

BRD

SUSTAINABILITY DISCLOSURE UNDER IFRS SUSTAINABILITY STANDARDS

FOR YEAR ENDED 31 DECEMBER 2025

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DEFINITION OF KEY TERMS

Term	Definition
Environmental, Social and Governance (ESG)	This refers to a set of criteria used to evaluate a company's operations and performance in three key areas. It is a framework that helps stakeholders understand how an organization manages environmental and social risks and opportunities around sustainability.
Greenhouse Gases (GHGs)	Gases in the Earth's atmosphere trap heat by absorbing infrared radiation emitted from the Earth's surface and reradiating it, contributing to the greenhouse effect, such as CO_2, CH_4, and N_2O.
Environmental and Social Management System (ESMS)	A framework that enables organizations to manage environmental and social risks and impacts systematically by integrating sustainability considerations into decision-making and operations.
International Financial Reporting Standards (IFRS)	A set of accounting standards intended to ensure consistency, transparency, and comparability of financial statements globally
IFRS S1	An international sustainability disclosure standard that defines requirements for disclosure of sustainability-related risks and opportunities.
IFRS S2	An international sustainability disclosure standard focused on disclosure of climate-related risks and opportunities.

ACRONYMS

AFD	Agence Francaise de Developement
AOS	Africa Olleh Services
ASCENT	Accelerating Sustainable and Clean Energy Transformation program
BADEA	The Arab Bank for Economic Development in Africa
BDEGL	Banque de Development des Etats des Grands Lacs
Bln	Billion
BNR	National Bank of Rwanda
BRD	Development Bank of Rwanda
BSC	BroadBand Systems Corporation
CDAT	Commercialization and De-Risking for Agricultural Transformation
CEO	Chief Executive Officer
CESMP	Contractor's Environmental and Social Management Plan
COP	Community of Practice
CSR	Corporate Social Responsibility
DILAAM	Development Impact and Level of Additionality Assessment Model
E&S	Environmental and Social
EAQIP	Energy Access and Quality Improvement Project
EF	Emission factor
ERF	Economic Recovery Fund
ERM	Enterprise Risk Management
ESCP	Environmental and Social Commitment Plan
ESG	Environment, Social and Governance
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESRM	Environmental and Social Risk Management
ESRM	Environmental and Social Risk Management
EUR	Euro
EXCO	Executive Committee
Frw	Rwandan Franc
GAP	Gender Action Plan
GCF	Green Climate Fund
GHG	Greenhouse gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GRC	Grievance Redress Committee
GRM	Grievance Redress Mechanism
H/H	Household
ICAAP	Internal Capital Adequacy Assessment Process
ICPAR	Institute of Certified Public Accountant Rwanda
ICT	Information Communication Technology
IFRS	International Financial Reporting Standard
IPCC	Intergovernmental Panel on Climate Change
ISSB	International Sustainability Standards Board
KPI	Key Performance Indicator
KWh	Kilowatt-hour
LEAP	Locate, Evaluate, Assess, and Prepare

MFI	Micro-Finance Institution
MICC	Management Investment and Credit Committee
MINECOFIN	Ministry of Finance and Economic Planning
Mn	Million
MSMEs	Micro, Small and Medium Enterprises
MT	megatonne
MTN	Mobile Telephone Network
NPL	Non-Performing Loan
NST	National Strategy for Transformation
OHS	Occupational, Health and Safety
PFI	Participating Financial Institution
PIM	Project Implementation Manual
RAP	Resettlement Action Plan
RBA	Rwanda Bankers' Association
RDAP	Rwanda Digital Acceleration Project
RDB	Rwanda Development Board
REG	Rwanda Energy Group
REG	Rwanda Energy Group
REMA	Rwanda Environment Management Authority
RGB	Rwanda Governance Board
RGF	Rwanda Green Fund
RHFP	Rwanda Housing Finance Project
RPF	Resettlement Policy Framework
SACCO	Saving and Credit Cooperative
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goal
SEIRHCP	Social Economic Inclusion of Refugees and Host Community Project
SIDA	Swedish International Development Cooperation Agency
SLB	Sustainability-Linked Bond
SMEs	Small and Medium Enterprises
SUL	Safi Universal Link
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TA	Technical Assistance
TCFD	Task Force on Climate-related Financial Disclosures
TJ	Terajoule
TVET	Technical and Vocational Education and Training
UNFCCC	United Nations Framework Convention on Climate Change
UNFCCC COP	Conference of Parties of the United National Framework Convention on Climate Change
WB	World Bank

FOREWORD BY THE CHIEF EXECUTIVE OFFICER

Sustainability is at the core of why we exist. It is embedded in BRD's strategy, financing interventions, internal processes, and institutional commitments. As Rwanda's national development finance institution, BRD is mandated to mobilize and invest capital in projects that improve livelihoods, strengthen resilience, and support Rwanda's transition to a green, low-carbon, and inclusive economy.

This report marks a significant milestone in how we account for that work: it is BRD›s inaugural standalone Sustainability Disclosure Report, prepared in accordance with the IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2) as issued by the International Sustainability Standards Board (ISSB).

Why a standalone report – and why now?

BRD publishes an Integrated Annual Report and Financial Statements, which already conveys the breadth of our operational and financial performance. This standalone sustainability disclosure serves a distinct and complementary purpose: to provide structured, decision-useful disclosures – specifically on governance, strategy, risk management, and metrics related to sustainability and climate-related financial information – in the format and depth that investors, regulators, development partners, and the public increasingly expect.

The timing is deliberate. The National Bank of Rwanda (BNR) issued its Guideline No. 040/2024 on sustainability-related financial disclosures in November 2024, and the Institute of Certified Public Accountants of Rwanda (ICPAR) established the adoption roadmap for IFRS Sustainability Disclosure Standards in 2025. We are proud that BRD meets these requirements as an early adopter, and we do so not merely in response to regulation, but as an extension of commitment that began long before these requirements were formalized.

This report represents the collective efforts and collaboration of our internal teams leading Environmental, Social, and Governance (ESG) and sustainability initiatives across the Bank. It reflects our shared commitment to integrating sustainable practices into our operations, decision-making, and stakeholder engagement.

As part of our commitment to transparency, accountability, and credibility, this report underwent an independent external review prior to its final publication. The review process provided the Board, Management, and our stakeholders with objective assurance regarding the quality, completeness, accuracy, and alignment of the report with applicable sustainability disclosure standards and reporting principles.

A journey rooted in conviction

BRD first implemented an Environmental and Social Management System (ESMS) in 2019 — four years before the National Bank of Rwanda (BNR) issued its first guidelines on climate-related and environmental financial risks management for financial institutions, and six years before Rwanda's IFRS sustainability disclosure roadmap came into effect.

Since then, we have built dedicated ESG capacity across the institution: a team of eight Environmental and Social Specialists, a Green Finance team, a Gender Finance Specialist, and ESG Champions embedded in every department. ESG targets are also fully integrated into the Bank's 2025–2029 corporate strategy.

Our approach aligns with IFC Performance Standards and is progressively aligned with international climate frameworks. In February 2025, BRD was accredited by the Green Climate Fund (GCF) – a recognition that positions us to directly access and deploy concessional climate finance at scale. In October 2025, we received the RS 560:2023 Gender Equality Seal Certification from the Rwanda Standards Board, affirming our institutional commitment to gender-inclusive finance.

A self-assessment submitted to BNR in October 2024 rated BRD at 83% compliance – classified as substantial compliance – the second-highest rating in the framework. These are not endpoints. They are waypoints on a longer journey.

What this report covers

This report covers the 12-month period ended 31 December 2025, in line with BRD›s financial reporting cycle. It applies some of the transition reliefs available to first-time adopters under IFRS S1 and IFRS S2, including relief from presenting comparative prior-year data and excluding Scope 3 emissions, for which we are building the capacity and tools to measure and disclose in future periods. Scope 1 and Scope 2 greenhouse gas emissions were calculated using IPCC methodology in line with GHG Protocol principles.

The report is structured around the four pillars of IFRS S1 and S2: Governance, Strategy, Risk Management, and Metrics and Targets. It also reflects applicable requirements of BNR Guideline No. 040/2024 and draws on the Sustainability Accounting Standards Board (SASB) standards where relevant.

Impact that speaks for itself

Behind the frameworks and disclosures are outcomes that matter. Under our energy access programmes, we have cumulatively distributed over 517,000 clean cooking stoves and connected nearly 169,000 households to electricity — bringing new or improved energy access to approximately 2.75 million people and reducing roughly 2.71 million metric tonnes of net CO_2 emissions. In housing, we have financed 16,419 housing loans, more than twice our original target. Across enterprise, agriculture, and refugee inclusion programmes, we have sustained and created tens of thousands of jobs, with consistent emphasis on women-owned businesses and first-time borrowers.

On the capital markets front, BRD launched Rwanda's first Sustainability-Linked Bond in 2023 through a medium-term note programme targeting RWF 150 billion. All three tranches issued to date have been significantly oversubscribed – recording subscription rates of 110.59%, 130.2%, and 126.2% respectively – reflecting growing investor confidence in Rwanda's sustainable finance architecture and in BRD's role within it. The Ireme Invest Facility, launched on the sidelines of 27th United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP), has attracted over USD 104 million in commitments from key development partners, with an additional EUR 20 million credit guarantee from the Swedish International Development Cooperation Agency to lower collateral barriers for green SME investments.

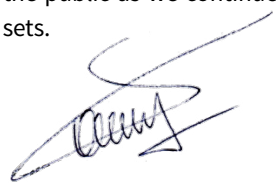
What comes next

We are committed to deepening the quality and scope of our sustainability disclosures over time. In the near term, we will develop our Climate Strategy to accelerate green and climate finance, improve the granularity of our climate risk disclosures, and build the capacity to measure and report Scope 3 financed emissions. We will leverage our GCF accreditation to scale concessional green finance and continue to advance our Sustainability-Linked Bond programme as a cornerstone instrument for mobilizing domestic capital toward sustainable development.

But disclosure quality is only one dimension of what comes next. Our 2025–2029 Corporate Strategy is explicit on three interconnected commitments that will shape how BRD operates through the remainder of this decade: inclusive finance, ESG integration, and gender equality. These are not peripheral considerations – they define how the Bank measures success, and how we ensure that growth translates into measurable improvement in the lives of Rwandans who have historically had the least access to finance.

