentation currency used in the financial statements, and amounts disclosed are rounded to the nearest thousands unless otherwise stated.

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

### 1. Basis of preparation (Continued)

#### 1.4. First-time adoption of IFRS Sustainability Disclosure Standards and transitional Provisions

DCB Commercial Bank Plc is reporting under IFRS Sustainability Disclosure Standards for the first time for its annual reporting period ended 31 December 2025. It has applied the following standards for its annual reporting period commencing 1 January 2025:

- IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'.
- IFRS S2 'Climate-related Disclosures'.

As of 31 December 2025, there are no other IFRS Sustainability Disclosure Standards issued by the ISSB.

IFRS Sustainability Disclosure Standards provide transition reliefs for the first annual reporting period in which an entity applies the standards. The bank has applied the following transition reliefs:

- Relief from the requirement to disclose comparative information in the first annual reporting period; and
- Exclusion of scope 3 emissions from the first annual report, including the additional information on financed emissions from entities participating in with lending, deposit-taking, and other core banking activities.

The bank intends to discontinue the use of these transition reliefs in future reporting periods and will progressively enhance its disclosures, including the introduction of comparative information, expanded coverage of non-climate sustainability risks, and the commencement of financed emissions reporting.

### 2. Assumptions, Judgements and estimates

This section elaborates on the critical assumptions, judgements and estimates made by management in preparing this sustainability report, including the process of identifying and measuring sustainability-related material information, risks and opportunities. Additionally, estimates have been used for certain amounts which cannot be measured directly. Estimates have been made where the sustainability information relates to our bank and its relative value chain needs to be estimated, is related to forward-looking information, or involves data limitations.

#### 2.1. Significant judgements

Management has exercised significant judgement in identifying sustainability-related risks and opportunities that could reasonably affect the bank's prospects, and in determining the material information to disclose. This includes applying internal frameworks in collaboration with industry benchmarking to classify activities and assess exposures.

Area	Description	Reference
Assessment process for sustainability-related risks and opportunities	<p>Management applied significant judgement to identify the key sustainability-related risks and opportunities that could have reasonably impact the bank's prospects. as well as the material information related to those risks and opportunities.</p> <p>The materiality assessment of aspects that have impact to both the banks's prospects and influence decisions of primary users is detailed in materiality assessment section.</p>	Section 4.1
Sustainable Finance	<p>Management exercises significant judgement in the classification of loans across sectors and in determining whether certain exposures qualify as "green" or "sustainable" financing.</p> <p>This involves applying internally developed criteria, definitions, and eligibility frameworks, which may not be fully aligned with externally prescribed taxonomies or regulatory standards.</p>	Section 6.6

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 2. Assumptions, Judgements and estimates (Continued)

##### 2.1. Significant judgements (Continued)

Certain amounts disclosed in this sustainability report are subject to a high degree of measurement uncertainty due to the use of estimates, assumptions, and forecasting techniques. These uncertainties arise because some sustainability-related impacts cannot be measured directly and must instead be estimated based on available data, industry benchmarks, and professional judgement.

Despite these uncertainties, the use of reasonable estimates is an essential part of preparing sustainability-related financial disclosures. The Bank ensures transparency by clearly explaining the methods, assumptions, and limitations underlying each estimate. As data availability improves and systems mature, the level of uncertainty is expected to decrease over time.

The following amounts have a high degree of measurement uncertainty:

Area	Description	Reference
Climate Risk & Scenario Analysis	Estimates of potential credit risk impacts under climate stress scenarios are based on forward-looking models and assumptions about the Bank's exposures and vulnerabilities. These projections involve uncertainty and are intended to provide an indicative view of how climate-related risks could affect the Bank's financial position.	Section 6.1
GHG-related metrics	GHG-related metrics, including Scope 1 and Scope 2 emissions, involve estimates such as emission factors for purchased electricity. The reported figures are subject to inherent uncertainties due to reliance on third-party data and market-based activity information, reflecting the best available assumptions to quantify the Bank's greenhouse gas impact.	Section 6.9.2
Energy consumption metrics	Reported electricity consumption and associated costs are based on utility billing records and operational estimates across the Bank's facilities. Variations in branch activity, equipment efficiency, and operational expansion may influence energy use, and therefore the reported figures may involve estimation adjustments and operational assumptions.	Section 6.8
Digital transformation and paper reduction metrics	Estimates relating to reductions in paper consumption and cost savings from digital account opening and internal digitisation initiatives are based on internal operational data, including the number of papers required for certain processes. These estimates involve assumptions regarding historical paper usage and process efficiencies.	Section 6.8
Financial inclusion metrics	Reported figures relating to financial inclusion initiatives (e.g., number of accounts opened, digital transactions processed, and beneficiaries of targeted loan products such as Tausi, Boda Boda, and Bajaj loans) are derived from internal banking system records. While these figures reflect actual transactions and portfolio balances, interpretation of their broader social impact may involve estimation and qualitative assessment.	Section 6.6

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 4. Governance

The bank's governance processes play a critical role in supporting a sustainability approach that is well-defined, integrated and consistently applied across operations. The bank's governance and risk management systems enable it to monitor and challenge strategies and plans, while providing oversight into how the bank reports sustainability-related data.

DCB bank embeds sustainability at the highest level of corporate governance, beginning with its Board of Directors that sets the tone at the top for responsible business practices and corporate sustainability.

Our Board of directors is comprised of members selected based on their experience, qualifications, diversity, and independence. The Board of Directors guides the bank's strategic direction by approving and monitoring management's effective strategy execution. Our Board composition embodies a wide range of diversity, including age, gender, culture, educational background, skills, experience, and knowledge. This diversity fosters meaningful discussions, valuable input, constructive challenges, and thoughtful outcomes.

- Management has organized training sessions for Senior management and the board members to ensure the Board has the necessary skills and competencies to oversee sustainability strategies. The same training has been cascaded down through risk champions and all staff.
- At management level, the performance committees presents and approves the SSROs. The Risk directorate is granted primary responsibility to monitor and oversee the strategy through the Enterprise risk management framework.
- Oversight of the board is on two ways, through the Board audit, risk and compliance committee reviews identified sustainability-related risks and opportunities and ultimately approved by the full board.
- The approved trajectory and key sustainability considerations are integrated into oversight of strategy, major transactions, risk management processes, and related policies, including assessing trade-offs.
- The Board is looking forward to improve the setting of sustainability-related targets and monitor progress, including alignment of performance metrics for the period commencing 01<sup>st</sup> January 2026.
- Through these processes the board and management have been able to monitor the consequences of the bank's activities and outputs on the immediate environment and local communities as per the sections here under.
- Reviewing and evaluating the implementation and performance of the sustainability strategy and related objectives; and monitoring external sustainability-related developments relevant to the bank.

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

### 3. Governance (Continued)

#### 1.1 Board Committees

To ensure effective oversight, the bank’s sustainability agenda is governed through three Board Committees, each of which meets quarterly and reports to the full Board. These committees support the Board in overseeing sustainability-related matters, with clearly defined roles and mandates. The committees assist in preparing the Board for informed decision-making on sustainability matters; however, overall responsibility for sustainability oversight remains with the Board. These Committees supports the Board in its sustainability mandate and focuses on:

Sustainability Oversight Committee		
Board Credit Committee	Board of Governance and Human Resource Committee	Board Audit, Risk and Compliance Committee
Implement policies governing credit activities, assesses sustainability-related exposures and ensures that credit decisions appropriately consider environmental, social, and governance risks. This strengthens the bank’s portfolio and long-term sustainability objectives.	Oversee corporate governance matters and operational risks related to human capital management and sustainability-related risks. Ensures the design and alignment of executive and Board compensation and incentive structures to mitigate material risks to the bank.	Oversee the bank’s enterprise risk management framework, including the establishment and monitoring of the bank’s risk tolerance and profile. This includes the oversight of emerging and key sustainability-related risks and opportunities

Management Roles			
Director of Credit Risk	Director of Finance	Director of Human Resource	Director of Risk & Compliance
<ul style="list-style-type: none"> <li>Reviews credit proposals and credit analysis taking into account climate related risk and exposures.</li> <li>Segment loan and assess sectoral exposures to assess borrower ESG risks, climate-related transition and physical risks, and concentration exposures.</li> <li>Ensuring credit decisions remain aligned with the bank’s risk appetite and sustainability priorities.</li> </ul>	<ul style="list-style-type: none"> <li>Monitors financial and non-financial performance against ESG targets.</li> <li>Integrates sustainability into budgeting and performance management and provides timely insights for decision-making</li> </ul>	<ul style="list-style-type: none"> <li>Responsible for workplace practices.</li> <li>Promotes diversity, equity and inclusion.</li> <li>Protecting human rights, strengthening employee health and safety.</li> <li>Investing in training and development.</li> <li>Supports overall sustainable resource use.</li> </ul>	<ul style="list-style-type: none"> <li>Coordinates the input of sustainability-related risks into the bank’s enterprise risk management process.</li> <li>Oversee the integrity and quality of the bank’s sustainability reporting.</li> </ul>

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 3. Governance (Continued)

##### 1.2 Board Skills and Training

Together, the bank's directors contribute a wide-ranging set of skills and experience that enhance decision-making and oversight. The board chair person and the chairperson of the Board audit, risk and compliance as well as other board members have adequate period of experience in risk management consulting, refer to the report of those charged with governance, corporate governance section page 6.

The directors attend annual training on identifying, assessing and reporting sustainability- and climate-related risks and opportunities which is done by external third-party specialised consultancy. Further details on the experience and expertise of Board members are presented below.

Board Member	Gender	Skills and experience					
		Finance, Audit & accounting	Climate change	Digital & Information Technology	Enterprise Risk Management	Society, politics and geopolitics	Management, strategy & leadership
Zawadia Nanyaro	F	•	•	•	•		•
Alexander Sanga	M		•	•	•	•	•
Prof. (Emer) Tadeo Satta	M	•			•		•
Pamela Nchimbi	F	•			•		•
Dr. Amina Baamary	F	•			•	•	•
David Shambwe	M				•	•	•
David Minja	M	•		•	•	•	•
Cliff Maregeli	M			•	•		•
Hanifa Hamza	F	•				•	•
Mr. Onesmo Mwoga	M	•			•		

The banks' Approach to governance is across the whole process to oversee formation and qualification of the board members and we maintain a comprehensive governance framework to ensure sustainable value creation and oversight of sustainability-related risks and opportunities. The Board of Directors holds ultimate accountability for sustainability strategy, including the approval of key policies, goals, and integration of ESG considerations across the business.

##### 1.3 Role of board in overseeing sustainability risk and opportunities

The Board of Directors retains ultimate responsibility for the bank's strategic direction including overseeing relevant sustainability issues that affects the banks financial performance, cashflow and sustainable prospects of the bank and its value chain. This includes oversight the process of identifying and setting targets for the sustainabilityrelated risks and opportunities The Board also reviews and approves the strategy and road map presented by management which includes an approval for the resources required for effective implementation of the sustainability initiatives.

In particular, for the period under review the board further reviewed and approved the sustainability policy and the climate risk policy which provide guidance and governance on the approach to strategy, performance objectives, risk management processes and the timeframe for the implementation.

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

### 3. Governance (Continued)

#### 1.3 Role of board in overseeing sustainability risk and opportunities (Continued)

##### Board of Audit and Risk Committee

On a board committee level oversight, the responsibilities of the board are currently discharged through the board audit, risk and compliance Committee (BARCC). The Committee provides guidance to the Board on emerging sustainability matters in accordance with the bank's governance structure and Enterprise Risk Management Framework. BARCC receives contribution from the risk management committee which tracks the sustainability risks and opportunities.

The committee is composed of twelve members, including nine executive directors and three independent nonexecutive directors, chaired by an independent director. The members of the committee bring expertise in risk management, financial regulation, and banking operations, ensuring effective scrutiny of ESG-related issues within the broader risk framework. The committee meets quarterly and the deliberations from this committees which include emerging sustainabilityrelated risks and opportunities, are presented to the full board.

The Committee, is working closely with management, will take responsibility for setting sustainabilityrelated targets aligned with the bank's overall strategy and risk management processes. The Committee will also monitor the implementation of DCB's climate transition plan and receive quarterly updates on progress against climate metrics and targets. These targets and associated progress will be reviewed annually by both the board audit, risk and compliance Committee and the Board of Directors.

To strengthen its oversight capacity, board audit, risk and compliance Committee receive periodic briefings and opinions from external advisors on environmental and social trends, regulatory developments and sectorspecific climate risks. Where necessary, thirdparty experts are also engaged to deliver briefings and targeted training to ensure appropriate sustainability skills and knowledge at Board level

#### 1.4 Role of Management in overseeing sustainability risk and opportunities

Senior management is responsible for running the institution on a day-to-day basis, managing and monitoring the institution's overall risk environment. Senior management is therefore responsible for the effective management of the institution's sustainability-related risks and opportunities including:

- Sustainability considerations are integrated into day-to-day operations and decision-making processes.
- Lead the identification, assessment, and monitoring of sustainability-related risks, including environmental, social, and governance (ESG) risks.
- Accurately and timely reporting of sustainability-related risks and opportunities in line with regulatory requirements.
- Promote sustainability awareness within the organization, ensuring that employees at all levels understand their role in addressing sustainability risks and opportunities.
- Staff shall undertake sustainability-related risks and opportunities assessments, for instance, during client onboarding, credit application and credit review process at the loan origination stage.

The sustainability agenda at DCB commercial bank Plc is anchored in well established governance structures, with a frame work for identification, implementation and monitoring sustainability related risks and opportunities commences. At the management level the primary responsibility rests with the Risk and Compliance Directorate, operating under the Enterprise Risk Management Framework (ERMF, 2025). ERMF defines the degree of risk that the bank is prepared to accept in pursuit of its strategic objectives and ensures that climate-related and ESG risks are systematically assessed and integrated into the bank's strategy and risk management processes.

The framework relays on a steer and direction from key functions across the bank such as the credit risk, business and retail banking unit which primarily integrates climatic and ESG screening criteria into the credit impact analysis process to ensure that sustainability considerations are integrated into lending decisions. The Technology and Operations Directorate plays a critical role in advancing operational sustainability practices, particularly through the implementation of digital transformation initiatives that contribute to sustainability targets, reduce environmental impact, and support the bank's efforts to minimise its carbon footprint. Other departments contribute through initiatives such as employee training, capacity building, and stakeholder engagement programmes that promote responsible business practices and sustainability awareness across the organisation.

Monitoring and tracking of the identified SSROs is reported to management through the monthly Risk Management Committee meetings, and further to the board level. This enables the Board to understand how decisions on potential major transactions align with the bank's sustainability-related goals. The final list of sustainability risks and opportunities are validated by the Performance Committee, which comprises members of the bank's management team.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 4. Strategy

To ensure the report reflects issues most relevant to the bank and its stakeholders, DCB commercial Bank conducted a structured and robust assessment to identify sustainability-related risks and opportunities that could reasonably influence its strategy, business model, performance, and affect the bank's ability to create value and achieve short-, medium-, and long-term objectives.

The strategic assessment considered both financial and non-financial factors, including climate-related risks, social impact, regulatory compliance and governance practices. It involved engagement with key stakeholders such as Customers, Investors, Government & Regulators, Employees, Community and Suppliers to understand their expectations and priorities. These insights were mapped against the bank's strategic objectives and Tanzania's national development priorities.

#### 4.1. Identifying Sustainability-Related Risks, Opportunities

The assessment was conducted in alignment with IFRS Sustainability Disclosure Standards to ensure that ESG topics relevant to the bank's operating environment, stakeholders, and strategic priorities were appropriately identified and assessed.

The process was supported by engagement with key internal and external stakeholders, enabling the bank to understand expectations on material environmental, social, and governance issues. These insights were combined with industry analysis and a forward-looking evaluation of sustainability trends to assess how ESG factors may affect the bank's strategy, resilience, and long-term value creation in a dynamic environment.

This approach strengthens the integration of sustainability into strategic planning, risk management, and capital allocation, ensuring material ESG issues are embedded across governance and operations. The assessment also considers ESG and climate-related risk management guidelines aligned with ISSB standards, as well as expectations from the Bank of Tanzania (BOT) and the roadmap issued by the National Board of Accountants and Auditors (NBAA).

A two-step materiality process was applied in line with ISSB guidance and international best practice:

- Step 1: Identify sustainability-related risks and opportunities that could affect the bank's prospects over the short, medium, and long term.
- Step 2: Determine material disclosures relating to the identified risks and opportunities. The objective was to identify sustainability-related information relevant to the bank's prospects and decision-making by primary users, particularly investors, lenders, and creditors. Stakeholder expectations, economic conditions, and frameworks such as the SDGs and selected GRI Standards were considered, using both qualitative and quantitative analysis to identify key ESG topics

#### 4.2. Stakeholder Engagement and Value Creation

Working with our stakeholders, the bank has identified and assessed sustainability and ESG risks and opportunity that are necessary to meet their expectations hence guiding strategy of the bank in driving sustainable value through maintaining environmental conscious, corporate governance and strategic risk management. The key stakeholders engaged include customers, employees, investors, government and regulators, community, suppliers and the environment as presented below;

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

### 4. Strategy (Continued)

Stakeholder Group	Stakeholder Value / Purpose	Sustainability-Related Risks, Opportunities	How We Engaged
Customers	Reliable, efficient, and secure banking services Assurance security over deposits & assets	<ul style="list-style-type: none"> <li>Risks related to customer data privacy, cybersecurity breaches, and protection of confidential information.</li> <li>Reputational risks linked to poor customer service, unfair practices, or lack of transparency.</li> </ul>	<ul style="list-style-type: none"> <li>Direct, face-to-face engagements.</li> <li>Social media and digital platforms.</li> <li>Call centre support and service touchpoints.</li> </ul>
Employees	Creating a supportive and inclusive workplace that offers competitive compensation, and professional growth.	<ul style="list-style-type: none"> <li>Diversity, equity, and inclusion (DEI) Training, skills development, and career progression.</li> </ul>	<ul style="list-style-type: none"> <li>Employee engagement initiatives and internal programs.</li> <li>Leadership town halls and management briefings.</li> <li>Training programs, workshops, and learning sessions.</li> </ul>
Investors	Deliver sustainable long-term value through consistent performance and prudent capital management.	<ul style="list-style-type: none"> <li>Business ethics risks and Strong corporate governance.</li> <li>Risks related to inadequate disclosure of sustainability-related performance and climate-related risks.</li> </ul>	<ul style="list-style-type: none"> <li>publication of financial results and statutory reports.</li> <li>Annual General Meetings (AGMs) and investor updates.</li> </ul>
Community	Support national development by contributing to financial literacy and inclusion. Support economic activities and GDP growth.	<ul style="list-style-type: none"> <li>Financial Inclusion and accessible financing.</li> <li>Addressing social and environmental challenges.</li> </ul>	<ul style="list-style-type: none"> <li>Financial inclusion programmes targeting underserved communities.</li> <li>Corporate social responsibility (CSR) initiatives.</li> <li>Partnerships with community finance institutions and associations like SACCOS and local organisations.</li> </ul>
Environment	Protection of ecosystems and promotion of environmental stewardship  Support for climate resilience and environmental sustainability	<ul style="list-style-type: none"> <li>Physical risks associated with climate change, including extreme weather events and environmental degradation.</li> <li>Risks related to increased greenhouse gas emissions and carbon footprint from operational activities.</li> </ul>	<ul style="list-style-type: none"> <li>Review of regulatory guidelines, environmental standards, and policy updates.</li> <li>Monitoring of environmental developments, climate trends, and industry best practices.</li> <li>Benchmarking against peer institutions.</li> </ul>
Suppliers	Foster strong and reliable supplier relationships that support sustainable growth and operational continuity.	<ul style="list-style-type: none"> <li>Efficient and timely payment processes.</li> <li>Ethical and responsible business conduct.</li> </ul>	<ul style="list-style-type: none"> <li>Periodic supplier interaction meetings.</li> <li>Supplier discussion and proposals meetings.</li> <li>Collaborative contract negotiation processes.</li> </ul>

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 4. Strategy (Continued)

##### 1.3. Relevant Sustainable risks and opportunities (Continued)

Following engagement with key stakeholders, the bank assessed and prioritised their expectations based on their potential impact on operations and long-term value creation. Using insights from stakeholder engagement, industry trends, and peer benchmarking, the bank identified sustainability-related risks and opportunities that may affect its risk profile, performance, strategy, business model, and long-term objectives. The bank's sustainability disclosures are aligned with International Sustainability Standards Board (ISSB) standards and aim to provide transparency on how these factors influence financial performance, resilience, and the ability to leverage opportunities.

In line with ISSB requirements, DCB Commercial bank discloses sustainability-related risks and opportunities that could affect cash flows, access to finance, or cost of capital. Materiality is assessed based on:

- The likelihood of occurrence
- The magnitude of financial impact
- The time horizon (short, medium, or long term)

The bank defines these time horizons in line with its strategic planning and decision-making processes to reflect when such risks and opportunities may impact operations and financial performance.

Short term: 0 to 12 months  Medium term: 1 to 5 years  Long term: Beyond 5 years 

These time horizons support the bank in evaluating the potential financial implications of sustainability-related risks and opportunities and in integrating them into its broader risk management and strategic planning frameworks.

The determination of sustainability-related risks and opportunities involves significant judgment and is subject to oversight at the highest levels of governance. Hence the assessment's findings were reviewed and validated by the management through the risk management committee, then submitted to the Board Audit, Risk and Compliance Committee, which provides oversight of the bank's risk management. Consolidation and final approval were granted by the board.

The following section presents a summary of the eight key Sustainability-Related Risks and Opportunities (SRROs) identified across the three Environmental, Social, and Governance (ESG) pillars. These are discussed in detail below to outline their potential financial implications for the bank's prospects, as well as the resilience measures and mechanisms in place to manage the associated risks and leverage the identified opportunities.

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

### 4. Strategy (Continued)

#### 1.3. Relevant Sustainable risks and opportunities (Continued)

Sustainability Risk and Opportunities					
Pillar	Risks / Opportunities	Management Actions	Impact	Time	
Environment	Physical Risk The risk of financial loss or operational disruption arising from climate-related events such as floods, storms, heatwaves, and droughts.	Revenue turnover risk: Potential financial impact on bank revenue due to climate-related events affecting loan customers' operations or overall market activity.	Integrate ESG considerations in loan pricing, credit analysis, and product offerings.  Stress-test portfolios against climate scenarios.	Reduced interest income or fee revenue from affected sectors.  Increased credit risk in vulnerable sectors such as agriculture, real estate, and manufacturing.	●●●
	Collateral risk: Physical assets used as loan collateral may lose value due to their geolocation and exposure to climate-related hazards	Ensure robust valuation prices that incorporates climate and geo-reference data to assess property values	Potential financial losses and disrupted recovery from impaired or devalued collateral.  Increasing credit risk and exposure in affected loan portfolios.	●●●	
	Integration of ESG in Credit Analysis: Failure to adequately and accurately incorporate ESG considerations, including climate-related risk in lending decisions	Risk of mispricing of loans, underestimation of potential losses, or exposure to borrowers vulnerable to ESG-related shocks.	Loan Classification: Implement robust procedures to classify loans based on ESG exposure and risk level, enabling precise assessment of potential ESG impacts.  Geospatial & Data Analysis: Collaborate with geospatial and other data providers to evaluate borrower and collateral vulnerability to climate change and other ESG-related factors.  Training & Awareness: Provide targeted training for credit analysts to enhance understanding and evaluation of climate and ESG risks in credit assessments.	Potential mispricing of loans or increased credit losses due to unrecognized ESG-related risks.  Reduced stakeholder confidence if ESG risks are perceived as poorly managed.  Risk of non-compliance with IFRS S1/S2 disclosure requirements and emerging ESG regulatory frameworks.  Impaired ability to support sustainable financing initiatives or align the loan portfolio with set ESG objectives.	●●

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

### 4. Strategy (Continued)

#### 1.3. Relevant Sustainable risks and opportunities (Continued)

Sustainability Risk and Opportunities					
Pillar	Risks / Opportunities	Management Actions	Impact	Time	
Environment	<p><b>Transitional risk</b> Risks arising from policy, regulatory, technological, and market changes as economies transition toward more sustainable and low-carbon systems.</p>	<p><b>Compliance risk:</b> New regulations raise compliance costs and may lead to fines and penalties for non-compliance.</p>	<p>Implement frameworks to support compliance with the ISSB disclosure requirements</p> <p>Staff training to ensure adherence to evolving regulatory requirements.</p>	<p>Increased operating and compliance costs.</p>	●●
	<p><b>Market Transition risk:</b> Growing environmental concerns are increasing demand for environmentally sustainable products and services, which may alter traditional market dynamics and affect the risk profiles of certain sectors.</p>	<p>Integrate environmental risk considerations into credit assessments, monitor sector exposure to transition risks.</p> <p>Develop loan products that promote financing for environmentally sustainable projects and technologies.</p>	<p>Increased credit risk arising from potential regulatory or market changes affecting loan portfolios in sectors such as manufacturing, mining, and the agricultural value chain.</p>	●●●●	
	<p><b>Sustainable consumption of resources</b></p>	<p><b>Resource Efficiency Risk:</b> Inefficient use of resources such as energy, water, and materials can increase operational costs.</p> <p><b>Carbon Emissions risk</b> Inefficient use of energy negatively impacts the bank's carbon footprint resulting in reputational damage.</p>	<p>Optimize digital transformation to reduce paper-based processes.</p> <p>Implement energy- and resource-efficient practices across operations.</p> <p>Integrate ESG consideration in monitoring resource consumption for continuous improvement.</p>	<p>Reduced operational costs, improved ESG performance metrics and strengthened reputation with clients and investors.</p>	●●●●

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 4. Strategy (Continued)

##### 1.3. Relevant Sustainable risks and opportunities (Continued)

Sustainability Risk and Opportunities					
Pillar	Risks / Opportunities	Management Actions	Impact	Time	
Social	Data privacy & Cybersecurity	<p>Fraud risk: ransom attacks and money theft are plausible</p> <p>Operational risk: disruption to a bank's daily operations,</p> <p>Data and information loss: such as customer data which is a breach of data privacy and hence result in financial loss</p>	<p>The bank maintains updated anti-malware software, limited access controls, encrypting sensitive data, and regularly updating and patching systems.</p> <p>Robust governance and controls on our core banking system and auxiliary systems. Including policies, BCP and DRP</p> <p>Cybersecurity training and awareness programs for all employees.</p>	<p>Disruption in operations and theft can result in lawsuits from data breaches, financial losses and Reputation damage.</p>	
	Financial Inclusion & Capacity Building	<p>Financial Inclusion Risk: Limited access to banking services for underserved populations may restrict the bank's market reach and performance.</p>	<p>Launched mobile self-account opening to enable digital banking access, reaching underbanked individuals and expanding financial inclusion across the community.</p> <p>Waive transaction fees on all digital transactions to promote digital adoption and financial literacy.</p> <p>Offer specialized accounts and loan products such as Tausi, Sokoni, Nguvu Moja that support small businesses and community development, providing members with financial training opportunities.</p>	<p>Expanded client base and market reach by including underserved and underbanked populations.</p> <p>Increased customer engagement and CASA balances through digital adoption and fee-free transactions.</p> <p>Strengthened community and small business development, enhancing the bank's reputation and long-term sustainable growth.</p>	

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

### 4. Strategy (Continued)

#### 4.3. Relevant Sustainable risks and opportunities (Continued)

Sustainability Risk and Opportunities					
Pillar	Risks / Opportunities	Management Actions	Impact	Time	
Governance	Business Ethics	<p><b>Ethical and Corruption Risk:</b> conflicts of interest, fraud, bribery, or corruption may expose the bank to legal penalties, financial losses, and reputational damage.</p>	<ul style="list-style-type: none"> <li>Implemented whistleblowing mechanisms for reporting unethical practices.</li> <li>Strong internal controls policies on code of ethics &amp; conduct cascaded from the Board level to all staff.</li> <li>Training on ethics, compliance, AML and anti-corruption standards</li> </ul>	<p>Reduced exposure to fraud, corruption, and regulatory penalties.</p> <p>Strengthened stakeholder confidence and institutional reputation.</p> <p>Enhanced governance and compliance with regulatory and ESG standards.</p>	

#### 4.3.1 Physical Risk

##### Risk description

This refers to physical climate-related events such as floods, storms and droughts which may disrupt economic activity and damage assets belonging to the bank’s customers. These events can adversely affect borrowers’ ability to maintain operations and meet their financial obligations, thereby increasing credit risk and potentially impacting the bank’s financial performance. This risk is particularly relevant for sectors such as Real estate, building & construction, transport and communication and Agriculture and related value chain. For DCB bank these sectors constitute about 24% i.e. TZS 32 billion out of TZS 136billion of the total loan portfolio.

