

#### 1. Business Model and its Translation into the Bank's Credit Risk Profile

Bank of DCB COMMERCIAL BANK operates a predominantly commercial banking model focused on corporate, SME, and trade finance segments, complemented by a growing retail portfolio.

The Bank leverages its local branch network to support trade-related financing within Tanzania, which forms a significant portion of its credit exposures.

The Bank's credit risk profile is primarily driven by:

- Loans and advances to corporate and SME customers
- Trade finance exposures (letters of credit, guarantees, and bills discounting)
- Investments in government and high-quality debt securities

Sectoral exposures are concentrated in trade, manufacturing, agriculture and services, reflecting the structure of the Tanzanian economy. The Bank actively manages concentration risk through defined sector caps and portfolio diversification strategies. Credit risk is further

shaped by the Bank's collateral-driven lending approach, with emphasis on tangible security, guarantees,

#### 2. Criteria and Approach for Defining Credit Risk Management Policy and Setting Credit Risk Limits

The Bank's credit risk management policy is aligned with guidelines issued by the Bank of Tanzania, as well as the global risk management framework of the Bank of Baroda Group.

The policy framework is built on the following key principles:

- Robust credit appraisal processes, including financial analysis, cash flow assessment, and risk rating
- Clearly defined credit approval authorities and delegation matrix
- Historical loss experience and stress testing outcomes
- Continuous monitoring and periodic review of credit exposures

Credit risk limits are established based on:

- Regulatory requirements (e.g., single obligor limits)
- Sectoral concentration limits
- Internal risk appetite and capital adequacy considerations
- Product-level exposure limits
- Country risk limits (for cross-border exposures)

The Bank sets limits across multiple dimensions, including:

- Single borrower and group exposure limits
- Sectoral concentration limits
- Product-level exposure limits
- Country risk limits (for cross-border exposures)

All limits are subject to periodic review and approval by the Board and relevant committees.

#### 3. Structure and Organization of the Credit Risk Management and Control Function

The Bank maintains a structured and independent credit risk management framework to ensure effective oversight and control.

Key elements include:

- Business Units (Corporate, SME, Retail):** Responsible for credit origination and relationship management
- Credit Department:** Conducts independent appraisal and due diligence of credit proposals
- Risk Management Department:** Oversees credit risk measurement, monitoring, portfolio analysis, and policy compliance
- Credit Committees:** Multi-tiered committees (including Head Office and Board-level committees) responsible for sanctioning credit facilities within delegated authorities
- Recovery Unit:** Focuses on monitoring non-performing assets (NPAs) and recovery strategies

The Credit Risk function operates independently of business origination and reports to the Chief Risk Officer, ensuring objectivity and adherence to risk governance standards.

#### 4. Relationship Between Credit Risk Management, Risk Control, Compliance, and Internal Audit Functions

The Bank adopts a robust three lines of defense model:

**First Line – Business Units:**

- Responsible for originating and managing credit exposures within approved policies and limits
- Second Line – Risk Management and Compliance:** The Risk Management function (including Credit Risk) is responsible for independent risk oversight, policy formulation, and portfolio monitoring.

**Third Line – Internal Audit:**

- Internal Audit provides independent assurance on the effectiveness of credit risk management processes, internal controls, and governance. It conducts periodic audits of credit portfolios, sanctioning processes, and recovery mechanisms.
- These functions operate with clear segregation of duties and maintain regular coordination through structured reporting and governance forums.

#### 5. Scope and Main Content of Reporting on Credit Risk Exposure and Credit Risk Management

The Bank has established comprehensive reporting systems to ensure timely and accurate communication of credit risk information to Senior Management and the Board.

**i. Reporting to Executive Management (monthly/quarterly) includes:**

- Credit portfolio composition by segment, sector, and product
- Asset quality metrics, including non-performing assets (NPAs) and staging under IFRS 9
- Movement in Expected Credit Loss (ECL) provisions
- Watchlist accounts and early warning indicators
- Limit utilization and exceptions, including breaches and corrective actions

**ii. Reporting to the Board and Board Committees (quarterly) includes:**

- Overall credit risk profile and trends
- Compliance with regulatory and internal risk limits
- Sectoral concentration analysis
- Stress testing results and scenario analysis
- Significant credit exposures and top borrower concentrations
- Historical loss experience and stress testing outcomes

The Board Risk Management Committee and Board of Directors provide oversight and strategic direction on credit risk, ensuring alignment with the Bank's risk appetite and regulatory expectations.

