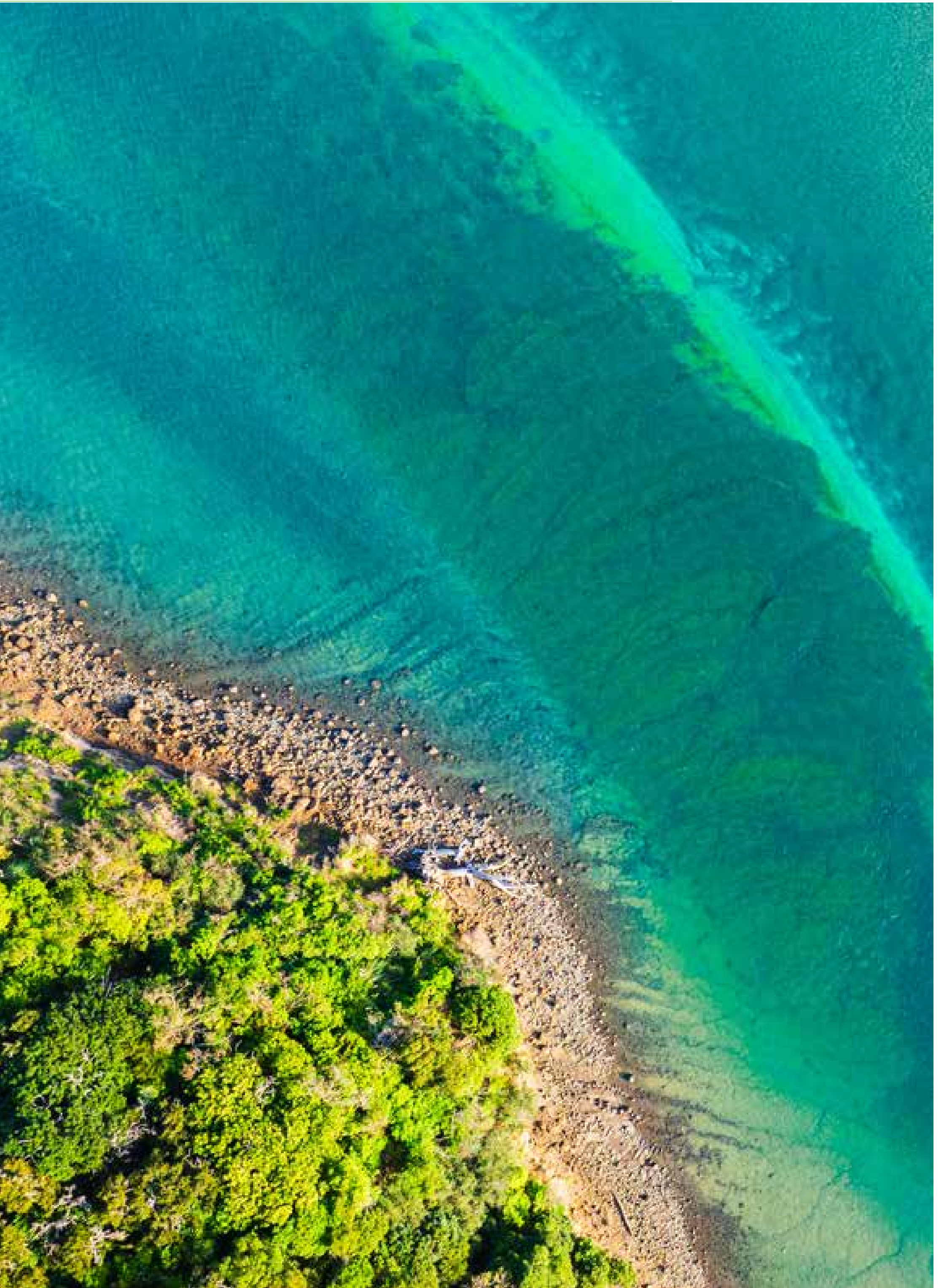
CRDB BANK

The bank that listens

2024

Task Force for Climate-related Financial Disclosure (TCFD) Report



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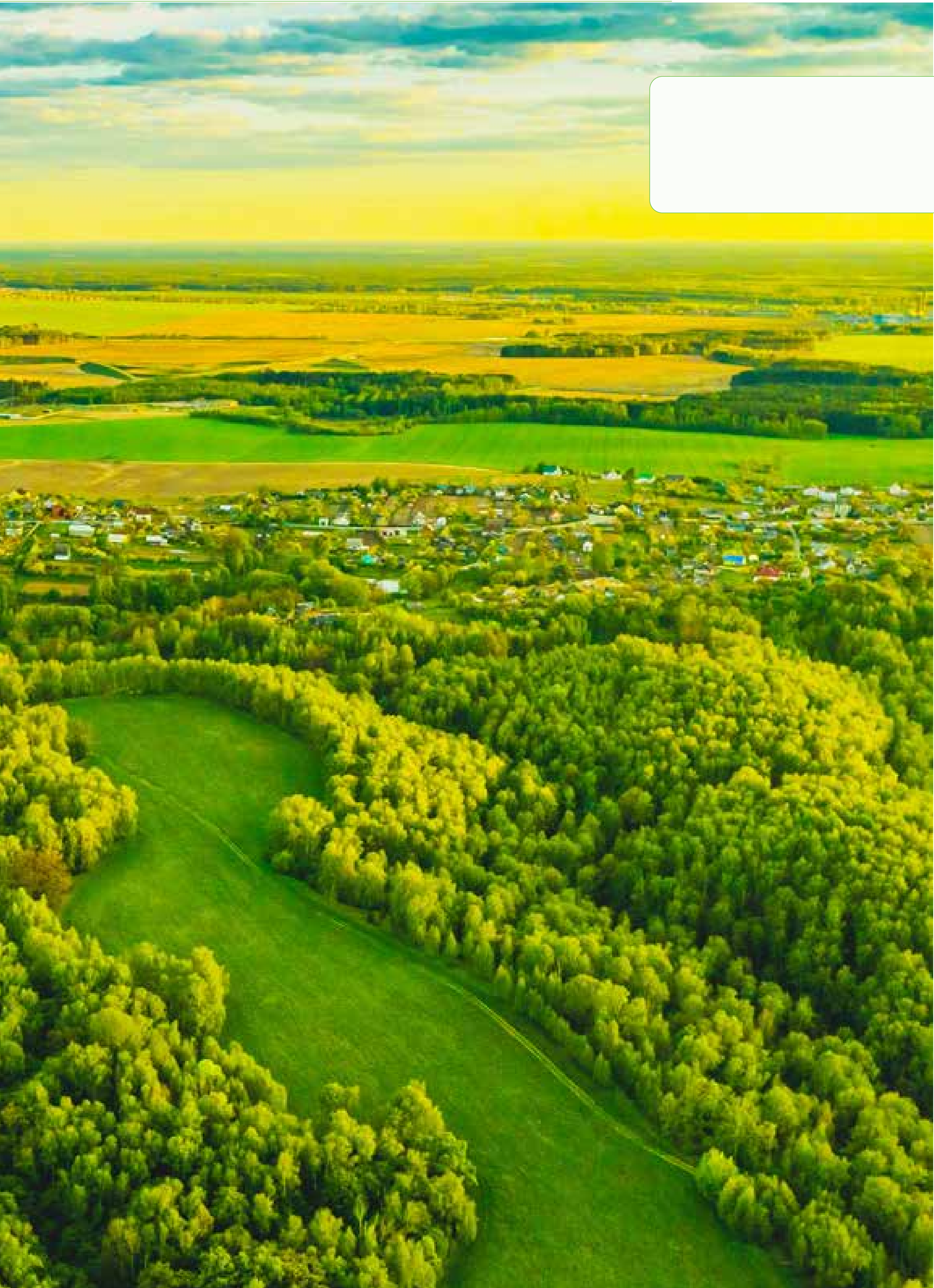