##### Current financial effects

Although the financial impact may vary depending on the scale and frequency of climate-related events, physical risks may contribute to increased credit risk exposures within the bank’s lending portfolio. Customers operating in climate-sensitive sectors may experience operational disruptions, damage to production facilities, reduced agricultural yields, or supply chain interruptions, which could affect their revenue generation and financial stability hence weaken borrowers’ repayment capacity and increase the likelihood of loan defaults. which in turn affects the bank’s core lines of credit income and fees and commissions due for loan processing. These impacts may lead to delayed loan repayments, restructuring of credit facilities, or higher provisions for expected credit losses in affected sectors.

Furthermore, collaterals located in areas that are prone to climate hazard suffer from reduced valuation which affects the forced sale value impacting the amount of credit that can be extended. Also, physical collaterals are susceptible to the effects of harsh climate conditions like flooding, wild fires, land slides which affect insurance premiums and challenges recovery processes in the case of default.

**Impact on business performance:** Climate-related disruptions affecting borrowers may reduce loan growth and increase credit risk, which could affect the bank’s profitability and operational performance. The bank may need to adapt its lending strategies and risk management practices to address increased climate-related credit risk and support sustainable financing initiatives. Higher credit risk exposures may lead to increased loan loss provisions and adjustments in the valuation of certain assets within the bank’s lending portfolio. Loan repayment delays or restructuring arrangements may affect the timing and predictability of the bank’s cash inflows from lending activities.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 4. Strategy (Continued)

##### 4.3. Relevant Sustainable risks and opportunities (Continued)

##### 4.3.2 Transitional risk

###### Risk description

Transition risks arise from policy, regulatory, technological, and market changes as economies move toward more sustainable and low-carbon systems. These changes may affect the bank directly through evolving regulatory requirements and indirectly through shifts in market demand and the financial performance of clients operating in carbon-intensive or environmentally sensitive sectors.

As sustainability regulations and disclosure requirements continue to develop, financial institutions face increased compliance obligations, including the implementation of sustainability reporting frameworks and enhanced risk management practices. At the same time, growing environmental awareness and policy interventions influence market dynamics, affecting the performance and risk profiles of certain sectors such as manufacturing, mining, and agriculture which for DCB bank constitute about 30% of the loan portfolio.

###### Current financial effects

Transition risks may increase the bank's operational and compliance costs have slightly increased in the effort to ensure compliance to this new standard as adopted by the regulatory frameworks. This includes the costs of training of about TZS 20million to train board, management and staff on ESG and sustainability disclosure related training. Also, additional audit fees as a result of increased review scope for require Additional investments may be required to implement sustainability reporting systems, strengthen internal controls, and enhanced reporting, monitoring, and governance mechanisms.

Market transition dynamics may also affect the bank's lending portfolio. Regulatory changes, carbon-related policies, or shifts in consumer and investor preferences toward environmentally sustainable products may affect the financial performance of certain borrowers, increasing credit risk exposure in sectors undergoing transition.

Our customers in such vulnerable sectors also face increased costs to investment and re design of their operations in the effort to compliance. This may affect reporting systems, and potential changes in portfolio performance may affect the bank's cost structure and the timing of cash inflows from servicing the loan obligation.

Impact on business performance Transition risks influence lending patterns and sector risk exposures as the bank has had to enhance business model to integrate sustainability considerations into lending practices, product development, and risk management frameworks. This includes expanding sustainable finance offerings and embedding environmental risk assessments within credit evaluation processes. Also changes in regulatory requirements and market conditions may increase credit risk exposures in certain sectors, potentially requiring higher loan loss provisions and adjustments to the bank's sectoral lending strategy.

##### 4.3.3 Integration of ESG in Credit Analysis:

###### Risk description

The failure to adequately integrate Environmental, Social, and Governance (ESG) considerations, including climate-related risks, into credit assessment processes may result in an incomplete evaluation of borrower risk profiles. Without proper incorporation of ESG factors in lending decisions, the bank may underestimate potential financial risks associated with borrowers operating in environmentally or socially sensitive sectors. Borrowers exposed to ESG-related risks such as environmental regulation, climate impacts, or governance challenges may experience operational disruptions or financial instability, which could affect their ability to meet debt obligations. If such risks are not appropriately identified and assessed during the credit evaluation process, the bank may face increased exposure to unexpected credit losses.

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

### 4. Strategy (Continued)

#### 1.3. Relevant Sustainable risks and opportunities (Continued)

##### 4.3.3 Integration of ESG in Credit Analysis: (Continued)

###### Current financial effects

Inadequate integration of ESG considerations in credit analysis may result in the mispricing of loans or underestimation of credit risk. This may increase the likelihood of credit losses if borrowers are adversely affected by ESG-related shocks, such as environmental regulations, climate-related events, or governance failures. In addition, insufficient ESG risk integration may affect stakeholder confidence and expose the bank to potential non-compliance with emerging sustainability disclosure requirements, such as IFRS S1 and IFRS S2 standards.

Impact on financial performance; Weak integration of ESG considerations into credit decision-making may increase credit risk exposures and affect the overall quality of the bank's lending portfolio, potentially impacting profitability and operational performance. The bank may need to strengthen its credit risk management framework to incorporate ESG risk considerations more systematically, ensuring that lending decisions support responsible and sustainable financing practices. Failure to appropriately assess ESG-related risks may lead to higher loan loss provisions and impairments if borrowers are unable to meet repayment obligations due to unanticipated ESG-related impacts. Increased credit losses, delayed repayments, or loan restructuring arrangements may affect the timing and predictability of cash inflows from lending activities.

##### 4.3.4 Data privacy & Cybersecurity

###### Risk description

Data privacy and cybersecurity risks arise from potential cyber threats, unauthorized access to systems, and the misuse or loss of sensitive information. Financial institutions increasingly rely on digital platforms and interconnected systems to deliver services, making them susceptible to cyber incidents such as ransomware attacks, fraud, and unauthorized data access. Cybersecurity breaches may disrupt the bank's daily operations, compromise customer and institutional data, and expose the bank to financial losses, regulatory penalties, and reputational damage. Fraud-related cyber incidents, including ransomware attacks or unauthorized fund transfers, may also result in direct financial loss and operational disruption. In addition, the loss or unauthorized disclosure of confidential customer information may constitute a breach of data privacy regulations and lead to legal liabilities or regulatory sanctions.

###### Current financial effects

Cybersecurity incidents may disrupt banking operations and result in financial losses arising from fraud, system downtime, or theft of funds. Data breaches may expose the bank to legal claims, regulatory penalties, and increased compliance costs related to incident investigation, remediation, and strengthening of security infrastructure.

Such incidents may also affect customer confidence and the bank's reputation, which could influence customer retention and the overall demand for banking services.

Impact on financial performance; Operational disruptions caused by cyber incidents may affect service delivery, transaction processing, and customer access to banking services, potentially affecting business continuity and customer satisfaction. Increasing cyber threats require continuous investment in secure digital banking infrastructure, risk management systems, and enhanced internal controls to protect sensitive information and maintain operational resilience. Cyber incidents may result in direct financial losses, increased operational costs for system recovery and remediation, and potential legal or regulatory penalties associated with data privacy breaches. Operational disruptions, incident response costs, and investments in enhanced cybersecurity infrastructure may affect the bank's operating expenses and short-term cash flows.

##### 4.3.5 Financial Inclusion & Capacity Building

###### Risk and opportunity description

Limited access to formal banking services among underserved and underbanked populations may restrict the bank's market reach and limit opportunities for sustainable business growth. Barriers such as limited financial literacy, geographic constraints, and access to digital financial services may prevent individuals and small businesses from participating fully in the formal financial system. At the same time, expanding financial inclusion presents an opportunity for the bank to broaden its customer base, support economic development, and promote inclusive growth. By providing accessible and affordable financial services, the bank can strengthen community engagement while enhancing long-term customer relationships.

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

### 4. Strategy (Continued)

#### 4.3. Relevant Sustainable risks and opportunities (Continued)

##### Current financial effects

Financial inclusion initiatives may contribute to growth in the bank's customer base, deposits, and transaction volumes. Increased access to digital banking services and affordable financial products can improve customer engagement and encourage greater adoption of formal financial services. These initiatives may also support the growth of low-cost deposits, particularly through increased Current Account and Savings Account (CASA) balances, while strengthening the bank's presence within underserved communities.

**Impact on business performance** Expanding financial inclusion initiatives may enhance customer acquisition, increase transaction volumes, and strengthen customer relationships, contributing to improved operational performance and market presence. The bank may increasingly leverage digital banking solutions and tailored financial products to reach underserved communities and small businesses, supporting inclusive and sustainable banking practices. A broader and more diversified customer base may strengthen the bank's deposit base and improve funding stability through growth in low-cost deposits. Higher transaction volumes, increased digital banking usage, and growth in lending to small businesses may contribute to more stable and diversified revenue streams over time.

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#### 4.3.6 Business Ethics

##### Risk description

Business ethics risks arise from potential misconduct such as conflicts of interest, fraud, bribery, or corruption within the bank's operations or business relationships. Such unethical practices may expose the bank to legal penalties, financial losses, regulatory sanctions, and reputational damage. The bank operating in a highly regulated environment, and any breach of ethical standards or governance frameworks may undermine stakeholder trust and affect the bank's credibility with regulators, customers, investors, and the wider community. Ensuring strong ethical conduct across all levels of the organisation is therefore essential to maintaining sound governance and sustainable business operations.

##### Current financial effects

Unethical practices, including fraud or corruption, may result in direct financial losses, legal costs, and regulatory penalties. In addition, such incidents may damage the bank's reputation and weaken stakeholder confidence, potentially affecting customer relationships and business opportunities. Failure to maintain strong ethical and governance standards may also increase compliance costs and expose the bank to heightened regulatory scrutiny.

Ethical misconduct or governance failures may disrupt operations, affect stakeholder trust, and negatively influence the bank's overall performance and strategic objectives. Maintaining high ethical standards is essential to sustaining long-term relationships with customers, investors, and regulators.

Weak governance or unethical conduct may undermine the integrity of the bank's business model and its commitment to responsible banking. Thus, this has made the bank invest in frameworks and controls that promptly detect misconduct but also preventive means for unethical behaviour like collusion that has detrimental effects. Incidents of fraud, corruption, or regulatory breaches may lead to financial losses, penalties, or additional compliance costs, which could affect the bank's financial position. Legal settlements, fines, and remediation costs arising from unethical practices may place pressure on operational cash flows and increase the bank's operating expenses.

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#### 4.4. Resilience

##### Climate Scenario Analysis and Forward-Looking Assessment

In line with the requirements of IFRS S2, organizations are expected to undertake climate-related scenario analysis to assess the resilience of their strategies and business models under a range of plausible climate futures. Recognizing the importance of this requirement, the bank has begun integrating climate-related considerations into its Enterprise Risk Management Framework (ERMF). Through this approach, both climate-related and broader sustainability risk considerations are incorporated into the bank's risk management processes to support the identification, assessment, and management of emerging risks and opportunities.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 4. Strategy (Continued)

##### 4.4. Resilience (Continued)

As this reporting period represents the bank's first year of adoption of IFRS sustainability disclosure standards, a comprehensive quantitative and qualitative climate scenario analysis was not fully conducted during 2025. However, the bank undertook preliminary assessments such as stress testing of climate-related risks within selected segments of its loan portfolio, including sectors that may be sensitive to physical climate risks or transition-related policy developments. These initial assessments provided early insights into potential exposures and informed the bank's evolving climate risk management approach.

To strengthen alignment with IFRS S2 requirements, the bank has scheduled a more detailed climate resilience scenario analysis for the third quarter of 2026, which will evaluate the resilience of the bank's strategy and business model over short-, medium-, and long-term time horizons. The planned analysis will consider a range of plausible climate scenarios reflecting potential changes in policy, technology, infrastructure, and market conditions, and will incorporate both physical and transition climate risks.

##### Physical Risk Scenario Assessment – Loan Portfolio

The bank has evaluated physical climate risks across its loan portfolio under various scenarios, considering both extreme weather events—such as floods, storms, and droughts—and gradual changes like rising temperatures and shifting rainfall patterns. These factors can disrupt business operations, damage assets, and reduce borrower income, ultimately affecting repayment capacity.

The bank's exposure is primarily indirect, arising through its lending activities, as climate impacts may weaken cash flows, increase loan restructuring, and elevate non-performing loans, particularly in vulnerable sectors such as agriculture, trade, transport, and real estate.

In addition, climate risks may affect the value of assets pledged as collateral, including real estate, agricultural land, and infrastructure in high-risk areas. Reduced asset values due to environmental exposure may weaken collateral coverage and recovery prospects in the event of default.

##### Financial Resilience Assessment

The scenario analysis indicates that climate-related risks are expected to have a moderate financial impact in the short term, primarily affecting borrowers in agriculture, transport, infrastructure, and SME sectors. Over the medium to long term, increased climate variability and evolving regulatory expectations may influence portfolio credit risk, sectoral lending patterns, and capital allocation strategies.

Insurance also plays an important role in mitigating these risks. Borrowers are advised to take adequate asset or business interruption insurance may be better positioned to recover from climate-related losses, reducing the potential financial impact on loan repayment performance. However, insurance coverage may not always fully compensate for income losses or business disruptions, particularly among micro and small enterprises with limited access to comprehensive insurance products.

##### Transition Risk Scenario Assessment – Loan Portfolio

The bank has assessed potential transition risks within its loan portfolio under different climate policy scenarios. The bank estimates that 5–8% of the loan portfolio, particularly exposures to agricultural value chains and climate-sensitive SMEs, could face temporary repayment stress due to weather-related disruptions or supply chain interruptions. Borrowers in these sectors may experience cash flow volatility, potentially increasing non-performing loans (NPLs) in affected segments during severe weather years.

Particular attention was given to the Bajaji and Boda Boda loan segments, which together represent approximately 3% of the bank's total loan portfolio. These segments rely primarily on fossil fuel-powered vehicles and may therefore be exposed to transition risks if government policies encourage or mandate a shift toward cleaner transport fuels such as Compressed Natural Gas (CNG). Under such a scenario, borrowers may face short-term financial pressure related to the initial costs of vehicle conversion or adoption of CNG technology. This could temporarily affect repayment capacity, particularly during the first three to six months as borrowers adjust to the upfront investment required.

Over the medium to long term, however, the transition is expected to generate operational cost savings due to the lower running costs of CNG compared with traditional fuels. These savings could improve operating margins, strengthen repayment capacity, and support greater loan servicing stability and potential portfolio growth within the transport microfinance segment.

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

### 4. Strategy (Continued)

#### 4.4. Resilience (Continued)

In addition, the bank assessed potential transition exposure within its Tausi and Nguvu Moja loan products, which together account for approximately 2% of the portfolio and primarily serve micro and small enterprises engaged in local food processing and production activities. These businesses often rely on traditional fuel sources such as firewood for production processes.

#### Overall Transition Risk Assessment

Based on scenario analysis and current policy trends, the bank expects transition risks to remain low in the short term, as energy transition policies have progressed gradually, particularly among micro and small enterprises reliant on traditional fuels, limiting immediate capital requirements.

Over the medium to long term, risks may increase if climate policies accelerate or stricter regulations are introduced, requiring operational changes or technology adoption. While this may raise short-term costs, it could also improve efficiency and reduce energy expenses over time. Overall, transition risks are expected to remain manageable, with the bank continuing to monitor regulatory and technological developments and integrate them into credit risk management, portfolio monitoring, and lending strategies.

#### Resilience

The bank is strengthening its climate risk management framework by integrating climate considerations into credit underwriting, portfolio monitoring, and sector limits. Indicators such as drought exposure, flood risk, and energy transition vulnerabilities are being incorporated into credit processes. The bank is also diversifying its portfolio toward sectors supporting low-carbon transition and climate adaptation, including renewable energy and sustainable agriculture, to enhance long-term resilience and sustainable growth. Additionally, it is improving risk monitoring, expanding financing for climate-resilient sectors, and enhancing operational capabilities to maintain portfolio quality and align lending with sustainability objectives.

### 5 Risk Management

DCB commercial bank manages sustainability risks through the Enterprise Risk Management framework (ERM) framework, which is aligned with ISO 31000:2018. This enables sustainability risk management is embedded in the bank's operations. The framework supports the identification, assessment, and management of risks that could affect the bank's ability to achieve its strategic objectives and deliver sustainable performance. The bank is underway to develop a formal climate risk management framework.

The process begins with systematic risk identification across financial, strategic, operational, and compliance domains on the core banking functions that has eminence outcome on the financial and performance. Each of the risks were documented in a designated risk register, detailing the source, cause, and potential consequences its qualitative and quantitatively assessment of the likelihood and impact to the bank.

The bank updated the Risk Appetite Statement and Risk Management Strategy to include sustainability-related risks. Potential sustainability-related opportunities are identified by leveraging the same framework applied to sustainability-related risks, reflecting the close interconnection between the two.

The approach to identifying, assessing, prioritizing, managing, monitoring and communicating SROs is consistent with the enterprise risk management process which was expanded to fully incorporate sustainability-related risks. The process is led by the Sustainability Risk and Analytics Team, with oversight from the Risk Management Committee and Sustainability Committee and with input from management.

Risk management plans are monitored quarterly, with Key Risk Indicators (KRIs) used to track changes in risk profiles and control effectiveness. The significant risks are reported to monthly to management through the risk management committee and quarterly to the Board Risk Management Committee for oversight.

Continuous training and awareness programs foster a risk-aware culture, enabling employees to recognize and respond to risks effectively. This integrated approach supports resilience, regulatory compliance, and long-term sustainability in line with ISSB disclosure requirements.

The bank does not have a separate sustainability function that over sees ESG and sustainability matters. Hence the risk management process for the identified sustainability risk and opportunities been vested to the risk department whereby through risk champions in each department and in some critical processes drive the risk management process.

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

### 5. Risk Management (Continued)

The risk management process as per the diagram illustrated below



#### 5.1 Risk Identification

The bank conducts a thorough systematic process to identify functions, activities, processes or dependencies across its banking operations and the entire value chain to determine which of these give rise to potentially relevant SROS. As elaborated above engagement with stakeholders through targeted consultation and surveys were performed to understand their priorities, expectations and perceptions with respect to the bank and its strategy. Hence identifying and documenting key risks that could prevent the achievement of organizational objectives. It includes determining the source of risk, its cause, and potential consequences. All identified risks are recorded in a risk register for further analysis.

#### 5.2 Risk Assessment

Risk analysis focuses on understanding the characteristics of each potentially relevant sustainability-related risk by assessing its likelihood and impact to both the bank's prospects for the sake of its stakeholders. The assessment involves understanding the root cause/source of each risk and where it may affect the business, whether it stems from internal operations or external dependencies.

- Likelihood of occurrence is assessed at a three levels matrix i.e. unlikely, probable and almost certain, which is based on historical data, scenario analysis and specialist input.
- The impact refers to the potential magnitude using a defined impact scale minor to major based on both quantitative and qualitative factors across varying time horizons.

Through the assigned impact and likely hood levels are rated on a scale hence, a risk rating is computed hence the result is a ranked list of relevant SROS.

#### 5.3 Risk Evaluation and Management

Based on the prioritised listing of key SROS, the next step is assessing the management of the risk by evaluation the existing control mechanisms in place This step determines whether the residual risk falls within the organization's risk appetite. High or extreme residual risks require additional controls or strategies, while medium risks may need further treatment if cost-effective. Low risks are generally monitored and recorded without further action.

The bank then undergoes a rigorous process to identify and implement controls based on identified SROS and the resources available using a hierarchy of control types that includes avoid, mitigate, transfer, remediate, accept and leverage (opportunities). These controls are embedded into business processes Treatment involves selecting and implementing cost-effective strategies to reduce risks to tolerable levels.

#### 5.4 Monitoring and Review

Through the risk register processes the bank actively monitors the status of the noted key SROS incorporating the trend of identified Key risk indicators. Monitoring is done on a monthly basis via designated risk champions in the respective department or process level with quarterly reporting to the risk management committee. further the monitoring is performed by the internal audits and controls testing which reports to the board.

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

### 5. Risk Management (Continued)

#### 5.5 Risk Communication and Reporting

Significant risks and opportunities are reported to the Board Audit, Risk, and Compliance Committee. Approved risks are included in the risk register and monitored periodically. Communication ensures timely escalation and accountability.

### 6. Metrics and Targets

#### 6.1 Physical risk

Changes in weather patterns across the region have affected the availability of water resources, with consequent impacts on electricity generation and the supply of clean and fresh water. These disruptions have slightly affected agricultural activities, as well as production, processing, and manufacturing operations. Approximately 4% of the loan book with an exposure of TZS 4.98 billion vested in value chain production real estate, infrastructure, transport. Sokoni loan product, which are loans specialized to agricultural and food value and related value chain offered about 383 loans amounting to TZS 440 Million is assessed as vulnerable to material physical climate risks such that severe weather events may result in temporary or prolonged business interruptions, asset damage, and reduced borrower cash flows, increasing the likelihood of payment delays, covenant breaches, and defaults.

#### 6.2 Transitional risk

Transition risk arises from the economic and financial impacts associated with the shift to a low-carbon and sustainable economy, including changes in regulations, market demand, technology, and stakeholder expectations. The bank actively monitors and manages transition risks within its lending portfolio to ensure financial resilience while supporting clients in adapting to a low-carbon future. This section presents the key metrics and targets used to track exposure to carbon-intensive sectors, adoption of green finance solutions, and engagement with clients on transition strategies, demonstrating the bank's commitment to mitigating transition risk and promoting sustainable economic development.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 6. Metrics and Targets (Continued)

##### 6.3 Physical risk (Continued)

Area	Metric / KPI	2025 Performance	Target / Commitment	Responsible Party	Evidence / Tools / Metrics
Portfolio Exposure to High-Carbon Sectors	% of loan portfolio in carbon-intensive sectors (e.g., fossil fuels, heavy industry)	3% of total portfolio	Maintain exposure to <5% by 2026	Credit Risk	Portfolio analysis reports, sector classification
Carbon Footprint of Loan Portfolio	Estimated financed emissions (tCO <sub>2</sub> e)	1,398 tCO <sub>2</sub> e	Reduce financed emissions by 5% per TZS 1 billion of outstanding loans.	Risk & compliance	Portfolio emissions model, client ESG disclosures
Transition Risk Screening	Number of borrowers screened for transition risk	Borrowers were not screened for transition risk	Screen 100% of borrowers in high-risk sectors by 2027	Retail and Business banking	ESG risk assessment tools, sector risk frameworks

#### 6.4 Integration of ESG in Credit Analysis:

The bank integrates Environmental, Social, and Governance (ESG) considerations into its credit risk assessment framework to promote responsible lending and strengthen portfolio resilience. ESG factors are systematically incorporated into borrower evaluation, collateral appraisal, and portfolio-level risk monitoring to ensure that financing decisions account for environmental impacts, social responsibility, and sound governance practices. This section presents the key metrics and targets used to track the bank's performance in ESG integration;

Area	Metric / KPI	2025 Performance	Target / Commitment	Responsible Party	Evidence / Tools / Metrics
ESG Screening Coverage	% of loan exposures above TZS 30M screened for ESG risks.	No full screening was performed during the period.	Maintain 100% ESG screening for all loans above TZS 30M.	Retail and Business banking.	ESG risk framework, internal policies.
Credit Risk Assessment	Number of borrowers with ESG risk integrated into credit rating.	8,587 borrowers assessed amounting to TZS 53.17Billion.	Integrate ESG in all credit rating assessments.	Retail and Business banking.	ESG assessment tools, internal credit rating models.
Portfolio Stress Testing	Climate / ESG scenario analysis coverage.	Stress tested 50% of the portfolio.	Expand to 100% portfolio coverage by 2026.	Risk Analytics Team.	Climate stress models, scenario analysis reports.
Policy Coverage	Adoption of ESG policies in credit processes.	100% of loans processed under ESG policy guidance.	Maintain full compliance with the Sustainability policy, Climate risk policy & Credit Policy.	Board Credit Committee, Senior Management.	ESG Policy, Sustainable Finance Policy.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 6. Metrics and Targets (Continued)

##### 6.5 Data privacy & Cybersecurity

The bank continues to prioritise data privacy and cybersecurity as a core component of its digital transformation strategy and operational risk management framework. This includes ongoing investment in secure digital products, resilient network infrastructure, advanced monitoring tools, and cybersecurity governance programmes designed to protect customer data and ensure the integrity, confidentiality, and availability of our systems.