BRD›s conviction is straightforward: a bank that takes sustainability seriously – not as a marketing posture but as a risk management discipline and a growth strategy – is a more resilient institution and a more effective development partner. This report is our most transparent accounting yet of how we are living that conviction.

We welcome the engagement of our stakeholders, partners, and the public as we continue to grow into the standard this report sets.



Stella RUSINE NTEZIRYAYO.
Chief Executive Officer.
Development Bank of Rwanda (BRD) PLC.

1. EXECUTIVE SUMMARY

The Development Bank of Rwanda (BRD Plc) integrated sustainable finance principles prior to regulatory requirements issued by the National Bank of Rwanda (BNR). Since 2019, the Bank has implemented an Environmental and Social Management System (ESMS), which has been continuously updated to reflect evolving national and international Environmental, Social, and Governance (ESG) requirements.

At inception of ESMS implementation, BRD had no dedicated environmental and social specialists. From 2021, the Bank established ESG related functions which increased year by year and as of December 2025, the Bank had a team of Specialists comprising:

Category	Department
E&S Specialists (8), including 2 young professionals	Credit & Enterprise Risk Management (ERM) Departments
Green Finance Team (2)	Business Department
Gender Finance Specialist (1)	Strategy Department
ESG Champions	Embedded in all departments

BRD has integrated ESG targets into its revised corporate 2025–2029 strategy, reinforcing its commitment to portfolio greening and sustainable finance. The Bank aligns its ESG approach with national and international frameworks, including International Finance Corporation (IFC) Performance Standards such as ESMS structure, including environmental and social risk identification & management, exclusion list, labour & working conditions, community health and safety.

The board oversees the bank's governance structures to ensure ESG integration into strategic decision-making, risk appetite, and capital allocation.

Through its Green Financing Activation initiatives, the Bank launched the Ireme Invest Facility on the sidelines of the United Nations Climate Change Conference (COP 27), where over USD 104Mn as committed by key development partners to provide concessional financing for green projects.

Additionally, the Swedish International Development Cooperation Agency (Swedish International Development Cooperation Agency) committed a EUR 20 million credit guarantee facility to provide collateral support to Small & Medium Enterprises (SMEs), thereby reducing financing constraints and lowering entry barriers for green investments.

Broadening its resource mobilization efforts, in partnership with the World Bank, the bank launched Rwanda's first Sustainability-Linked Bond in 2023 through a medium-term note programme targeting RWF 150 billion. The programme recorded strong market success, with all issuances significantly oversubscribed, reflecting growing investor confidence in Rwanda's sustainable financing instruments.

The first tranche, issued in November 2023, raised RWF 30 billion and achieved a 110.59% subscription rate. The second tranche, issued in November 2024, raised RWF 33.5 billion with an impressive 130.2% subscription rate. The third issuance, completed in March 2026, raised RWF 29.05 billion and was oversubscribed by 126.2%.



Third SLB Issuance Raised

FRW 29.05 Billion

oversubscribed by 126.2%

The bond remains strongly ESG-focused, supporting women-led businesses, expanding access to affordable housing, and promoting responsible business practices. Through bond issuance, the bank continues to diversify its funding sources, mobilize domestic capital, and scale investments that drive inclusive and sustainable economic development, while simultaneously strengthening Rwanda's capital markets.

BRD's efforts for sustainable finance paid off in various aspects: For example, in February 2025, BRD was accredited by the Green Climate Fund (GCF), and in October 2025, BRD received the RS 560:2023 Gender Equality Seal Certification from the Rwanda Standards Board. The Green Climate Fund (GCF) accreditation will increase BRD's access to green finance to scale up green projects in line with Sustainable Development Goal (SDG) 13, while the gender seal certification will also strengthen its culture of inclusive finance in line with national and international agenda (SDG 5).

BRD has taken another step to mainstream sustainable finance and is committed to assisting its partners to comply with environmental and social risk management. Accordingly, the Bank provides trainings to its clients, and it also created a Community of Practice (COP) for partner financial institutions (PFIs) in collaboration with the Rwanda Bankers Association (RBA). This is a platform of E&S representatives from PFIs who meet on a quarterly basis to share experience, knowledge, challenges and home-grown solutions.

The COP is made up of 12 member banks of RBA; however other partners like World Bank, AFD, GIZ, and BNR were also present at different meetings. This initiative will be extended to other financial partners in collaboration with stakeholders.

SUSTAINABLE DEVELOPMENT IMPACT AND INCLUSIVE GROWTH

1. The Bank's interventions continued to translate into meaningful and measurable sustainable development outcomes across energy access, affordable housing, agriculture, financial inclusion, enterprise development, and socio-economic resilience. Through its strategic programmes and partnerships, the bank has played a catalytic role in improving livelihoods, accelerating climate action, creating jobs, and expanding access to finance for underserved communities across Rwanda.

2. Under the Energy Access and Quality Improvement Project (EAQIP), the bank advanced Rwanda's clean energy transition and universal electrification agenda by cumulatively distributing 517,606 clean cooking stoves and electrifying 169,148 households. The project created 297 jobs, of which 51% were held by women, while enabling approximately 2.75 million people to gain new or improved access to electricity and clean cooking solutions. In addition, the project contributed significantly to climate mitigation efforts through the reduction of approximately 2.71 million MT of net CO_2 emissions from off-grid electrification and clean cooking interventions.

Number of cooking stoves distributed

517,606
cooking stoves

Number of people provided with new or improved electricity services

169,148
people

3. Similarly, under the Accelerating Sustainable and Clean Energy Access Transformation (ASCENT) Project, the bank expanded renewable energy financing and energy inclusion by providing electricity access to 104,904 people. The programme enabled 26,226 households to gain new or improved access to off-grid electricity and supported 27,520 households with improved clean cooking solutions. These interventions contributed to the reduction of approximately 386,035 MT of greenhouse gas emissions.

26,226
H/Hs

Households provided with new or improved access to off-grid electricity

27,520
H/Hs

Number of Households provided with new or improved access to clean cooking solutions

4. In the housing sector, and in line with the Rwanda Housing Finance Project, the bank financed 16,419 housing loans, significantly surpassing the initial target of 6,000 housing units. This contributed to improving access to affordable housing and enhancing living standards for Rwandan households.

5. Under the Access to Finance for Recovery and Resilience (AFFIR) Project, the bank sustained 27,787 jobs while strengthening business continuity and economic resilience among enterprises. Women-led businesses accounted for 33% of supported enterprises under the programme, reinforcing the bank's commitment to gender-inclusive financing.

6. Through the Commercialization and De-risking for Agricultural Transformation (CDAT) Project, the bank supported 1,235 farmers, cooperatives, and agri-SMEs, of which 37.3% were women and 11% were first-time borrowers. The project further contributed to the creation of 14,661 new jobs, supporting agricultural productivity, rural livelihoods, and inclusive economic growth.

7. Under the Socio-Economic Inclusion of Refugees and Host Communities Project, the bank supported 7,920 individuals, enabling 22,331 people to access employment opportunities. Of the beneficiaries reached, 30% were refugees and 41% were women, demonstrating the bank's commitment to inclusive and equitable socio-economic development.



Supported

7,920

individuals to increase their income



access employment opportunities

22,331

8. Additionally, through the Kataza Rwanda MSME Programme, the bank financed 469 MSMEs and contributed to the creation of 10,305 jobs. The programme also trained 24,209 MSME entrepreneurs and supported 459 couples through gender-transformative and household economic empowerment initiatives, further strengthening entrepreneurship, financial literacy, and household resilience.

Under corporate social responsibility (CSR), the bank has supported activities that promote well-being and livelihoods of Rwandans across the country in line with its thematic areas such as education, sports, arts and culture, peacebuilding, social welfare, healthcare, and private sector promotion. CSR supported initiatives are those that demonstrate clear social benefits while promoting diversity, inclusion and sustainable development.

During the year 2025, the following initiatives were supported by the bank:

- **Education & health:** the "Mama guide" initiative was supported to provide expectant & new mothers with a stronger preventive health resource while also creating opportunities in health literacy and community outreach. The Bank has also funded 20 students with vulnerable background to attend Rwanda Coding Academy school. Awareness was also created on environmental protection laws at one of schools in Kigali, followed by a tree planting session to showcase climate mitigation along with other benefits such as fruit production.

- **Social cohesion** through peacebuilding, sports, arts, and culture, the bank has supported children and families to build habits of saving & budgeting, access to cancer medical treatment. It also supported major cultural events, creation of audiovisual poetry, as well as the social infrastructure (multipurpose hall, playground court, and rainwater drainage system).

Social protection: Initiatives from women and youth were supported through key activities, including construction of a new home and livelihood support to a genocide survivor, support to single mothers, and youth in production of high-quality carpets from local sheep wool to gain vocational skills, access to market and participation in form al economy. A new television channel from young entrepreneurs was also supported. This has an objective of supporting & mentoring youth's innovative ideas to turn into viable businesses.

Collectively, these achievements demonstrate the bank's growing impact in advancing sustainable finance, strengthening climate resilience, promoting gender inclusion, and supporting Rwanda's long-term socio-economic transformation.

1. REGULATORY DEVELOPMENTS

Period	Regulation	Description
June 2023	**IFRS S1:** General requirements for disclosure of sustainability-related risks and opportunities. **IFRS S2:** Disclosure of climate-related risks and opportunities.	The International Sustainability Standards Board issued both: • IFRS S1 • IFRS S2
Nov 2023	BNR Guideline No. 2600/2023-00036 [616].	Climate-related and environmental financial risk management for financial institutions
Nov 2024	BNR Guideline No. 040/2024	Disclosure and reporting of sustainability-related financial information
2025	ICPAR Roadmap	Adoption roadmap for IFRS sustainability disclosure standards in Rwanda

2. INSTITUTIONAL RESPONSE

In response to these requirements:

1. BRD prepared a preliminary readiness report in June 2024
2. A self-assessment was conducted and submitted to BNR in October 2024. After the review, the Central Bank rated BRD self-assessment report at substantial compliance with a rate of 83% (the second after the full compliance) as provided below:
   - Full compliance: Above 85%
   - Substantial compliance: Above 65% but below 85%
   - Partial compliance: Above 50% but below 65%, and
   - Non-Compliance Below 50%

3. REPORTING FRAMEWORK

This sustainability report is aligned with:

- IFRS S1
- IFRS S2

It provides disclosure across:

- Governance
- Strategy
- Risk Management
- Metrics and Targets

4. SUMMARY OF SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

1.4.1. Climate Physical Risks

These are key risks that may affect BRD-financed investments and borrowers' repayment capacity

Region	Climate risk	Potential Impact
Northern, Western, Southern provinces	Heavy rainfall	Floods and Landslides
Eastern & Part of Southern provinces	Drought	Reduced agricultural productivity
Kigali	Floods	Damage or limited use of infrastructure

1.4.2 Climate transition risks

The transition risks that may affect BRD-financed investments and borrowers' repayment capacity are associated with:

- Rising fuel costs that affect all sectors of the economy.
- Customer /technology preference shifts
- Policy and regulatory risks

1.4.3 Social Risks

The social risks that may affect BRD-financed investments and borrowers' repayment capacity are associated with:

- Occupational health and safety risks
- Labor and working conditions in financed manufacturing and industrial projects
- Stakeholder response & grievances

Other risks include environmental and governance related risks notably Pollution control risks, Biodiversity degradation risks, and Environmental compliance risks in financed projects.