### DCB PESA PLUS

BENKI MKONONI MWAKO

- Fungua Akaunti popote ulipo
- Tuma Pesa Bila makato
- Fanya malipo ya serikali
- Lipa Bill (LUKU, DAWASA, KINOMAZUZI, na)

Piga\*150\*95#

Pika kwa Lico DCB Pesa Plus App  
Ukurahisi Huduma.

#### DCB COMMERCIAL BANK PLC Prudential Regulatory Metrics as at 31st December 2025 (All amount are in TZS)

S/n	Metric	a				
		T	T-1	T-2	T-3	T-4
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	20,774,075,988	20,563,315,545	21,795,193,758	20,707,697,673	21,105,427,224
2	Tier 1	20,774,075,988	20,563,315,545	21,795,193,758	20,707,697,673	21,105,427,224
3	Total capital	22,097,258,692	20,563,315,545	22,955,984,758	21,868,488,673	22,266,218,224
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	134,033,578,040	138,216,260,128	133,855,347,083	139,218,148,444	133,995,814,235
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	Common Equity Tier 1 ratio (%)	15.50%	14.88%	16.28%	14.87%	15.75%
6	Tier 1 ratio (%)	15.50%	14.88%	16.28%	14.87%	15.75%
7	Total capital ratio (%)	16.49%	14.88%	17.15%	15.71%	16.62%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
8	Capital conservation buffer requirement (2.5%)	4.49%	2.88%	5.15%	3.7%	4.6%
9	Total of bank CET1 specific buffer requirements (%)	0	0	0	0	0
10	CET1 available after meeting the bank's minimum capital	7.0%	6.4%	7.8%	6.4%	7.3%
<b>Basel III leverage ratio</b>						
11	Total Basel III leverage ratio exposure measure	265,420,503,462	267,288,845,648	275,575,814,957	279,143,611,872	265,378,787,503
12	Basel III leverage ratio (%) (Tier 1 Capital / Exposure Measure)	7.83%	7.69%	7.90%	7.42%	7.95%
<b>Liquidity Coverage Ratio</b>						
13	Total high-quality liquid assets (HQLA)	46,468,129,704	56,653,975,591	47,117,936,602	48,654,380,278	41,649,175,815
14	Total net cash outflow	32,095,647,105	38,644,410,559	34,057,952,177	28,398,348,069	31,888,080,897
15	LCR (%)	145%	147%	138%	171%	131%
<b>Net Stable Funding Ratio</b>						
16	Total available stable funding	177,994,668,671	179,467,087,074	179,428,607,914	161,850,594,354	178,115,134,160
17	Total required stable funding	93,427,991,937	92,037,604,954	100,350,473,738	98,090,835,700	94,221,361,391
18	NSFR (%)	191%	195%	179%	165%	189%