ACRONYMS & ABBREVIATIONS

BoT	Bank of Tanzania.
CEO	Chief Executive Officer (appears in the Group CEO message).
MD	Managing Director.
SFU	Sustainable Finance Unit.
SPP	Sustainable Projects & Programs (sub-unit of SFU).
ERM	Enterprise Risk Management.
ESG	Environmental, Social & Governance.
ESMS	Environmental & Social Management System.
ESRA	Environmental & Social Risk Assessment.
E&S	Environmental & Social (e.g., E&S covenants, reporting).
TCFD	Task Force on Climate-related Financial Disclosures.
IFRS S2	IFRS Sustainability Disclosure Standard S2 (Climate).
NGFS	Network for Greening the Financial System.
NDCs	Nationally Determined Contributions (scenario name).
NPLs	Non-Performing Loans (stress-testing metric).
SBTi	Science Based Targets initiative (for FIs).
FIs	Financial Institutions (as used with SBTi).
PCAF	Partnership for Carbon Accounting Financials.
TACATDP	Tanzania Agriculture Climate Adaptation Technology Deployment Program
GHG	Greenhouse Gas.
tCO_2e / $ktCO_2e$	(kilo)tonnes of carbon-dioxide equivalent.
kWh / GWh	kilowatt-hour / gigawatt-hour.
MW	megawatt (capacity).
GWP	Global Warming Potential (factor).
IFC	International Finance Corporation (EDGE certification).
EDGE	Excellence in Design for Greater Efficiencies (IFC green-building label).
HQ	Headquarters (CRDB HQ EDGE-certified).
TZS	Tanzanian Shilling (currency).
IT	Information Technology (risk category in ERM scope).
KPI	Key Performance Indicator.

1.0. INTRODUCTION

1.1 Our Commitment

At CRDB Bank Group, we recognise climate change as a critical business reality—one that affects our customers, communities, and financial performance. Our commitment extends beyond regulatory compliance; we are integrating environmental and climate considerations into every aspect of our operations, from strategic planning and lending to investment decisions and reporting. By managing risks responsibly and identifying opportunities, we aim to support our clients and the broader economy in transitioning to a low-carbon, climate-resilient future through practical and bankable solutions.

We align our climate-related disclosures with the Task Force on Climate-related Financial Disclosures (TCFD), now incorporated into IFRS S2. Additionally, we adhere to the Bank of Tanzania's 2025 Guidelines on Climate-related Financial Risk Management and Disclosures.

As a Group, we believe that embedding these frameworks into our governance, risk management, and reporting processes enhances market confidence, improves the usefulness of information for decision-making, and supports the allocation of capital toward socially and environmentally responsible activities.

Climate risk is now integrated into our enterprise risk framework and Environmental & Social Management System (ESMS); lending is screened using our Environmental and Social Risk Assessment (ESRA) checklist and, where needed, enhanced due diligence and Environmental & Social Action Plans. Our Board provides clear oversight and sets direction; management executes through defined committees and KPIs. We are mobilising capital for transition and adaptation through instruments such as our green bond programme and dedicated climate-smart lending, while continuing to improve our own operational footprint and resilience.

This report outlines the progress we have made in advancing our climate-related initiatives and reflects our ongoing journey toward a more resilient future. We recognise that climate data, methodologies, and industry standards continue to evolve. As our capabilities strengthen particularly in areas such as physical risk analytics and financed emissions measurement, we will continue to refine our targets, expand the scope of our disclosures, and improve the quality of our reporting. We remain dedicated to continuous improvement and accountability as we navigate the complexities of climate-related risks and opportunities.

1.2 About this Report

This TCFD Report complements the CRDB Bank's Sustainability Report 2024 by providing a focused view of our climate-related governance, strategy, risk management, metrics, and targets. It explains how climate considerations impact our business today and how we are preparing for the future. The report is structured around the four TCFD pillars:

1. **Governance** – how the Board and management oversee climate-related risks and opportunities.
2. **Strategy** – the actual and potential impacts of climate-related risks and opportunities on our business, strategy, and financial planning across short (2025–2027), medium (2028–2032), and long (2033–2040 onwards) time horizons, and the resilience of our strategy under multiple climate scenarios.
3. **Risk Management** – the processes used to identify, assess, and manage transition and physical risks, and how these are integrated into our ESMS, credit processes, risk appetite, and reporting.
4. **Metrics & Targets** – the indicators we use to track risk and opportunity (including greenhouse-gas emissions, green-finance deployment and portfolio exposure) and the targets we set to drive progress, together with the methodologies used to measure them.

This is CRDB's first climate-specific disclosure aligned to TCFD reporting disclosures. It reflects our position as at 31st December 2024 and will evolve as we expand data coverage (including financed emissions), enhance models and controls, and deepen assurance. We intend to update this report regularly as our strategy, capabilities, and external requirements progress.

Disclaimer:

This document describes the Bank's current approach to climate-related risks and opportunities based on information available as of 30 June 2025.

"At CRDB Bank, sustainability is not just a strategic imperative; it is a moral obligation. We are committed to integrating climate-related risks and opportunities into our governance, strategy, and risk management frameworks. . As we continue to grow, we remain steadfast in our mission to build a future that is inclusive, sustainable, and prosperous for all.

2.0 MESSAGE FROM THE GROUP CEO

It is with great pride that we present CRDB Bank's inaugural TCFD Report, marking an important milestone in our sustainability journey. This first disclosure reflects our commitment to aligning with global standards on climate-related financial reporting and to strengthening transparency for our stakeholders.

As Tanzania's largest commercial bank and a pioneer in sustainable finance including the issuance of the country's first Green Bond we recognize our responsibility to lead in building a low-carbon and climate-resilient economy. By adopting the TCFD framework, we are embedding climate considerations more deeply into our governance, strategy, and risk management processes, while setting clear metrics and targets to guide our progress.