The physical risk and transition to a low carbon economy will affect all industries and will require massive investment across climate mitigation and adaptation. The Bank firmly believes that integrating sustainability and climate-related considerations into its business strategy drives growth and long-term value for its stakeholders.

Building on the Bank's strengths and track record of providing innovative financing solutions, the following opportunities were identified:

Opportunities	Description	Time horizon
Innovative Resource Mobilization	The Bank identified innovative resource mobilization as a key sustainability opportunity through instruments and partnerships that enhance access to long-term and concessional financing for sustainable development projects. This includes initiatives such as sustainability-linked bonds, blended finance arrangements with development finance institutions, and potential revenue generation from carbon credit sales under green programs such as ASCENT and EAQIP, supporting the expansion of clean energy, climate resilience, and inclusive green growth initiatives.	Short, medium and long term
Scaling sustainable and transition financing	The Bank has an important role in the national and global shift towards a low-carbon economy. By allocating capital not only to green assets and activities, but also to those that are on a pathway to becoming greener, we can accelerate both the adoption of sustainable practices and the transformation of existing operations. Guided by our projects and Ireme invest, we aim to support our clients' business transformation and scale our sustainable and transition financing with a focus on the renewable energy ecosystem, e mobility technologies, clean cooking, electric charging infrastructure.	Short, medium and long term

Green and resilient investments	BRD will take the lead in providing first loss cover to catalyze private sector investments in green projects, actively promote and drive market awareness about benefits of green investments, Introducing new financing instruments such as sustainability linked bond, carbon credit trading and weather insurance to incentivize sustainable actions and provide financial protection against climate-related risks, collaborate with stakeholders to green the financial sector, encouraging banks and financial institutions to incorporate sustainability considerations into their lending and investment practices and developing robust pricing, screening, and eligibility criteria to ensure that projects seeking funding align with sustainability objectives. BRD will leverage on its accreditation by the Green Climate Fund (GCF) to access more climate finance to support green projects.	Short, medium and long term
Sustainable Agriculture and Conservation	BRD will foster sustainable agricultural practices that improve food security, enhance productivity, and promote responsible land management. The Bank will also invest in conservation initiatives to preserve Rwanda's rich biodiversity and protect critical ecosystems.	Short, medium and long term

2. BASIS OF PREPARATION

2.1 Compliance with IFRS Sustainability Disclosure Standards

The sustainability report of BRD Plc has been prepared in accordance with IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB).

As the Bank continues to adopt the standard, SASB industry specific metrics will be considered as applicable & relevant.

In addition, the BRD sustainability report was prepared in accordance with BNR guidelines No 040/2024 of 25/11/2024 on the disclosure and reporting of sustainability-related financial information for financial institutions and the related adoption roadmap established by the Institute of Certified Public Accountants of Rwanda (ICPAR) in 2025, including the available transitional reliefs.

2.2 Connectivity with financial statements (reporting period, reporting entity, and presentation currency)

This report is aligned with the Bank's financial report for the year started on 1st January 2025 and ended 31st December 2025. The report applies the following sustainability standards:

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

As defined in IFRS S1, Sustainability-related financial risk and opportunities are those that are expected to reasonably affect the entity's prospects over short, medium or long term. Based on the understanding of the business and current bank strategy under implementation, the following time horizons were identified, and these align with the timelines used for strategic decision-making:

- short term (0 to 12 months);
- medium term (1 to 3 years); and
- long term (beyond 3 years).

The sustainability report has been prepared and should be read in conjunction with the Bank's financial statements prepared in accordance with IFRS Accounting Standards. It covers a 12-month period for the year ended 31 December 2025 which is aligned with the reporting period of the related financial statements.

The sustainability-related financial disclosures cover the same reporting entity as the financial statements. In preparing its sustainability-related financial disclosures, the bank has assessed its own portfolio and computed the GHG emission for its own operations (scope 1 and 2).

The presentation currency of the sustainability related financial disclosures is the Rwandan Francs (Frw) which aligns with the presentation currency of the bank financial statements and amounts disclosed are rounded to the nearest thousands unless otherwise stated.

2.3 First-time adoption of IFRS Sustainability Disclosure Standards and transitional Reliefs

The bank is reporting under IFRS Sustainability Disclosure Standards for the first time for reporting period ending 31 December 2025. It has applied the following standards for its sustainability reporting period commencing 1 January 2025:

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

The bank leveraged on the transition reliefs provided by IFRS Sustainability Disclosure Standards 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;
- Relief from issuing the sustainability report at the same time as the financial statements which were issued in March 2026;
- Exclude scope 3 emissions from the first sustainability report,

In line with the above reliefs the Bank did not compare metrics of 2025 with the year 2024. In addition, scope 3 emissions were not disclosed in this sustainability report.

BRD is still in the process of developing capacity and tools to measure scope 3 emissions (only few projects were piloted). Emission calculations for scope 1 and 2 were done following IPCC methodology following the general principles of the GHG Protocol.

However, BRD chose not to apply the other available reliefs on “climate-first approach” since ESG risk management started well before adoption of IFRS Sustainability standards (BRD adopted its ESMS since 2019) and integrated environmental, social and governance risks management as part of its general risk management framework.

3. OVERVIEW OF THE BANK'S VALUE CHAIN

3.1 Overview of the bank

The bank was established in 1967; the Development Bank of Rwanda (BRD) is Rwanda's sole national development bank. Over more than five decades, BRD has grown from a small post-independence financial institution into the country's premier development finance institution, anchoring Rwanda's ambitions for economic transformation, job creation, and inclusive prosperity.

BRD's mandate is to provide affordable, long-term, and tailored loans and other credit enhancement products to priority sectors of the economy that drive Rwanda's socio-economic transformation. These sectors include:

- Infrastructure,
- Affordable housing,
- Energy,
- Education,
- Transport
- Agriculture
- Exports and Manufacturing,
- The Digital economy.

In fulfilling this mandate, BRD acts as a catalytic institution of financing where market failures exist, unlocking private capital, and ensuring that development finance reaches the segments and sectors where it is most needed.

BRD operates within a clear national policy ecosystem, aligned with: Rwanda's Vision 2050 targeting upper-middle income economy by 2035 and high-income status by 2050; and the Second National Strategy for Transformation (NST2, 2025–2029).

As Rwanda's only national development bank, BRD occupies a unique and pivotal position in the country's development finance architecture mobilizing long-term concessional and commercial resources and channelling them where they can create the greatest development impact.

The majority stake in BRD is owned by the Government of Rwanda, whose shareholding interests are held by two institutional investors:

- Agaciro Development Fund (76.44%) and
- Rwanda Social Security Board (22.24%).

As a licensed financial institution operating in Rwanda, BRD functions within a robust regulatory and governance framework:

- Supervision: BRD falls under the oversight of the National Bank of Rwanda (NBR), which monitors its adherence to applicable regulatory standards and sound banking practices.
- Governance: BRD's governance structure is designed to meet national financial regulations while enabling effective execution of its development finance mandate.
- Compliance: The Bank produces financial statements in compliance with local regulations, including Regulation N°28/2019 on the publication of financial statements by banks, and adheres to internationally recognized standards to ensure soundness across its operations.

3.2 Our key business activities

BRD operates a multi-layered lending model designed to ensure both developmental additionality and financial sustainability. The revised business model formalizes a 70:30 portfolio split between direct lending and on-lending up to 2029.

3.2.1 Direct Lending

BRD provides long-term, affordable financing directly to medium and large enterprises, strategic national projects, and anchor firms in priority sectors.

Direct lending is BRD's mechanism for financing transformational, capital-intensive projects where commercial banks cannot offer adequate terms particularly in terms of tenor, pricing, and development orientation.

Key sectors: Agriculture value chains, Manufacturing and exports, Energy, Infrastructure and housing, ICT and Digital Economy, Transport (e-Mobility), Education (TVET and higher education).

3.2.2 On Lending

BRD channels concessional and affordable funding through partner financial institutions (PFIs), including commercial banks, microfinance institutions (MFIs), and Savings & Credit Cooperative (SACCOs) to reach micro and small enterprises, smallholder farmers, and individual borrowers. These are segments that fall below BRD's direct lending threshold but are central to Rwanda's inclusive development goals.

Partners: Commercial banks, MFIs, SACCOs leveraging their extensive rural banking network.

Products: Agriculture value-chain loans, affordable housing mortgages, green energy loans, MSME working capital.

BRD's role: Liquidity provider, capacity builder, product co-designer, and risk sharer – not a competitor to PFIs.

3.2.3 Other activities

Other than lending activities, BRD Plc provides:

Technical Assistance (TA): Non-reimbursable capacity building for clients, partners, and sectors drawing on donor-funded TA windows (World Bank, AFD, GCF) as well as BRD's own in-house TA fund.

Advisory Services: Structured advisory offering across five pillars: project preparation and pipeline development; transaction advisory and large investment structuring; investment readiness and SME advisory; ESG and sustainability advisory; sectoral transformation and market development. Delivered through a hybrid model: donor-funded, fee-based, and cross-subsidized services.

Business Mentorship: Embedded in Shabuka and the Venture Debt Fund connecting clients to practical business support, market linkages, and investor networks.