During the reporting period the bank observed only 1 cybersecurity incident, DenialofService (DoS) attack involving TCP over SSL (HTTPS) targeting port 443 from an external IP source. The threat was automatically detected by Darktrace farewell. However, the malicious traffic was blocked in real time and the originating IP has been blacklisted at the firewall level. No disruption of network services, customer. There were no incidents involving personally identifiable information (PII) hence none of our account holders were affected.

##### 6.6 Financial Inclusion

The bank is committed to advancing financial inclusion by expanding access to affordable, appropriate, and inclusive banking solutions for individuals and communities across all income levels. Through targeted products, digital innovation, and financial literacy initiatives, the bank seeks to promote savings, responsible financial behaviour, and economic empowerment.

In 2025 our bank ventured into a digital transformation launching services such as the DCB Kitaa and DCB Mobile, which is a portal where the bank accounts can be opened digital using mobile phone. A total of 1,777 accounts have been opened. Where by 55% of the accounts were for females and 70% being a youth age group. This indicates progress in our efforts on financial inclusion across the community registration.

To address the needs of low-income earners and individuals operating within the informal economy, the bank continued to expand access to tailored credit solutions. Specialized products such as the Boda Boda Loan and Bajaj Loan were developed to support micro-entrepreneurs enabling income generation and business growth. This segment has specifically Put 150 three wheelers' drivers and 20 motorcycle riders hence supporting employment and wealth creation for youth, contributing to livelihoods and local economic activity.

In addition, the Tausi Loan, designed to support women-led micro and small enterprises within low- to middle-income segments, provided access to finance for over 4641 households, with a portfolio amounting to TZS 2.9billion. This product enhances women's economic participation and empowerment, household income stability and resilience, and financial independence.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 6. Metrics and Targets (Continued)

##### 6.6 Financial Inclusion (Continued)

This can be summarised in the table below;

Strategic Pillar	Initiative / Product	Target Beneficiaries	Key Activities	2025 Performance Indicators	Social & Economic Impact
Digital Financial Access	DCB Kitaa Digital Account Opening Portal	Unbanked and underbanked individuals, youth, women.	Launch of a mobile-enabled digital portal allowing customers to open accounts remotely without visiting bank branches.	1,277 digital accounts opened; 55% female customers; 70% youth customers.	Expands access to formal banking, particularly for underserved groups, reducing geographic and mobility barriers to financial services.
Customer Self-Service Banking	Self-Account Opening Product	New retail customers and digitally enabled clients.	Introduction of a self-service digital account opening platform enabling customers to independently onboard into the banking system.	500 accounts opened through the self-service digital platform.	Improves convenience, accelerates onboarding, and supports broader financial inclusion through technology.
Digital Commerce & SME Enablement	DCB Merchant Service	Small and micro-business owners, merchants.	Deployment of a digital merchant payment platform enabling businesses to accept digital payments and transact electronically.	600 merchants onboarded to the digital merchant platform.	Facilitates SME participation in the digital economy, improves business efficiency, and supports growth in local trade activities.
Inclusive Micro-Enterprise Financing	Boda Boda Loan & Bajaj Loan	Informal transport operators and youth entrepreneurs.	Provision of specialized financing solutions for motorcycle and three-wheeler operators to support income-generating activities.	150 three-wheeler drivers financed; 20 motorcycle riders supported.	Supports employment creation, youth entrepreneurship, and income generation within the informal sector.
Women's Economic Empowerment	Tausi Loan	Women-led micro and small enterprises.	Targeted loan product designed to provide affordable credit for women entrepreneurs in low- to middle-income segments.	4,641 households supported; portfolio value of TZS 2.9 billion.	Strengthens women's economic participation, improves household income stability, and enhances financial independence.
Digital Financial Ecosystem	Telecommunications Partnerships & System Integrations	Retail and SME customers across communities.	Collaboration with telecommunications providers to expand digital banking access and enable transactions closer to customers' communities.	5,585 digital transactions processed.	Improves convenience, reduces transaction costs, and expands the reach of financial services.

# REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

### 6. Metrics and Targets (Continued)

#### 6.7 Business Ethics and Compliance

We are committed to the highest standards of business ethics, transparency, and legal compliance. Our Code of Ethics and conduct govern the board of directors and also cascades down to management and all staff. This initiative is supported by robust internal controls such as implementation of several channels for whistle-blowing. The bank has in place a whistle blowing policy and has created (3) toll free numbers for persons to report on any misconduct, fraud and/or unethical practices. Our bank has in place suggestion boxes placed in branches and head office which are overseen by the risk and compliance directorate. Staff are also provided with an email address to be used in reporting the same and another channel is the whistle blowing portal available on the bank's site allowing access to the general flag to raise any issues. These Confidential and anonymous reporting mechanisms are maintained to encourage reporting of concerns without fear of retaliation, hence governing behaviour across all operations. During the reporting period, the bank has not suffered any losses due to legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.

#### 6.8 Sustainable Consumption of Resources and Social Engagement

The bank prioritizes the sustainable consumption of resources as part of its Environmental Stewardship agenda, with a focus on reducing operational costs while minimizing the environmental footprint associated with electricity, water, and paper use. Through targeted efficiency initiatives, the bank continues to improve resource utilization across its operations.

##### Digital transformation

In October 2025, the bank implemented a major digital transformation initiative with the launch of a self-service account opening mobile application. The traditional paper-intensive processes contribute significantly to environmental impact. Historically, opening an individual bank account required approximately five pages of documentation per customer, including application forms and supporting attachments. This platform enables customers to open accounts conveniently using their mobile phones, eliminating the need for physical forms and significantly reducing paper consumption.

As at the reporting date, 3,920 accounts had been successfully opened through the digital platform. This transition eliminated the use of paper-based account opening forms and contributed to estimated savings of approximately 40 reams of printed stationery during the reporting period (2024: 3,441 reams; 2025: 3,466 reams), reducing both paper waste and associated procurement costs by approximately 1.9 million.

Digitization efforts were also extended to internal processes, including IT helpdesk requests and user access management, which are now conducted through online platforms. These initiatives collectively saved more than 50 reams of paper during the reporting period, further reducing the bank's operational footprint.

Other digital initiatives include the deployment of Cash Deposit Machines (CDMs), which have significantly reduced the need for customers to visit bank branches. This has helped lower carbon emissions associated with transportation and reduced paper usage previously required for manual deposit forms. Through the use of CDMs, the number of required cash transportation trips has been substantially reduced from an estimated 1,800 trips to approximately 620 Cash-in-Transit (CIT) trips.

##### Sound Paper Consumption and responsible procurement

Environmental considerations are embedded within the bank's procurement processes. Purchasing decisions for office equipment, including laptop computers and other ICT assets, prioritises energy-efficient specifications with lower carbon footprints. This approach to responsible sourcing supports reduced resource consumption and enhances the sustainability of the bank's operations.

Improvement and operational efficiency have been achieved in 2025 with a positive trajectory in minimizing environmentally affecting cost such as emissions and papers utilized in postages expenses 1.9million (FY2024: 3.1M). The bank has also minimized spending on paper utilization by about 500 reams of paper, reflecting a decrease of about TZS22million 237million (2024:259million). Fuel utilization has also significantly decreased TZS 44million (2024: TZS 174million). Utilization of the media and digital platforms has lowered magazine cost and the associated carbon emission TZS 0.323million against TZS 1.5million.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 6. Metrics and Targets (Continued)

##### 6.8 Sustainable Consumption of Resources and Social Engagement (Continued)

In April 2025, the bank was able to successfully conducted its Annual General Meeting (AGM) online as compared to previous years where it was held physically, resulting in significant savings on paper, printing, and stationery costs that are normally incurred during a physical meeting. This digital approach reduced the bank's environmental footprint and aligns with its ESG commitment by promoting resource efficiency, minimizing waste, and supporting sustainable operational practices.

##### Employee Awareness and Engagement

Employee awareness initiatives were implemented to encourage responsible resource use and embed a culture of environmental stewardship across the bank. These initiatives included staff training on environmental awareness and participation in tree-planting campaigns, reinforcing employee engagement in sustainability and environmental conservation efforts. During the reporting period, the bank supported the construction of a perimeter wall at Kawe Ukwamani Secondary School, contributing to improved safety and learning conditions. The initiative involved collaboration with students, teachers, community leaders, and education stakeholders.

##### Youth and Women Empowerment,

As part of its social sustainability agenda, the bank supported initiatives that promote youth and women empowerment. The bank sponsored and participated in the Top 50 Young Women Entrepreneurs (YWE) 2025 event in Zanzibar, celebrating innovation and leadership among young women entrepreneurs. This engagement supported the bank's financial inclusion objectives and increased awareness of products designed for MSMEs, youth, and women-led businesses.

##### Stakeholder Engagement and Partnerships

The bank actively engages key stakeholders to strengthen relationships and support national development priorities. During the quarter, Management facilitated a high-level engagement with the Ministry of Water to enhance public-sector collaboration and explore partnership opportunities, raising the bank's visibility as a reliable financial partner. The bank also hosted a Customer Engagement Forum in Dodoma, bringing together customers, regional stakeholders, and senior management to gather feedback, raise product awareness, and strengthen relationships, supporting customer retention and service improvement. Additionally, the bank participated in sector-wide wellness initiatives, including the Tanzania bankers Association Football Tournament and the NBC Marathon, promoting physical wellbeing, teamwork, and collaboration across the financial sector.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 6. Metrics and Targets (Continued)

##### 6.8 Sustainable Consumption of Resources and Social Engagement (Continued)

Complaints Management and Service Recovery

Effective complaints management is central to customer trust and responsible banking practices. During 2025, the bank received 1,868 customer feedback cases, a reduction from 2,160 cases in 2024, reflecting improving service stability. Of these, 97 cases were classified as formal complaints, all of which were resolved within the reporting period.

Strategic Pillar	Initiative / Program	2025 Performance Indicators	Environmental & Operational Impact	Financial Impact to the Bank
Digital Transformation for Resource Efficiency	Self-Service Digital Account Opening Platform	3,920 digital accounts opened; Elimination of paper account-opening forms; ~40 reams of paper saved.	Reduced paper consumption and operational waste while improving customer convenience.	Reduced printing and stationery procurement costs, contributing to estimated savings of approximately TZS 1.9 million during the reporting period.
Paper Consumption Reduction	Digitization of Banking Processes	Paper consumption reduced by 500 reams; Procurement cost TZS 237M (2025) vs TZS 259M (2024).	Reduced environmental footprint through lower paper usage.	Cost savings of approximately TZS 22 million from reduced paper procurement.
Internal Process Digitization	Digital IT Helpdesk & Access Management Systems	More than 50 reams of paper were saved during the reporting period.	Improved operational efficiency and reduced administrative resource consumption.	Lower administrative printing and stationery costs, contributing to operational cost efficiency.
Low-Carbon Banking Infrastructure	Cash Deposit Machines (CDMs)	32 deposit points processed TZS 62.19B; CIT trips reduced from ~1,800 to ~620.	Reduced transport-related emissions and operational inefficiencies in cash handling.	Reduced Cash-in-Transit logistics costs and fuel consumption, contributing to significant operational savings.
Operational Cost & Resource Efficiency	Resource Optimization Initiatives	Postage costs TZS 1.9M Fuel costs TZS 44M Magazine costs TZS 0.323M.	Reduced environmental footprint through lower fuel consumption and reduced print media usage.	Significant cost reductions across operations, including fuel savings of approximately TZS 130M and lower printing and distribution costs.
Sustainable Corporate Governance	Virtual Annual General Meeting (AGM)	AGM held virtually with digital participation by shareholders.	Reduced travel, printing, and meeting logistics emissions.	Savings in printing, stationery, venue, and logistics costs normally associated with physical AGMs.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 21. SUSTAINABILITY-RELATED FINANCIAL INFORMATION (CONTINUED)

#### 6. Metrics and Targets (Continued)

##### 6.9 Cross industry metrics

##### 6.9.1 Capital Deployment

Our key focus is to deploy capital investment on the digital transformation agenda, leveraging on our robust system and continued enhancement in technological infrastructure to increase number of accounts open through our digital platform as well as embrace the cashless economy by ensuring our platforms offer gateway to numerous financial and consumer services/product providers.

Strategic Pillar	Capital Deployment Initiative	Description	2025 Performance Indicators	Target / Future Commitment	Financial & Strategic Impact
Financial Inclusion	Loans to Micro, Small & Medium Enterprises (MSMEs).	Allocation of credit to support women-led businesses, youth entrepreneurs, and micro-enterprises.	<ul style="list-style-type: none"> <li>Tausi Loan: TZS 2.9B to 4,641 households.</li> <li>Boda Boda &amp; Bajaj Loans: TZS 50M supporting 170 operators.</li> </ul>	Expand MSME lending by 20% YoY and increase women-led enterprise financing by 25% by 2026.	Promotes economic growth, job creation, and financial inclusion; diversifies bank's lending portfolio.
Digital Transformation & Operational Efficiency	Capital invested in digital banking infrastructure.	Deployment of capital to digital account opening, Cash Deposit Machines, internet/mobile banking, and self-service platforms.	32 CDMs deployed; 3,920 digital accounts opened.	Expand digital infrastructure to 50 CDMs and enable +50% digital account onboarding by 2026.	Reduces operational costs, paper use, fuel consumption; improves customer convenience; supports sustainable operations.

##### 6.9.2 GHG Emission

DCB bank shall actively pursue environmental and climate-related initiatives aimed at reducing the bank's environmental footprint, conserving natural resources, and fostering a culture of sustainability. Our bank has deployed the UNFCCC GHG Emission calculator to estimate and track the carbon footprint under scope 1 and scope 2 categories. A total of 1,398 CO<sub>2</sub>e Tonnes of carbon emission was released to the environment due to the bank's operations. This encompasses of fuel emission, refrigerants, and electricity. This has not had a direct financial implication to the bank's performance however tracking and strategy have been put in place to improve efficiency, reducing energy consumption and so saving costs.

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

### 22. AUDITOR

The bank appointed KPMG as auditor for the financial year 2025. KPMG has expressed its willingness to continue in office in accordance with the bank of Tanzania regulations. The details of the auditor are provided on page 1.

### 23. RESPONSIBILITY OF THE AUDITOR

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

### 24. RESPONSIBILITY OF THOSE CHARGED WITH GOVERNANCE AND STATEMENT OF COMPLIANCE

The members charged with governance (the Directors) accept responsibility for preparing these financial statements which show a true and fair view of the bank to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations and legal provisions. The members also confirm compliance with the provisions of the requirements of TFRS 1 Report by Those Charged with Governance and all other statutory legislations relevant to the bank.

#### BY ORDER OF THE BOARD



Ms. Zawadia J. Nanyaro  
Chairperson

Date: 31/03/2026



Prof. (Emer) Tadeo Satta  
Board Member

Date: 31/03/2026

## STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2025

The Company's directors are responsible for the preparation of financial statements that give a true and fair view of DCB Commercial bank Plc (the "Company" or the "bank") comprising the statement of financial position as at 31 December 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies, in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and in the manner required by the Companies Act, 2002 and the banking and Financial Institutions Act, 2006.

The Directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the bank to continue as a going concern and have no reason to believe that the business will not be a going concern at least for the next twelve months from the date of approval of these financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of DCB Commercial bank Plc, as identified in the first paragraph, were approved and authorized for issue by the Directors on 25 March 2026



Ms. Zawadia J. Nanyaro  
Chairperson



Prof. (Emer) Tadeo Satta  
Board Member

Date: 31/03/2026

Date: 31/03/2026


## DECLARATION OF THE DIRECTOR OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2025

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Director of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the board of directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable international accounting standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the board of directors as per directors responsibility statement on an earlier page.

I, Bertha Munyera being the Director of Finance of DCB Commercial Bank Plc hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2025, have been prepared in compliance with the International Accounting Standards Board (IFRS Accounting Standards), the Tanzania Companies Act, 2002 and the Banking and Financial Institutions Act, 2006.

I, thus confirm that the financial statements of DCB Commercial Bank Plc comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Signed by: Bertha Munyera
Position: Director of Finance
NBAA Membership No.:ACPA 3137
Signature: 
Date: 31 <sup>st</sup> MARCH 2026

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DCB COMMERCIAL BANK PLC

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of DCB Commercial Bank Plc ("the bank") set out on pages 127 to 209, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, 2002 and Banking and Financial Institutions Act, 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Tanzania. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF DCB COMMERCIAL BANK PLC (CONTINUED)

## Report on the audit of the financial statements (Continued)

### Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit losses on loans and advances to customers

Refer to Notes

- 4 (d) - Financial assets and financial liabilities
- 5- Critical Accounting Estimates and Judgements
- 6.1 - Credit Risk
- 23 - Loans and Advances to Customers

Key audit matter	How the matter was addressed in our audit
<p>The gross loans and advances to customers amounted to TZS 137 billion (rounded) and the total expected credit losses amounted to TZS 3.4 billion (rounded) as at 31 December 2025.</p> <p>Measurement of impairment losses on loans and advances to customers is a key audit matter as the determination of expected credit losses (ECL) is highly subjective as it involves significant levels of judgement applied by management.</p> <p>The key areas where identified significant levels of management judgement and therefore increased levels of audit focus on the Bank’s impairment charge on loans and advances to customers are:</p> <ul style="list-style-type: none"> <li>• Quantitative criteria i.e. use of days past due and qualitative criteria such as extension to the terms granted, significant adverse changes in business, financial and/or economic conditions in which the borrower operates used in determining the criteria for Significant Increase in Credit Risk (SICR) and default which guides classification of loans and advances to customers into stages 1, 2 or 3;</li> <li>• Choice of appropriate models and assumptions for the determination of probabilities of default (PD) and ultimately measurement of the ECL</li> <li>• Establishing the various macroeconomic variables as well as weightings applied to the forward-looking scenarios for each type of product/market and the associated impact on ECL; and</li> <li>• Estimation of collateral realisation period for the purpose of estimating cash flows for secured facilities which are used in the determination of loss given default.</li> <li>• The measurement of ECL on loans and advances to customers is a key audit matter because it involves significant management judgement and a high level of estimation uncertainty.</li> </ul>	<p>Our audit procedures included, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the credit management processes by testing the design and implementation of controls over the determination of ECL, and also testing management review controls over the monthly recalculation and approval of the ECT model.</li> <li>• On a sample basis, we evaluated the appropriateness of the Bank’s determination of SIR by assessing the qualitative criteria against the business, financial and economic conditions in which borrowers operate and against relevant supporting evidence, including borrower performance and credit monitoring information. We also assessed quantitative factors used by management in evaluating the classification of exposures into Stages 1, 2 and 3 by testing key metrics such as days past due, using information obtained from credit files and recalculating thresholds applied by management. Based on this work, we assessed whether facilities were appropriately staged in accordance with the requirements of IFRS 9, Financial Instruments (IFRS 9).</li> <li>• We evaluated the reasonableness of management’s key assumptions applied in the model relating to the collateral realisation period and the grading of loans and advances. This included inspecting relevant supporting documentation, such as sale agreements, to evaluate the timing of collateral disposals.</li> <li>• We evaluated relevance and reliability of the data used to develop the assumptions in the model by agreeing them to underlying supporting documents and carrying out retrospective reviews.</li> </ul> <p>With the assistance of our financial risk management specialists we performed the following:</p> <ul style="list-style-type: none"> <li>• Inspected the forward-looking information (PLI) by assessing the methodology used by management in selecting the models and assumptions used in the ECL model and the appropriateness of the Bank’s methodology against the requirements of IFRS 9; and</li> </ul>

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DCB COMMERCIAL BANK PLC (CONTINUED)

## Report on the audit of the financial statements (Continued)

### Key audit matter (Continued)

<p>Expected credit losses on loans and advances to customers</p> <p>Refer to Notes</p> <p>4 (d) - Financial assets and financial liabilities 5- Critical Accounting Estimates and Judgements 6.1 - Credit Risk 23 - Loans and Advances to Customers</p>	
Key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>We assessed the reasonableness of the economic scenarios applied by management, including the base, best-case and worst-case scenarios, and evaluated the overall reasonableness of the economic forecasts by recalculating the related macroeconomic variables against independent, reliable industry sources.</li> <li>Evaluated the adequacy of the financial statement disclosures in accordance with the requirements of FRS 7, Financial Instruments: Disclosures, including disclosures of key assumptions and judgements relating to the ECL.</li> </ul>

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "DCB Commercial Bank Plc Annual Report and Financial Statements for the year ended 31 December 2025", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Directors responsibilities for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, 2002 and Banking and Financial institutions Act, 2006, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DBC COMMERCIAL BANK PL (CONTINUED)

## Report on the audit of the financial statements (Continued)

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

As required by the Companies Act, 2002 we report to you, solely based on our audit of financial statements, that in our opinion;

- proper accounting records have been kept by the Bank;
- the individual accounts are in agreement with the accounting records of the Bank;
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit;
- Directors' report is consistent with the financial statements; and
- information specified by the law regarding Directors' emoluments and other transactions with the Bank is disclosed.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DBC COMMERCIAL BANK PL (CONTINUED)

Report on the audit of the financial statements (Continued)

Report on other legal and regulatory requirements (Continued)

As required by Banking and Financial Institutions Act, 2006 and its regulations, we report to you solely based on our audit of financial statements, that:

Nothing has come to our attention that causes us to believe that the Bank has not complied with the Banking and Financial Institutions Act, 2006 and its regulations including computation of its capital position.

**KPMG**

Certified Public Accountants (T)



Signed by: CPA Frank Mboya (ACPA 3730)

**Dar es Salaam**

31 March 2026

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		2025	2024
	Notes	TZS'000	TZS'000
Interest income calculated using the effective interest rate method	8	34,871,887	32,277,746
Interest expense	9	(19,527,406)	(19,234,099)
<b>Net interest income</b>		<b>15,344,481</b>	<b>13,043,647</b>
Impairment loss on financial instruments	23	(1,586,426)	(2,105,127)
<b>Net interest income after impairment</b>		<b>13,758,055</b>	<b>10,938,520</b>
Fees and commission income	10	3,824,518	4,311,805
Foreign exchange income	11	576,656	650,739
Other operating income	12	1,190,910	1,256,464
<b>Total non-interest income</b>		<b>5,592,084</b>	<b>6,219,008</b>
<b>Total operating income</b>		<b>19,350,139</b>	<b>17,157,528</b>
Operating expenses			
Staff expenses	13	(10,326,361)	(10,123,616)
General and administrative expenses	14	(6,722,742)	(5,751,174)
Depreciation and amortization expenses	15	(2,647,706)	(2,998,046)
<b>Total operating expenses</b>		<b>(19,696,809)</b>	<b>(18,872,836)</b>
<b>Loss before tax</b>		<b>(346,670)</b>	<b>(1,715,308)</b>
Income Tax (charge)/credit	19	(288,005)	746,265
<b>Loss for the year</b>		<b>(634,675)</b>	<b>(969,043)</b>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investments – change in fair value		162,392	974,073
Deferred tax charge		-	(292,222)
Net fair value gain		162,392	681,851
<b>Total comprehensive loss for the year</b>		<b>(472,283)</b>	<b>(287,192)</b>
Loss per share (basic and diluted)	34	(3.31)	(5.95)

The notes on pages 132 to 209 are an integral part of these financial statements.  
The auditor's report is on pages 122 to 126.

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

		2025	2024
	Notes	TZS'000	TZS'000
<b>Assets</b>			
Cash and balances with the Bank of Tanzania	20	27,380,493	20,692,065
Balances due from other banks	21	14,003,758	19,388,108
Government securities at amortized cost	22	62,938,400	62,049,681
Net Loans and advances to customers	23	133,317,973	132,406,004
Corporate tax recoverable	28	-	288,005
Property and equipment	25	1,905,744	2,326,927
Right of use asset	36(i)	5,689,831	6,058,029
Intangible assets	26	2,791,171	3,027,713
Deferred tax asset	30	7,507,868	7,507,868
Equity investments at FVOCI	24	3,204,664	3,042,273
Other assets	27	2,104,297	2,349,636
<b>Total assets</b>		<b>260,844,199</b>	<b>259,136,309</b>
<b>Liabilities</b>			
Due to other banks	29.a	39,826,968	36,419,080
Deposits from customers	29.b	150,526,851	152,039,156
Corporate tax payable	28	34,127	-
Borrowings	31	29,260,167	32,738,415
Other liabilities	32	3,872,138	3,096,390
Lease liabilities	36(ii)	3,737,048	3,874,347
<b>Total liabilities</b>		<b>227,257,299</b>	<b>228,167,388</b>
<b>Equity</b>			
Share capital	33	46,874,858	39,757,915
Share premium		4,183,291	4,183,291
Share discount		(13,150,800)	(9,148,376)
Accumulated losses		(8,475,526)	(5,064,843)
Regulatory banking risk reserve		2,831,894	80,143
Fair valuation reserve		1,323,183	1,160,791
<b>Total equity</b>		<b>33,586,900</b>	<b>30,968,921</b>
<b>Total liabilities and equity</b>		<b>260,844,199</b>	<b>259,136,309</b>

The financial statements on pages 129 to 211 were approved and authorized for issue by the Board of Directors on 31/03/2026 and were signed by:



Ms. Zawadia J. Nanyaro  
Chairperson



Prof. (Emer) Tadeo Satta  
Board Member

The notes on pages 132 to 209 are an integral part of these financial statements.  
The auditor's report is on pages 122 to 126.

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025	Note	Share capital	Share premium	Share discount	Accumulated losses	*Regulatory reserve	Fair valuation reserve	Total equity
		TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
At 1 January 2025		39,757,915	4,183,291	(9,148,376)	(5,064,843)	80,143	1,160,791	30,968,921
<i>Transactions with owners of the Bank</i>								
Additional share capital – Paid up capital		7,147,190	-	(4,002,424)	-	-	-	3,144,766
Shares rights issue expenses		(30,247)	-	-	-	-	-	(30,247)
<i>Total comprehensive income</i>								
Loss for the year		-	-	-	(634,675)	-	-	(634,675)
Fair value gain on FVOCI equity instrument		-	-	-	-	-	162,392	162,392
Other equity adjustments*		-	-	-	(24,257)	-	-	(24,257)
<b>Total</b>		<b>46,874,858</b>	<b>4,183,291</b>	<b>(13,150,800)</b>	<b>(5,723,775)</b>	<b>80,143</b>	<b>1,323,183</b>	<b>33,586,900</b>
Transfer to/(from)regulatory risk reserve**		-	-	-	(2,751,751)	2,751,751	-	-
<b>At 31 December 2025</b>		<b>46,874,858</b>	<b>4,183,291</b>	<b>(13,150,800)</b>	<b>(8,475,526)</b>	<b>2,831,894</b>	<b>1,323,183</b>	<b>33,586,900</b>

\*This relates to trivial prior year difference in equity which Directors have corrected in the current year to align the financial statements with the trial balance in the accounting system.