Our ambition to achieve net-zero emissions is a long-term journey that will unfold over several decades. We acknowledge that the pathway will be shaped by evolving policies, technologies, and market dynamics, and may not always be linear. However, what remains constant is our determination to act with urgency, to innovate, and to partner with our stakeholders in driving meaningful change.

Through this report, we reaffirm our dedication to scaling up sustainable finance, promoting climate-smart agriculture, supporting green infrastructure, and empowering youth and women in climate adaptation initiatives. These actions not only strengthen the resilience of our portfolio but also contribute to Tanzania's national climate priorities and the global goals of the Paris Agreement.

Our first TCFD Report is the beginning of a journey of continuous improvement. We will build on this foundation, setting interim targets, expanding climate scenario analysis, and enhancing our disclosures in line with evolving best practices and regulatory expectations.

Abdulmajid Nsekela
GROUP CEO & MANAGING DIRECTOR

3.0 GOVERNANCE

3.1. Board Oversight of Climate-Related Risks and Opportunities

CRDB Bank's Board has embedded climate oversight within its governance architecture. Roles, decision-making rights, and reporting lines are defined in board-approved policies and committee charters, with management held accountable for implementing these across the Group. This structure aligns with TCFD guidance by making the Board responsible for setting direction, approving policies, overseeing risk, and building capabilities.

Board Level Governance

Risk Committee
Considers current and potential future sustainability risk exposures

Audit Committee
Considers financial and non-financial disclosures and receives assurance regarding the robustness of controls supporting these disclosures

Governance and HR Committee
To align the Bank's HR processes with green principles]

Credit Committee
Oversees the Bank's lending strategy and ensure alignment with the Group's sustainability goals

Executive Level

Group CEO - Oversees the identification of climate risks and mitigation of strategy across the group working with the Group Director of Risks and Compliance

- The ExecutiveTeam
- The Risk Committee
- The Sustainability Unit

Business and functional units

- Retail Banking
- Corporate banking
- Credit
- Risk and compliance
- Human Resources
- ICT
- Procurement
- Finance
- Internal Audit
- Business Transformation
- Corporate Affairs
- Treasury and Capital Markets
- Banking Operations

Board mandate and responsibilities

The Board of Directors provides overall stewardship of climate-related risks and opportunities, with specific responsibilities that include

- Approving the Environmental, Social and Climate Risk Management Policy and overseeing continuous compliance.
- Approving green/climate-finance projects and programmes supported by international funds.
- Overseeing compliance with Tanzanian environmental, social and climate risk laws and regulations.
- Ensuring a collective understanding of climate-related financial risks at Board and senior management levels.
- Approving and periodically reviewing strategies, policies, procedures, and risk frameworks for environmental, social and climate-related financial risks.
- Clarifying roles and responsibilities of senior management and internal structures for effective risk management.
- Ensuring ongoing capacity building for directors and executives on climate-related financial risks.
- Considering whether the integration of climate and ESG in strategy and risk management should influence compensation policies.

Board Skills, Expertise and Continuous Learning

To sustain effective oversight, the Board participates in tailored training covering governance and impact management, climate strategy, risk management, and disclosure practices aligned to TCFD and the BoT 2025 Guidelines. Training is planned on an ongoing basis to deepen fluency on emerging climate risk methodologies, regulatory expectations, and climate-finance opportunities.

3.2 Management's Role in Assessing and Managing Climate-Related Risks and Opportunities

Senior Management Accountability

Senior management is responsible for execution - translating Board direction into strategies, policies, and controls across business lines and subsidiaries. Key accountabilities include:

- Implementing environmental, social, and climate risk policies and procedures; embedding controls in the credit process and portfolio management.
- Monitoring risk profiles and taking timely action on adverse climate-related trends.
- Ensuring lending teams are trained and competent on environmental, social, and climate risk.
- Overseeing risk and compliance assurance on policy adherence and control effectiveness.
- Providing regular climate-risk reporting to the Board.
- Resourcing internal structures with appropriate expertise and budgets.
- Building awareness of sustainable business practices and promptly addressing material climate-related financial risk issues.

Sustainability Committee

The Committee, chaired by the Chief Financial Officer and comprising the Chief Commercial Officer, Company Secretary, and other senior leaders, meets at least once every two months to provide strategic guidance and oversight on sustainability with a clear emphasis on climate change. Its mandate includes:

- Integrate climate considerations into enterprise decision-making and operations.
- Align initiatives with CRDB's strategy, regulatory requirements, and leading international standards.
- Promote innovation and technology deployment that strengthens climate resilience and performance.
- Oversee sustainability projects and evaluate effectiveness against strategic goals.
- Ensure timely compliance with evolving regulatory requirements & market changes.
- Foster a culture of sustainability and continuous improvement.
- Ensure climate-related risks are identified, assessed, mitigated, and embedded within the enterprise risk management (ERM) framework.

Business and Functional Integration

Credit Department

- Requires Environmental & Social Risk Assessment (ESRA) checklists; including climate-risk considerations - for all relevant projects and client engagements, supported by field visit reports.
- Embeds ESRA sections in credit appraisal templates for analysts to document climate and broader E&S risk observations.
- Involves the Sustainable Finance Unit (SFU) in the review of appraisal templates, policies, procedures, training curricula, and manuals to maintain climate-risk coverage throughout the credit lifecycle.
- Assesses climate-related financial risks during onboarding, application, and periodic review; elevates E&S (including climate) to parity with other risk factors in credit decisions.
- Integrates climate-related covenants in loan agreements and monitors compliance.

Sustainable Finance Unit (SFU)

Leads the Bank's sustainability agenda through a structured Environmental and Social Management System (ESMS), and drives the development of climate finance proposals. This function is organized into two dedicated sub-units to ensure focused execution and impact:

Policy Advisory & Climate Finance	***Sustainable Projects & Programs (SPP)***
Develop and oversee Group climate policies and strategies, monitoring, evaluation and impact reporting in addressing the intersection of social, economic, and environmental/climate risks and opportunities and ensuring regulatory compliance.	Implementation of sustainable programs and projects; supervises, manages, and monitors approved projects and programs; manages environmental and social impacts as well as gender action plans for bank-financed and climate-window projects. Provides annual policy review recommendations to the Board; manages end-to-end E&S and climate-risk processes; proposes process improvements; delivers training across lending functions; and prepares timely E&S reports to internal stakeholders.