Knowledge Products; Research, market assessments, and sector reports that inform product design, client education, and stakeholder communication.

3.3 Our value chain

For the bank to provide financial services, it depends on a number of other entities, customers, and suppliers. This includes World Bank, other multilateral development banks, local financial institutions and Ministry of Finance and planning for resource mobilization.

It also includes customers that benefit from the bank financial services, namely Public financial institutions in line of impact scale up, strategic projects, corporate customers and SMEs.

The table below summarizes the bank's key upstream and downstream value chain relationships:

Upstream	Source	Description	Geographical location
	Shareholders	BRD majority stake is owned by the Government of Rwanda, whose shareholding interests are held by two institutional investors.	The shareholders are based in Kigali, Rwanda
	Lenders	East African Development Bank	Kenya
		European Investment Bank	Europe
		BADEA	Asia
	Shareholders	BRD majority stake is owned by the Government of Rwanda, whose shareholding interests are held by two institutional investors.	The shareholders are based in Kigali, Rwanda

	Lenders	East African Development	Kenya
		BDEGL	Africa
		Rwanda Social Security Board (RSSB)	Kigali
		Kreditanstalt Fur Wiederaufbau (KFW)	Europe
		BNR Short- & Long-term loans	Kigali
		RGF	Kigali
		MINECOFIN (AFIRR, CDAT, ASCENT)	Kigali
		AFD (Agence Française de Development)	Europe
		Sustainability Linked bond	Across the globe
		Master Card Foundation (Kataza)	Kigali
	Key suppliers	MTN and BSC	USA
		IDEE	Tunisia
		AOS	Rwanda
		Swift	USA
Downstream	Customers	PFIs	Rwanda
		Strategic projects	Rwanda
		Direct lending	Rwanda

The bank also has entities (including investments in associates and joint ventures), activities, resources, and relationships that form part of its value chain. These have not been considered in assessing the sustainability-related risks and opportunities of the bank.

Reporting boundary

The report focuses on the Bank's lending activities and other corporate-related operations. Accordingly, investments (equity investment, and investment in associates) were not assessed, while they represent only around 2%. For greenhouse gas emissions, scope 1 and scope 2 were disclosed.

4. JUDGEMENTS AND MEASUREMENT UNCERTAINTIES

In the process of preparing this sustainability report, management has exercised judgement in a number of areas, including:

- the process of identifying sustainability-related risks and opportunities
- and identify material information to report.

Additionally, the preparation of this report requires the use of estimates for certain data which cannot be measured directly or are limited.

This section outlines the most critical judgements made by management in preparing this sustainability report, as well as the amounts that are subject to a high degree of measurement uncertainty.

The details of the judgement made, or the source of estimation uncertainty, are included in the significant judgements.

4.1 Significant judgements

Area of judgements	Description
Materiality process	Management applied significant judgement to identify the sustainability-related risks and opportunities that could reasonably be expected to affect the bank's prospects, as well as the material information related to those risks and opportunities. The process that the Bank followed in making the assessment of material information is detailed in chapter 6. Judgement was also applied in considering which metrics to include within the disclosure topics in the SASB standards and in the computation of anticipated financial effect.
Organizational boundary for GHG emissions	The bank has applied the operational control approach to determine its organizational boundary for reporting GHG emissions. The operational control approach requires the bank to identify the operations over which the bank has full authority to introduce and implement operational policies. Both the selection of the most appropriate approach and the identification of operations over which the Bank has operational control are areas of significant judgement.
Calculation methods for GHG emissions	**Scope 1:** Emission calculations were done following the 2006 IPCC methodology for Tier 1 approach using default emission factors which assume that all the carbon content is oxidized into CO2. This approach was combined with tier 2 approaches as fuels density and net calorific values collected from. The same approach was followed for backup generator for which stationary combustion (energy generation) was considered. **Scope 2** emissions were calculated following a tier 2 approach as country-specific grid emission factor was considered (published on UNFCCC website). This emission factor is, however, under revision, and once published, the new one will be considered.

4.2 Measurement uncertainty

Area of uncertainties	Description
GHG related metrics	The bank measures its GHG emissions in accordance with IPCC methodology. The related disclosed metrics are subject to inherent uncertainties arising from reliance on activity data and emission factors obtained from third parties.
Climate - physical risk - flood, landslide, and drought hazards effects	The measurement of anticipated financial effects due to physical risk is subject to significant measurement uncertainty. With limited data of location effects on repayments capacity of the customers or projects.
Climate transition risk – dependence on fossil fuel	The measurement of anticipated financial effects due to shifts from fossil fuel due to price increase or compliance requirements.

5. MATERIALITY ASSESSMENT

This is the first year that the bank has prepared a sustainability report in line with IFRS sustainability standards. As such, a preliminary materiality assessment was conducted to identify sustainability-related risks and opportunities that could reasonably be expected to affect the bank's prospects. Although this is the first year of bank's sustainability report, the bank has previously considered the sustainability-related risks and opportunities that might affect the bank's operations as part of its normal risk management processes.

The E&S risk assessment is part of the bank credit appraisal process, where each investment made is screened through E&S lens and E&S regular monitoring is conducted to ensure it is embedded into the bank E&S risk cycle.

The materiality assessment process was performed through LEAP process by a team with a variety of skills (E&S, Finance, and Risk management) which was reviewed by the bank executive committee. The outcome of the process was validated and approved by the board audit committee.

The LEAP framework comes from the Taskforce on Nature-related Financial Disclosures and stands for:

- **L** – Locate
- **E** – Evaluate
- **A** – Assess
- **P** – Prepare

The Bank applied the LEAP approach to identify and analyse climate-related risks and opportunities across its portfolio. The outputs of the LEAP analysis were subsequently used as inputs into the Bank's materiality assessment. This involved mapping portfolio exposures to climate-sensitive sectors and geographies, evaluating dependencies and impacts, and assessing resulting financial risks and opportunities. The outputs were integrated with stakeholder inputs to determine material sustainability topics.

Sustainability-related risks and opportunities were considered material where they could reasonably be expected to affect the Bank's business model, strategy, cash flows, financial position, financial performance, access to finance, or cost of capital over short, medium, and long term.

As part of the assessment, the Bank evaluated how climate-related and environmental-related risks may propagate into traditional banking risk categories, particularly credit risk, operational risk, reputational risk, and strategic risk.

The assessment identified climate-related physical risks, transition risks, and sustainable finance opportunities as the most material sustainability-related matters to the Bank due to their potential impact on portfolio quality, borrower resilience, long-term asset performance, and developmental objectives.

5.1. Step 1: Identification of sustainability-related risks and opportunities

Understand the bank exposures in line with climate related risk and opportunities

- To identify the sustainability related risks and opportunities, the bank located its exposures where it interacts with climate-related risks and opportunities.

After the location, it was identified that the portfolio is prone to flood, landslide, and drought hazards effects).

- To identify the sustainability-related risks and opportunities, the bank evaluated its exposures dependence on climate risk (flood, landslide and drought)

After the evaluation, exposures were mapped to their specific related-climate risk.

5.1.1 Assess whether the risks and opportunities could reasonably be expected to affect the bank's prospects

Only those sustainability-related risks and opportunities that could reasonably be expected to affect the bank's cash flows, access to finance or cost of capital are disclosed in the bank's sustainability report. In making this assessment, the bank considered a combination of the likelihood of the event occurring and the magnitude of the impact on the bank's financial prospects if the event did occur.

For risks and opportunities that relate to uncertain future events, the bank considered a range of possible outcomes and assigned

a hypothetical likelihood to that range. No definitive thresholds were applied but, typically, those with a higher likelihood and/or magnitude are disclosed.

As part of this process, the bank considered the perspective of various departments and management to obtain perspective on whether there were any additional risks and opportunities beyond those identified by the Bank that could reasonably be expected to affect the bank's prospects. From departmental consultation, it was recommended that the risks and opportunities should be extended to upstream value chain.

5.1.2 Mitigation actions and plans to remediate

The bank has disclosed risks and opportunities assessed before the bank's prevention and mitigation actions. Details on this topic are elaborated in section 8.5.

5.1.3 Final consolidation and approval of risks and opportunities for the bank

The determination of the sustainability-related risks and opportunities requires judgement. The sustainability-related risks and opportunities identified for the bank were presented to the Board Audit Committee for approval. The risks and opportunities identified within the scope of sustainability reporting are summarized in step 2.

5.2 Step 2: Identification of material information

The Bank assessed each identified sustainability-related risk and opportunity based on:

- the magnitude of potential financial impact, including effects on credit risk, borrower repayment capacity and portfolio performance; and
- the likelihood of occurrence across short-, medium- and long-term horizons.

Financial impact was assessed with reference to sector exposure, including energy (15.2%), manufacturing (9.7%), transport (9.1%) and infrastructure (6.7%), and Agribusiness (3.2%) which are sensitive to climate-related risks.

Likelihood was assessed based on the Bank's geographic exposure across regions with varying climate risk profiles, including higher-risk areas such as the Western and Northern Provinces (landslides and flooding) and the Eastern Province (drought risk).

Each topic was assessed using an internal scoring approach, and a qualitative threshold was applied to determine which topics are considered material.

The Bank applies a structured approach to assess materiality by evaluating the financial impact and likelihood of each identified topic. Topics assessed as high in both dimensions are classified as material and disclosed accordingly.

Based on this assessment, the Bank identified climate-related physical risks (floods, droughts and landslides) and climate-related opportunities, including green financing, as material.

Other sustainability-related risks, including transition and social risks, are currently monitored but are not assessed as material based on available data.

Topic	Impact	Likelihood	Conclusion
Flood Risk	High	High	Material
Drought Risk	High	High	Material
Landslide Risk	High	High	Material
Climate Transition Risk	Medium	Medium	Monitor
Social Risk	Medium	Medium	Monitor

5.3 Outcome of the process

The materiality assessment is based on available portfolio and geographic data, including sector exposure and regional climate risk information. Where quantitative data is limited, the Bank applies informed management judgement. The methodology will be refined over time as data availability improves.

The table below includes the sustainability-related risks and opportunities identified as part of the materiality processes described. Further information can be found in the note referenced in the table.