#### DCB COMMERCIAL BANK PLC

S/n	Common Equity Tier 1 Capital (CET1): Instruments and reserves	(Current Year) Amount		(Prior Year) TZS	
		Amount	Amount	Amount	Amount
1	Fully Paid-up Ordinary Shares	-	46,874,964,629	-	39,757,915,000
2	Share Premium arising from Ordinary shares	-	8,967,515,244	-	4,965,083,000
3	Retained earnings less foreseeable dividends	-	7,840,952,257	-	4,095,796,000
4	Other disclosed reserves:	-	-	-	-
5	Year to date profits of:	-	-	-	-
6	Fifty per cent of the year to date profits less foreseeable dividends where accounts are unaudited or:	-	-	-	-
7	One hundred percent of the year to date profits, less foreseeable dividends, where accounts have been	-	-	-	-
8	CET 1 before Regulatory Adjustments	-	30,066,497,128	-	30,697,036,000
9	Regulatory adjustments applied to CET1:	-	9,292,421,141	-	9,407,993,000
10	Year to date losses:	-	634,682,423	-	969,047,000
11	Goodwill:	-	-	-	-
12	Other intangible assets:	-	-	-	-
13	Deferred tax assets that rely on future profitability:	-	7,507,867,748	-	7,507,868,000
14	The amount of items which entities with which the bank has reciprocal cross holdings of Common Equity	-	-	-	-
15	The amount of items required to be deducted from Additional Tier 1 items that exceed the Additional Tier	-	-	-	-
16	Pre-paid expenses:	-	1,149,870,970	-	931,078,000
17	Pre-operating expenses:	-	-	-	-
18	Common Equity Tier 1	-	20,774,075,988	-	21,289,043,000
19	Additional Tier 1 Capital	-	-	-	-
20	Non-cumulative Irredeemable Preference Shares	-	-	-	-
21	Share Premium arising from Non-cumulative Irredeemable Preference Shares	-	-	-	-
22	Other Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-	-	-
23	Additional Tier 1 Capital before regulatory adjustments	-	-	-	-
24	Total regulatory adjustment applied to Additional Tier 1 Capital	-	-	-	-
25	The amount of items required to be deducted from Tier 2 items that exceed the Tier 2 capital of the bank.	-	-	-	-
26	Other Items Qualifying to be deducted from Additional Tier-1 Capital.	-	-	-	-
27	Additional Tier 1 Capital recognized for capital adequacy	-	-	-	-
28	Tier 2 Capital	-	20,774,075,988	-	21,289,043,000
29	Qualifying Tier 2 capital instruments and subordinated loans that meet the conditions stipulated by the Bank.	-	1,323,182,704	-	1,240,860,000
30	Share premium arising from capital instruments and subordinated loans qualifying as Tier 2 Capital	-	-	-	-
31	Instruments issued by consolidated subsidiaries and held by third parties that meet the criteria stipulated by	-	-	-	-
32	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted	-	-	-	-
33	Total Tier 2 capital admissible for capital adequacy	-	1,323,182,704	-	1,240,860,000
34	TOTAL CAPITAL (Tier Capital plus Tier 2 Capital).	-	22,097,258,692	-	22,529,903,000
35	CAPITAL RATIOS and Buffers (in percentage of risk weighted assets)	-	134,033,578,040	-	133,995,814,235
36	CET 1 to total RWA	-	15.50%	-	15.89%
37	Tier 1 capital to total RWA	-	15.50%	-	15.89%
38	Total capital to total RWA	-	16.49%	-	16.81%
39	Capital conservation buffer	-	4.49%	-	4.81%
40	National minimum capital requirements prescribed by the Bank of Tanzania	-	-	-	-
41	CET 1 to total RWA	-	8.50%	-	8.50%
42	Tier-1 capital to total RWA	-	10.00%	-	10.00%
43	Total capital to total RWA	-	12.00%	-	12.00%
44	Capital conservation buffer	-	2.50%	-	2.50%

#### DCB COMMERCIAL BANK PLC Operational Risk – Quantitative disclosures as at 31st December 2025 (All amount in TZS)

BI and its subcomponents	Minimum required operational risk capital				elements	Total BI
	T	T-1	T-2	T-3		
1 Interest, lease and dividend component	3,783,468,980	4,113,718,650	4,811,485,343	4,236,224,324	4,236,224,324	
1a Interest and lease income	28,607,305,000	27,835,426,000	32,277,746,000	-	-	
1b Interest and lease expense	13,380,278,000	15,085,920,000	19,254,099,000	-	-	
1c Interest earning assets	168,154,176,905	182,831,940,000	213,843,793,000	-	-	
1d Dividend income	-	-	-	-	-	
2 Services component	25,282,875,101	24,169,464,867	23,668,937,000	24,373,758,989	24,373,758,989	
2a Fee and commission income	5,751,715,000	4,880,621,000	4,311,805,000	-	-	
2b Fee and commission expense	-	-	-	-	-	
2c Other operating income	4,530,498,000	1,597,088,000	1,907,203,000	-	-	
2d Other operating expense	19,531,160,101	19,288,843,867	19,357,132,000	-	-	
3 Financial component	747,703,018	3,618,232,000	969,043,000	1,778,326,006	1,778,326,006	
3a Net P&L on the trading book	-	-	-	-	-	
3b Net P&L on the banking book	747,703,018	3,618,232,000	969,043,000	-	-	
4 BI	-	-	-	-	30,388,309,320	
5 Marginal Coefficient (λ)	-	-	-	-	12%	
6 Business Indicator component (BIC)	-	-	-	-	3,646,597,118.36	
7 Conversion Factor (Reciprocal of Total Capital Ratio)	-	-	-	-	8.33	
8 Risk Weighted Assets for Operational Risk	-	-	-	-	30,388,309,320	