Risk & Compliance

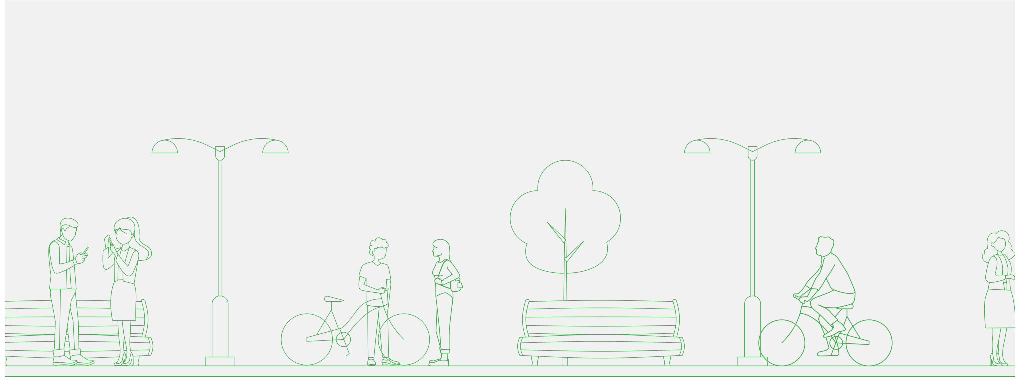
- Monitors adherence to the Environmental, Social and Climate Risk Management policy; validates that lending units conduct ESRA using approved tools and templates.
- Performs independent assessment and monitoring of climate-related financial risks.
- Ensures the ERM framework incorporates environmental, social, and climate risks alongside operational, market, liquidity, reputational, legal and IT risks.
- Evaluates climate-risk impacts on liquidity (e.g., potential for higher cash outflows, drawdowns, deposit behaviour, valuations of liquid buffers).

Internal Audit

- Provides third-line assurance on the adequacy and effectiveness of the internal control environment related to climate-risk management.
- Conducts periodic reviews of climate-risk governance, processes, and reporting; provides assurance to the Board and senior management on control effectiveness.

Capacity building

During the 2024 financial year, CRDB Bank delivered a full-day training for 36 participants including Senior Management covering ESG governance, ESMS/ESRA application, climate risk management, and climate-finance opportunities to support low-carbon transition strategies. Further role-specific training is planned for management and operational staff to reinforce execution capability.



4.0 STRATEGY

4.1 The Bank's Climate-Related Risks and Opportunities Across Time Horizons

As climate change accelerates, the Bank recognizes the imperative to proactively identify, assess, and respond to climate-related risks and opportunities that could influence its operations, financial performance, and strategic direction. These risks and opportunities vary across short, medium, and long-term horizons, necessitating a dynamic and forward-looking approach to risk management and sustainable growth.

Short-Term (1–3 Years): Operational and Regulatory Shifts

Physical Risks:

Increased frequency of extreme weather events (e.g., floods, droughts) may disrupt branch operations, data centers, and customer access to banking services.

Transition Risks:

Rapid changes in regulatory frameworks, such as new climate disclosure requirements and other guidelines from the Regulators, may require swift compliance adjustments.

Opportunities:

Expansion of green financial products (e.g., climate-resilient loans, green bonds) and partnerships with development institutions to support climate adaptation projects.

Medium-Term (3–7 Years): Market Dynamics and Stakeholder Expectations

Physical Risks:

Gradual changes in climate patterns may affect agricultural productivity, impacting loan portfolios tied to agribusiness and rural development.

Transition Risks:

Shifting investor and customer preferences toward sustainable banking practices may influence brand reputation and capital access.

Opportunities:

Investment in digital banking and fintech solutions to reduce carbon footprint, and development of ESG-aligned lending frameworks to attract climate-conscious investors.

Long-Term (7+ Years): Systemic Shifts and Strategic Transformation

Physical Risks:	Transition Risks:	Opportunities:
Long-term climate variability could reshape economic sectors, particularly agriculture, energy, and infrastructure core areas of the Bank's lending.	Global movement toward a low-carbon economy may require strategic realignment of the Bank's portfolio to reduce exposure to carbon-intensive industries.	Leadership in sustainable finance across East Africa, including financing renewable energy projects, supporting carbon markets, and aligning with international climate goals such as the Paris Agreement and Tanzania's Nationally Determined Contributions (NDCs).

The Bank is committed to enhancing its climate resilience, unlocking sustainable growth opportunities, and contributing meaningfully to national and global climate objectives. By integrating climate considerations into its enterprise risk management and strategic planning, the Bank aims to safeguard long-term value for its stakeholders and communities.

Climate-related risk and opportunities

The Bank is fully committed to upholding a high level of transparency regarding its environmental, social, and governance (ESG) practices. In alignment with the TCFD, we meticulously provide comprehensive disclosures that highlight the various climate-related risks and opportunities that may influence our operations, strategic initiatives, and overall financial performance.

These disclosures aim to provide stakeholders with comprehensive insights into how the Bank identifies, assesses, and manages climate-related risks, including both physical and transition risks, as well as the opportunities arising from the transition to a lower-carbon economy.
This commitment enables us to proactively address potential challenges while also capitalising on emerging opportunities related to climate change, demonstrating our dedication to sustainable business practices and a responsible bank.

By adhering to TCFD, The Bank ensures that its stakeholders are well-informed about the bank's climate governance, strategy, risk management, metrics and targets, and performance, enabling them to make decisions regarding their engagement with the Bank.

Climate change poses financial and physical risks stemming from the transition, which may affect our business's financial performance as climate risks materialise into financial risks. We evaluate climate-related risks as part of our comprehensive risk management strategy. We identify potential risks in the current risk structure and take proactive measures to mitigate or manage these risks through our ESMS.

The table below shows the assessment of Climate risk, which may materialise in different financial risk categories as a reaction to physical and transition risks.

	Credit risk	Market risk	Operational risk	Liquidity and funding risks
Physical risks	▪ Revaluation of credit objects and collateral ▪ Rating downgrade	▪ Rating downgrades and exchange rate losses after catastrophes and by sinking productivity	▪ Physical losses burden balance sheets ▪ Impairment of the availability of banking Services	▪ Increases in Bank's assets and meet obligations as they come due without incurring unacceptable losses increase ▪ Precautionary demand for liquidity withdraw deposits or draw on credit lines could put the Bank's own liquidity under pressure
Transition risks	▪ Stranded assets ▪ Risk shifts ▪ Effects on probability of the event of default and losses	▪ Sudden extreme Image damage fluctuations in asset prices; ▪ Stranded assets ▪ Long-term price increases due to environmental and social changes	▪ Due to failure to switch to sustainable business practices	▪ Banks' access to stable sources of funding could be reduced as market conditions change.
Financial Stability risks	▪ Parts if the economy are no longer insurable at reasonable cost	▪ Market threatening effects of climate and environment damage in an entire region	▪ Reputational damage or entire industries / markets ▪ Large parts of the financial infrastructure of a country / region	▪ Concentration on sectors or geographies that are sensitive to climate risk and could affect Bank's ALM balance (interest rate margin, liquidity and maturity gap).