	Risks/opportunities identified	Summary of management approach	Affected component	Reference
Environmental				
Climate-related physical risk: Flood	**Flood Risk** Flood could lead: To borrowers unable to repay after damage. Loss of collateral asset value. Customer operational disruptions. risk Development impact (setbacks in financed projects) Key sectors exposed to floods are mainly infrastructure, agribusiness and energy. **Opportunities** Climate Adaptation Financing (Irrigation and water management systems) Resilient Agriculture Financing (Climate-smart agriculture, Improved irrigation and drainage, Agro-insurance-linked lending and bridge lending)	**Flood** The Bank integrated physical risk through E&S due diligence during credit appraisal processes, The bank applies portfolio diversification strategies and promotes climate-resilient investments. Ongoing monitoring is conducted through early warning indicators and periodic portfolio reviews.	The bank affected component includes the bank portfolio under the below main sectors: • Energy • Infrastructure • Agribusiness and • Manufacturing	8.3.1 Climate-related physical risk: Flood

Climate-related physical risk: Landslide	**Landslide Risks** Landslide could lead: To borrowers unable to repay after damage. Loss of collateral asset value Customer operational disruptions. Development impact (setbacks in financed projects) Key sectors exposed to landslide are mainly energy, agribusiness and manufacturing. **Opportunities** Landslide mitigation requires government and large-scale infrastructure financing, and the bank can benefit from financing retaining walls, terracing, drainage systems	**Landslide** The Bank integrated physical risk through E&S due diligence during credit appraisal processes, The bank applies portfolio diversification strategies and promotes climate-resilient investments. Ongoing monitoring is conducted through early warning indicators and periodic portfolio reviews.	The bank affected component includes the bank portfolio under the below main sectors: • Energy • Agribusiness and Manufacturing	8.3.2 Climate-related physical risk: Landslide
Climate related physical risk: Drought	**Drought Risks** Drought could reduce borrower cash flows, weaken repayment capacity, lower collateral performance, and disrupt project delivery, particularly where operations depend on rainfall, water availability, or hydropower output. Key sectors exposed to drought are mainly agribusiness, energy, infrastructure, and manufacturing. **Opportunities** Climate-smart agriculture financing, efficient irrigation and water-use systems, water storage and distribution infrastructure, and renewable energy investments that reduce dependence on climate-sensitive generation sources.	**Drought** The Bank manages drought risk through credit appraisal screening, sector and geographic risk assessment, portfolio diversification, and financing structures that promote resilience to water stress and climate variability. Monitoring focuses on early signs of stress in exposed borrowers and the implementation of mitigation measures for climate-sensitive projects.	The bank affected component includes the bank portfolio under the below main sectors: • Energy • Infrastructure • Agribusiness and • Manufacturing	8.3.3 Climate-related physical risk: Drought

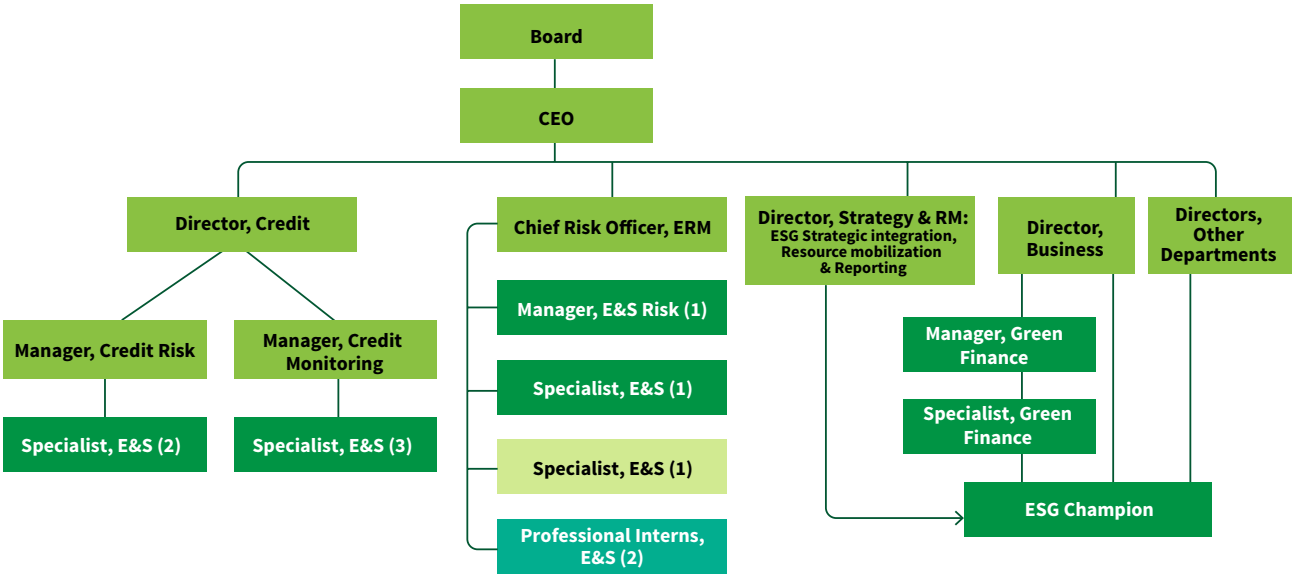
Climate related Transition risk: Dependence on fossil fuels	**Dependence on fossil fuels Risks** Dependence on fossil fuels leads: To borrowers unable to repay after-market shifts where renewable energy is cheaper. Loss of collateral asset value when the fossil fuel-based projects become stranded assets Key sectors exposed to fossil fuel dependency are mainly transport, Energy, Infrastructure, Manufacturing, and agribusiness. **Opportunities** Finance: Renewable energy (solar) Sustainability linked loans Transition finance instruments		The bank affected component includes the bank portfolio under the below main sectors: • Transport, Energy, • Infrastructure, Manufacturing and • agribusiness.	8.3.4 Climate-related transition risk: Dependence on fossil fuels
Social risks				
	Risks/opportunities identified	**Summary of management approach**	**Affected component**	**Reference**
Occupation, Health and safety	**Occupation, Health and safety Risks** Financing manufacturing and construction companies without proper OHS would lead to borrowers unable to repay due to compliance penalties. **Opportunities** Include compliance with OHS requirements in the financing agreement.	**Occupation, Health and safety** The Bank integrated OHS risk through E&S due diligence during credit appraisal processes, The bank conduct trainings around occupation, Health and safety and ensures implementation in key sectors mainly manufacturing and construction. Ongoing monitoring is conducted through review of grievances that is chaired by the grievance committee.	The bank affected component includes the bank portfolio under the below main sectors: • Manufacturing and, • construction.	8.3.5 Social risk: Occupation, Health and safety

6. SUSTAINABILITY AND CLIMATE RISK GOVERNANCE

The Board ensures integration of sustainability considerations into:

- Strategy development
- Risk management
- Long-term value creation

Below is a detailed organizational structure of the bank governance related to E&S risk and opportunities.



6.1 Board Oversight and Accountability

The Bank's Board is composed of 9 Board members (including 4 women and 5 men), including 6 independent members and 3 non-independent members. It has 5 committees: Risk Committee Credit Committee, Remuneration and Nomination committee, Information Technology, (IT) Committee, Audit Committee.

The Board of Directors maintains ultimate accountability for sustainability and climate-related risks and opportunities, ensuring their integration into the bank's strategy, risk management, and long-term value creation. The board oversees the bank governance structures to ensure ESG integration into strategic decision-making, risk appetite, and capital allocation.

The results of the materiality assessment were reviewed by Management and validated by the Board Risk Committee.

6.1.1 Board Responsibilities

The Board is responsible for:

- Approving the environment and social management system policy (ESMS)
- Defining the risk appetite, including environmental and climate risk tolerance
- Overseeing ESG-related risks and opportunities, including:

- Climate transition risks
- Physical climate risks
- Environmental risks
- Social and development impacts

- Reviewing performance against sustainability targets
- Ensuring alignment with international frameworks (e.g., ISSB / IFRS S1 & S2)
- Approval of sustainability report

6.1.2 Board Committee Structure

To discharge its responsibilities effectively, the Board operates through specialized committees:

i. Board - Risk Committee

The Board Risk Committee ensures that sustainability risks are fully embedded into Enterprise Risk Management (ERM):

- Overseeing ESG-related risks and opportunities, including:
  - Climate transition risks
  - Physical climate risks
  - Environmental risks
  - Social and development impacts
- Reviewing performance against sustainability targets
- Oversees identification, measurement, and monitoring of:
  - Environmental and social risks
  - Climate-related risks (physical & transition)
- Reviews:
  - Climate risk scenarios and stress testing outcomes
- Ensures integration of ESG risks into:
  - Credit risk frameworks
  - Portfolio management

Capital adequacy considerations (ICAAP) including climate stress

ii. Board - Credit Committee

The Board credit Committee ensures that sustainability risks are fully embedded into:

- lending decisions
- Monitoring of portfolio exposure to sensitive sectors

iii. Board - Audit Committee

The Audit Committee provides independent oversight of ESG disclosures by:

- Reviewing the integrity and reliability of sustainability reporting
- Oversees:
    - Internal controls over ESG data
    - Assurance processes (internal/external)
- Ensures compliance with:
    - IFRS S1 & S2 disclosure requirements