\*\*Regulatory Banking Risk Reserve represents an amount set aside to cover additional provision for loan losses required to comply with the requirements of the bank of Tanzania prudential guidelines. The Bank of Tanzania impairment guidelines are based on a matrix which is different from the IFRS 9 ECL requirements. When the Bank of Tanzania matrix results to impairment which is higher than the ECL results, banks in Tanzania are required to transfer the difference from retained earnings to reflect what would be the potentially distributable reserves amount had the bank accounted for the additional impairment in the performance for the year.

The notes on pages 132 to 209 are an integral part of these financial statements. The auditor's report is on pages 122 to 126.

## STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2024	Note	Share capital	Share premium	Share discount	Accumulated losses	*Regulatory reserve	Fair valuation reserve	Total equity
		TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
At 1 January 2024		24,061,904	4,183,291	-	(4,145,700)	130,043	478,940	24,708,478
<i>Transactions with owners of the Bank</i>								
Additional share capital		16,336,393	-	(9,148,376)	-	-	-	7,188,017
Shares rights issue expenses		(640,382)	-	-	-	-	-	(640,382)
<i>Total comprehensive income</i>								
Loss for the year		-	-	-	(969,043)	-	-	(969,043)
Fair value gain on FVOCI equity instrument		-	-	-	-	-	974,073	974,073
Deferred tax on fair value gain		-	-	-	-	-	(292,222)	(292,222)
<b>Total</b>		<b>39,757,915</b>	<b>4,183,291</b>	<b>(9,148,376)</b>	<b>(5,114,743)</b>	<b>130,043</b>	<b>1,160,791</b>	<b>30,968,921</b>
Transfer to/(from)regulatory risk reserve*		-	-	-	49,900	(49,900)	-	-
<b>At 31 December 2024</b>		<b>39,757,915</b>	<b>4,183,291</b>	<b>(9,148,376)</b>	<b>(5,064,843)</b>	<b>80,143</b>	<b>1,160,791</b>	<b>30,968,921</b>

\*Regulatory Banking Risk Reserve represents an amount set aside to cover additional provision for loan losses required to comply with the requirements of the Bank of Tanzania prudential guidelines. The Bank of Tanzania impairment guidelines are based on a matrix which is different from the IFRS 9 ECL requirements. When the Bank of Tanzania matrix results to impairment which is higher than the ECL results, Banks in Tanzania are required to transfer the difference from retained earnings to reflect what would be the potentially distributable reserves amount had the Bank accounted for the additional impairment in the performance for the year.

The notes on pages 132 to 209 are an integral part of these financial statements. The auditor's report is on pages 122 to 126.

## STATEMENT OF CASH FLOWS

		2025	2024
	Notes	TZS'000	TZS'000
<b>Cash flows from operating activities</b>			
Loss before tax		(346,670)	(1,715,308)
Adjusted for:			
Depreciation and amortization	15	2,647,706	2,998,046
Interest expense	9	19,527,406	19,234,099
Interest income	8	(34,871,887)	(32,277,746)
Alternative minimum tax		301,240	-
Gain on disposal of property and equipment	25	-	(133,500)
Foreign exchange gain		(11,091)	(86,415)
Impairment loss on financial instruments	23	1,586,426	2,105,127
Fixed assets adjustments		30,250	34,025
Net impact of lease modifications		(256,083)	53,908
Intangible assets write off	26	1,595	11,015
Non-cash equity adjustments		(24,257)	-
		(11,415,365)	(9,776,749)
<b>Changes in operating assets and liabilities:</b>			
Change in statutory minimum reserve		159,219	(275,944)
Change in loans and advances to customers		24,636,558	12,063,056
Change in other assets		285,457	(592,457)
Change in deposits from banks		3,380,622	(11,011,431)
Change in deposits from customers		(1,320,927)	10,735,091
Change in other liabilities		775,748	233,437
Change in government securities		(1,040,566)	(4,958,202)
Cash generated from/(used) in operations		15,460,746	(3,583,199)
Tax (paid)/received	28	(267,113)	686,995
Interest received		7,896,179	7,436,923
<b>Net cash generated from operating activities</b>		<b>23,089,812</b>	<b>4,540,719</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	25	(466,470)	(361,050)
Purchases of intangible assets	26	(482,415)	(336,400)
Proceeds from sale of property and equipment	25	-	133,500
Additional equity investment	24	-	(28,000)
Net cash used in investing activities		(948,885)	(591,950)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	31	5,000,000	25,000,000
Principal lease payments	36(ii)	(691,506)	(931,762)
Interest paid		(20,351,990)	(17,752,720)
Principal repayments of borrowings	31	(7,729,914)	(3,883,675)
Proceeds from issue of shares		3,144,766	7,188,017
Cash paid for rights issue expenses		(30,247)	(640,382)
<b>Net cash (used in)/generated from financing activities</b>		<b>(20,658,891)</b>	<b>8,979,478</b>
Net increase in cash and cash equivalents		1,482,036	12,928,247
Cash and cash equivalents at the beginning of the year		31,149,108	18,193,085
Effect of exchange rate movement on cash and cash equivalents		(18,739)	27,776
<b>Cash and cash equivalents at the end of the year</b>	<b>35</b>	<b>32,612,405</b>	<b>31,149,108</b>

The notes on pages 132 to 209 are an integral part of these financial statements.  
The auditor's report is on pages 122 to 126.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

## 1. GENERAL INFORMATION

DCB Commercial Bank Plc (“the bank” or “the Company”) is a Public Limited Company and is incorporated and domiciled in the United Republic of Tanzania. The bank is listed on the Dar es Salaam Stock Exchange (DSE). The address of its registered office and principal place of business are disclosed in the corporate information on page 1 of this report.

The principal activities of the bank are taking deposits on demand, providing short-term, medium-term and long-term credit facilities, and other banking services allowed under Banking and Financial Institutions Act, of 2006. The registered address for the bank is, DCB House, Plot No. 182 Block R, Magomeni Mwembechai, P.O Box 19798, Dar es Salaam.

## 2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The bank’s financial statements have been prepared in accordance with and comply with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act, 2002; the banking and Financial Institutions Act, 2006 and National Board of Accountants and Auditors Technical Pronouncements.

The financial statements comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the notes to the financial statements including material accounting policies. The measurement applied in the preparation of these financial statements is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzania Shillings (TZS). All numbers have been rounded to the nearest thousands except when otherwise indicated.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the bank’s accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the bank’s financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### i) New standards, amendments and interpretations effective and adopted during the year

During the current year, the bank has adopted all the IFRS Accounting Standards that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2025. The adoption of these new and revised standards and interpretations has not resulted in material changes to the bank’s accounting policies. The bank adopted the following standards, interpretations and amended standards during the year:

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

#### i) New standards, amendments and interpretations effective and adopted during the year (Continued)

Effective date	New accounting standards or amendments	
1 January 2025	Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	(1)

#### ii) Forthcoming requirements

This table lists the recent changes to the Accounting Standards that are not yet effective as at 31 December 2025 and that are available for early adoption in annual periods beginning on 1 January 2025; however, the bank has not early adopted the new and amended standards in preparing these financial statements.

Effective date	Standard
1 January 2026	<ol style="list-style-type: none"> <li>1. Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.</li> <li>2. Annual Improvements to IFRS Accounting Standards – Amendments to: <ul style="list-style-type: none"> <li>• IFRS 1 First-time Adoption of International Financial Reporting Standards;</li> <li>• IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;</li> <li>• IFRS 9 Financial Instruments;</li> <li>• IFRS 10 Consolidated Financial Statements; and</li> <li>• IAS 7 Statement of Cash flows</li> </ul> </li> <li>3. Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7.</li> </ol>
1 January 2027	<ol style="list-style-type: none"> <li>2. IFRS 18 Presentation and Disclosure in Financial Statements</li> <li>3. IFRS 19 Subsidiaries without Public Accountability: Disclosures</li> <li>4. IFRS for SMES third edition*</li> <li>5. IAS 21 The Effects of Changes in Foreign Exchange Rates*</li> </ol>
To be determined	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures**

\* The effective date is for the updated sections only.

\*\* The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

The above changes will be implemented based on their effective dates. The bank is still assessing the impact of adoption of IFRS 18 will have on the financial statements. Apart from this, the bank does not expect the other standards to materially impact the financial statements or other information presented in the annual report.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below.

#### (a) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements of the bank are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), rounded to the nearest thousands, which is the bank's functional currency.

##### (ii) Transactions and balances

Transactions in foreign currencies during the year are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated with the closing rate as at the end of the reporting period. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

#### (b) Interest income and expense

Interest income and expense are recognised in profit or loss for all interest bearing financial instruments measured at amortised cost using the effective interest method, in the period in which it is earned or charged. The effective interest method is a method of allocating the interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income on financial assets that are credit-impaired (Stage 3) is recognized using the net carrying amount, i.e., the gross carrying amount less the allowance for expected credit losses. For Stage 1 and Stage 2 financial assets, interest income is recognized on the gross carrying amount.

Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income or expense presented in the statement of profit or loss include; interest on financial assets and financial liabilities measured at amortised cost calculated on effective interest basis. Interest income on non-performing loans (net of provisions) are recognised using effective interest rates and provided.

#### (c) Fees and commission income and expense

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating, and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the bank to originate loans at market interest rates are integral to the effective interest rate if it is probable that the bank will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The bank does not designate loan commitments as financial liabilities at fair value through profit or loss.

Fees and commission are generally recognized on an accrual basis when the service has been provided. Commitment fees for loans that are likely to be drawn down are deferred and recognized as an adjustment to the effective interest rate on the loan. Commissions and fees arising from various services offered by the bank are recognized as point in time revenue upon completion of underlying transaction on which the bank will have satisfied the performance obligation.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (d) Financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments. Regular way purchases and sales of financial assets are recognised on trade – date on which the bank commits to purchase or sell the asset. The bank initially recognizes Loans and advances, deposits from customers and banks on the date they are originated. At initial recognition, the bank measure a financial asset or financial liability at its fair value plus or minus in the case of a financial asset or financial liability not a fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debts instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- (i) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (ii) In all other cases, the difference is deferred, and the timing or recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

#### Financial assets

##### (i) Classification and subsequent measurement

The bank classifies its financial assets in accordance to IFRS 9 and in the following measurement categories:

- Fair Value through other comprehensive income (FVOCI); or
- Amortised cost.

Classification and subsequent measurement of debt instruments depend on:

- (i) The bank's business model for managing the asset; and
- (ii) The cash flow characteristics of the asset.

Based on these factors, the bank classifies its debt instruments into one of the following three categories:

- Amortised cost: Assets that are held for collection for contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 6. Interest income from these financial assets is included in 'Interest and similar income' using effective interest rate method. Loans and advances to customers, financial assets held to collect cashflows (such as government securities), cash and balances with BOT, placement with other banks and other assets fall under this classification.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principals and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (d) Financial assets and financial liabilities (continued)

##### Financial assets (continued)

##### (i) Classification and subsequent measurement (continued)

Business model: the business model reflects how the bank manages the assets in order to generate cash flows. That is, whether the bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of the assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model. The assessment includes use of past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Another example is the liquidity portfolio of assets, which is held by the bank as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purposes of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of Short-term profit taking. These securities are classified in the 'other' business model and measured at FVOCI.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the bank assesses whether the financial instruments' cash flows represent solely payments or principals and interest ("the SPPI test"). In making this assessment, the bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposures to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principals and interest.

The bank reclassifies debts investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

##### (ii) Impairment

The bank assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

- The time value of money; and
- Reasonable and supportable information that is available without undue cost or efforts at the reporting date about past events, current conditions and forecast of future economic conditions.

Refer to notes 5(a) and 6.1 for more details.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (d) Financial assets and financial liabilities (continued)

##### Financial assets (continued)

##### (iii) Modification of loans

The bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the bank assesses whether the new terms are substantially different to the original terms. The bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantially new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant changes in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affects the credit risk associated with the loan.

If the terms are substantially different, the bank derecognises the original financial asset and recognises a 'new' asset at fair value less transaction costs and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of the initial recognition for impairment calculation purposes, including for the purposes of determining whether a significant increase in credit risk has occurred. However, the bank also assessed whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as gains or loss on derecognition. If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). When the contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes history of up to date payment performance against the modified contractual terms. The probation period applied by the bank is subsequent performance for four consecutive instalments.

##### (iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the bank transfers substantially all the risks and rewards of ownership, or (ii) the bank neither transfers nor retains substantially all the risks and rewards of ownership and the bank has not retained control.

The bank enters transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

These transactions are accounted for as 'pass through' transfers that result in derecognition if the bank:

- i) Has no obligation to make payments unless it collects equivalent amounts from the assets.
- ii) Is prohibited from selling or pledging the assets; and
- iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the bank retains a subordinated residual interest.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (d) Financial assets and financial liabilities (continued)

Financial assets (continued)

(iv) Derecognition other than on a modification (continued)

#### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Example of equity instruments include basic ordinary shares.

The bank subsequently measures all equity investments at fair value through profit or loss, except where the bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive Income. The bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. The bank has unquoted equity instruments which it has designated as FVOCI. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the bank's right to receive payments is established.

#### Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to Changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the bank recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.
- Lease liabilities: Financial obligations to make payments arising from a lease, measured on a discounted basis. Lease liability is calculated using the present value of the lease payments over the lease term discounted, typically, using the lessee's incremental borrowing rate.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (d) Financial assets and financial liabilities (continued)

Financial liabilities (continued)

##### (ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

#### Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debts instrument. Such financial guarantees are given to banks, financial institutions, and others on behalf of customers to secure loans, overdraft and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the bank are measured as the amount of the loss allowance. The bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance has been assessed and concluded to be immaterial year on year (both cumulative and potential charge to profit and loss statement).

However, for contracts that include both a loan and an undrawn commitment and the bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as provision.

#### (e) Income tax

Income tax expense is the aggregate of the charge to the statement of profit or loss comprehensive income in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Tanzanian Income Tax Act.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is tax not accounted for.

Deferred income tax is determined using rates and laws that have been enacted or substantively enacted at the end of reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Value added tax: The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of other assets or other liabilities in the statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (f) Provisions

Provisions are recognized when the bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

#### (g) Property and equipment

Property and equipment are stated at cost, less accumulated depreciation, and any accumulated impairment in value. Depreciation is calculated on the straight-line basis at annual rates estimated to write down the carrying values of the assets to their residual value over their expected useful lives. The annual rates in use are:

	Year 2025	Year 2024
Office machinery and equipment	20.0%	20.0%
Furniture, fixtures, and fittings	20.0%	20.0%
Computers and IT equipment	25.0%	25.0%
Generator	12.5.0%	12.5.0%
Motor vehicles	25.0%	25.0%
Leasehold improvements	10.0%	10.0%

The assets residual values and useful lives are reviewed and adjusted, if appropriate, at the end of the reporting period. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

#### (h) Leases-Lease liability and right of use Assets

The bank leases office space in various parts of the region. Rental contracts are typically made for fixed periods of 5 to 10 years but may have extension options. Lease terms are negotiated on an individual basis, but lease agreements do not impose any covenants, and leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the bank is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the bank. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities are initially measured at amortised cost. For measurement of the lease liabilities, the lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the bank:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the bank, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (h) Leases-Lease liability and right of use Assets

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- any lease payment made at or before the commencement date less any lease incentive received.
- any initial direct costs and or restoration costs.

Subsequent to initial recognition, right of use assets are recognised at cost less accumulated depreciation and accumulated impairment and adjusted for any remeasurement of lease liability.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Extension and termination options are included in several property leases contracts. These terms are used to maximize operational flexibility in terms of managing contracts.

#### (i) Intangible assets

Acquired computer software licenses are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets are amortized over the useful economic life of 10 years.

#### (j) Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprises cash on hand, deposits held at call with other banks and investments in money market instruments with maturity periods of three months. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and all cash equivalent items original maturing within 90 days from the date of acquisition including non-restricted balances with the bank of Tanzania, amounts due from other banks and short-term investment securities. Cash and cash equivalents exclude the restricted portion (80%) of cash reserve requirement held with the bank of Tanzania. Interest income and expense other than from borrowings is considered as cash from operating activities. Interest expense on borrowings is treated cash from financing activities.

#### (k) Employees' benefits

Short-term employment benefits such as salaries, social security contributions, and leave fare assistance are recognized in profit or loss when they fall due.

##### (i) Post retirement benefits

The bank operates a defined contribution plan whereby each of its employees and the bank contribute 5% and 15% respectively, of the employees' monthly salaries to the Managed Statutory Fund, namely the Public Service Social Security Fund (PSSSF). The bank has no further commitments or obligations to the Funds, and it has no other post-retirement benefit scheme. The contributions are charged to profit or loss in the year to which they relate.

##### (ii) Other employee benefits

The bank provides free medical treatment to staff and their eligible dependents. The cost is charged to profit or loss. The estimated monetary liability for employees' accrued leave entitlement at the statement of financial position date is recognized as an expense accrual within other liabilities.

#### (l) Share capital

The bank has only one class of ordinary shares which is classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Any discount on shares issued is recognized as "shares discount" within the statement of changes in equity.

#### Dividends on shares

Dividend payable is recognized as liability in the period in which it is declared. Proposed dividends are disclosed as a separate component of equity. Before recommending any dividend, the Board of Directors may set aside out of the profits of the bank, such sums as they think proper, to a reserve fund or reserve account, which shall at the discretion of the Board, be applicable for any purpose for which the profits of the bank may lawfully be applied. Whenever dividend is declared, the amount shall not exceed 50% of the annual profit after tax.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (m) Statutory credit risk reserve

The statutory credit risk reserve includes the amount by which the Central bank of Tanzania requires in addition to the IFRS impairment provision. Changes in this reserve are accounted for as transfers to and from retained earnings as appropriate.

#### (n) Fair valuation reserve

The fair valuation reserve includes the fair value gains (losses) on financial instruments held at FVOCI net of deferred tax asset (liability) on the same.

#### (o) Earnings per share

The bank presents basic and diluted earnings per share (EPS) in the financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the bank by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares.

#### (p) Segment reporting

The bank has the following operating segments: Business Banking, Personal Banking, Microfinance, Treasury and Other. Following the management approach to IFRS 8, operating segments are reported in a manner consistent with the internal reporting to the bank's management team, which is responsible for allocating resources to the reportable segments and assessing their performances. All operating segments used by the bank meet the definition of a reportable segment under IFRS 8.

#### (q) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where deemed appropriate, classification for the comparative numbers has been adjusted to align with current year's presentation. No material adjustments were made during the year.

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the bank's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

#### a) Measurement of the expected credit loss allowance

The bank measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses). The bank uses several significant judgements in applying the accounting requirements for measuring ECL, such as:

- Quantitative criteria i.e. use of days past due and qualitative criteria such as extension to the terms granted, significant adverse changes in business, financial and/or economic conditions in which the borrower operates used in determining criteria for Significant Increase in Credit Risk (SICR) and default which guides classification of loans and advances to customers into stages 1, 2 or 3;

- Choice of appropriate models and assumptions for the determination of probabilities of default (PD), exposures at default (EAD) and loss given default (LGD) and ultimately measurement of Expected Credit Losses ("ECL");
- Establishing the various macroeconomic variables as well as weightings applied to the forward-looking scenarios for each type of product/market and the associated impact on ECL;
- Estimation of collateral realisation period for the purpose of estimating cashflows for secured facilities which are used in the determination of loss given default; and

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Refer to note 6.1.3 for more details.

#### b) Taxes

The bank is subjected to several taxes and levies by various government and quasi- government regulatory bodies. As a rule of thumb, the bank recognizes liabilities for the anticipated tax /levies payable with utmost care and diligence.

However, significant judgment is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined. The recognition of deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profit, future reversals of existing taxable temporary differences and ongoing tax planning and strategies. The deferred tax recognized in the bank's statement of financial position as of 31 December 2025 was TZS 7.5 billion (2024: TZS 7.5 billion). The judgment takes into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income and future reversals of existing taxable temporary differences.

#### b) Taxes (Continued)

Additional information about the Company's plans to generate sufficient taxable profits to utilize the deferred income tax asset is disclosed on Note 30 of the financial statements.

### 6. FINANCIAL RISK MANAGEMENT

The bank's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the bank's risk management are to identify all key risks for the bank, measure these risks, manage the risk positions and determine capital allocations. The bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The bank's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the bank's financial performance. The bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The bank's risk management policies are established to identify and analyses the risks faced by the bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Board of Directors has overall responsibility for the establishment and oversight of the bank's risk management framework. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign-exchange risk, interest-rate risk, credit risk, and liquidity risk. Risk management is carried out by the Risk and Compliance Department under policies approved by the Board of Directors. The risk and compliance department evaluate financial risk in close co-operation with the operating units.

#### 6.1 Credit risk

The bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the bank by failing to discharge an obligation. Credit risk is the most important risk for the bank's business. Management, therefore, carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the bank's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The credit risk management and control are centralized in the credit risk management team of the bank and reported to the Board of Directors and heads of department regularly.

#### Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The bank uses general approach in measuring credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) by taking into consideration 12-month credit loss unless significant increase in credit risk occurs then lifetime credit loss is measured. This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

Risk portfolios for loans and advances to customers

The segmentation into risk portfolios is based on bank's segments at industry and product levels. For impairment assessment, the bank's total exposures are segmented along product lines. The bank is of the opinion that these segmentations share similar credit risk characteristics and can be monitored collectively for credit risk. These classes differ slightly from the IFRS 8 segments because those are based on in addition to risk of the portfolios rates of returns based on products and services offered.

- Corporate and SME Loans
- Housing and Mortgage loans
- Salaried loans
- Microfinance (SGL) loans

##### 6.1.1 Credit risk measurement

The bank uses internal credit risk grading that reflects its assessment of the probability of default of individual counterparties. The bank use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data applied in forward looking scenarios. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

Each risk portfolio is further divided into risk groups based on:

- Days Past Due (DPD) intervals (applicable only for non-defaulted exposures and defaulted exposures),
- Internal client rating.

On the default identification approach, days past due (DPD) are examined at the transaction for retail portfolio and at the client level for corporate where the following conditions are considered:

- DPD at the transaction level is counted from the date, on which any part of the exposure becomes due, regardless of the amount of due exposure.
- DPD at the client level is the maximum DPD out of all exposures to the client.

The bank segment of Risk Groups (RGs) by categories in the ECL model is as shown below:

	Salaried, Corporate and SME, Housing and Mortgage loans	Microfinance (SGL)
Risk Group	Number of days past due	Number of days past due
Risk Group 1 (RG1)	Not due	Not due
Risk Group 2 (RG2)	1-30 days	1-5 days
Risk Group 3 (RG3)	31 - 60 days	6-15 days
Risk Group 4 (RG4)	61-90 days	16 - 30 days
Default Risk Group (RG5)	Above 90 days	Above 30 days

Exposure at Default for term loans is estimated as contractual rundown on the loans. For the off-balance sheet items, the exposure at default is estimated by determining a credit conversion factor (CCF).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.1 Credit risk measurement (continued)

For regulatory purposes and for internal monitoring of the quality of the loan portfolio, all the customers are segmented into five rating classes as shown below:

Bank's rating	Risk Group	Description of the grade
1	RG1	Current
2	RG2	Current
3	RG3	Especially mentioned
4	RG4	Especially mentioned
5	RG5	Sub-standard, Doubtful and Loss

#### Treasury products

For debt securities in the treasury portfolio, balances with central bank, balances due from other banks and other assets, external credit rating agency's grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realized default rates over the prior 12 months, as published by the rating agency.

##### 6.1.2 Risk limit control and mitigation policies

The bank manages limits and controls concentrations of credit risk wherever they are identified. The bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to group of borrowers.

The Board has delegated responsibility for the management of credit risk to the Board Audit and Risk Compliance Committee responsible for overseeing of the bank's credit risk including:

- Formulating credit policies, covering collateral requirements, credit assessment, risk grading, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure of the approval and renewal of the credit facilities. Authorization limits are allocated to various officers at different levels. Larger facilities require approval by Board of Directors.
- Reviewing and assessing credit risk. Credit department assesses all credit exposures prior to facilities being committed to customers concerned. Renewals and reviews of facilities are subject to the same review process.
- Reviewing compliance of business units with agreed exposure limits. Regular reports are provided to Board through Board Audit and Compliance Committee in respect of the quality of loan portfolio; and
- Providing advice, guidance and specialist skills to business units to promote best practice in the management of credit risk.

Regular audits of credit department processes are undertaken by internal audit department. The internal rating scale assists Directors to determine whether there is significant increase in credit risk, based on the following criteria set out by the bank:

- Delinquency in contractual payments of principal or interest.
- Cash flow difficulties experienced by the borrower.
- Breach of loan covenants or conditions; and
- Deterioration in the value of collateral.

The bank's policy requires the review of individual financial assets regularly and monitoring is on weekly basis for SGL product and other portfolio on monthly basis. Microfinances have cash covers of not less than 30% before loan initial recognition, most salaried loan are unsecured, and rest of the segments are secured by;

- Mortgages over properties
- Charges over business assets such as inventory and accounts receivable
- Charges over financial instruments such as debt securities and equities and
- Cash Covers

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.2 Risk limit control and mitigation policies (continued)

###### Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit - which are written undertakings by the bank on behalf of a customer authorizing a third party to draw drafts on the bank up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate.

Undrawn commitments represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on undrawn commitments, the bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most undrawn commitments are contingent upon customers maintaining specific credit standards. The bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

##### 6.1.3 Expected credit loss measurement.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. Refer to note 6.1.3.1 for a description of how the bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 6.1.3.2 for a description of how the bank defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 6.1.3.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 6.1.3.4 includes an explanation of how the bank has incorporated this in its ECL models.

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition; their ECL is always measured on a lifetime basis (Stage 3).

Further explanation is also provided of how the bank determines appropriate groupings when ECL is measured on a collective basis (refer to note 6.1.3.5).

The following diagram summarizes the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition		
Stage 1	Stage 2	Stage 3
Initial recognition	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

##### 6.1.3.1: Significant increase in credit risk (SICR)

The bank decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, the bank uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. This forms the basis of stage 1, 2 and 3 classification and subsequent migration.