#### Diamond Trust Bank Tanzania PLC Liquidity Coverage Ratio (LCR) as at 31st December 2025 (All amount in TZS)

S/NO	PARTICULARS	Outstanding Amount	Factor	Net Amount
a	b	c	d	e
1	Stock of High Quality Liquid Assets (HQLA)	-	-	-
2	Cash (notes and coins)	6,780,177,422	100%	6,780,177,422
3	Balances with Bank of Tanzania to the extent that these balances can be drawn down in times of stress <sup>1</sup>	9,678,720,244	100%	9,678,720,244
4		-	-	-
5	Balances with Other banks and Interbank Loan Receivable callable on demand or with a	9,083,037,038	100%	9,083,037,038
6	Government securities maturing within 1 year	11,812,500,000	95%	11,221,875,000
7	Government securities maturing after 1 year	12,130,400,000	80%	9,704,320,000
8	Total high quality liquid assets	49,484,834,704	-	46,468,129,704
9	Cash Outflows	-	-	-
10	Demand deposits	23,036,794,338	10%	2,303,679,434
11	Savings deposits	23,287,832,711	10%	2,328,783,271
12	Time deposits (maturing in 30 days)	8,131,457,446	100%	8,131,457,446
13	Deposits from banks and financial institutions (maturing in 30 days)	26,652,000,000	100%	26,652,000,000
14	Derivatives cash outflows (sum of all net cash outflows due within 30 days)	-	-	-
15	All other contractual cash outflows (maturing in 30 days)	-	-	-
16	Undrawn balances of loans and unexpired overdrafts	1,798,876,097	30%	539,662,829
17	Other contingent funding liabilities (such as guarantees and letters of credit)	5,554,829,164	5%	277,741,458
18	Total cash outflows	88,461,789,756	-	40,233,324,439
19	Cash Inflows	-	-	-
20	Loans and advances (maturing within 30 days)	14,553,354,666	50%	7,276,677,333
21	Due from banks and financial institutions (maturing in 30 days)	861,000,000	100%	861,000,000
22	All other contractual cash inflows (maturing in 30 days)	-	-	-
23	Net derivatives cash inflows	-	-	-
24	Total cash inflows	15,414,354,666	-	8,137,677,333
25	Total net cash outflows = Total cash outflows minus the lower of total cash inflows and 75% of gross outflows	-	-	32,095,647,105
26	Liquidity Coverage Ratio = (Total high quality liquid assets)/(Total net cash outflows)	-	-	145%

#### Diamond Trust Bank Tanzania PLC Net Stable Funding Ratio as at 31st December 2025 (All amount in TZS)

S/NO	PARTICULARS	Carrying Amount	Factor	Weighted Amount/LSA
1	Available Stable Funding (ASF)	-	-	-
2	Common Equity Tier 1	20,774,075,988	100%	20,774,075,988
3	Additional Tier 1	1,323,182,704	100%	1,323,182,704
4	Tier 1 Capital (including Tier 2 instruments with residual maturity of less than one year)	22,097,258,692	100%	22,097,258,692
5	Unencumbered liquid assets (including cash and liquid securities) with residual maturity of less than one year	28,398,348,069	100%	28,398,348,069
6	Other unencumbered liquid assets (including cash and liquid securities) with residual maturity of less than one year	8,131,457,446	100%	8,131,457,446
7	Unencumbered liquid assets (including cash and liquid securities) with residual maturity of less than one year	36,529,805,515	100%	36,529,805,515