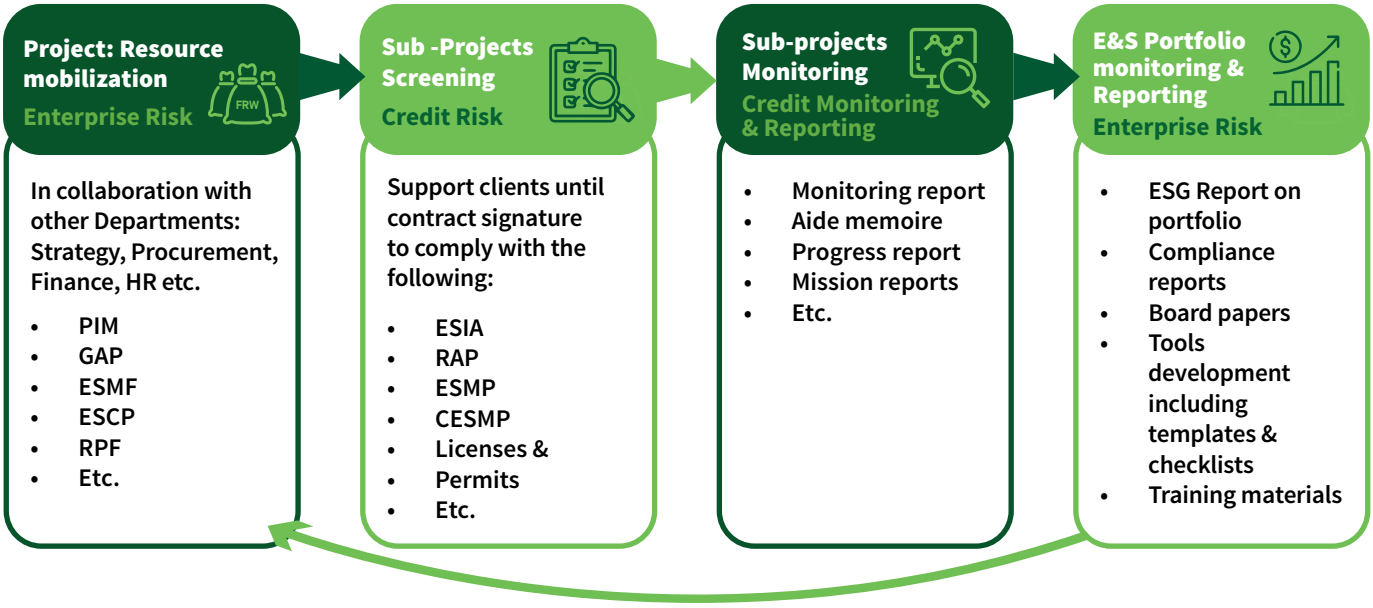
6.2 Executive Management and Operational Governance

Board of Directors	• Set high level E&S policy orientation • Track overall E&S compliance and risk management through periodic reports.
Executive Committee	Approve strategic decisions related to E&S procedure implementation and revisions. • Allocate resources for the implementation of the procedures
Enterprise Risk Management	• Oversight of the formulation, implementation, communication, and periodic review of the E&S Procedures. • Ensure capacity development (internal & external, including partner financial institution) • Assess ESG risk on portfolio and reports to the board and other stakeholders
Credit Department	• Coordination and integration of E&S risk management procedures into credit operations and ensuring compliance.
ESG Champions	• To champion Environmental, Social, and Governance (ESG) initiatives across BRD departments, • promoting a culture of sustainability through responsible business practices to promote environmental protection, climate change risk management, diversity, equity, social inclusion, human rights, and community development, • The ESG Champions will work closely with various departments including the E&S Team to identify, prioritize, and implement ESG initiatives that align with their core responsibilities. • The champions will collaborate with the E&S Team to provide accurate and timely ESG data for reporting purposes in line with investor requirements and other applicable guidelines
BRD Employees	• Compliance with the Environmental and Social Procedures in day-to-day activities and projects.

6.2.1 E&S Work overview

Purpose	Guide on the process of the E&S work for risk identification & management throughout all funded projects.
Intended results	Mitigate negative Environmental and Social Risk and impacts that may result from Bank's operations and decisions and maximize environmental and social benefits.
Key controls	i. Environmental and Social Risk Management is relevant to all stages of the project from initiation (Business, to Credit Risk, Credit Monitoring, Reporting & Strategy). ii. Therefore, E&S risk Management is considered as cross-cutting and mainstreamed across all departments and Bank's operations iii. E&S Risk Management is considered at each stage from client onboarding (Business) to Project Screening (Credit Risk), Project Implementation (Monitoring & reporting), portfolio review, reporting and strategic orientation (Enterprise Risk & Strategy) iv. ESRM follow the approved standard operating manual in line with the existing policies & strategies, laws and regulations such as: BRD's ESMS, green growth strategy, climate strategy, Sustainability-Linked Bond (SLB) Key Performance Indicators (KPI), BNR guidelines on Climate-related and Environmental Financial Risks, National regulations and E&S requirements as set by the Development partner institutions such as the WB, and others.

6.2.2 Workflow



6.3 Environmental and Social Risk Management Procedures

This section outlines the key stages of environmental and social risk management, from project initiation to its implementation throughout different steps in different departments. Each step includes description and tables to represent key activities and outputs.

6.3.1 Credit Risk

In terms of E&S risk management, Credit Risk plays a crucial role in identifying key E&S risks of sub-projects to be funded by BRD and propose mitigation measures to be implemented to ensure that negative impacts are avoided or minimized, while positive impacts are maximized. Accordingly, E&S conditions are proposed by Credit Risk for consideration in financing contracts.

In fact, at the project entry, the business team and the credit team work together to inform the client on the anticipated risks and opportunities as well as required actions in line with the risk category and applicable laws and regulations. Projects are classified into risk categories (High, Medium, or Low) based on the results of the screening. This step ensures that appropriate assessments are conducted according to the project›s risk profile. Projects are also assessed in terms of their anticipated green growth impact in line with the Development Impact and Level of Additionality Assessment Model (DILAAM) nicknamed “Imboni” in local language. ESG requirements may include specific studies, permits and licenses. Where approvals are needed, these are approved by competent entities such as Rwanda Environment Management Authority, Rwanda Development Board, Rwanda Water Resources Board, Rwanda Standards Board, among others.

The proposed ESG conditions are tabled to the Management Investment Credit Committee (MICC) to influence financing decisions. Some conditions must be met before MICC meeting, others before disbursement, while some may be enforced during project implementation (e.g. training of workers on OHS).

6.3.2 Credit Monitoring

After project approval, continuous monitoring by the E&S team under Credit Monitoring is essential to ensure adherence to E&S standards. The team›s responsibilities include:

1. Ensuring that all mitigation measures and key E&S conditions specified in signed loan agreements are implemented effectively.

2. Addressing any emerging risks by developing and overseeing comprehensive Corrective Action Plans, primarily executed by the financed client.

3. Verifying compliance with environmental and social requirements, including national laws, regulations, and international best practices.

Effective monitoring and risk mitigation help identify potential E&S issues early, at a stage where solutions are more manageable and cost-effective. This proactive approach minimizes risks of substantial losses and ensures sustainable compliance throughout the project lifecycle.

E&S monitoring serves three primary objectives:

1. Maintaining Borrower Commitment: Encourage and sustain the borrower’s willingness to comply with E&S conditions by providing regular engagement and guidance.

2. Corrective Action Follow-up: Ensure timely implementation of corrective measures for any previously identified E&S non-compliance or deficiencies.

3. Identifying New Risks: Detect and address unforeseen E&S issues that may arise during project implementation but were not initially identified in E&S studies or plans.

By achieving these objectives, the Credit Monitoring E&S team safeguards both the project›s sustainability and the lender›s reputation, ensuring alignment with E&S performance standards.

The following are monitoring frequency per project risk category.

Risk Category	Description	Report Types	Frequency of Monitoring
High risk	Conduct regular site visits to monitor E&S compliance	Detailed Compliance and Monitoring Reports	Monthly
Medium	Engage with stakeholders to monitor on-the-ground impacts	Stakeholder Feedback	Quarterly
Low risk	Prepare and submit compliance reports	Summary Compliance Report	Bi-annually or as necessary

6.3.3 Enterprise Risk Management

The E&S team at enterprise risk is mostly in charge of maintaining ESMS implementation and its updates; portfolio monitoring & reporting (overall E&S risk, & management, including Grievance Redress Mechanism), and support to other departments. Therefore, E&S team at Enterprise develops E&S documents that guide E&S risk identification & management, reporting templates, as well as providing capacity building activities in collaboration with E&S team from Credit. Key ESG risks and their mitigation actions are reported on a Quarterly basis to the Board through Chief Risk Officer and Board Risk Committee and other Management Committees. Enterprise Risk is also responsible for ESG reporting to stakeholders in line with the prevailing standards (e.g. BNR guidelines on the adoption of sustainability standards IFRS S1, IFRS S2, RBA ESG guidelines).

To ensure effective ESG risk management, trainings are delivered to Bank staff (internal training) and to clients, including MSMEs and partner financial institutions. The E&S team at ERM also supports ESG due diligence during resource mobilization.

Integration into Risk Management (Three Lines of Defence)

In collaboration with other departments, ERM ensures that sustainability governance is embedded within the three lines of defence model: from product design, lending decision, client engagement, monitoring and reporting.

First Line (Business Units)

- Incorporate ESG considerations into:
  - Lending decisions
  - Product design
  - Client engagement
- Monitoring the implementation of ESG risk mitigation measures

Second Line (Risk & Compliance)

- Develop ESG risk frameworks
- Monitor adherence to: Environmental & Social Risk Management (ESRM) policies
- Provide independent oversight of climate and ESG risks

Third Line (Internal Audit)

- Provides independent assurance on:
  - ESG governance effectiveness
  - Data accuracy and reporting integrity

7. STRATEGY

The Bank has adopted Environmental and Social Management Systems (ESMS) since 2019 to manage ESG risk in its lending and operations. ESG risk management is integrated into the overall Enterprise Risk Management Framework, while ESG targets were integrated into corporate strategy since its 1st version (2024-2028) as revised to date (2026-2029). ESG risk (including environmental and social and climate-related risks) are assessed for each investment before decision making and mitigation actions are embedded in loan contracts for both direct lending and on-lending. Risks are assessed in terms of potential impacts over short (less than one year), medium (1-3 years) and long terms (more than 3 years) horizons throughout its value chain (Section 3. Overview of the Bank's Value Chain). Key risks and opportunities are defined in section 1.4 & 1.5 while their potential impacts are elaborated under section 8 (Climate-related, environmental and social financial risks and opportunities).

The Bank has not yet defined its climate transition plan for emission reduction which is still under development. Climate-scenarios will also be defined later in line with NGFS guidelines.

8. CLIMATE-RELATED, ENVIRONMENTAL AND SOCIAL FINANCIAL RISKS AND OPPORTUNITIES

The Bank applies a comprehensive ESG risk management framework aligned with enterprise risk management practices. Climate risks, including physical and transition risks, are identified, assessed, and mitigated using scenario analysis, stress testing, and sectoral risk assessments. The three lines of defence model ensures effective governance and independent oversight of ESG risks.

8.1 Risk Management Framework Overview

The Bank adopted a comprehensive sustainability risk management framework that integrates ESG including climate risks into enterprise-wide risk management. This ensures that all sustainability risks are identified, assessed, monitored, and mitigated in line with the Bank's strategy and regulatory requirements.