The bank applies qualitative and quantitative criteria for stage classification and for its forward and backward migration.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.3 Expected credit loss measurement (Continued)

##### 6.1.3.1: Significant increase in credit risk (SICR) (continued)

##### Quantitative factors:

The bank monitors the performance based on aging and therefore uses days past due criteria in line with the bank on Tanzania. The table below shows the stages assigned to various risk groups depending on the number of days past due which is a measure of the significant increase in credit risk: The bank also uses 30 days' rebuttable presumption that credit risk has increased significantly when repayment is on monthly basis and 5 days when repayment is on weekly basis.

Risk Group	Salaried, Corporate and SME, Housing and Mortgage loans	Microfinance (SGL)	Staging based on IFRS 9
	Number of days past due	Number of days past due	
Risk Group 1 (RG1)	Not due	Not due	Stage 1
Risk Group 2 (RG2)	1-30 days	1-5 days	Stage 1
Risk Group 3 (RG3)	31 - 60 days	6-15 days	Stage 2
Risk Group 4 (RG4)	61-90 days	16 - 30 days	Stage 2
Default Risk Group (RG5)	Above 90 days	Above 30 days	Stage 3

##### Qualitative factors

There are other factors that are considered by the bank policies in the determination of significant increase in credit risk. They include but not limited to the following:

Significant changes in the terms of the same instrument if it were issued at the reporting date that indicate a change in credit risk since initial recognition, e.g., increase in credit spread; more stringent covenants; increased amounts of collateral or guarantees; or higher income coverage.

Significant changes in external market indicators of credit risk for the same financial instrument (or similar instrument of the borrower), E.g., credit spread; credit default swap prices; length of time or the extent to which the fair value of a financial asset has been less than its amortized cost; other market information related to the borrower, such as changes in the price of a borrower's debt and equity instruments; or external credit rating (actual or expected).

Changes in the bank's credit management approach in relation to the financial instrument (e.g., based on emerging indicators of changes in the credit risk of the financial instrument, the bank's credit risk management practice is expected to become more active or focused on managing the instrument, including the instrument becoming more closely monitored or controlled, or the bank specifically intervening with the borrower).

Actual or expected adverse changes in business, financial or economic conditions significantly affecting borrower's ability to meet its debt obligations (e.g. increase in interest rates or unemployment rates); operating results of the borrower e.g. declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality, increased balance sheet leverage, liquidity, management problems or changes in the scope of business or organizational structure (such as the discontinuance of a segment of the business) that results in a significant change in the borrower's ability to meet its debt obligations; or regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations (e.g. a decline in the demand for the borrower's sales product because of a shift in technology).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.3 Expected credit loss measurement (Continued)

##### 6.1.3.1: Significant increase in credit risk (SICR) (continued)

###### Qualitative factors (continued)

Significant changes in the value of collateral or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to pay or otherwise effect the probability of default (e.g. if the value of collateral declines because house prices decline, borrowers in some jurisdictions have a greater incentive to default on their mortgages); or quality of a guarantee provided by a shareholder (or an individual's parents) if the shareholder (or parents) have an incentive and financial ability to prevent default by capital or cash infusion.

Expected changes in the loan documentation (e.g., breach of contract leading to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees).

Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group (e.g., increase in delayed contractual payments or number of credit card borrowers expected to approach or exceed their credit limit or who are expected to be paying the minimum monthly amount).

##### 6.1.3.2: Definition of default and credit impaired assets

The bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

###### Quantitative

The bank considers a term loan to be in default if the repayments on the loan are more than 90 days past due for all Corporate Loans, Housing and Mortgage, Salaried loans and SME Loans. Term loans under the SGL are in default if the repayments on the loans are more than 30 days past due. See the table in section 6.1.3.1 above.

###### Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates he is in significant financial difficulty. These are instances where the borrower is in long-term forbearance, deceased, insolvent, in breach of financial covenant(s), an active market for that financial asset has disappeared because of financial difficulties, Concessions have been made by the lender relating to the borrower's financial difficulty, or it is becoming probable that the borrower will enter bankruptcy.

##### 6.1.3.3: Measuring ECL — Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.3 Expected credit loss measurement (Continued)

##### 6.1.3.3: Measuring ECL — Explanation of inputs, assumptions and estimation techniques (continued)

- Loss Given Default (LGD) represents the bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.
- The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

##### 6.1.3.4: Forward-looking information incorporated in the ECL models

The calculation of ECL incorporate forward-looking information. The bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. In the expected credit losses models, the bank relies on a broad range of forward-looking information as economic factors, which includes the following key parameters:

- Interest rate (5%)
- Gross domestic product GDP growth rate (2%).
- Real effective exchange rate (4%), and
- Inflation (4%)

The bank tested correction between macroeconomic variables and Historical data per segments, the highest correction selected and applied to a specific segment to forecast the future probability of default, recovery rate and cure rate. The Historical and forecasted economic variables have been adopted from among of the big three credit rating agencies in the world with the most recent forecast made in 2025.

#### Sensitivity Analysis

The bank has sensitized the assumptions affecting the ECL allowance based on weightings and macro-economic variables applied.

Weightings assigned to each economic scenario into Base line (80%), Best Case (10%) and worst case (10%), by taking Base line (50%), Best Case (25%) and worst case (25%) the bank ECL would change as indicated below:

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.0.3 Expected credit loss measurement (continued)

##### 6.1.3.4: Forward-looking information incorporated in the ECL models (continued) Sensitivity Analysis (continued)

Year ended 31 December 2025 '000)			
Segment	Base line (80%), Best Case (10%) and worst case (10%)	Base line (50%), Best Case (25%) and worst case (25%)	Impact of changing weightings
	Actual weights used	Sensitivity analysis	
Corporate and SME	257,680	258,355	(675)
Housing and Mortgage loans	50,129	50,136	(7)
Microfinance (SGL)	628,622	628,852	(230)
Salaried loans	2,485,450	2,490,593	(5,143)
<b>Total</b>	<b>3,421,881</b>	<b>3,427,936</b>	<b>(6,055)</b>
Year ended 31 December 2024			
Corporate and SME	208,471	199,948	8,523
Housing and Mortgage loans	15,195	15,223	(28)
Microfinance (SGL)	262,743	272,534	(9,791)
Salaried loans	2,352,328	2,346,812	5,516
<b>Total</b>	<b>2,838,737</b>	<b>2,834,517</b>	<b>4,220</b>

The bank tested correlation between macroeconomic variables and historical data per segments, the highest correlation selected and applied to a specific segment to forecast the future probability of default, recovery rate and cure rate. The following table indicates the impact of increasing each macroeconomic variable selected per segment by 5% per annual.

Segment	ECL at 31 December 2025	ECL after increase of 5% for each highest correlated variable per segment	Impact of Changing each Macro-economic variable by 5% pa
Corporate and SME	257,680	257,703	(23)
Housing and Mortgage loans	50,129	50,129	-
Microfinance (SGL)	628,622	628,630	(8)
Salaried loans	2,485,450	2,485,623	(173)
<b>Total</b>	<b>3,421,881</b>	<b>3,422,085</b>	<b>(204)</b>

Segment	ECL at 31 December 2024	ECL after increase of 5% for each highest correlated variable per segment	Impact of Changing each Macro-economic variable by 5% pa
Corporate and SME	208,471	199,834	8,637
Housing and Mortgage loans	15,195	14,858	337
Microfinance (SGL)	262,743	270,679	(7,936)
Salaried loans	2,352,328	2,292,983	59,345
<b>Total</b>	<b>2,838,737</b>	<b>2,778,354</b>	<b>60,383</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.3 Expected credit loss measurement (continued)

##### 6.1.3.5 Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. According to IFRS, the bank shall group its financial assets into homogenous groups with similar credit risk characteristics for the purpose of credit risk parameters calculation. In the Methodology the process of grouping the portfolio is further referred to as portfolio segmentation.

For the purpose of practical implementation, it is assumed that exposures with similar risk profile are allocated to the same risk portfolio, and further to the same risk group within the portfolio. A single risk group within is assumed to be the homogenous group of assets according to the IFRS definition.

The segmentation criteria used by the bank are primarily based on expert judgment and experience of the bank's employees, supported by statistical verification of historical data where necessary. The general segmentation criteria are presented below:

- **Corporates and SME Loans-** The corporate loans include all overdraft, and all commercial loans granted for duration not exceeding three years for working capital purposes as revolving line of credit, expansion or modernization of the plant and facilities. Except overdraft, Corporate loans& SME loans duration is to a maximum of three years, the corporate commercial loans are for working capital and investment. Both overdraft and corporate commercial loans are secured by legal mortgage or against own fund. These Loans have monthly, quarterly, or semiannual repayment of both principal and interest unlike overdraft where repayment depends on account operations.
- **Housing and Mortgage loans -** The loans are granted for the purpose of house purchase, renovation, and construction. The house finance by the bank is pledged as security. Loans tenure up to 5 years for housing microfinance and 15 years for mortgage with monthly instalment of principal and interest. All housing microfinance is for residential purposes and mortgage for both commercial and residential purposes.
- **Salaried Loans -** This Credit scheme intends to cater for salaried employees' financial needs and in particular to assist salaried employees to gain financial home needs for both public and private sectors employees. A Collective Guarantee Agreement between the bank and the employer shall act as a security for the loan, for loans above TZS 50 million the borrower should pledge security. Employers deduct loans instalment on monthly basis from employees monthly earning. This loan has maximum of 7 years' tenures. The maximum loans amount for is TZS 500Million for secured and TZS 50 million for unsecured facility.
- **Microfinance (SGL)-** These loans granted to self-employed households and youth, small amount which security is based on group guarantee with weekly regular re-payments and deposits. Loan amounts range from TZS 350,000 to TZS 5,000,000 with loan tenure to maximum of 1 year (12 months). Weekly cash deposit and Group guarantee are the main collateral for this product.

##### 6.1.4 Credit risk exposure

##### 6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.4 Credit risk exposure (continued)

##### 6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

#### (a) The bank exposure -All segments

2025	ECL Staging			Total
	Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	
Credit grade (Risk Group)				
RG 1	93,688,122	-	-	93,688,122
RG 2	16,802,241	-	-	16,802,241
RG 3	-	12,512,259	-	12,512,259
RG 4	-	5,013,604	-	5,013,604
RG Default	-	-	8,723,628	8,723,628
Gross Carrying amount	110,490,363	17,525,863	8,723,628	136,739,854
Loss allowance	(486,015)	(523,192)	(2,412,674)	(3,421,881)
Carrying amount	110,004,348	17,002,671	6,310,954	133,317,973

2024	ECL Staging			Total
	Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	
Credit grade (Risk Group)				
RG 1	105,794,037	-	-	105,794,037
RG 2	13,351,576	-	-	13,351,576
RG 3	-	5,357,345	-	5,357,345
RG 4	-	4,773,907	-	4,773,907
RG Default	-	-	5,967,876	5,967,876
Gross Carrying amount	119,145,613	10,131,252	5,967,876	135,244,741
Loss allowance	(920,876)	(236,494)	(1,681,367)	(2,838,737)
Carrying amount	118,224,737	9,894,758	4,286,509	132,406,004

The bank exposure for each segment is shown as below.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.4 Credit risk exposure (continued)

##### 6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

#### (b) Corporates and SME Loans

2025	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Amounts in TZS'000</b>				
Credit grade (Risk Group)				
RG 1	28,825,956	-	-	28,825,956
RG 2	9,477,755	-	-	9,477,755
RG 3	-	6,383,747	-	6,383,747
RG 4	-	2,787,967	-	2,787,967
RG Default	-	-	4,949,045	4,949,045
Gross Carrying amount	38,303,711	9,171,714	4,949,045	52,424,470
Loss allowance	(17,511)	(41,687)	(198,481)	(257,679)
Carrying amount	38,286,200	9,130,027	4,750,564	52,166,791

2024	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Amounts in TZS'000</b>				
Credit grade (Risk Group)				
RG 1	32,230,948	-	-	32,230,948
RG 2	5,480,546	-	-	5,480,546
RG 3	-	3,829,159	-	3,829,159
RG 4	-	3,955,748	-	3,955,748
RG Default	-	-	2,554,848	2,554,848
Gross Carrying amount	37,711,494	7,784,907	2,554,848	48,051,249
Loss allowance	(55,623)	(71,787)	(81,061)	(208,471)
Carrying amount	37,655,871	7,713,120	2,473,787	47,842,778

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.4 Credit risk exposure (continued)

##### 6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

##### (c) Housing and Mortgage loans

2025	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Amounts in TZS'000</b>				
Credit grade (Risk Group)				
RG 1	26,929,228	-	-	26,929,228
RG 2	4,491,099	-	-	4,491,099
RG 3	-	3,526,199	-	3,526,199
RG 4	-	860,395	-	860,395
RG Default	-	-	329,037	329,037
Gross Carrying amount	31,420,327	4,386,594	329,037	36,135,958
Loss allowance	(4,110)	-	(46,019)	(50,129)
Carrying amount	31,416,217	4,386,594	283,018	36,085,829

2024	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Amounts in TZS'000</b>				
Credit grade (Risk Group)				
RG 1	23,614,493	-	-	23,614,493
RG 2	5,060,321	-	-	5,060,321
RG 3	-	779,519	-	779,519
RG 4	-	321,003	-	321,003
RG Default	-	-	792,031	792,031
Gross Carrying amount	28,674,814	1,100,522	792,031	30,567,367
Loss allowance	(14,853)	-	(342)	(15,195)
Carrying amount	28,659,961	1,100,522	791,689	30,552,172

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.4 Credit risk exposure (continued)

##### 6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

#### (d) Salaried loans

2025	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Amounts in TZS'000</b>				
Credit grade (Risk Group)				
RG 1	35,421,922	-	-	35,421,922
RG 2	2,074,745	-	-	2,074,745
RG 3	-	714,204	-	714,204
RG 4	-	471,592	-	471,592
RG Default	-	-	2,380,254	2,380,254
Gross Carrying amount	37,496,667	1,185,796	2,380,254	41,062,717
Loss allowance	(445,259)	(454,147)	(1,586,044)	(2,485,450)
Carrying amount	37,051,408	731,649	794,210	38,577,267

2024	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Amounts in TZS'000</b>				
Credit grade (Risk Group)				
RG 1	41,888,530	-	-	41,888,530
RG 2	2,484,614	-	-	2,484,614
RG 3	-	659,532	-	659,532
RG 4	-	492,370	-	492,370
RG Default	-	-	2,362,344	2,362,344
Gross Carrying amount	44,373,144	1,151,902	2,362,344	47,887,390
Loss allowance	(762,869)	(163,100)	(1,426,359)	(2,352,328)
Carrying amount	43,610,275	988,802	935,985	45,535,062

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.4 Credit risk exposure (continued)

##### 6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

#### (e) Microfinance

2025	ECL Staging			Total	
	Amounts in TZS'000 Credit grade (Risk Group)	Stage 1 12-month ECL	Stage 2 Lifetime ECL		Stage 3 Lifetime ECL
RG 1		2,511,016	-	-	2,511,016
RG 2		758,642	-	-	758,642
RG 3		-	1,888,109	-	1,888,109
RG 4		-	893,650	-	893,650
RG Default		-	-	1,065,292	1,065,292
Gross Carrying amount		3,269,658	2,781,759	1,065,292	7,116,709
Loss allowance		(19,135)	(27,358)	(582,130)	(628,623)
Carrying amount		3,250,523	2,754,401	483,162	6,488,086

2024	ECL Staging			Total	
	Amounts in TZS'000 Credit grade (Risk Group)	Stage 1 12-month ECL	Stage 2 Lifetime ECL		Stage 3 Lifetime ECL
RG 1		8,060,066	-	-	8,060,066
RG 2		326,095	-	-	326,095
RG 3		-	89,135	-	89,135
RG 4		-	4,786	-	4,786
RG Default		-	-	258,653	258,653
Gross Carrying amount		8,386,161	93,921	258,653	8,738,735
Loss allowance		(87,531)	(1,607)	(173,605)	(262,743)
Carrying amount		8,298,630	92,314	85,048	8,475,992

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.4 Credit risk exposure (continued)

##### 6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

#### (f) Off balance sheet exposures

2025	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Amounts in TZS'000</b>				
Credit grade (Risk Group)				
RG 1	7,353,705	-	-	7,353,705
Carrying amount	7,353,705	-	-	7,353,705

2024	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Amounts in TZS'000</b>				
Credit grade (Risk Group)				
RG 1	13,733,709	-	-	13,733,709
Carrying amount	13,733,709	-	-	13,733,709

The impairment amount for off-balance sheet exposures (financial guarantees and loan commitments) has not been adjusted in the financial statements because their total impact year on year is trivial.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.4 Credit risk exposure (continued)

##### 6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

#### (g) Other financial instruments

The ECL on Other financial instruments exposures is summarized below:

Amounts in TZS'000	2025	2024
	Total	Total
Financial Asset	12-month ECL	12-month ECL
Cash balances with Bank of Tanzania Amounts due from other banks and financial institutions (excluding cash on hand)	34,927,390	36,898,556
Other assets	2,248,010	2,199,106
Government securities	62,978,758	62,090,020
<b>Gross carrying amount</b>	<b>100,154,158</b>	<b>101,187,682</b>
<i>Loss allowance</i>		
Cash balances with Bank of Tanzania and Amounts due from other banks and financial institutions	(165,290)	(117,775)
Other assets	(1,560,525)	(1,712,072)
Government securities	(40,358)	(40,339)
<b>Total impairment</b>	<b>(1,766,173)</b>	<b>(1,870,186)</b>
<i>Net Carrying amounts</i>		
Cash balances with Bank of Tanzania and Amounts due from other banks and financial institutions	34,762,100	36,780,781
Other assets	687,485	487,034
Government securities	62,938,400	62,049,681

The comparative amount on loss allowance for other assets was presented as part of the net amount for other assets in the prior year. In the current year, we have reclassified the amounts to show the gross carrying amount of other assets separately from the loss allowance in line with the IFRS 9 disclosure requirements.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.4 Credit risk exposure (continued)

##### 6.1.4.2 Collateral and other credit enhancements

The bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are updated when the loan is up for renewal or when the loan is individually assessed as impaired.

For loans and advances to customers, the amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are as follows:

- For SGL, the security is group guarantee, cash cover as well as movable assets.
- For micro and small medium enterprises (MSME); collateral over residential properties.
- For salaried loans; employers' guarantees.
- For housing micro finance and mortgages; over residential properties.
- For Corporate loans, collateral over residential properties.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, except for asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the bank since the prior period. The bank does not have financial instrument which ECL has not been recognized because of presence of a collateral. The bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below

As at 31 December 2025	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets (stage 3)	TZS'000	TZS'000	TZS'000	TZS'000
Corporates and SME Loans	4,949,045	(198,481)	4,750,564	10,870,675
Housing and Mortgage loans	329,037	(46,019)	283,018	889,160
Salaried loans	2,380,254	(1,586,044)	794,210	70,000
Microfinance (SGL)	1,065,292	(582,130)	483,162	172,863
<b>Total credit impaired assets</b>	<b>8,723,628</b>	<b>(2,412,674)</b>	<b>6,310,954</b>	<b>12,002,698</b>

As at 31 December 2024	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets (stage 3)	TZS'000	TZS'000	TZS'000	TZS'000
Corporates and SME Loans	2,554,848	(81,061)	2,473,787	4,529,946
Housing and Mortgage loans	792,031	(342)	791,689	2,945,181
Salaried loans	2,362,344	(1,426,359)	935,985	-
Microfinance (SGL)	258,653	(173,605)	85,048	21,346
<b>Total credit impaired assets</b>	<b>5,967,876</b>	<b>(1,681,367)</b>	<b>4,286,509</b>	<b>7,496,473</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.5: Gross carrying amount

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance was as follows.

- New loans booking/disbursements which increases stage 1, the bank do not have purchased credit impaired
- Write off loans gross caring amount which resulted to decrease in impairment for stage 3 and
- Restructuring of credit accommodation/Modification of contractual cash flows of financial assets.

The following table further explains changes in the gross carrying amount of each segmented portfolio to help explain their significance to the changes in the loss allowance for the same portfolio.

<b>Gross loans for the year 2025</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
<b>Amounts in TZS'000</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
As at 1 January 2025	119,145,613	10,131,252	5,967,876	135,244,741
Movements	-	-	-	-
Transfer from stage 1 to stage 2	(7,973,754)	7,973,754	-	-
Transfer from stage 1 to stage 3	(3,863,799)	-	3,863,799	-
Transfer from stage 2 to stage 1	513,768	(513,768)	-	-
Transfers from stage 2 to stage 3	-	(2,889,768)	2,889,768	-
Transfer from stage 3 to stage 1	303,551	-	(303,551)	-
Transfer from stage 3 to stage 2	-	551,793	(551,793)	-
Financial assets derecognized during the period other than write-offs	(53,734,203)	(7,076,437)	(3,432,202)	(64,242,842)
Write-offs	-	-	(995,866)	(995,866)
New financial assets originated or purchased	56,099,187	9,349,037	1,285,597	66,733,821
<b>Gross carrying amount as at 31 December 2025</b>	<b>110,490,363</b>	<b>17,525,863</b>	<b>8,723,628</b>	<b>136,739,854</b>
Gross loans for the year 2024				
As at 1 January 2024	112,560,003	5,546,652	6,845,418	124,952,073
Movements	-	-	-	-
Transfer from stage 1 to stage 2	(2,247,340)	2,247,340	-	-
Transfer from stage 1 to stage 3	(2,409,922)	-	2,409,922	-
Transfer from stage 2 to stage 1	316,614	(316,614)	-	-
Transfers from stage 2 to stage 3	-	(1,028,327)	1,028,327	-
Transfer from stage 3 to stage 1	50,717	-	(50,717)	-
Transfer from stage 3 to stage 2	-	238,791	(238,791)	-
Financial assets derecognized during the period other than write-offs	(56,980,514)	(4,397,961)	(4,123,285)	(65,501,760)
Write-offs	(190,991)	(15,389)	(2,303,667)	(2,510,047)
New financial assets originated or purchased	66,984,219	7,940,771	1,808,450	76,733,440
other movements	1,062,827	(84,011)	592,219	1,571,035
<b>Gross carrying amount as at 31 December 2024</b>	<b>119,145,613</b>	<b>10,131,252</b>	<b>5,967,876</b>	<b>135,244,741</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.5: Gross carrying amount (continued)

<b>(b) Corporates and SME Loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
<b>Amounts in TZS'000</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
As at 1 January 2025	37,711,494	7,784,905	2,554,848	48,051,247
Movements				
Transfer from stage 1 to stage 2	(3,113,770)	3,113,770	-	-
Transfer from stage 1 to stage 3	(2,010,640)	-	2,010,640	-
Transfer from stage 2 to stage 1	141,122	(141,122)	-	-
Transfers from stage 2 to stage 3	-	(2,444,885)	2,444,885	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	(23,301,006)	(5,665,313)	(2,503,212)	(31,469,531)
Write-offs	-	-	(138,722)	(138,722)
New financial assets originated or purchased	28,876,511	6,524,359	580,606	35,981,476
Gross carrying amount as at 31 December 2025	38,303,711	9,171,714	4,949,045	52,424,470

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
<b>Amounts in TZS'000</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
As at 1 January 2024	35,936,074	2,098,063	1,972,126	40,006,263
Movements				
Transfer from stage 1 to stage 2	(788,071)	788,071	-	-
Transfer from stage 1 to stage 3	(442,587)	-	442,587	-
Transfer from stage 2 to stage 1	48,132	(48,132)	-	-
Transfers from stage 2 to stage 3	-	(376,682)	376,682	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	60,232	(60,232)	-
Financial assets derecognized during the period other than write-offs	(26,954,025)	(1,900,838)	(1,910,507)	(30,765,370)
Write-offs	-	-	(165,403)	(165,403)
New financial assets originated or purchased	29,915,122	7,184,234	1,386,852	38,486,208
Changes due to modifications that did not result in de-recognition	(3,151)	(20,041)	512,743	489,551
Gross carrying amount as at 31 December 2024	37,711,494	7,784,907	2,554,848	48,051,249

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.5: Gross carrying amount (continued)

(a) Housing and Mortgage loans	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Amounts in TZS'000				
As at 1 January 2025	28,674,814	1,100,522	792,031	30,567,367
Movements				
Transfer from stage 1 to stage 2	(3,668,379)	3,668,379	-	-
Transfer from stage 1 to stage 3	(214,063)	-	214,063	-
Transfer from stage 2 to stage 1	166,195	(166,195)	-	-
Transfers from stage 2 to stage 3	-	(17,689)	17,689	-
Transfer from stage 3 to stage 1	114,799	-	(114,799)	-
Transfer from stage 3 to stage 2	-	515,885	(515,885)	-
Financial assets derecognized during the period other than write-offs	(7,487,375)	(714,308)	(64,062)	(8,265,745)
Write-offs				
New financial assets originated or purchased	13,834,336	-	-	13,834,336
Gross carrying amount as at 31 December 2025	31,420,327	4,386,594	329,037	36,135,958

Amounts in TZS'000	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
As at 1 January 2024	23,197,203	638,316	1,162,240	24,997,759
Movements				
Transfer from stage 1 to stage 2	(567,118)	567,118	-	-
Transfer from stage 1 to stage 3	(721,663)	-	721,663	-
Transfer from stage 2 to stage 1	80,839	(80,839)	-	-
Transfers from stage 2 to stage 3	-	(68,411)	68,411	-
Transfer from stage 3 to stage 1	26,660	-	(26,660)	-
Transfer from stage 3 to stage 2	-	169,708	(169,708)	-
Financial assets derecognized during the period other than write-offs	(9,199,515)	(430,312)	(844,397)	(10,474,224)
Write-offs	(103,912)	(3,484)	(239,642)	(347,038)
New financial assets originated or purchased	15,190,131	298,809	85,473	15,574,413
Changes due to modifications that did not result in de-recognition	772,189	9,617	34,651	816,457
Gross carrying amount as at 31 December 2024	28,674,814	1,100,522	792,031	30,567,367

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.5: Gross carrying amount (continued)

Salaried loans Amounts in TZS'000	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
As at 1 January 2025	44,373,144	1,151,904	2,362,344	47,887,392
Movements				
Transfer from stage 1 to stage 2	(1,079,797)	1,079,797	-	-
Transfer from stage 1 to stage 3	(982,850)	-	982,850	-
Transfer from stage 2 to stage 1	206,451	(206,451)	-	-
Transfers from stage 2 to stage 3	-	(423,238)	423,238	-
Transfer from stage 3 to stage 1	188,752	-	(188,752)	-
Transfer from stage 3 to stage 2	-	35,908	(35,908)	-
Financial assets derecognized during the period other than write-offs	(15,341,378)	(571,741)	(565,856)	(16,478,975)
Write-offs	-	-	(645,707)	(645,707)
New financial assets originated or purchased	10,132,345	119,617	48,045	10,300,007
Gross carrying amount as at 31 December 2025	37,496,667	1,185,796	2,380,254	41,062,717

Amounts in TZS'000	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
As at 1 January 2024	51,843,030	2,295,432	2,349,301	56,487,763
Movements				
Transfer from stage 1 to stage 2	(890,651)	890,651	-	-
Transfer from stage 1 to stage 3	(1,054,155)	-	1,054,155	-
Transfer from stage 2 to stage 1	187,643	(187,643)	-	-
Transfers from stage 2 to stage 3	-	(408,659)	408,659	-
Transfer from stage 3 to stage 1	24,057	-	(24,057)	-
Transfer from stage 3 to stage 2	-	8,851	(8,851)	-
Financial assets derecognized during the period other than write-offs	(19,436,297)	(1,725,045)	(893,181)	(22,054,523)
Write-offs	(87,079)	(11,905)	(884,975)	(983,959)
New financial assets originated or purchase	13,492,805	363,808	316,467	14,173,080
Changes due to modifications that did not result in de-recognition	293,791	(73,588)	44,826	265,029
Gross carrying amount as at 31 December 2024	44,373,144	1,151,902	2,362,344	47,887,390

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.5: Gross carrying amount (continued)

(a) Microfinance (SGL)	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
As at 1 January 2025	8,386,161	93,921	258,653	8,738,735
Movements				
Transfer from stage 1 to stage 2	-111,808	111,808	-	-
Transfer from stage 1 to stage 3s	(656,246)	-	656,246	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(3,956)	3,956	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	(7,604,444)	(125,075)	(299,072)	(8,028,591)
Write-offs			(211,437)	(211,437)
New financial assets originated or purchased	3,255,995	2,705,061	656,946	6,618,002
Other movements				
Gross carrying amount as at 31 December 2025	3,269,658	2,781,759	1,065,292	7,116,709
As at 1 January 2024	1,583,696	514,841	1,361,751	3,460,288
Movements				
Transfer from stage 1 to stage 2	(1,500)	1,500	-	-
Transfer from stage 1 to stage 3	(191,517)	-	191,517	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(174,575)	174,575	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	(1,390,677)	(341,766)	(475,200)	(2,207,643)
Write-offs	-	-	(1,013,647)	(1,013,647)
New financial assets originated or purchased	8,386,161	93,920	19,658	8,499,739
Other movements	(2)	1	(1)	(2)
Gross carrying amount as at 31 December 2024	8,386,161	93,921	258,653	8,738,735

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.6: Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL.
- Additional allowances for new financial instruments recognised during the period shown in the stage which the financial asset is classified as at year end, as well as releases for financial instruments de-recognised in the period.
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models.
- Impacts on the measurement of ECL due to changes made to models and assumptions.
- Discounts unwind within ECL due to the passage of time, as ECL is measured on a present value basis.
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period).