Climate-Related Risks and Potential Financial Impacts

Risk	Climate-Related Risks	Potential Financial Impacts
	Policy and Legal	
Transition Risks	▪ Enhanced emissions-reporting obligations ▪ Changes in regulation of existing services ▪ Exposure to litigation for non-compliance	▪ Increased operating and investment costs ▪ Write-offs of stranded assets ▪ asset impairment due to policy changes
	Technology	
	▪ Substitution of existing products and services with lower emissions options ▪ Costs to transition to lower emissions technology	▪ Write-offs of systems due to emerging eco-technologies. ▪ Research and development (R&D) expenditures in new and alternative technologies ▪ Capital investments in the new technology. ▪ Costs increase due to changes in processes.
	Reputation	
	▪ Changing customer behaviour ▪ Uncertainty in market signals	▪ Reduced demand for goods and services due to shift in consumer preferences ▪ Unexpected and sudden changes in energy prices.
	Market	
	▪ Increased stakeholder concern or negative stakeholder feedback	▪ Reduced revenue from decreased demand ▪ Reduction in fund availability from our Investors/strategic partners
Physical risks	*Acute*	▪ Reduction in revenue ▪ Write-offs of damage to property ▪ Increased capital costs (e.g., for replacing damaged facilities) ▪ Disruption of the supply chain ▪ Interrupted or suspended transportation for customers and employees to reach offices.
	▪ Increased severity of extreme weather events such as floods	
	Chronic	
	▪ Changes in precipitation patterns and extreme variability in weather patterns ▪ Rising mean temperatures ▪ Rising sea levels	

Climate-Related Opportunities for the Bank

The Bank adopts a proactive and comprehensive approach to managing climate-related risks while also seizing opportunities that arise from the changing environment. This commitment highlights our dedication to sustainable development and responsible banking practices. Through regular assessments of the potential impacts of climate change on our operations and services, we strive to not only mitigate risks but also capitalise on new opportunities that can drive growth. Our goal is to generate enduring value for all our stakeholders, while also making a meaningful contribution to environmental sustainability and societal well-being.

Opportunity	Product	Description	Selection criteria
Renewable Energy Financing	Green Loans	Specialized loans designed to fund renewable energy projects such as solar panels, wind turbines, and mini-hydro plants. These loans often come with favourable interest rates and longer repayment terms to encourage sustainable energy investments.	- Project must use renewable energy technologies- Feasibility study and environmental impact assessment required- Clear business plan with projected energy output and repayment capacity
Energy Efficiency Projects	Energy Efficiency Loans	Financing products aimed at helping businesses and households upgrade to energy-efficient technologies like LED lighting, HVAC systems, and insulation, resulting in reduced energy consumption and cost savings over time.	- Proposed upgrades must demonstrate measurable energy savings- Compliance with national energy efficiency standards- Cost-benefit analysis provided
Climate-Resilient Agriculture	Agricultural Credit Products	Tailored credit solutions to support farmers in adopting climate-smart agriculture practices, including drought-resistant seeds, drip irrigation systems, and agroforestry techniques, which improve yield and sustainability.	- Use of approved climate-smart farming techniques- Proof of land ownership or lease- Farm business plan showing sustainable impact and repayment ability
Sustainable Water Management	Water Management Financing	Loans and credit lines for projects that promote efficient water use and conservation, such as rainwater harvesting systems, wastewater treatment plants, and irrigation infrastructure upgrades to support sustainable water resource management.	- Projects must demonstrate measurable water savings or quality improvement- Environmental impact assessment required- Technical feasibility study and budget plan
Green Building Financing	Eco-friendly Construction Loans	Financing options for the construction or renovation of buildings that comply with green building standards (e.g., IFC EDGE LEED Certification). These loans support the use of sustainable materials, energy-efficient designs, and environmentally friendly construction methods.	- Building design must meet recognized green building standards- Certification or third-party verification required- Detailed project cost estimate and timeline
Smart Forest	Forest Conservation Financing	Financial products designed to support sustainable forest management, reforestation, and afforestation projects that use smart technologies (e.g., satellite monitoring, IoT sensors) to enhance forest health and carbon sequestration.	- Project must demonstrate sustainable forest management practices- Use of approved smart technologies for monitoring- Environmental impact and social benefit assessments required- Verified carbon sequestration potential

4.2. Impact of climate-related risks and opportunities on CRDB's businesses, strategy and financial planning

Exposure to Transition Risks

Management's high-level mapping of 2024 sector exposures indicates that approximately TZS 3.45 trillion (33.6%) of total loans and advances are exposed to high transition-risk sectors. The largest concentration is in agriculture (54.3% of exposure to high-risk sectors; 18.3% of the total portfolio), followed by manufacturing (23.3%) and building & construction (10.5%).

These sectors are vulnerable to transition risks arising from policy and regulatory changes, shifting market preferences, and the need for adoption of low-carbon technologies. We have already begun embedding climate considerations into our credit appraisal processes, and this work is ongoing as part of our continuous risk management approach. Alongside this, we are promoting climate-smart agriculture and green manufacturing, and expanding access to sustainable finance instruments such as green bonds and concessional funding. We are also conducting climate stress testing and engaging clients to support their transition through technical assistance and preferential lending terms.

Our long-term ambition is to gradually rebalance the portfolio toward low-carbon and climate-resilient sectors, while supporting high-risk sectors in managing their transition in line with national climate priorities and the Paris Agreement.

The *Sector Exposure* below details these exposures.

2024	Power and utilities	Manufacturing	Building and construction	Mining and quarry	Oil and gas	Transportation and communication	Agriculture
Exposure to the sector as % of total loans and advanced	0.50%	7.85%	3.54%	0.78%	0.48%	2.22%	18.26%
Exposure to sector (TZS) million	51,560	803,631	362,609	78,758	49,515	227,825	1,870,447
Sector weight as a proportion of high transition risk sectors (%)	1.50%	23.33%	10.52%	2.31%	1.44%	6.61%	54.29%

Source: CRDB Sustainability report 2024

The Bank will incorporate climate risk parameters into its macroeconomic and microeconomic models to improve forecasting and stress testing. Credit risk models will be adjusted to reflect climate-related default probabilities and sector sensitivities. To support this transformation, the bank continues to invest in AI technologies and build internal capacity through targeted upskilling in climate finance and ESG risk management.