Framework is aligned with:

- Enterprise Risk Management (ERM) best practices
- IFRS S1 & S2 reporting standard

Scope:

- Climate-related risks (physical and transition)
- Social risks (including labour conditions, occupational, health and safety, grievance management)

8.2 Identification of Sustainability Risks and opportunities

The risk assessment was done on direct lending portfolio (assessment and classification was done by BRD staff) while for the on lending, the risk classification was left to PFIs, to own and manage the risk, including related reporting. However, PFIs were technically supported to manage ESG risks through various activities, such as technical training, sharing tools and templates for risks analysis, monitoring and reporting.

The support provided was around the adoption of ESMS, focusing on 5 key criteria:

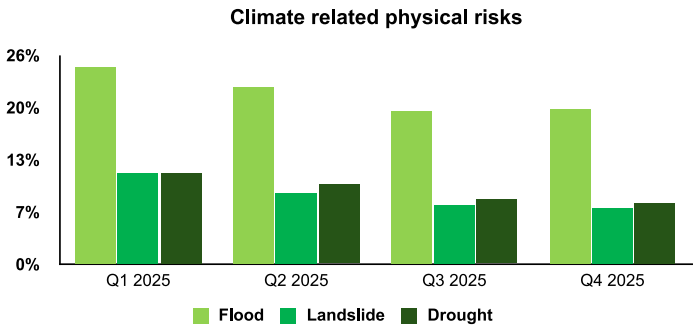
i. availability of board-approved ESMS policy,
ii. appointment of environmental and social focal persons,
iii. establishment of grievance management committee,
iv. integration of environmental and social conditions into clients' loans,
v. Environmental and social risk monitoring and reporting.

As of 31st December 2025, these conditions were fully met by 15 out of 37 PFIs, translating a rate of 40.5% against the overall target of reaching at least 75% by the year 2028. Others PFIs met some of the 5 criteria and remained with others to comply with. This is a dynamic KPIs that considers the percentage of compliant PFIs over the total number of PFIs in active portfolio.

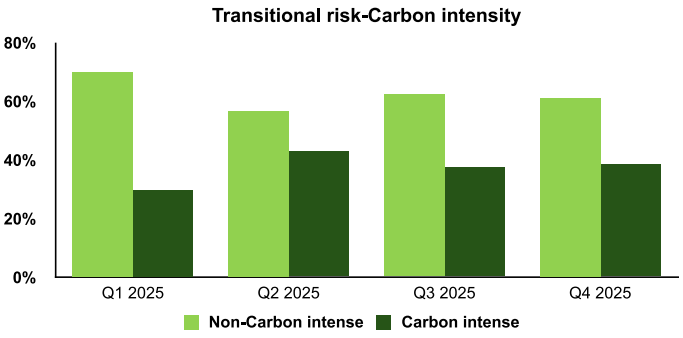
8.2.1. Climate-related risks

Risk type/category	Key risks considered	Financial implication	Opportunity or mitigation actions
Climate-Related physical Risks	Floods, Landslides, Droughts	Operations may be affected, leading to poor financial performance (non-performing loans / NPL). Stranding assets	Climate resilient practices (landscape protection, resilient infrastructure, irrigated agriculture in drought-prone areas Insurance cover
Climate transitional risks	Consistent increase of fossil fuel price Change in regulations (pollution control)	Increase in the cost of business Stranding assets that may affect business and financial performance.	Investment in low-emission activities such as renewable energy, green infrastructure, green transport.

As of 31st December 2025, referring to the location of each business, the loans portfolio was qualitatively assessed and found to be exposed to climate risk as follows. The share was quantitatively calculated in terms of current risk amount in Rwandan francs over the current direct lending loan portfolio.



Regarding transitional risks, qualitative assessment was conducted based on projects dependence on fossil fuels and as explained above, the assessment was done on direct lending while on-lending investment was left to PFIs to assess and manage the risks. Accordingly, the exposure was recorded as follows:



8.2.2. Other risks

Risk type/category	Key risks considered	Financial implication	Opportunity or mitigation actions
Other environmental risks	Waste / Pollution, biodiversity risks	Compliance risk that may affect financial performance (fines)	The bank assesses all investments before funding decision The bank monitors its portfolio for ESG compliance
Social Risks	Labor and working conditions, social inclusion, grievance management	Reputational risks which may also affect financial performance (fines from regulator)	• Stakeholder engagement including training & technical support • Customer satisfaction surveys • Grievance management • Social inclusion • ESG consideration in risk appetite (exclusion list)
Governance risks	Fraud non-compliance		ESG consideration is integrated in risk appetite (exclusion list).

Apart from climate-related risks, other environmental and social risks such as occupational, health and safety, biodiversity & inclusion, potential impact to bio-physical environment (biodiversity impacts, pollutions) were considered. The risk categorization was aligned with national regulations where projects that must undergo full environmental and social impact assessment (ESIA) studies were considered "high risks", projects to undergo partial ESIA studies considered as "medium risks" and those without the need for ESIA studies as "low risk".

8.3 Assessment of sustainability-related risks and opportunities

8.3.1 Climate-related physical risk: Flood

a. Description

Several bank projects are in areas prone to floods. Management has therefore concluded that floods are an acute climate-related physical risk that could significantly affect the repayment capacity, the collateral value, customer operations, and development impact set in the financed projects of the bank.

Flood risk might affect the bank's prospects across short-, medium and long-term horizons. This ongoing risk is underscored by the location of the projects where the event could lead to credit risks.

The risk of flooding only affects the bank's energy, infrastructure, agribusiness and manufacturing sectors. The risk varies significantly depending on the geographical location of the projects.

b. Effects on business model and value chain

No effect of floods on the bank's operations in the past, most recently during the 31 December 2025 financial year.

The current and anticipated effects on the bank's business model without considering adaptation actions include specific sector impact that can result into lower profitability due to increase in provisioning of projects that could be impacted by the floods if it could occur. It

is necessary for the bank to implement actions to mitigate and manage this risk, to reduce potential effects on its energy, Infrastructure, agribusiness, and manufacturing sectors and portfolio.

c. Effects on strategy and decision making

Flood risk is managed through the Bank's environmental and social due diligence process embedded in credit appraisal. Projects are screened, categorized by risk level, and assessed for green growth impact using DILAAM. For higher-risk exposures, the Bank applies tailored mitigation conditions, climate-resilient design considerations, and ongoing post-approval monitoring to reduce the potential effect of flooding on repayment capacity, collateral value, and project performance.

d. Financial effects

Current financial effects
There are no current financial effects of floods on the bank's financial position, financial performance, and cash flows.

Anticipated financial effects
If flood events occur, anticipated financial effects would mainly arise through weaker borrower cash flows, higher credit risk, and possible pressure on operating cash flows over the short, medium, and long term. Based on current portfolio structure, source-of-repayment characteristics, and the likelihood of severe events, management expects the financial effect of flood risk to remain limited over the next four years.

The estimate is based on project location and source of repayment. To manage the risk, the Bank is enhancing climate screening tools and continuing broader risk-management actions, including portfolio diversification.

The table below summarizes the expected effects of flood risk on financial position, financial performance, and cash flows across the short, medium, and long term, after considering management actions. On this basis, management does not expect any material adjustment to the carrying amounts of reported assets and liabilities within the next 12 months.

Financial statements	**Exposure "Frw 000"**	**Short term financial impact "Frw 000"**	**Medium term financial impact "Frw 000"**	**Long term financial impact "Frw 000"**
Financial position Net Loans decrease due to increase in provisioning Retained earnings decrease due to suspended interest	79,202,924	883,552	2,650,657	4,417,762
Financial performance Increase in provisioning and suspended interest.		883,552	2,650,657	4,417,762
Cash flows Reduce in cash flow from suspended interest.		883,552	274,569	457,616

As at 31 December 2025, the Bank had flood-prone exposure of approximately Frw 79 billion, concentrated in infrastructure (Frw 39.5 billion), energy (Frw 20.8 billion), manufacturing (Frw 11.7 billion), and agribusiness (Frw 7.2 billion). Based on current repayment structures, management does not expect flood risk to have a material effect on financial prospects across these sectors in any time horizon. For agribusiness, the affected exposure is already loss-making due to project-structuring issues unrelated to climate risk and is fully provided for.

8.3.2 Climate-related physical risk: Landslide

a. Description

A number of bank projects are in areas prone to landslides. Management has therefore concluded that landslides are an acute climate-related physical risk that could significantly affect the repayment capacity, the collateral value, customer operations and development impact set in the financed projects of the bank.

Landslide risk might affect the bank's prospects across short-, medium and long-term horizons. This ongoing risk is underscored by the location of the projects where the event could lead to credit risks.

The risk of landslides only affects the bank's energy, agribusiness and manufacturing sectors. The risk varies significantly depending on the geographical location of the projects.

b. Effects on business model and value chain

No effect of landslide on the bank's operations in the past, most recently during the 31 December 2025 financial year.

The current and anticipated effects on the bank's business model without considering adaptation actions include specific sector impact that can result into lower profitability due to increase in provisioning of projects that could be impacted by landslide if it could occur. It is necessary for the bank to implement actions to mitigate and manage this risk, to reduce potential effects on its energy, agribusiness, and manufacturing portfolio.

C. Effects on strategy and decision making

Landslide risk is managed through the Bank's environmental and social due diligence process embedded in credit appraisal. Projects in exposed locations are screened and categorized by risk level, with mitigation requirements tailored to slope stability, drainage, site protection, and borrower preparedness. The Bank also applies post-approval monitoring and corrective action follow-up to reduce potential effects on repayment capacity, collateral value, and project continuity.
d. Financial effects

Current financial effects
There are no current material financial effects of landslide risk on the Bank's financial position, financial performance, or cash flows.

Anticipated financial effects
If landslide events occur, anticipated financial effects would mainly arise through weaker borrower cash flows, higher credit risk, and possible pressure on operating cash flows over the short, medium, and long term. Based on current portfolio structure, source-of-repayment characteristics, and the likelihood of severe events, management expects the financial effect of landslide risk to remain limited over the next four years.

The estimate is based on project location and source of repayment.

To manage the risk, the Bank is enhancing climate screening tools and continuing broader risk-management actions, including portfolio diversification.

The table below summarizes the expected effects of landslide risk on financial position, financial performance, and cash flows across the short, medium, and long term, after considering management actions. On this basis, management does not expect any material adjustment to the carrying amounts of reported assets and liabilities within the next 12 months.