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Loss allowance 2025 (a)	Stage 1	Stage 2	Stage 3	
Amounts in TZS'000	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2025	920,876	236,494	1,681,367	2,838,737
Movements				
Transfer from stage 1 to stage 2	(35,216)	35,216	-	-
Transfer from stage 1 to stage 3	(43,443)	-	43,443	-
Transfer from stage 2 to stage 1	36,780	(36,780)	-	-
Transfers from stage 2 to stage 3	-	(58,839)	58,839	-
Transfer from stage 3 to stage 1	113,967	-	(113,967)	-
Transfer from stage 3 to stage 2	-	21,681	(21,681)	-
Write-offs	-	-	(995,866)	(995,866)
New financial assets originated or purchased	161,540	94,976	406,575	663,091
Financial assets that have been derecognised	(668,489)	230,444	1,353,964	915,919
Gross carrying amount as at 31 December 2025	486,015	523,192	2,412,674	3,421,881

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.6: Loss allowance

Loss allowance 2024	Stage 1	Stage 2	Stage 3	
Amounts in TZS'000	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2024	1,075,887	800,805	2,671,487	4,548,179
Movements	-	-	-	-
Transfer from stage 1 to stage 2	(44,474)	44,474	-	-
Transfer from stage 1 to stage 3	(42,408)	-	42,408	-
Transfer from stage 2 to stage 1	67,004	(67,004)	-	-
Transfers from stage 2 to stage 3	-	(164,279)	164,279	-
Transfer from stage 3 to stage 1	13,996	-	(13,996)	-
Transfer from stage 3 to stage 2	-	5,149	(5,149)	-
Financial assets derecognized during the period other than write-offs	(346,746)	(498,105)	871,110	26,259
Write-offs	(190,991)	(15,389)	(2,303,667)	(2,510,047)
New financial assets originated or purchased	388,608	130,843	254,895	774,346
Gross carrying amount as at 31 December 2024	920,876	236,494	1,681,367	2,838,737

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.6: Loss allowance (continued)

<b>(b) Corporates and SME Loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
<b>Amounts in TZS'000</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
As at 1 January 2025	55,623	71,787	81,061	208,471
Movements				
Transfer from stage 1 to stage 2	(4,868)	4,868	-	-
Transfer from stage 1 to stage 3	(20,116)	-	20,116	-
Transfer from stage 2 to stage 1	2,682	(2,682)	-	-
Transfers from stage 2 to stage 3	-	(199)	199	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
New financial assets originated or purchased	9,255	28,372	24,761	62,388
Financial assets that have been derecognised	(25,065)	(60,459)	211,067	125,543
Write-offs	-	-	(138,723)	(138,723)
As at 31 December 2025	17,511	41,687	198,481	257,679

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
<b>Amounts in TZS'000</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
As at 1 January 2024	113,363	87,026	66,199	266,588
Movements				
Transfer from stage 1 to stage 2	(17,016)	17,016	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	425	(425)	-	-
Transfers from stage 2 to stage 3	-	(11,153)	11,153	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	(88,899)	(92,464)	114,523	(66,840)
Write-offs	-	-	(165,403)	(165,403)
New financial assets originated or purchased	47,750	71,787	54,589	174,126
As at 31 December 2024	55,623	71,787	81,061	208,471

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.6: Loss allowance (continued)

(c) Housing and Mortgage loans	Stage 1	Stage 2	Stage 3	
Amounts in TZS'000	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2025	14,853	-	342	15,195
Movements				
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	(729)	-	729	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	(13,910)	-	44,948	31,038
Write-offs	-	-	-	-
New financial assets originated or purchased	3,896	-	-	3,896
As at 31 December 2025	4,110	-	46,019	50,129

Housing and Mortgage loans	Stage 1	Stage 2	Stage 3	
Amounts in TZS'000	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2024	14,490	370	4,612	19,472
Movements				
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	98,918	3,114	235,372	337,404
Write-offs	(103,912)	(3,484)	(239,642)	(347,038)
New financial assets originated or purchased	5,357	-	-	5,357
As at 31 December 2024	14,853	-	342	15,195

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.6: Loss allowance (continued)

(d) Salaried loans	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Amounts in TZS'000				
As at 1 January 2025	762,869	163,100	1,426,359	2,352,328
Movements				
Transfer from stage 1 to stage 2	(30,348)	30,348	-	-
Transfer from stage 1 to stage 3	(13,663)	-	13,663	-
Transfer from stage 2 to stage 1	34,098	(34,098)	-	-
Transfers from stage 2 to stage 3	-	(58,612)	58,612	-
Transfer from stage 3 to stage 1	113,967	-	(113,967)	-
Transfer from stage 3 to stage 2	-	21,681	(21,681)	-
Financial assets derecognized during the period other than write-offs	(550,918)	292,482	856,814	598,378
Write-offs	-	-	(665,696)	(665,696)
New financial assets originated or purchased	129,254	39,246	31,940	200,440
As at 31 December 2025	445,259	454,147	1,586,044	2,485,450

Amounts in TZS'000	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
As at 1 January 2024	937,752	706,552	1,392,884	3,037,188
Movements				
Transfer from stage 1 to stage 2	(27,427)	27,427	-	-
Transfer from stage 1 to stage 3	(40,725)	-	40,725	-
Transfer from stage 2 to stage 1	66,579	(66,579)	-	-
Transfers from stage 2 to stage 3	-	(149,245)	149,245	-
Transfer from stage 3 to stage 1	13,996	-	(13,996)	-
Transfer from stage 3 to stage 2	-	5,149	(5,149)	-
Financial assets derecognized during the period other than write-offs	(348,197)	(405,750)	556,546	(197,401)
Write-offs	(87,079)	(11,905)	(884,975)	(983,959)
New financial assets originated or purchased	247,970	57,451	191,079	496,500
As at 31 December 2024	762,869	163,100	1,426,359	2,352,328

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.6: Loss allowance (continued)

(a) Microfinance (SGL)	Stage 1	Stage 2	Stage 3	
Amounts in TZS' 000	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2025	87,531	1,607	173,605	262,743
Movements				
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	(8,935)	-	8,935	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(28)	28	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	(78,596)	(1,579)	241,135	160,960
Write-offs	-	-	(191,447)	(191,447)
New financial assets originated or purchased	19,135	27,358	349,874	396,367
As at 31 December 2025	19,135	27,358	582,130	628,623

(e) Microfinance (SGL)	Stage 1	Stage 2	Stage 3	
Amounts in TZS' 000	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2024	10,282	6,857	1,207,792	1,224,931
Movements				
Transfer from stage 1 to stage 2	(31)	31	-	-
Transfer from stage 1 to stage 3	(1,683)	-	1,683	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(3,881)	3,881	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	(8,568)	(3,005)	(35,331)	(46,904)
Write-offs	-	-	(1,013,647)	(1,013,647)
New financial assets originated or purchased	87,531	1,605	9,227	98,363
As at 31 December 2024	87,531	1,607	173,605	262,743

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.7 Repossessed collateral

During the year, the bank did not obtain assets by taking possession of collateral held as security. Repossessed properties are usually sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

##### 6.1.8 Write-off policy

The bank writes off loans as and when the Board of Directors approves after accepting the recommendations by the management that the loans are irrecoverable. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation or that proceeds from collateral will not be sufficient to pay back the entire exposure.

##### 6.1.9 Concentration of risks of financial assets with credit risk exposure

The following table breaks down the bank's credit exposure at carrying amounts, as categorized by the industry sectors of the bank's counterparties. The bank's financial assets are all confined within Tanzania and therefore no separate disclosure for geographical segmentation was considered necessary.

2025 (TZS'000)	Financial institution	Wholesale and retail trade	Individual	Other	Total
Balances with Bank of Tanzania	27,380,729	-	-	-	27,380,729
Balances due from other banks	14,003,315	-	-	-	14,003,315
Government securities	62,938,400	-	-	-	62,938,400
Other assets	-	-	-	687,485	687,485
Loans and advances to customers	-	58,654,885	74,663,096	-	133,317,981
<b>Total on balance sheet</b>	<b>104,322,444</b>	<b>58,654,885</b>	<b>74,663,096</b>	<b>687,485</b>	<b>238,327,910</b>
Guarantees and indemnities	-	5,554,829	-	-	5,554,829
Commitments to extend credit	-	1,798,876	-	-	1,798,876
<b>Total off-balance sheet</b>	<b>-</b>	<b>7,353,705</b>	<b>-</b>	<b>-</b>	<b>7,353,705</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.1 Credit risk (continued)

##### 6.1.9 Concentration of risks of financial assets with credit risk exposure

2024 (TZS'000)	Financial institution	Wholesale and retail trade	Individual	Other	Total
Balances with Bank of Tanzania	20,692,065	-	-	-	20,692,065
Balances due from other banks	19,388,108	-	-	-	19,388,108
Government securities	62,049,681	-	-	-	62,049,681
Other assets	-	-	-	487,034	487,034
Loans and advances to customers	-	47,538,447	84,867,557	-	132,406,004
<b>Total on balance sheet</b>	<b>102,129,854</b>	<b>47,538,447</b>	<b>84,867,557</b>	<b>487,034</b>	<b>235,022,892</b>
Guarantees and indemnities	-	11,973,004	-	-	11,973,004
Commitments to extend credit	-	1,760,705	-	-	1,760,705
<b>Total off-balance sheet</b>	<b>-</b>	<b>13,733,709</b>	<b>-</b>	<b>-</b>	<b>13,733,709</b>

#### 6.2 Market risk

The bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, and foreign exchange rates. The bank separates exposures to market risk into either trading or non-trading portfolios. The market risks arising from trading and non-trading activities are concentrated in the bank's treasury department and monitored regularly. Regular reports are submitted to the Board of Directors and heads of department.

##### Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimizing the return on risk. The principal measurement technique used to measure and control market risk is the stress tests as outlined below.

##### Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by the bank covers: interest rate, credit, foreign exchange, and liquidity risks, where stress movements are applied to each risk category to assess the overall impact and the bank's capital resilience to different market risk factor shocks. The results of the stress tests are reviewed by the Asset and Liability Management Committee (ALCO) and reported to the Board of Directors. Below are the results of stress test in relation to foreign exchange, interest rate, credit and liquidity risks as at 31 December 2025.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.2 Market risk

##### 6.2.1 Foreign exchange risk

The bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency which is monitored daily. The bank's net foreign currency exposure as at 31 December 2025 was TZS 1.62 billion (2024: TZS 2.77 billion ). The bank stress test for forex exchange fluctuation is shown in the below table.

Year	Risk category	Impact on statement of profit or loss and other comprehensive income	Impact on Equity
2025	Exchange rate: fluctuates by 10%	Decrease/increase profit before tax by TZS 162 million	Reduce or increase by TZS 162 million.
2024	Exchange rate: fluctuates by 10%	Decrease/increase profit before tax by TZS 277 million.	Reduce or increase by TZS 277 million.

As disclosed in the table below, substantial impact of foreign currency risk arise from exposure to USD, all other currencies have immaterial impact to the total exposure. Below is the sensitivity analysis specific to the USD currency:

Year	Risk category	Impact on statement of profit or loss and other comprehensive income	Impact on Equity
2025	Exchange rate: fluctuates by 10%	Decrease/increase profit before tax by TZS 172 million	Reduce or increase by TZS 172 million.
2024	Exchange rate: fluctuates by 10%	Decrease/increase profit before tax by TZS 276 million.	Reduce or increase by TZS 276 million.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.2 Market risk (continued)

##### 6.2.1 Foreign exchange risk (continued)

The bank is exposed mainly to USD currency for which as at 31 December 2025 the exposure is summarized in the table below (All amounts expressed in equivalent Tanzanian Shillings).

2025	TZS'000*	USD '000	GBP '000	EURO '000	OTHER '000	Total '000
<b>Assets</b>						
Cash and balances with Bank of Tanzania	21,514,060	5,815,310	6,798	44,140	185	27,380,493
Balances due from other banks	2,784,342	11,176,628	4,550	36,601	1,637	14,003,758
Government securities held to maturity	62,938,400	-	-	-	-	62,938,400
Equity investment	3,204,664	-	-	-	-	3,204,664
Other assets (excludes non-financial assets)	687,485	-	-	-	-	687,485
Loans and advances to customers	126,853,473	6,464,500	-	-	-	133,317,973
<b>Total financial assets</b>	<b>217,982,424</b>	<b>23,456,438</b>	<b>11,348</b>	<b>80,741</b>	<b>1,822</b>	<b>241,532,773</b>
<b>Liabilities</b>						
Deposits due to banks	23,334,082	16,492,886	-	-	-	39,826,968
Deposits due to customers	143,441,542	7,085,005	-	85	219	150,526,851
Borrowings	29,260,167	-	-	-	-	29,260,167
Lease liability	2,167,928	1,569,120	-	-	-	3,737,048
Other liabilities	2,414,278	25,690	-	-	--	2,439,968
<b>Total financial liabilities</b>	<b>200,617,997</b>	<b>25,172,701</b>	<b>-</b>	<b>85</b>	<b>219</b>	<b>225,791,002</b>
<b>Net gap of foreign exchange risk</b>	<b>17,364,427</b>	<b>(1,716,263)</b>	<b>11,348</b>	<b>80,656</b>	<b>1,603</b>	<b>15,741,771</b>

The bank manages foreign exchange gaps by using currency swap instruments and short-term interbank borrowings.

\*TZS balances have been included in this disclosure for the purpose of reconciliation, but they do not present exposure to currency risk because TZS is the functional currency for the bank.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.2 Market risk (continued)

##### 6.2.1 Foreign exchange risk (continued)

2024	TZS'000*	USD '000	GBP '000	EURO '000	OTHER '000	Total '000
<b>Assets</b>						
Cash and balances with Bank of Tanzania	18,048,504	2,613,705	5,765	23,855	236	20,692,065
Balances due from other banks	6,545,931	12,118,758	7,897	705,605	9,917	19,388,108
Government securities held to maturity	62,049,681	-	-	-	-	62,049,681
Equity investment	3,042,273	-	-	-	-	3,042,273
Loans and advances to customers	486,859	175	-	-	-	487,034
Other assets exclude prepayment and stationeries	127,826,869	4,579,135	-	-	-	132,406,004
<b>Total financial assets</b>	<b>218,000,117</b>	<b>19,311,773</b>	<b>13,662</b>	<b>729,460</b>	<b>10,153</b>	<b>238,065,165</b>
<b>2024</b>						
<b>TZS'000</b>						
<b>USD '000</b>						
<b>GBP '000</b>						
<b>EURO '000</b>						
<b>OTHER '000</b>						
<b>Total '000</b>						
<b>Liabilities</b>						
Deposits due to banks	21,355,649	14,307,458	-	755,973	-	36,419,080
Deposits due to customers	149,298,088	5,740,761	-	76	231	155,039,156
Borrowings	32,738,415	-	-	-	-	32,738,415
Lease liability	1,882,659	1,991,688	-	-	-	3,874,347
Other liabilities	866,662	34,166	-	-	-	900,828
<b>Total financial liabilities</b>	<b>206,141,473</b>	<b>22,074,073</b>	<b>-</b>	<b>756,049</b>	<b>231</b>	<b>228,971,826</b>
<b>Net gap of foreign exchange risk</b>						
	<b>11,858,644</b>	<b>(2,762,300)</b>	<b>13,662</b>	<b>(26,589)</b>	<b>9,922</b>	<b>9,093,339</b>

The bank manages foreign exchange gaps by using currency swap instruments and short-term interbank borrowings.

\*TZS balances have been included in this disclosure for the purpose of reconciliation, but they do not present exposure to currency risk because TZS is the functional currency for the bank.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.2 Market risk (continued)

##### 6.2.2 Interest rate risk

The bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Interest margins may increase because of changes in the prevailing levels of market rates but may also decrease or create losses if unexpected movements arise. The Board sets limits on the level of mismatch of interest re-pricing that may be undertaken. Consequently, the interest sensitivity effects on profit or loss would not be significant given the re-pricing frequency.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the bank's financial assets and financial liabilities to various standard and non-standard interest rate scenarios. Aggregate non-trading interest rate risk positions are managed by treasury, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the positions.

The bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market rates on its financial position and cash flows. The table below summarizes the exposure to interest rates risks. Included in the table are the bank's assets and liabilities at carrying amounts categorized by the earlier of contractual re-pricing or maturity dates. The bank does not bear an interest rate risk on off balance sheet items. The stress test for interest rate risk is summarized below.

Year	Risk category	Impact on statement of profit or loss and other comprehensive income	Impact on Equity
2025	Interest rate risk: stress reduce interest margin by 5%	Reduce profit before tax by TZS 558 million	Reduction by TZS 558 million
2024*	Interest rate risk: stress reduce interest margin by 5%	Reduce profit before tax by TZS 300 million	Reduction by TZS 300 million

The table presented here in shows the exposure to interest rate risks.

\*The sensitivity analysis for 2024 has been updated to correct an immaterial prior year calculation error. In the prior year, the note showed the total impact of TZS 241 million which has been corrected to TZS 300 million. The impact of the change is immaterial.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.2. Market risk (continued)

##### 6.2.2 Interest rate risk (continued)

As at 31 December 2025	Up to		1 - 3		3 - 12		Over		Non-interest		Total
	1 Month	1 Month	Months	Months	Months	Months	1 year	1 year	Bearing	Bearing	
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Assets											
Cash and Bank balances with Bank of Tanzania											
Loans and balance to banks	3,666,838	-	-	10,336,920	-	-	-	-	-	-	27,538,402
Equity investment	-	-	-	-	-	-	-	-	3,204,664	-	14,003,758
Loans and advances to customers	13,685,493	5,715,612	17,429,681	96,487,194	-	-	-	-	-	-	133,317,980
Government securities	6,813,819	-	4,708,962	51,415,619	-	-	-	-	-	-	62,938,400
Other assets									687,485		687,485
<b>Total assets</b>	<b>24,166,150</b>	<b>5,715,612</b>	<b>32,475,563</b>	<b>147,902,813</b>	<b>31,430,551</b>	<b>241,690,689</b>					
Liabilities											
Due to other banks	26,288,818	5,000,000	8,538,150	-	-	-	-	-	-	-	39,826,968
Deposit from customers	35,086,711	19,216,837	58,036,928	13,942,756	24,243,619	-	-	-	-	-	150,526,851
Borrowings	-	-	-	29,260,167	-	-	-	-	-	-	29,260,167
Lease liability	-	-	-	3,737,048	-	-	-	-	-	-	3,737,048
Other liabilities	-	-	-	-	-	-	-	-	2,439,968	-	2,439,968
<b>Total liabilities</b>	<b>61,375,529</b>	<b>24,216,837</b>	<b>66,575,078</b>	<b>46,939,971</b>	<b>26,683,587</b>	<b>225,791,002</b>					
<b>Interest sensitivity gap</b>	<b>(37,209,379)</b>	<b>(18,501,225)</b>	<b>(34,099,515)</b>	<b>100,962,842</b>	<b>4,746,964</b>	<b>15,899,687</b>					

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.2. Market risk (continued)

##### 6.2.2 Interest rate risk (continued)

As at 31 December 2024	Up to 1 Month		1 - 3 Months		3 - 12 Months		Over 1 year		Non-interest Bearing		Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	
Assets											
Cash and bank balances with Bank of Tanzania	-	-	-	-	-	-	-	-	20,692,065	-	20,692,065
Loans and balance to banks	19,388,108	-	-	-	-	-	-	-	-	-	19,388,108
Equity investment	-	-	-	-	-	-	-	-	3,042,273	-	3,042,273
Loans and advances to customers	1,102,596	5,988,951	19,253,256	106,061,201	-	-	-	-	-	-	132,406,004
Government securities	735,768	-	9,894,853	51,419,060	-	-	-	-	-	-	62,049,681
Other assets	-	-	-	-	-	-	-	-	487,034	-	487,034
<b>Total assets</b>	<b>21,226,472</b>	<b>5,988,951</b>	<b>29,148,109</b>	<b>157,480,261</b>	<b>24,221,372</b>	<b>238,065,165</b>					
Liabilities											
Due to other banks	21,149,228	10,063,857	4,572,900	629,200	3,895	-	-	-	-	-	36,419,080
Deposit from customers	35,603,645	24,293,889	54,875,116	20,057,595	17,208,911	-	-	-	-	-	152,039,156
Borrowings	-	-	-	32,738,415	-	-	-	-	-	-	32,738,415
Lease liability	-	-	194,906	3,679,441	-	-	-	-	-	-	3,874,347
Other liabilities	-	-	-	-	-	-	-	900,828	-	-	900,828
<b>Total liabilities and equity</b>	<b>56,752,873</b>	<b>34,357,746</b>	<b>59,642,922</b>	<b>57,104,651</b>	<b>18,113,634</b>	<b>225,971,826</b>					
<b>Interest sensitivity gap</b>	<b>(35,526,401)</b>	<b>(28,368,795)</b>	<b>(30,494,813)</b>	<b>100,375,610</b>	<b>6,107,738</b>	<b>12,093,339</b>					

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.2. Market risk (continued)

##### 6.2.3 Price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as fair value through other comprehensive income (FVOCI). Refer to Note 6.4.3 on disclosure of impact of price risk on other comprehensive income and equity.

#### 6.3 Liquidity risk

Liquidity risk is the risk that the bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend. Analysis of the bank's assets and liabilities into relevant maturity groupings is set out in note 6.3.3.

##### 6.3.1 Liquidity risk management

The bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institution's reputation.

Treasury department maintains a portfolio of short-term liquid assets, largely made up of short-term liquid Government securities, deposits from institutions and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the institution as a whole. All liquidity policies and procedures are subject to review by Assets and Liabilities Committee and approval by the Board.

The bank manages the liquidity structure of assets, liabilities and commitments so that cash flows are appropriately matched to ensure that all funding obligations are met when due. Banking operations are such that mismatch of assets and liabilities according to their maturity profiles cannot be avoided. However, Directors ensure that the mismatch is controlled in line with allowable risk levels and includes:

- Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The bank maintains an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of gap analysis, maturity ladder as well as cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

##### 6.3.2 Funding approach

Sources of liquidity are regularly reviewed by the bank to maintain a wide diversification by currency, provider, product and term.