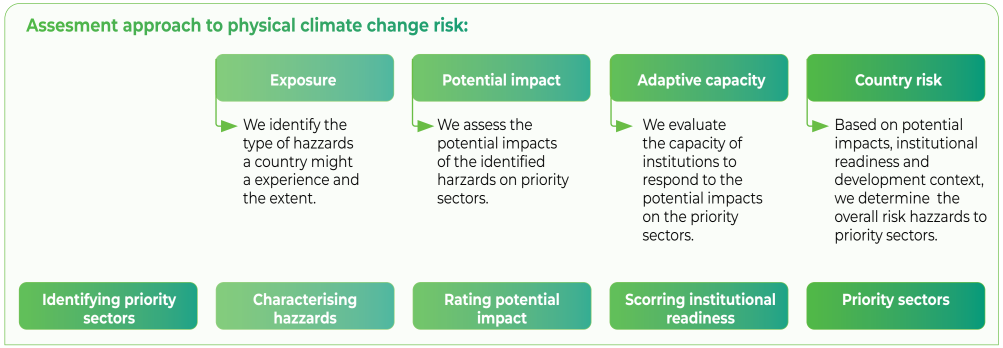
Physical risk assessment

Our approach to assessing physical climate risks is anchored in evaluating three dimensions: exposure, sensitivity, and adaptive capacity (resilience) across sectors, clients, and our own operations. These factors are applied proportionately at each level to determine the overall exposure risk.

To date, we have completed the first phase of our climate risk analysis, which focused on a sector and sub-sector assessment (Level 1), supplemented with elements of a client-level assessment (Level 2). This has enabled us to identify the relative vulnerability of different sectors within our portfolio.

The next phase will expand our analysis to include individual client activities (Level 2) and operational sites (Level 3) by mapping their physical locations. This will enable us to evaluate site-specific risks, such as rising temperatures, flooding, and fire hazards, and assess how these risks may impact financial and operational resilience.

Through this structured, phased approach, our objective is to integrate physical climate risk considerations into our risk management framework, enhance the resilience of our portfolio, and ensure that both our clients and operations are better equipped to withstand the impacts of climate change.



Climate Scenario Analysis

Climate scenario analysis plays a key role in aligning the Bank's strategy with national net-zero ambitions. It assesses potential exposures to climate-related risks and vulnerabilities under a range of plausible future scenarios, examining the Bank's financial performance and capital resilience.

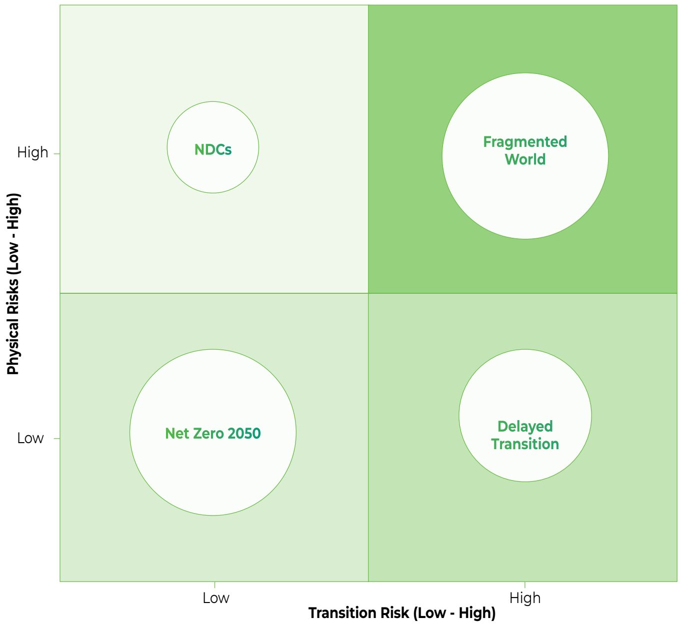
As part of our internal stress testing, we utilised regression models to assess the impact of adjusted macroeconomic variables. These adjustments are based on transition risk deltas provided by the Network for Greening the Financial System (NGFS), with a focus on key metrics such as non-performing loans (NPLs), profitability, and capital adequacy.

The analysis incorporated four NGFS climate scenarios:

- Delayed Transition – Targets <2°C warming, with action delayed until ~2030
- Fragmented World / Divergent Net Zero – Global net-zero ambition, but with uncoordinated implementation
- Nationally Determined Contributions (NDCs) – Countries act only on current pledges
- Net Zero 2050 – Coordinated global effort to achieve net-zero emissions by 2050

The results indicated that the impact during the stressed period was not material to the Bank.

CRDB Bank Scenario based NGFS Scenario Framework (Physical vs Transition Risk)



5. OUR RISK MANAGEMENT

We are committed to proactively managing climate-related risks as part of our broader enterprise risk management framework. Climate change presents both physical and transition risks that can impact our operations, financial performance, and relationships with stakeholders. Our climate risk management process is structured to ensure resilience, compliance with regulations, and alignment with global sustainability goals.

5.1 Process for identifying and assessing climate-related risks

We recognize that effective risk management is central to safeguarding resilience and creating long-term value. In addition to our established risk frameworks, we have developed and integrated the Environmental and Social Risk Assessment (ESRA) and the Environmental and Social Management System (ESMS) to strengthen our ability to identify, assess, and manage climate-related risks.

The Bank continuously evaluates risks arising from both internal and external environments, with a proactive focus on emerging risks. Our risk management framework is anchored on the Evaluate–Respond–Monitor (E-R-M) process, which ensures that risks are systematically assessed, appropriate responses are developed and implemented, and their effectiveness is closely monitored. This approach enables the Bank to maintain a dynamic risk profile, enhance resilience, and seize opportunities that support sustainable growth.

Risk Management Process	
Evaluate	▪ Climate-related financial risks considered during credit origination. ▪ Material risks assessed at multiple levels: counterparty, business line, industry, sector, geography. ▪ All projects undergo climate risk evaluation (short- and long-term impacts). ▪ ESMS assesses climate, environmental, and social risks at the transactional level. ▪ ESRM framework evaluates projects with significant environmental impact.
Respond	▪ Strategic business targets set to capitalise on climate-related opportunities (e.g., energy efficiency, renewable energy, smart agriculture, green building). ▪ Credit risk incorporates climate factors throughout the credit lifecycle. ▪ Enforceable action plans and covenants developed to manage identified risks.
Monitor	▪ Risk management frameworks and systems enhanced to strengthen resilience. ▪ Climate risk considerations embedded into operations. ▪ ESMS ensures integration of climate and social risks into decision-making. ▪ The ESRM framework ensures ongoing management of environmental risks.

Regulatory Landscape

The global focus on Environmental, Social, and Governance (ESG) issues has intensified, with stakeholders increasingly demanding transparency around how businesses interact with and depend on natural systems. In response, the Bank is committed to maintaining sound governance and full compliance with evolving legal and regulatory frameworks, which are essential for a stable and resilient financial system.

We actively engage with regulators and policymakers to help shape an enabling environment that supports inclusive and sustainable economic growth. Our approach includes providing input into regulatory development and aligning our practices with both mandatory and voluntary standards.

We continuously monitor existing and emerging regulatory requirements across all jurisdictions in which we operate, with a particular focus on:

- ESG-related regulations and guidelines, including those under development by Tanzanian authorities and regional bodies.
- Global frameworks, such as the Task Force on Climate-related Financial Disclosures (TCFD), which we use to assess and report on the financial impacts of climate-related risks.
- Voluntary standards, including sustainability and climate disclosure guidelines that support transparency and stakeholder trust.

Our ESG strategy is designed to meet the expectations of regulators, investors, customers, and communities, while positioning the Bank as a leader in sustainable finance in East Africa.

5.2 Bank Processes for managing climate-related risks and opportunities

Considering the crucial impact of climate change, the bank has developed a specific environmental, social and climate Risk management policy. The policy articulates the commitments of the Bank to sustainable development, elaborates on how the Bank integrates environmental, social, and climate risk issues into its processes and activities, and sets the roles and responsibilities, including the requirements to deliver on these commitments.

Through the policy, the bank commits to:

- Examine the environmental, social, and climate risk issues and concerns associated
- Identify, evaluate, and manage the environmental, social, and climate risks and the associated financial implications arising from these issues and concerns.
- Where avoidance is impossible, mitigate adverse impacts to people and the environment.
- Give due consideration to vulnerable and marginalised populations, groups, individuals, local communities, indigenous peoples, and other marginalised groups affected or potentially affected by the Bank-financed activities.

The Bank actively fosters a culture of responsible living, prioritizing practices that support environmental sustainability. Our goal is to create a work environment that not only minimizes adverse effects on the planet but ideally has no negative impact at all. This commitment involves implementing eco-friendly policies, such as reducing waste, utilizing renewable energy sources etc. By prioritizing these initiatives, we aim to cultivate a workplace that aligns with our values of stewardship and environmental integrity, ensuring a healthier planet for future generations.

***Below are some initiatives implemented to reduce environmental footprint during the year*.**

- The bank has a robust Environmental and Social management system (ESMS) in place with environmental and social policies, procedures, and tools for assessing the environmental and social impact of projects financed by the Bank.
- The bank has also established a unit designated for assessing and managing Environmental and Social Risks associated with financed projects and advises management accordingly.
- Sustainable finance: The Bank has established a Green, Social, and Sustainability Bond Framework to allow the issuing of Green, Social, and Sustainability Bonds.
- In 2024, we updated our Bank's credit risk policy and procedures to incorporate the Bank of Tanzania's requirement to consider climate-related risks in our lending process.
- Implementation of Paperless withdrawal at branches using Simbanking and continuing rolling out e-banking services to all customer correspondences.
- Use of automated internal memo and approval workflow system to track and control the number of printouts monthly.
- Continuing creating awareness of an online lending solution for salaried employees, pensioners and agents using the Simbanking mobile application, in which customers apply without visiting branches, and eliminating the paper trail throughout the processes.
- Adopting collaboration technologies within the Bank's communication systems, such as videoconference kits to cut the number of hours and material resources spent travelling by air or road for meetings and using electronic reports.

In addition to our efforts to minimize our environmental footprint, we actively support community initiatives aimed at reducing emissions. In 2024, the Bank sponsored several Clean Cooking campaigns organized by the National Economic Empowerment Council, Arusha Constituency, the Ministry of Energy, and Trident Media Organization. These initiatives focused on educating communities about the detrimental effects of using charcoal for cooking. As part of the program, some families were provided with gas cylinders, offering a cleaner and more sustainable cooking alternative.

5.3 Integrating climate-related risk processes into the Bank's overall risk management:

The Bank has embedded an Environmental and Social Management System (ESMS) into its lending processes to ensure that all lending activities align with established environmental and social (E&S) standards. These standards are reinforced through legal documentation, which includes E&S covenants to promote compliance. Additionally, the Bank supports adherence through continuous monitoring and training initiatives. Compliance and performance are tracked throughout the loan lifecycle to ensure responsible loan management.

To mitigate climate-related financial risks, the Bank expect to undertake the following measures:

1. Regular Engagement with High-Risk Counterparties

The Bank maintains ongoing, structured engagement with customers and counterparties identified as having material environmental, social, and climate-related financial risks. These interactions aim to assess their exposure and understand the robustness of their risk mitigation strategies, transition planning, and operational resilience

2. Evaluation of Transition Readiness and Climate Metrics

The Bank will actively assess Customers' transition strategies, including their emission intensity, carbon footprint, net-zero targets, and overall sensitivity to evolving climate policies. This enables the development of targeted mitigation plans aligned with credible science-based targets and the Bank's risk appetite

3. Climate Risk-Related Disclosures and Transparency

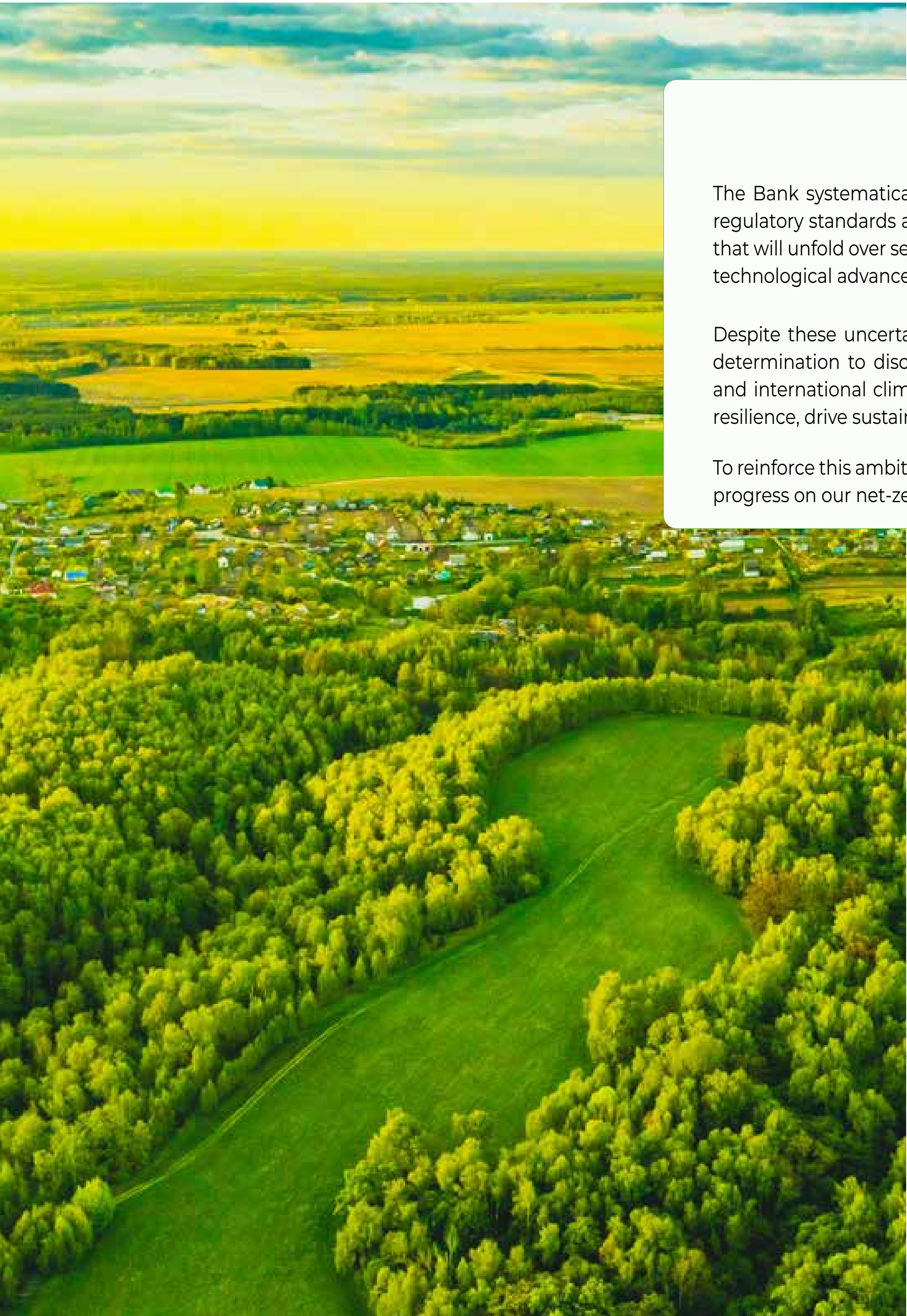
The Bank promotes transparency by requiring enhanced disclosures from counterparties materially exposed to climate-related financial risks. These disclosures are intended to improve risk visibility and support the Bank in early identification of potential breaches of covenants or deterioration in credit quality