##### 6.3.3 Non derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows payable by the bank under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the undiscounted contractual cash flow as at 31 December 2025.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.3. Liquidity risk (continued)

6.3.3 Non derivative financial liabilities and assets held for managing liquidity risk (Continued)

At 31 December 2025	Due on Demand		Up to 1 Month		1 - 3 Months		3 - 6 Months		6 - 12 Months		Over 1 Year*		Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	
Assets													
Due to other banks	3,334,968	26,252,000	5,000,000	5,240,000	5,000,000	5,240,000	5,000,000	5,240,000	5,000,000	5,240,000	-	-	39,826,968
Deposits from customers	53,901,332	7,448,879	20,052,613	16,122,395	20,052,613	16,122,395	20,052,613	16,122,395	20,052,613	16,122,395	48,441,029	11,840,783	157,807,031
Borrowings	536,429	-	-	-	-	-	-	-	-	-	-	34,319,026	34,855,455
Lease liability	-	547,071	52,463	8,070	52,463	8,070	52,463	8,070	52,463	8,070	382,545	5,138,808	6,128,957
Guarantees and indemnities	-	1,563,681	2,266,407	2,654,873	2,266,407	2,654,873	2,266,407	2,654,873	2,266,407	2,654,873	868,744	-	7,553,705
Other liabilities	-	3,872,138	-	-	-	-	-	-	-	-	-	-	3,872,138
<b>Total liabilities</b>	<b>57,772,729</b>	<b>39,683,769</b>	<b>27,371,483</b>	<b>24,025,338</b>	<b>27,371,483</b>	<b>24,025,338</b>	<b>27,371,483</b>	<b>24,025,338</b>	<b>27,371,483</b>	<b>24,025,338</b>	<b>49,692,318</b>	<b>51,298,617</b>	<b>249,844,254</b>
At 31 December 2024	Due on Demand		Up to 1 Month		1 - 3 Months		3 - 6 Months		6 - 12 Months		Over 1 Year		Total
Liabilities	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	
Due to other banks	-	29,438,561	2,268,403	673,000	2,268,403	673,000	2,268,403	673,000	2,268,403	673,000	4,231,049	-	36,611,013
Deposits from customers	42,487,120	7,680,405	28,152,286	18,029,424	28,152,286	18,029,424	28,152,286	18,029,424	28,152,286	18,029,424	49,655,459	25,693,284	171,697,978
Borrowings	-	-	-	-	-	-	-	-	-	-	-	41,120,234	41,120,234
Lease liability	-	-	-	-	-	-	-	-	-	-	196,881	4,814,008	5,010,889
Guarantees and indemnities	-	-	-	-	-	-	-	-	-	-	11,973,004	-	11,973,004
Other liabilities	-	900,828	-	-	-	-	-	-	-	-	-	-	900,828
<b>Total liabilities</b>	<b>42,487,120</b>	<b>38,019,794</b>	<b>30,420,689</b>	<b>18,702,424</b>	<b>30,420,689</b>	<b>18,702,424</b>	<b>30,420,689</b>	<b>18,702,424</b>	<b>30,420,689</b>	<b>18,702,424</b>	<b>66,056,393</b>	<b>71,627,526</b>	<b>267,313,946</b>

\*The balances which are due over 1 year have a maximum maturity tenure of 5 years.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.3. Liquidity risk (continued)

6.3.4: Assets held for managing liquidity risk

The bank holds a diversified portfolio of cash and high-quality liquid securities to support payment obligations and contingent funding in a stressed market environment. The bank's assets held for managing liquidity risk comprise:

- Cash and balances with the Bank of Tanzania (excluding SMR);
- Government securities
- Placements with other banks; and
- Loans and advances to customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended, accordingly the behavioral pattern does not necessarily follow the contractual pattern. The bank would also be able to meet unexpected net cash outflows by selling investment securities and accessing additional funding sources such as asset-backed markets.

The bank performs the following to manage its liquidity positions:

- Based on its judgement of financial market trends, the bank actively adjusts its business strategies to manage liquidity risk.
- The bank performs periodic cash flow projections considering its impact on internal and regulatory limits.
- The bank control of non-earning assets proportion to manage its impact on the bank's overall financial position.
- Conduct regular liquidity stress tests including testing of contingency plans.
- Monitor diversification of funding sources in order to control concentration risk and ensure a satisfactory funding mix.
- Monitoring the level of undrawn commitments.
- Regular conduct of the Asset and Liability management Committee (ALCO) meetings which focuses on:
- Establishing policies and tolerance levels, from both risk and return perspectives, for liquidity, interest rate and balance sheet valuation management.
- Manage the intra-day liquidity position to ensure that payment and settlement obligations are met on a timely basis.
- Strategic financial position planning from both risk and return perspective.
- Strategically coordinate the management of the bank's financial position in consideration of changing economic conditions.

#### 6.4 Fair value of financial assets and liabilities

IFRS 13 requires the bank to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The bank specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation technique used is comparison with similar instruments for which observable market prices exist. This technique requires use of observable market data when available. The bank considers relevant and observable market prices in its valuations where possible.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.4. Fair value of financial assets and liabilities (continued)

6.4.1 Bank's financial assets and financial liabilities that are measured at fair value on recurring basis

2025	Level 1	Level 2	Level 3
Assets	TZS '000	TZS '000	TZS '000
Equity Investments	-	-	3,204,664
<b>Total assets</b>			<b>3,204,664</b>
2024 - Assets			
Equity Investments	-	-	3,042,273
<b>Total assets</b>	-	-	<b>3,042,273</b>

#### 6.4.2 Movements in Level 3 financial instruments measured at fair value

The following table shows the reconciliation of the opening and closing amounts of level 3 financial assets and liabilities measured at fair value.

Level 3 Equity Investments at FVOCI	2025	2024
	TZS '000	TZS '000
At 1 January	3,042,273	2,040,200
Purchases	-	28,000
Revaluation gain	162,391	974,073
<b>At 31 December</b>	<b>3,204,664</b>	<b>3,042,273</b>

6.4.3 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions.

The valuation approach used made use of unobservable inputs which were used to adjust the price to book values obtained from comparable Companies. The adjustments made and their impact on fair values is as disclosed below:

Input	Umoja Switch 2025	Umoja Switch 2024	TMRC 2024	TMRC 2025	Impact on fair value
Size adjustment	15.5%	15.50%	8%	8%	These adjustments reduce the price-to-book (P/B) multiples of the comparable companies; consequently, increases in the adjustment variables lead to a reduction in the resulting fair value estimate.
Minority discount	0.00%	0.00%	6%	6%	
Marketability discount	15.9%	15.9%	12%	12%	
Adjusted price to book value multiple	1.16	1.13	1.21	1.21	Refer to the table below on sensitivity of the adjusted price to book value multiple.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.4. Fair value of financial assets and liabilities (continued)

6.4.3 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions. (continued)

Instrument	Valuation technique	Significant unobservable inputs	Price to book value multiple	Sensitivity of the inputs to the Equity fair value
TMRC	Market approach	Price to book value multiples, size adjustment, minority and marketability adjustments	2025: 1.21(2024: 1.32).	5% increase (decrease) in prices would result in an increase (decrease) in fair value by TZS 114 Mil (2024: TZS 124 Mil) and hence impacting other comprehensive income and equity by TZS 80 Mil (2024: TZS 87 Mil).
Umoja Switch	Market approach		2025: 1.16 (2024: 1.13).	5% increase (decrease) in prices would result in an increase (decrease) in fair value by TZS 77Mil (2024: TZS 66Mil). and hence impacting other comprehensive income and equity by TZS 54 Mil (2024: TZS 46 Mil).

#### 6.4.4 Financial instruments not measured at fair value:

Where they are available, the fair value of loans and advances, government Securities and borrowings are based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. The fair value of the loans and advances, government securities and borrowings have been estimated using the available market rates, these market rates take into account credit risks, default spreads and other market specific adjustments relevant to Tanzania. The fair value of deposits from banks and customers are estimated by applying the rates that are offered from deposits of similar maturities and terms in the market depending on the maturity profile of comparable assets from the Bank of Tanzania. The fair values and carrying values of short-term assets and liabilities are the same since most of the financial assets and liabilities are predominantly short term in nature. The following table analyses within the fair value hierarchy the bank's assets and liabilities measured at amortized cost

31 December 2025					
	Level 1	Level 2	Level 3	Total fair values	Total Carrying values
Financial assets				TZS'000'	TZS'000
Cash and balances with Bank of Tanzania	-	27,380,493	-	27,380,493	27,380,493
Loans and balance to banks	-	14,003,758	-	14,003,758	14,003,758
Government securities	-	61,470,465	-	61,470,465	62,938,400
Loans and balance with customers	-	110,752,470	-	110,752,470	133,317,973
Other assets	-	687,485	-	687,485	687,485
<b>Total assets</b>	-	<b>214,294,671</b>	-	<b>214,294,671</b>	<b>238,328,109</b>
Financial liabilities					
Due to other banks	-	39,826,968	-	39,826,968	39,826,968
Deposit from customers	-	150,869,650	-	150,869,650	150,526,851
Borrowings	-	24,341,312	-	24,341,312	29,260,167
Lease liabilities	-	3,737,048	-	3,737,048	3,737,048
Other liabilities	-	2,439,968	-	2,439,968	2,439,968
<b>Total</b>	-	<b>221,214,946</b>	-	<b>221,214,946</b>	<b>225,791,002</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.4. Fair value of financial assets and liabilities (continued)

6.4.4 Financial instruments not measured at fair value: (Continued)

31 December 2024					
	Level 1	Level 2	Level 3	Total fair values	Total Carrying values
Financial assets				TZS'000'	TZS'000
Cash and balances with Bank of Tanzania	-	20,809,840	-	20,809,840	20,692,065
Loans and balance to banks	-	19,388,108	-	19,388,108	19,388,108
Government securities	-	44,684,764	-	44,684,764	62,049,681
Loans and balance with customers	-	117,960,658	-	117,960,658	132,406,004
Other assets	-	487,034	-	487,034	487,034
<b>Total assets</b>	<b>-</b>	<b>203,330,404</b>	<b>-</b>	<b>203,330,404</b>	<b>235,022,892</b>
Financial liabilities					
Due to other banks	-	36,419,080	-	36,419,080	36,419,080
Deposit from customers	-	110,883,481	-	110,883,481	152,039,156
Borrowings	-	43,651,220	-	43,651,220	32,738,415
Lease liabilities	-	3,874,347	-	3,874,347	3,874,347
Other liabilities	-	900,828	-	900,828	900,828
<b>Total</b>	<b>-</b>	<b>195,728,956</b>	<b>-</b>	<b>195,728,956</b>	<b>225,971,826</b>

### 6.5 Capital management

The Bank of Tanzania has set, among other measures, the rules, and ratios to monitor adequacy of a bank's capital, monitored daily and monthly, for supervisory purposes. In implementing current capital requirements, the Bank of Tanzania requires maintenance of a prescribed ratio of total capital to total risk-weighted assets in two tiers:

- Tier 1 capital (core capital), share capital, share premium, retained earnings and current year audited profit less intangible assets, prepayments and deferred tax assets.
- Tier 2 capital (supplementary capital), which includes the regulatory reserve and subordinated debts.

Various limits are applied to elements of the capital base; qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. Tier 1 capital (Core capital) is also subjected to various limits like limitation in risk weighted assets by 12.5% and investments in movable and immovable assets not to exceed 70% of core capital.

The primary objectives of the bank's capital management which is a broader concept than the 'equity' on the face of statement of financial positions are:

- To comply with the capital requirements set by the bank of Tanzania (BOT) while safeguarding the bank's ability to continue as a going concern.
- To maintain strong capital base and a strong credit rating to support the development of its business.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.5 Capital management (Continued)

Below is the composition of regulatory capital and the ratios of the bank.

REGULATORY CAPITAL		2025	2024
Tier 1 Capital		TZS'000	TZS'000
Share capital		46,874,858	39,757,915
Share (discount)/premium		(8,967,509)	(4,965,085)
Accumulated losses		(8,475,526)	(5,064,843)
Less: Prepaid expenses		(1,149,871)	(931,078)
Less: Deferred income tax asset		(7,507,868)	(7,507,868)
Total qualifying Tier 1 Capital		20,774,084	21,289,041
Tier 2 capital		1,323,183	1,240,860
Total regulatory capital		22,097,267	22,529,901
Risk - weighted assets			
On balance sheet		113,727,696	110,832,445
Off balance sheet		4,359,775	7,718,129
Total risk - weighted assets		118,087,471	118,550,574
Minimum capital for market risks		46,617	151,352
Minimum capital for Operational risks		17,316,066	17,316,066
Total adjusted risk weighted assets		135,450,154	136,017,992

		2025	2024
Bank Ratios		TZS'000	TZS'000
Tier 1	Regulatory		
- Minimum	10.00%	10.00%	10%
- Buffer	2.50%	5.34%	5.65%
	12.50%	15.34%	15.65%
Tier 2			
- Minimum	10.00%	12.00%	12.00%
- Buffer	2.50%	4.31%	4.56%
	12.50%	16.31%	16.56%

In the current year, the bank has complied with the regulatory capital requirements. This was mainly a result of the rights issue which was initiated following the non-compliance with the capital buffers in the prior year.

### 7. SEGMENT REPORTING

The segment reporting format is determined by bank's risks and rates of returns based on products and services offered. The Chief Operating Decision Maker (CODM) as at 31 December 2025 was the managing director who is responsible for the day to day running of the business.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 7. SEGMENT REPORTING T (CONTINUED)

The business banking segment have credit facilities include business loans and credit lines that earns both interest income and fees from the loans, trade finance and ledger fee and insurance business that drives revenue.

The Personal Banking deals with personal loans, salary advance, mortgage and housing that drive interest income and facility fees, ATM cards fee, monthly ledger fee and transaction fee over several bank channels.

Microfinance segment offers small loans in group, the loans resulted to earning in interest income and fees from facilities.

Treasury segment deals with investment in bond and bills, interbank placement payable and receivable that drives interest income; Foreign exchange trading and bond trading that contributed to fee and commission.

The geographical areas where the bank operates are 8 branches in Dar es Salaam and 1 branch in Dodoma. The head office of the bank is located in Dar es Salaam.

The segment information provided to bank's senior management for the reportable segments for the year ended 31 December 2025 is as follows:

31 December 2025	Business		Personal		Treasury	Other	Total
	Banking	Banking	Banking	Banking			
Statement of profit or loss and other comprehensive income	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Interest Income	14,050,921	8,356,806	4,401,389	7,742,944	319,827	34,871,887	
Interest Expense	(6,682,765)	(6,328,426)	-	(6,264,015)	(252,200)	(19,527,406)	
Net Income	7,368,156	2,028,380	4,401,389	1,478,929	67,627	15,344,481	
Loan impairment charge	(187,932)	(813,762)	(577,317)	-	(7,415)	(1,586,426)	
Fees, commission, and other income	1,979,675	460,254	197,054	-	1,187,535	3,824,518	
Foreign exchange income	-	-	-	576,656	-	576,656	
Other operating income	332,153	224,644	22,053	174,687	437,373	1,190,910	
Total Operating Income	9,492,052	1,899,516	4,043,179	2,230,272	1,685,120	19,350,139	
Staff expenses	(756,510)	(605,208)	(378,255)	(113,477)	(8,472,911)	(10,326,361)	
Depreciation and amortization	(193,971)	(155,177)	(678,899)	(29,096)	(1,590,563)	(2,647,706)	
Administrative and other operating expenses	(470,440)	(376,352)	(1,646,539)	(70,566)	(4,158,845)	(6,722,742)	
Loss before tax	8,071,131	762,779	1,339,486	2,017,133	(12,537,199)	(346,670)	
Income tax charge	-	-	-	-	(288,005)	(288,005)	
<b>Profit/(loss) for the year</b>	<b>8,071,131</b>	<b>762,779</b>	<b>1,339,486</b>	<b>2,017,133</b>	<b>(12,825,204)</b>	<b>(634,675)</b>	

The geographical areas where the bank operates are 8 branches in Dar es Salaam and 1 branch in Dodoma. The head office of the bank is located in Dar es Salaam.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 7. SEGMENT REPORTING (CONTINUED)

31 December 2024	Business		Personal		Treasury	Other	Total
	Banking	Banking	Banking	Banking			
Statement of profit or loss and other comprehensive income	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Interest income	11,622,572	10,616,595	2,626,606	7,411,973	-	-	32,277,746
Interest expense	(7,735,826)	(5,272,818)	(179,911)	(5,778,194)	(267,350)		(19,234,099)
Fees, commission, and other income	1,893,555	509,244	400,517	-	1,508,489		4,311,805
Foreign exchange income	-	-	-	650,739	-	-	650,739
Other operating income	-	-	8,553	-	1,247,911		1,256,464
<b>Net income</b>	<b>5,780,301</b>	<b>5,853,021</b>	<b>2,855,765</b>	<b>2,284,518</b>	<b>2,489,050</b>		<b>19,262,655</b>
Loan impairment charge	(107,284)	(641,859)	(51,462)	-	(1,304,522)		(2,105,127)
Staff expenses	(690,851)	(198,654)	(114,943)	(200,803)	(8,918,365)		(10,123,616)
Depreciation and amortization	(207,557)	(103,779)	(714,919)	(34,593)	(1,937,198)		(2,998,046)
Administrative and other operating expenses	(488,471)	(244,236)	(1,682,512)	(81,412)	(3,254,543)		(5,751,174)
<b>Total Operating expenses</b>	<b>(1,386,879)</b>	<b>(546,669)</b>	<b>(2,512,374)</b>	<b>(316,808)</b>	<b>(14,110,106)</b>		<b>(18,872,836)</b>
Loss before tax	4,286,138	4,664,493	291,929	1,967,710	(12,925,578)		(1,715,308)
Income tax credit	-	-	-	-	746,265		746,265
<b>Profit/(loss) for the year</b>	<b>4,286,138</b>	<b>4,664,493</b>	<b>291,929</b>	<b>1,967,710</b>	<b>(12,179,313)</b>		<b>(969,043)</b>

The geographical areas where the bank operates are 8 branches in Dar es Salaam and 1 branch in Dodoma. The head office of the bank is located in Dar es Salaam.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 7. SEGMENT REPORTING (CONTINUED)

Statement of financial position as at 31 December 2025 in TZS'000	Business Banking	Personal Banking	Microfinance	Treasury	Other	Total
<b>Assets</b>						
Cash and balances with Bank of Tanzania	-	-	-	27,380,493	-	27,380,493
Loans and balances to banks	-	-	-	14,003,758	-	14,003,758
Government securities	-	-	-	62,938,400	-	62,938,400
Equity investment	-	-	-	-	3,204,664	3,204,664
Loans and advances to customers	52,166,799	74,663,096	6,488,078	-	-	133,317,973
Property and Equipment	-	-	-	-	1,905,744	1,905,744
Intangible assets	-	-	-	-	2,791,171	2,791,171
Right of use Assets	-	-	-	-	5,689,831	5,689,831
Deferred tax asset	-	-	-	-	7,507,868	7,507,868
Other assets	-	-	-	-	2,104,297	2,104,297
<b>Total assets</b>	<b>52,166,799</b>	<b>74,663,096</b>	<b>6,488,078</b>	<b>104,322,651</b>	<b>23,203,575</b>	<b>260,844,199</b>
<b>Equity</b>						
Share capital	-	-	-	-	46,874,858	46,874,858
Share premium	-	-	-	-	4,183,291	4,183,291
Share discount	-	-	-	-	(13,150,800)	(13,150,800)
Accumulated losses	-	-	-	-	(8,475,526)	(8,475,526)
General banking risk reserve	-	-	-	-	2,831,894	2,831,894
Fair valuation reserve	-	-	-	-	1,323,183	1,323,183
<b>Total equity</b>					<b>33,586,900</b>	<b>33,586,900</b>
<b>Liabilities</b>						
Deposit from banks	-	-	-	39,826,968	-	39,826,968
Deposits from customers	79,128,591	68,026,567	2,353,668	-	1,018,025	150,526,851
Borrowings	-	-	-	29,260,167	-	29,260,167
Corporate tax recoverable	-	-	-	-	34,127	34,127
Lease liability	-	-	-	-	3,737,048	3,737,048
Other liabilities	-	-	-	-	3,872,138	3,872,138
<b>Total liabilities</b>	<b>79,128,591</b>	<b>68,026,567</b>	<b>2,353,668</b>	<b>69,087,135</b>	<b>8,661,338</b>	<b>227,257,299</b>
<b>Total Equity and liabilities</b>	<b>79,128,591</b>	<b>68,026,567</b>	<b>2,353,668</b>	<b>69,087,135</b>	<b>42,248,238</b>	<b>260,844,199</b>

Items reported under other are those, which are used by all segment and cannot be specifically allocated to any of the segments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 7. SEGMENT REPORTING (CONTINUED)

Statement of financial position as at 31 December 2024 in TZS'000'	Business Banking	Personal Banking	Microfinance	Treasury	Other	Total
<b>Assets</b>						
Cash and balances with Bank of Tanzania	-	-	-	20,692,065	-	20,692,065
Loans and balances to banks	-	-	-	19,388,108	-	19,388,108
Government securities	-	-	-	62,049,681	-	62,049,681
Equity investment	-	-	-	-	3,042,273	3,042,273
Loans and advances to customers	47,758,527	76,171,486	8,475,991	-	-	132,406,004
Property and Equipment	-	-	-	-	2,326,927	2,326,927
Intangible assets	-	-	-	-	3,027,713	3,027,713
Corporate tax recoverable	-	-	-	-	288,005	288,005
Right of use Assets	-	-	-	-	6,058,029	6,058,029
Deferred tax asset	-	-	-	-	7,507,868	7,507,868
Other assets	-	-	-	-	2,349,636	2,349,636
<b>Total assets</b>	<b>47,758,527</b>	<b>76,171,486</b>	<b>8,475,991</b>	<b>102,129,854</b>	<b>24,600,451</b>	<b>259,136,309</b>
<b>Equity</b>						
Share capital	-	-	-	-	39,757,915	39,757,915
Share premium	-	-	-	-	4,183,291	4,183,291
Share discount	-	-	-	-	(9,148,376)	(9,148,376)
Accumulated losses	-	-	-	-	(5,064,843)	(5,064,843)
Regulatory banking risk reserve	-	-	-	-	80,143	80,143
Fair valuation reserve	-	-	-	-	1,160,791	1,160,791
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,968,921</b>	<b>30,968,921</b>
<b>Liabilities</b>						
Deposit from banks	-	-	-	36,419,080	-	36,419,080
Deposits from customers	86,569,840	62,879,830	2,589,486	-	-	152,039,156
Borrowings	-	-	-	32,738,415	-	32,738,415
Lease liability	-	-	-	-	3,874,347	3,874,347
Other liabilities	-	-	-	-	3,096,390	3,096,390
<b>Total liabilities</b>	<b>86,569,840</b>	<b>62,879,830</b>	<b>2,589,486</b>	<b>69,157,495</b>	<b>6,970,737</b>	<b>228,167,388</b>
<b>Total Equity and liabilities</b>	<b>86,569,840</b>	<b>62,879,830</b>	<b>2,589,486</b>	<b>69,157,495</b>	<b>37,939,658</b>	<b>259,136,309</b>

Items reported under other are those, which are used by all segment and cannot be specifically allocated to any of the segments.

### 8. INTEREST INCOME RECOGNIZED USING EFFECTIVE INTEREST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
	TZS 000	TZS 000
METHOD		
Loans and advances	27,128,943	24,865,773
Government securities	7,416,923	7,039,287
Placements	326,021	372,686
	<b>34,871,887</b>	<b>32,277,746</b>

This is what mainly constitutes the most relevant measure of revenue for the bank together with fees and commissions income (Note 10) and foreign exchange income (Note 11). Other revenues for the bank comprise of other operating income (Note 12) which primarily comprise of recoveries from written off loans.

### 9. INTEREST EXPENSE

Time deposits	12,471,399	12,775,642
Long term borrowing (note 31)	3,999,154	2,671,291
Interbank borrowing	2,264,863	3,106,901
Savings deposits	155,200	270,073
Current accounts	392,871	143,728
Interest expense lease liability (note 36 (ii))	243,919	266,464
	<b>19,527,406</b>	<b>19,234,099</b>

### 10. FEES AND COMMISSION INCOME

Loan commitment fees	1,225,619	1,243,535
Ledger fees	286,220	268,306
Commission on insurance fees	409,466	589,001
Withdrawal fees	236,313	204,523
Commission charged on transfers	71,531	47,173
Commission on Western Union Transfers	9,723	17,450
Commission on ATM withdrawal charges	20,346	16,304
Commission on mobile banking	190,367	304,583
Other fees and commissions	746,996	723,029
Transfers fees	58,460	26,305
Guarantee and indemnities	569,477	871,596
	<b>3,824,518</b>	<b>4,311,805</b>

### 11. FOREIGN EXCHANGE INCOME

Foreign exchange dealings gains	576,656	650,739
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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 12. OTHER OPERATING INCOME

	2025	2024
	TZS 000	TZS 000
Gain on sale of bonds	174,687	-
Other income	1,016,223	1,256,464
	<b>1,190,910</b>	<b>1,256,464</b>

Other income comprises mainly of the recoveries from previous years' written off loans.

### 13. STAFF EXPENSES

Wages and salaries	6,402,708	6,010,643
Pension and retirement benefits	1,276,440	942,538
Other staff costs—comprise mainly of medical expenses and allowances.	2,647,213	3,170,435
	<b>10,326,361</b>	<b>10,123,616</b>

### 14. GENERAL AND ADMINISTRATIVE EXPENSES

Fees and commission expenses (lending expenses)	690,854	541,571
Bank charges	48,227	60,960
Legal expenses	107,970	63,543
Consultancy expenses	264,310	57,066
Security expenses	427,975	423,592
Electricity expenses	196,741	194,657
Cleaning, gardening, and water expenses	127,656	100,994
Telephone expenses	163,052	155,727
Insurance expenses	568,131	279,286
Equipment Lease Expenses	331,749	-
Office rent expenses	47,894	43,860
Stationery and consumables	357,184	624,784
Auditors' remuneration*	151,352	154,808
Donations & subscriptions	124,634	206,450
Recruitment expenses	7,161	13,650
WIP write off through profit or loss	85	-
Maintenance expenses (Note 16)	2,226,804	1,973,823
Marketing and promotion (Note 17)	256,301	280,448
Corporate governance (Note 18)	323,422	313,906
Other taxes (does not include current tax expenses)	301,240	-
Orphan Ledgers	-	262,049
	<b>6,722,742</b>	<b>5,751,174</b>

\*This includes TZS 124 million (2024: TZS 127 million) for audit of financial statements and TZS 27 million (2024: TZS 27 million) for information systems audit as per Bank of Tanzania directives.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 15. DEPRECIATION AND AMORTISATION EXPENSES

	2025	2024
	TZS 000	TZS 000
Amortization of leasehold improvement	300,906	335,461
Depreciation of Computer and IT equipment	257,527	304,336
Depreciation furniture & fittings, machinery and generator	298,970	341,532
Depreciation Right of Use Assets	1,072,941	1,088,023
Amortization of intangible assets	717,362	928,694
	<b>2,647,706</b>	<b>2,998,046</b>

### 16. MAINTENANCE EXPENSES (Note 14)

Maintenance premises, furniture & equipment	278,973	350,244
Motor vehicle fuel and repair	72,073	69,288
Software maintenance expenses	1,831,635	1,521,771
Computer and IT equipment maintenance expenses	44,123	32,520
	<b>2,226,804</b>	<b>1,973,823</b>

### 17. MARKETING AND PROMOTION (NOTE 14)

Publications	18,630	32,361
Advertisement	9,127	12,947
Magazine and journal	323	1,505
Promotion	228,221	233,635
	<b>256,301</b>	<b>280,448</b>

### 18. CORPORATE GOVERNANCE

Shareholder's meeting expenses	63,648	66,090
Directors' fees	70,588	65,589
Director's allowance	189,186	182,227
	<b>323,422</b>	<b>313,906</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 19. INCOME TAX CHARGE/(CREDIT)

	2025	2024
	TZS 000	TZS 000
Income tax expense:		
- Current year current tax	288,005	-
Deferred tax - Current year (Note 30)	-	(2,026,272)
- Prior year over provision (Note 30)	-	1,280,007
	288,005	(746,265)
Reconciliation of accounting loss to tax credit:		
Accounting loss before income tax	(346,670)	(1,715,308)
Tax credit at 30% (2024:30%)	(104,001)	(514,592)
Disallowed expenditure	144,127	122,989
Prior year irrecoverable tax	288,005	-
Tax effect of unrecognized deferred tax	1,713,819	-
Tax effect of alternative Minimum Tax	90,372	-
Prior year over provision of deferred tax	(4,677)	1,280,007
Tax effect of unreconciled balance on assets	-	(13,857)
Exempt income – government securities interest income	(1,839,640)	(1,620,812)
Total tax charge/(credit) for the year	288,005	(746,265)

### 20. CASH AND BALANCES WITH BANK OF TANZANIA

Cash in hand	6,622,151	3,299,392
Balance with Bank of Tanzania	9,678,720	6,092,446
Cheques in the-course of collection	114,815	136,396
Restricted statutory minimum reserve (SMR) (80% of SMR)	8,771,846	8,931,065
Unrestricted balances statutory minimum reserve (SMR) (20% of SMR)	2,192,961	2,232,766
Current	27,380,493	20,692,065

The Statutory Minimum Reserve requirement was 6% (2024: 6%) of the non-government average deposit and 40% (2024: 40%) of the government average deposits.

### 21. BALANCES DUE FROM OTHER BANKS

Balances with other banks	14,003,037	19,385,980
Accrued interest	721	2,128
	14,003,758	19,388,108
Current	14,003,758	19,388,108

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 22. GOVERNMENT SECURITIES AT AMORTISED COST

	2025	2024
	TZS 000	TZS 000
Treasury bills with more than three months original maturity	11,322,783	9,552,350
Accrued interest	276,688	342,503
	<b>11,599,471</b>	<b>9,894,853</b>
Treasury bonds with more than three months original maturity	50,209,204	50,939,131
Accrued interest	1,170,083	1,256,096
Impairment provision	(40,358)	(40,399)
	51,338,929	52,154,828
<b>Total</b>	<b>62,938,400</b>	<b>62,049,681</b>
Comprising:		
Current	11,599,471	9,894,853
Non-current	51,379,287	52,195,167
Impairment provision	(40,358)	(40,339)
<b>TOTAL GOVERNMENT SECURITIES</b>	<b>62,938,400</b>	<b>62,049,681</b>

As at 31 December 2025, the bank had pledged treasury bonds of TZS 38.27 billion to obtain interbank short-term borrowings and long-term borrowings with maximum tenure of 12 months and 5 years respectively. No conditions have been attached on these collaterals.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 23. LOANS AND ADVANCES TO CUSTOMERS

	2025	2024
	TZS 000	TZS 000
Loans to individuals and Corporates	121,217,499	126,883,582
Loans to solidarity groups	3,841,858	2,194,036
Overdraft facility	8,140,202	6,167,123
Nivushe Digital Loan	3,540,295	-
	136,739,854	135,244,741
Allowance for credit losses	(3,421,881)	(2,838,737)
Net loans and advances to customers	133,317,973	132,406,004
Loan Maturity analysis		
With maturity of 3 months or less	19,401,106	14,654,765
With maturity of between 3 months and 1 year	17,429,673	19,158,531
With maturity of more than 1 year	96,487,194	98,592,708
	133,317,973	132,406,004

Additional provision as per Bank of Tanzania Regulations	2025	2024
Regulatory impairment	TZS'000	TZS'000
At the beginning of the year	80,143	130,043
Increase/ (decrease) during the year	2,751,751	(49,900)
At the end of the year	2,831,894	80,143

Regulatory banking risk reserve represent additional allowance for losses charged to retained earnings. The reserve is not available for distribution.

Regulatory banking risk reserve represent additional allowance for losses charged to retained earnings. The reserve is not available for distribution.

#### Impairment reconciliation

The table below shows the reconciliation of impairment of financials instruments from the beginning to the end of the year. The total amount of impairment charged to profit and loss statement is TZS 1,586,426,000 (2024: TZS 2,105,127,000). Cash balances with the Bank of Tanzania and Government securities are exposed to sovereign credit risk and are aligned to the United Republic of Tanzania's Moody's rating of B1 (stable outlook). These exposures are classified as Stage 1 with low credit risk and accordingly the resulting 12-month expected credit losses are immaterial as disclosed in the note below.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 23. LOAN AND ADVANCES TO CUSTOMERS (CONTINUED)

31 December 2025	Loans and advances	Cash and bank balances	Government securities	Other assets
	TZS'000	TZS'000	TZS'000	TZS'000
Opening balance 1 January	2,838,737	117,775	40,339	1,712,072
Charged/(released) to profit and loss	1,579,010	47,515	19	(40,118)
Impairment written off	(995,866)	-	-	(111,429)
Closing balance 31 December	3,421,881	165,290	40,358	1,560,525

31 December 2024	Loans and advances	Cash and bank balances	Government securities	Other assets
	TZS'000	TZS'000	TZS'000	TZS'000
Opening balance 1 January	4,548,179	97,455	-	471,018
Charged to profit and loss	800,605	20,320	40,339	1,243,863
Impairment written off	(2,510,047)	-	-	-
Amount reclassified to provisions	-	-	-	(2,809)
Closing balance 31 December	2,838,737	117,775	40,339	1,712,072

### 24. EQUITY INVESTMENTS AT FVOCI

	Interest held	2025 TZS'000	2024 TZS'000
Tanzania Mortgage Refinancing Company	3.87%	1,882,507	1,872,490
Umoja Switch Co. Ltd	11.25%	1,322,157	1,169,783
		3,204,664	3,042,273

The bank has investments in ordinary shares in Tanzania Mortgage Refinancing Company Limited (TMRC) valued at Fair value and Umoja Switch Co. Ltd being founder member of the Switch.

These shares do not have a quoted market price in an active market. The bank uses market based valuation approach to determine the fair value of the investment holdings as at each balance sheet date.

Movement of Equity investments	2025 TZS'000	2024 TZS'000
At 1 January	3,042,273	2,040,200
Additional investments	-	28,000
Fair value gain	162,391	974,073
At 31 December	3,204,664	3,042,273

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 25. PROPERTY AND EQUIPMENT

	Machinery and equipment	Furniture, fixture and fitting	Computers and IT equipment	Generator	Motor vehicle	Leasehold improvement	Work in progress	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost								
As at 1 January 2025	3,173,161	1,301,864	2,445,326	571,626	291,890	4,120,386	30,245	11,934,498
Additions	96,189	19,246	156,313	-	-	114,438	80,284	466,470
Fixed asset adjustments*	-	-	-	-	-	-	(30,250)	(30,250)
At 31 December 2025	3,269,350	1,321,110	2,601,639	571,626	291,890	4,234,824	80,279	12,370,718
Accumulated Depreciation								
As at 1 January 2025	2,839,524	994,185	2,058,351	408,117	291,890	3,015,504	-	9,607,571
Charge for the year	144,315	128,871	257,527	25,784	-	300,906	-	857,403
At 31 December 2025	2,983,839	1,123,056	2,315,878	433,901	291,890	3,316,410	-	10,464,974
Carrying amount	285,511	198,054	285,761	137,725	-	918,414	80,279	1,905,744

\*This comprise mainly of ATM cards which were erroneously capitalized in the prior year, the impact is immaterial and hence management have corrected the error in the current year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 25. PROPERTY AND EQUIPMENT (CONTINUED)

	Machinery and equipment	Furniture, fixture and fitting	Computers and IT equipment	Generator	Motor vehicle	Leasehold improvement	Work in progress	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost								
As at 1 January 2024	3,044,091	1,259,705	2,404,436	452,943	793,564	4,120,386	34,022	12,109,147
Additions	129,070	42,159	40,890	118,683	-	-	30,248	361,050
Fixed assets adjustments	-	-	-	-	-	-	(34,025)	(34,025)
Disposal*	-	-	-	-	(501,674)	-	-	(501,674)
At 31 December 2024	3,173,161	1,301,864	2,445,326	571,626	291,890	4,120,386	30,245	11,934,498
Accumulated Depreciation								
As at 1 January 2024	2,637,971	869,304	1,754,015	393,019	793,564	2,680,043	-	9,127,916
Charge for the year	201,553	124,881	304,336	15,098	-	335,461	-	981,329
Disposal	-	-	-	-	(501,674)	-	-	(501,674)
At 31 December 2024	2,839,524	994,185	2,058,351	408,117	291,890	3,015,504	-	9,607,571
Carrying amount	333,637	307,679	386,975	163,509	-	1,104,882	30,245	2,326,927

\*A total amount of TZS 134 million was received from disposed motor vehicles.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 26. INTANGIBLE ASSETS

	Intangible assets	Work in progress	Total
	TZS'000	TZS'000	TZS'000
<b>COST</b>			
At 1 January 2025	10,631,468	568,966	11,200,434
Additions	-	482,415	482,415
Write off	-	(1,595)	(1,595)
<b>At 31 December 2025</b>	<b>10,631,468</b>	<b>1,049,786</b>	<b>11,681,254</b>
<b>ACCUMULATED AMORTIZATION</b>			
At 1 January 2025	8,172,721	-	8,172,721
Amortization for the year	717,362	-	717,362
<b>At 31 December 2025</b>	<b>8,890,083</b>	<b>-</b>	<b>8,890,083</b>
<b>Carrying amount</b>	<b>1,741,385</b>	<b>1,049,786</b>	<b>2,791,171</b>
<b>COST</b>			
At 1 January 2024	10,631,468	243,581	10,875,049
Additions	-	336,400	336,400
Write off	-	(11,015)	(11,015)
<b>At 31 December 2024</b>	<b>10,631,468</b>	<b>568,966</b>	<b>11,200,434</b>
<b>ACCUMULATED AMORTIZATION</b>			
At 1 January 2024	7,244,027	-	7,244,027
Amortization for the year	928,694	-	928,694
<b>At 31 December 2024</b>	<b>8,172,721</b>	<b>-</b>	<b>8,172,721</b>
<b>Carrying amount</b>	<b>2,458,747</b>	<b>568,966</b>	<b>3,027,713</b>

Work in progress (WIP) includes assets relating to unfinished projects. These projects are still in progress as at 31 December 2025. The project relates mainly to software upgrades and are on track to start being used in 2026 with remote impairment risk.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 27. OTHER ASSETS

OTHER ASSETS	2025	2024
	TZS'000	TZS'000
Prepaid expenses	1,149,871	931,078
Stationery and consumables	266,941	269,742
Sundry assets – comprise mainly of agent banking receivables	2,248,010	2,860,888
	3,664,822	4,061,708
Allowance for other assets	(1,560,525)	(1,712,072)
	2,104,297	2,349,636
Current	2,104,297	2,349,636

All assets are expected to be recovered or utilized within the next 12 months.

Movement in allowance for other assets is as follows.

At 1 Jan	1,712,072	609,794
(Release)/charge for the year	(40,118)	1,243,863
Write off	(111,429)	-
Reclassification to other liabilities	-	(141,585)
At 31 December	1,560,525	1,712,072

### 28. CORPORATE TAX (PAYABLE)/RECOVERABLE

At 1 January	288,005	975,000
Payments made	267,113	-
Tax refund	-	(686,995)
Alternative Minimum Tax	(301,240)	-
Irrecoverable prior year tax written off	(288,005)	-
At 31 December	(34,127)	288,005

The Alternative Minimum Tax (AMT) represents tax levied under Tanzanian tax laws on companies that have reported taxable losses for three consecutive years, calculated based on turnover to ensure a minimum tax contribution. The tax written off relates to prior year overpaid taxes which, following correspondence with the tax authority, were deemed irrecoverable and have therefore been recognized as an expense in the current period.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 29. DEPOSITS

#### a. Due to other banks – all classified as current

	2025	2024
	TZS'000	TZS'000
Term deposits	39,790,150	36,401,227
Savings	13,958	13,958
Call deposits	22,860	3,895
	<b>39,826,968</b>	<b>36,419,080</b>

#### b. Deposits from customers

Current accounts	24,243,621	17,208,911
Savings deposits	26,946,443	25,278,209
Time deposits	99,336,787	109,552,036
	<b>150,526,851</b>	<b>152,039,156</b>
Current	140,587,086	131,352,361
Non-current	9,939,765	20,686,795
	<b>150,526,851</b>	<b>152,039,156</b>

### 30. DEFERRED INCOME TAX ASSET

Deferred income taxes are calculated on all temporary differences under the liability method, using the enacted tax rate of 30% (2024:30%)

	(Charged)/Credited to:				
	At start of year	Profit or loss	OCI	Amount not recognized	At end of year
	TZS'000	TZS'000	TZS'000		TZS'000
Year ended 31 December 2025:					
Property and equipment	791,614	(264,730)	-	264,730	791,614
Provisions – loans and advances	851,621	-	-	-	851,621
Provisions – other Assets	557,890	-	-	-	557,890
Loss carried forward	6,439,021	1,879,922	-	(1,879,922)	6,439,021
Credit Impaired loans interest	224,551	73,335	-	(73,335)	224,551
Commitment fee	209,694	-	-	-	209,694
IFRS 16 temporary differences	(1,069,041)	69,270	-	(69,270)	(1,069,041)
Fair value gain on equity instruments	(497,482)	-	(48,718)	48,718	(497,482)
Prior year adjustment	-	4,677	-	(4,677)	-
	<b>7,507,868</b>	<b>1,762,474</b>	<b>(48,718)</b>	<b>(1,713,756)</b>	<b>7,507,868</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 30. DEFERRED INCOME TAX ASSET (CONTINUED)

	(Charged)/Credited to:			
	At start of year	Profit or loss	OCI	At end of year
	TZS'000	TZS'000	TZS'000	TZS'000
Year ended 31 December 2024:				
Property and equipment	729,652	61,962	-	791,614
Provisions – loans and advances	1,364,454	(512,833)	-	851,621
Provisions – other Assets	182,938	374,952	-	557,890
Loss carried forward	4,314,852	2,124,169	-	6,439,021
Credit Impaired loans interest*	177,861	46,690	-	224,551
Commitment fee	253,757	(44,063)	-	209,694
IFRS 16 temporary differences	235,570	(1,304,611)	-	(1,069,041)
Fair value gain on equity instruments	(205,260)	-	(292,222)	(497,482)
	<b>7,053,824</b>	<b>746,266</b>	<b>(292,222)</b>	<b>7,507,868</b>

\*In the prior year, this was referred to as 'Interest in Suspense' To make it clearer for users, an immaterial editorial change has been made to rename it 'Credit-Impaired Loans Interest'.

Directors have assessed the recoverability of the deferred tax asset recognized as at 31 December 2025. No additional deferred tax asset has been recognized during the year, as the projected future taxable profits are sufficient to utilise only the tax losses recognized up to 31 December 2024. Management remains confident that these deferred tax assets will be recoverable based on the expected future taxable income.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 30. DEFERRED INCOME TAX ASSET (CONTINUED)

	Year ending on / ended 31 December:					
	2026	2025	2024	2023	2022	2021
Interest income growth	13%	15%	10%	-3%	4%	22%
Earning assets growth	17%	13%	8%	9%	17%	6%
Average rate of interest earned	16%	17%	16%	16%	18%	20%
Net interest income/(expense) %	51%	49%	46%	46%	53%	58%
Interest expense growth	9%	8%	10%	13%	17%	18%
Interest bearing liabilities growth	13%	10%	10%	12%	12%	15%
Average cost of funds	8%	8%	8%	8%	8%	8%
Non-interest income growth	25%	24%	20%	-37%	49%	49%
Total expenses growth before ECL	10%	5%	-9%	0%	10%	11%
Cost to income ratio	67%	73%	86%	108%	81%	81%
Mix of earning assets						
Treasury bills	9%	9%	8%	8%	9%	20%
Treasury bonds	25%	24%	24%	23%	16%	0%
Sub total	34%	33%	32%	31%	25%	20%
Loans and advances	66%	67%	68%	66%	72%	80%
Others	0%	0%	0%	3%	3%	0%
Total	100%	100%	100%	100%	100%	100%
Interest bearing liabilities mix						
Deposits due to banks	8%	12%	15%	24%	13%	16%
Deposits due to customers	83%	78%	73%	71%	80%	79%
Borrowings	9%	10%	12%	5%	7%	5%
	100%	100%	100%	100%	100%	100%
Non-performing loans ratio	5%	5%	5%	5%	12%	11%
ECL provision to gross loans ratio	6%	5%	5%	4%	7%	6%
Earning assets to interest bearing deposits	96%	93%	90%	91%	94%	91%
Loans to deposits due from customers	75%	80%	84%	85%	85%	92%

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 31. BORROWINGS

	2025	2024
	TZS'000	TZS'000
Tanzania Mortgage and Refinance Corporation (TMRC) (10%)	6,777,685	7,656,692
BOT term loan (10%)	2,170,403	2,981,590
DTB (13%)	8,358,419	5,008,904
NBC (14%)	11,953,660	17,091,229
	<b>29,260,167</b>	<b>32,738,415</b>
Current	9,759,706	1,000,000
Non - Current	19,500,461	31,738,415
	<b>29,260,167</b>	<b>32,738,415</b>
Movement of borrowings:		
At start of year	32,738,415	11,213,836
Proceeds from borrowings	5,000,000	25,000,000
Interest expense (Note 9)	3,999,154	2,671,291
Interest repayment	(4,747,488)	(2,263,037)
Principal repayment	(7,729,914)	(3,883,675)
At end of year	<b>29,260,167</b>	<b>32,738,415</b>

The bank pledged government bonds worth TZS 12.3 billion to secure the borrowings, all borrowings are fully covered except TMRC loans worth TZS 7.5 billion with bond collateral of TZS 1.0 billion. All the loans are repayable on quarterly basis.

### 32. OTHER LIABILITIES

Accrued expenses	536,719	533,211
Withholding tax and other indirect taxes	303,768	285,357
Sundry creditors	447,334	130,726
Deferred commitment fees	591,592	698,980
Dividend payable	262,024	236,891
Litigations provisions	-	41,321
Accounts payables	1,730,701	1,169,904
	<b>3,872,138</b>	<b>3,096,390</b>

All liabilities disclosed in this note are expected to be settled within next 12 months.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 33. SHARE CAPITAL

Total authorized shares amounted to 400,000,000 (2024:400,000,000) ordinary shares of TZS 250/= each

	2025	2024
	TZS'000	TZS'000
Issued and fully paid ordinary shares		
191,581,247 (2024: 162,992,488) shares of TZS 250/= each	47,545,487	40,398,297
Cumulative rights issue expenses	(670,629)	(640,382)
Share capital as per the statement of financial position	46,874,858	39,757,915

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the bank.

#### Issued and fully paid ordinary shares reconciliation

Opening number of shares	162,992,488	97646913
Rights issue	28,588,759	65,345,575
Closing number of shares	191,581,247	162,992,488

The reconciliation of the opening and closing number of shares was not presented in the prior year financial statements. This has been corrected in the current year to include both the current year and comparative figures. The impact on the prior year is considered immaterial.

### 34. LOSS PER SHARE

#### Basic loss per share

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the bank by the weighted average number of ordinary shares outstanding during the year. The calculation is based on:

(Loss attributable to ordinary shareholders (TZS'000)	(634,675)	(969,043)
Weighted average number of ordinary shares	191,581,247	162,992,488
Basic loss per share - TZS	(3.31)	(5.95)

Diluted loss per share was the same as basic loss per share as the bank had no potentially dilutive ordinary shares in issue

The bank recorded a loss per share of 3.31 in the current year compared to 5.95 in the prior year, reflecting a continued loss position but with a significant year-on-year improvement.

This improvement is driven by reduced overall losses and strengthening core banking performance, indicating improved operational efficiency and a clear recovery trend.

This positive trajectory is underpinned by the bank's 2024–2028 strategic plan, which is focused on scaling capital from TZS 15.5 billion to TZS 61.4 billion, growing customer deposits to TZS 363 billion through CASA mobilisation, expanding lending to key sectors and MSMEs, improving asset quality by reducing NPLs below 3%, and accelerating digital and channel expansion through branches, ATMs, agency banking, and mobile and internet banking to drive sustainable profitability and a turnaround in earnings performance.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 35. CASH AND CASH EQUIVALENTS FOR STATEMENT OF CASH FLOWS

	2025	2024
	TZS'000	TZS'000
Cash in hand	6,622,151	3,299,392
Balance with Bank of Tanzania	9,678,720	6,092,446
Cheques in the-course of collection	280,105	254,171
Unrestricted portion of statutory minimum reserve (SMR)	2,192,961	2,232,766
Balances with other banks	14,003,758	19,388,108
Gross carrying amounts	32,777,695	31,266,883
Impairment	(165,290)	(117,775)
<b>Net carrying amounts</b>	<b>32,612,405</b>	<b>31,149,108</b>

For purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than 3 months maturity from the date of acquisition including: cash and balances with Bank of Tanzania and amounts due from other banks. Cash and cash equivalents exclude the restricted portion (80%) of cash reserve requirement held with the Bank of Tanzania as well as Deposits and balances due from banking institutions over 3 months.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 36. LEASES

(i) Right-of-use assets	2025	2024
	TZS' 000	TZS' 000
At start of the year	9,625,410	10,095,384
ROU Adjustment	162,007	(689,875)
Additions	712,569	397,626
Derecognition	-	(177,725)
At the end of year	10,499,986	9,625,410
<b>Accumulated Depreciation</b>		
At start of the year	3,567,381	3,204,419
Adjustment	169,833	(547,336)
Depreciation charge for the year	1,072,941	1,088,023
Derecognition	-	(177,725)
	4,810,155	3,567,381
<b>Carrying values</b>	<b>5,689,831</b>	<b>6,058,029</b>
(ii) Lease liabilities		
At start of the year	3,874,347	4,479,246
Additions	712,569	308,995
Forex loss/(gain)	17,685	(38,319)
Finance cost (included in interest expense)	243,919	266,464
Payment during the year	(847,563)	(1,142,039)
Derecognition	(263,909)	-
At the end of year	3,737,048	3,874,347
Current	933,498	194,906
Non-current	2,803,550	3,679,441
	3,737,048	3,874,347
<i>Amounts recognized in profit and loss</i>		
Forex loss/(gain)	17,685	(38,319)
Finance cost (included in interest expense)	243,919	266,464
Depreciation charge for the year	1,072,941	1,088,023
<i>Amounts recognized in the statement of cash flows</i>		
Lease payment - Interest	(156,057)	(210,277)
Lease payment - principal	(691,506)	(931,762)
<b>Total</b>	<b>(847,563)</b>	<b>(1,142,039)</b>

The bank leases a number of branch and office premises, at least for a period of 3 years, with an option to renew after expired of lease period. The leases are renewed and renegotiated upon expiry and the new terms are based on the expansion strategy for the bank as well as the overall alignment to digitization measures being undertaken by the bank.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 37. RELATED PARTY DISCLOSURES

The ownership structure of the bank has been disclosed under page 10 of the financial statements. The largest shareholder for the bank is UTT-Asset Management & Investor's Services Plc (UTT-Amis Plc) who owns 23.19% of the bank.

	2025	2024
	TZS'000	TZS'000
Loans to key management personnel*:		
Loans outstanding at the beginning of the year	772,965	599,840
Loan additions during the year	398,632	761,245
Loan repayments during the year	(589,600)	(588,120)
Loans outstanding at the end of the year	581,997	772,965
Interest income earned	37,286	60,900

\*The loans to key management personnel are unsecured and are issued in line with the bank's policy on the applicable rates which aligns with regulatory requirements. The repayment terms are in line with the general loans and advances loans repayments i.e. they are all repaid on monthly basis based on their respective maturity profiles and based on their repayment partners and consideration of forward looking information, the impairment of these balances is immaterial (2024: Immaterial).

Deposits from Directors and key management personnel\*:

Deposits at the beginning of the year	98,388	100,637
Deposits received during the year	760,778	1,554,518
Deposits repaid during the year	(821,470)	(1,556,767)
Deposits as at the end of the year	37,696	98,388

\*All deposits from Directors, key management personnel and shareholders are contracted under the banks standard terms which aligns with regulatory requirements.

Key management compensation		
Salaries and other short-term benefits	2,005,647	1,554,518
Post-employment benefits – Social security costs	253,959	220,477
	2,259,606	1,774,995
Directors' remuneration		
Directors' remuneration- short term benefits	259,774	247,816

Key management personnel are described as those people who have authority and responsibility for planning, directing and controlling the activities of the bank, directly or indirectly.

In the prior year, a disclosure of deposits from shareholders was included in the financial statements, however, none of the shareholders with transactions with the bank meet the IAS 24 definition of a related party and hence this disclosure has not been included in the financial statements in the current year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

### 38. CONTINGENT LIABILITIES AND COMMITMENTS

	2025	2024
	TZS'000	TZS'000
Contingent liabilities		
Guarantees and indemnities	5,554,829	11,973,004
Undrawn balance	1,798,876	1,760,705
	<u>7,353,705</u>	<u>13,733,709</u>

Capital expenditure commitments

There was no capital commitment in 2025 (2024: Nil).

#### Commitments to extend credit and guarantees

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific standards.

#### Legal claims

Litigation is a common occurrence in banking industry due to the nature of the business. The bank has established protocol for dealing with such legal claims. Once professional advice has been obtained and the number of damages reasonably estimated, the bank adjusts account for any adverse effects which the claims may have on its financial standing. At year end the bank had no legal claims that can be reasonably estimated (2024: None).

### 39. DIVIDEND PER SHARE

Dividends are not recognized as a liability until they have been approved at the Annual General Meeting. In 2025 no dividend is proposed (2024: NIL).

### 40. EVENTS AFTER THE REPORTING PERIOD

The Middle East war is not expected to have a significant effect on the banks' results and balance sheet balances recognised as at 31 December 2025, however the spillover effects of the conflict may impact the future results. The bank will continue to proactively identify opportunities to optimise its operating model, ensuring agility in responding to evolving market demands.

The directors are not aware of any other matter or event arising since the end of the financial period that requires disclosure in or adjustment to the financial statements.



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