4. Integration of Climate Clauses in Credit Agreements

The Bank will incorporate climate-related covenants and performance clauses in facility agreements, ensuring that borrowers and counterparties adhere to defined risk parameters. These covenants may include requirements to maintain compliance with specific environmental standards, emission thresholds, or reporting obligations

5. Documentation of Risk Appetite Limits

All climate-related risk exposures will be measured against defined risk appetite thresholds, which are formally documented in the Bank's group risk appetite framework. This framework guides the Bank's approach to monitoring, escalation, and corrective action where risks exceed acceptable levels.



6.0. METRICS AND TARGETS

The Bank systematically track and report on both the risks and opportunities associated with climate change in line with regulatory standards and global best practices. Our journey toward achieving net-zero emissions is a long-term commitment that will unfold over several decades. We recognize that this pathway will be shaped by evolving policies, market dynamics, and technological advancements, and therefore progress may not always follow a linear trajectory.

Despite these uncertainties, we remain committed to transparency and accountability. Our 2024 TCFD Report reflects our determination to disclose our progress, set measurable metrics and targets, and align our actions with national priorities and international climate goals, including the Paris Agreement. Through this disciplined approach, the Bank seeks to build resilience, drive sustainable growth, and support a just transition for the communities we serve.

To reinforce this ambition, we will continue to set and disclose interim targets, including 2030 milestones, to ensure measurable progress on our net-zero pathway and to provide confidence to regulators, investors, and stakeholders.

We have disclosed our metrics and targets in the order as outlined below:

Carbon Emissions

During the year, the Bank completed its first comprehensive greenhouse gas (GHG) inventory, covering Scope 1, Scope 2, and selected Scope 3 emissions categories. This milestone represents a significant step forward in our sustainability journey, reinforcing our commitment to environmental stewardship and transparent reporting to stakeholders.

Scope 1	Direct emissions from fuel combustion 5,369.76 tCO_2e	
Scope 2	Purchased electricity: 8,373.68 tCO_2ekWh	Fugitive emissions 222.89 tCO_2e
Scope 3	Category 6 – Business Travel 2,131,388 tCO_2eTZS	Category 7 – Employee Commuting: 1,529.74 tCO_2e

To strengthen our approach, we are enhancing methodologies for Scope 3 calculations, engaging with suppliers and stakeholders to improve data transparency, and integrating more reliable data sources into our reporting processes. Looking ahead, we plan to expand our Scope 3 coverage to include financed emissions and other relevant categories identified in our assessment. Our long-term goal is to achieve independent limited assurance over a broader share of our emissions, reinforcing the credibility of our climate disclosures and supporting informed, strategic action on climate change.

Operational Efficiency Indicators

- Our HQ achieved IFC EDGE certification with 21% energy savings, 27% water savings and 28% lower embodied carbon- used as efficiency benchmarks for owned/leased sites.
- 81% recycling of non-hazardous waste at HQ

Sustainable-Finance

Kijani Green Bond

TZS	TZS	MW	GW/yr	Jobs	$ktCO_2e/yr$
171.826 bn	75.4 bn	5.15	14	40	13.8
Amount raised	Amount allocated	Solar	Clean Energy	Green Jobs	Avoided

Adaptation finance (TACATDP)

TZS	TZS	Farmers	Loan
248 mn	80 bn	1000+	437
Disbursed	Queued	Farmers trained	Applicants generated

Targets used to manage climate-related risks and opportunities

We have set clear near- and medium-term targets to manage climate-related risks and seize emerging opportunities. These targets are informed by international frameworks such as the TCFD, SBTi for Financial Institutions, and national-level directives from the Bank of Tanzania, and are aligned with the Bank's Sustainability Strategy and Net-Zero ambition. Our targets are structured to address both mitigation (reducing greenhouse gas emissions) and adaptation (building resilience across our value chain and customer base), while also enhancing our own internal capabilities.

The Bank Near-Term Climate and Sustainability Targets (2025–2027)

Target Area	Near-Term Goal (by 2027)	Future pathways
Science-Based Targets for Financed Emissions	Develop and disclose science-based targets using SBTi; measure and report via PCAF annually	Align with SBTi for Financial Institutions; annual progress tracking
Green Asset Ratio	Increase green assets to 10% by 2027 (from 8% in 2024);	Reflects climate-aligned lending; long-term target: 15% by 2030 30% by 2050
Sustainable Lending Portfolio	Ensure at least 20% of the portfolio is directed to green/ social/sustainability projects.	Includes renewable energy, smart agriculture, clean transport, and water conservation
Sustainability-Bond Issuance	Issue a Sustainability Bond by 2027	Diversifies sustainable financing; KPIs tied to climate and ESG outcomes
Operational Emissions & Energy Efficiency	Measure Scope 1 & 2 emissions; reduce by 5%; implement energy upgrades at branches	Includes solar installations and efficiency improvements
Waste Management	Achieve 100% recycling of non-hazardous waste at HQ and regional branches	Supported by staff campaigns, green procurement, and certified waste vendors
Gender & Social Inclusion in Green Projects	Ensure 30% of beneficiaries are women, youth, or vulnerable populations	Focused on inclusive financing under programs like TACATDP and Imbeju.
Data and Assurance	Obtain limited assurance on Scope 1 & 2 emissions by 2026; financed emissions by 2027	Enhancing data quality and coverage for climate-related disclosures