Financial statements	Exposure "Frw 000"	Short term financial impact "Frw 000"	Medium term financial impact "Frw 000"	Long term financial impact "Frw 000"
Financial position Net Loans decrease due to increase in provisioning Retained earnings decrease due to suspended interest	27,892,891	311,943	935,829	1,559,714
Financial performance Increase in provisioning and suspended interest.		311,943	935,829	1,559,714
Cash flows Reduce in cash flow from suspended interest.		33,014	99,042	165,070

As at 31 Dec 2025, the bank had an exposure of Frw 27.9 Bln that is prone to landslide concentrated in Energy Frw 20.8 Bln, Agribusiness Frw 5.7 Bln, and Manufacturing Frw 1.3 Bln.

The source of repayment for energy sector is not directly linked to the location of the projects, hence the impact of landslides on the financial prospects of the bank is deemed not material in all time horizons.

The big number of agriculture sector prone to landslides was in loss category due to other factors than climate related risks.
The bank has fully provided with no further impact on the bank financial prospects.

The manufacturing exposures to landslide risks could not materially impact on the bank financial prospects in all horizons.

8.3.3 Climate-related physical risk: Drought

a. Description

A number of bank projects are located in areas prone to drought. Management has therefore concluded that drought is an acute climate-related physical risk that could significantly affect the repayment capacity, the collateral value, customer operations and development impact set in the financed projects of the bank.

Drought risk might affect the bank's prospects across short-, medium and long-term horizons. This ongoing risk is underscored by the location of the projects where the event could lead to credit risks.

The risk of drought only affects the bank's energy, agribusiness, and manufacturing sectors. The risk varies significantly depending on the geographical location of the projects.

b. Effects on business model and value chain

No effect of drought on the bank's operations in the past, most recently during the 31 December 2025 financial year.

The current and anticipated effects on the bank's business model without considering adaptation actions include specific sector impact that can result into lower profitability due to increase in provisioning of projects that could be impacted by the drought if it could occur. It is necessary for the bank to implement actions to mitigate and manage this risk, in order to reduce potential effects on its energy, agribusiness, and manufacturing sectors.

C. Effects on strategy and decision making

To address climate-related risks, management has embedded the environmental and social due diligence in credit appraisal whereby the process begins when a project is submitted for financing.

An **initial screening** is conducted to identify any potential environmental or social risks, ensuring the Bank understands the project context from the start. The business team is aware of this procedure to support clients on the E&S requirements in collaboration with E&S team.

Projects are classified into risk categories (High, Medium, or Low) based on the results of the screening. This step ensures that appropriate assessments are conducted according to the project's risk profile.

Projects are also assessed in terms of their anticipated green growth impact in line with the Development Impact and Level of Additionality Assessment Model (DILAAM).

After project approval, continuous monitoring by the E&S team under Credit Monitoring is essential to ensure adherence to E&S standards.

The team's responsibilities include:

1. Ensuring that all **mitigation measures** and key E&S conditions specified in signed loan agreements are implemented effectively.
2. Addressing any **emerging risks** by developing and overseeing comprehensive Corrective Action Plans, primarily executed by the financed client.
3. Verifying **compliance with environmental and social requirements**, including national laws, regulations, and international best practices.

d. Financial effects

Current financial effects

There are no current financial effects of drought on the bank's financial position, financial performance, and cash flows are primary driven by the location of the projects.

Anticipated financial effects

Anticipated financial effects could arise from increases in landslide risk leading to disruptions of the customer business which might result in lower revenues from repayment constraints over the short-, medium- and long-term. In terms of cash flow, increased in nonperforming loans combined with decreased revenue levels could create cash flow issues, necessitating additional funding through new lines of credit or loans. Considering the likelihood of drought, management anticipates a smaller financial effect from landslides over the next 4 years.

The calculation of the anticipated financial effects considers the project location, and the source of repayment.

To manage the potential financial effects of drought, the bank is also onboarding climate screening systems or tools. Other risk management actions, including sector diversification over the next 4 years.

The following table presents the expected effect of the drought risk on the bank's financial position, financial performance, and cash flows over the short-, medium-and long-term, considering actions to manage the flood risk. Based on these projections, management does not expect material adjustment to the carrying amounts of reported assets and liabilities within the next 12 months.

Financial statements	Exposure "Frw 000"	Short term financial impact "Frw 000"	Medium term financial impact "Frw 000"	Long term financial impact "Frw 000"
Financial position Net Loans decrease due to increase in provisioning Retained earnings decrease due to suspended interest	31,648,180	351,120	1,053,361	1,755,602
Financial performance Increase in provisioning and suspended interest.		351,120	1,053,361	1,755,602
Cash flows Reduce in cash flow from suspended interest.		34,639	103,916	173,193

As at 31 Dec 2025, the bank had an exposure of Frw 31.2 Bln that is prone to drought concentrated in Energy Frw 20.2 Bln, Agribusiness Frw 9.9 Bln, and Manufacturing Frw 1.6 Bln.

The source of repayment for energy sector is not directly linked to the location of the projects, hence the impact of drought to the financial prospects of the bank is deemed not material in all time horizons.

The big number of agriculture sector prone to drought was in loss category due to other factors than climate related risks. The bank has fully provided with no further impact on the bank financial prospects.

The manufacturing exposures to drought risks could not materially impact on the bank financial prospects in all horizons.

8.3.4 Climate-related transition risk: Dependence on fossil fuels

a. Description

A number of bank projects depend on fossil fuels. Management has therefore concluded that fossil fuels dependence is a climate-related transition risk that could significantly affect the repayment capacity, the collateral value, customer operations and development impact set in the financed projects of the bank.

Dependence on fossil fuel risk might affect the bank's prospects across short-, medium and long-term horizons. This ongoing risk is underscored by the fuel dependence of the projects where the event such as continuous increase in fuel could affect the project operations that in long run would lead to credit risks.

The risk of depending on fossil fuels highly affects the bank's infrastructure, transport, manufacturing, and energy. The risk varies significantly depending on portion fuel cost into production cost of the projects.

b. Effects on business model and value chain

Climate transition risks are expected to impact the Bank's business model and value chain through increased credit, market, and operational exposures in carbon-intensive and climate-sensitive sectors, notably infrastructure, transport, energy, and manufacturing. Regulatory shifts, evolving climate policies, and global geopolitical developments have contributed to rising input costs particularly energy and logistics affecting client profitability, repayment capacity, and overall portfolio quality.

These dynamics are also driving changes in customer behavior and investment flows toward lower-carbon and more resilient sectors, influencing the Bank's sectoral allocation, product offerings, and long-term strategic positioning.

C. Effects on strategy and decision making

To address climate-related risks, management has embedded the environmental and social due diligence in credit appraisal whereby the process begins when a project is submitted for financing.

An initial screening is conducted to identify any potential environmental or social risks, ensuring the Bank understands the project context from the start. The business team is aware of this procedure to support clients on the E&S requirements in collaboration with E&S team.

Projects are classified into risk categories (High, Medium, or Low) based on the results of the screening. This step ensures that appropriate assessments are conducted according to the project›s risk profile.

Projects are also assessed in terms of their anticipated green growth impact in line with the Development Impact and Level of Additionality Assessment Model (DILAAM).

After project approval, continuous monitoring by the E&S team under Credit Monitoring is essential to ensure adherence to E&S standards.

The team's responsibilities include:

1. Ensuring that all mitigation measures and key E&S conditions specified in signed loan agreements are implemented effectively.
2. Addressing any emerging risks by developing and overseeing comprehensive Corrective Action Plans, primarily executed by the financed client.
3. Verifying compliance with environmental and social requirements, including national laws, regulations, and international best practices.

d. Financial effects

Current financial effects
As at 31 December 2025, the bank had already identified customers that are highly dependent on fossil fuels. However, no material impact on the bank's financial prospects due to the exposures are backed by the sovereign.

Anticipated financial effects
Anticipated financial effects could arise from increases in fossil fuels risk leading to disruptions of the customer business which might result in lower revenues from repayment constraints over the short-, medium- and long-term. In terms of cash flow, increased in nonperforming loans combined with decreased revenue levels could create cash flow issues, necessitating additional funding through new lines of credit or loans. The effect of customers or investment shifts to efficient energy-based production or smart transport was not determined due to significant indicators of these risks being much identified after the year, its financial effects will be disclosed in the next report.

The calculation of the anticipated financial effects considers the project location, and the source of repayment.

To manage the potential financial effects of fossil fuels dependency, the bank uses sector segregation while the strategic plan reflects the Bank's unwavering commitment to promoting environmentally responsible, socially inclusive, and economically sustainable development in Rwanda. By integrating ESG principles into its decision-making processes and financing

projects that align with Sustainable Development Goals (SDGs), the Bank aims to contribute significantly to Rwanda's vision for a prosperous and resilient future.

The following table presents the expected effect of the drought risk on the bank's financial position, financial performance, and cash flows over the short-, medium-and long-term, considering actions to manage the flood risk. Based on these projections, management does not expect material adjustment to the carrying amounts of reported assets and liabilities within the next 12 months.

Financial statements	Exposure "Frw 000"	Short term financial impact "Frw 000"	Medium term financial impact "Frw 000"	Long term financial impact "Frw 000"
Financial position Net Loans decrease due to increase in provisioning Retained earnings decrease due to suspended interest	152,567,741	1,686,733	5,060,198	8,433,664
Financial performance Increase in provisioning and suspended interest.		1,686,733	5,060,198	8,433,664
Cash flows Reduce in cash flow from suspended interest.		161,055	483,166	805,277

As at 31 Dec 2025, the bank had an exposure of Frw 152.6 Bln that is prone to drought concentrated in Infrastructure Frw 50.4 Bln Transport Frw 47.8 Bln Manufacturing Frw 30.1 Bln, and Energy Frw 22.7 Bln.

As of 31 December 2025, the bank had already identified customers that are highly dependent on fossil fuels. However, no material impact on the bank's financial prospects due to the exposures are backed by the sovereign.

8.3.5 Social risk: Occupation, Health and safety

a. Description

A number of bank projects are subjected to social risk, mainly Occupation, Health and safety. Management has therefore concluded that Occupation, Health and safety is a social risk that could significantly affect the repayment capacity if staff would strike, reputation risk with lenders mainly world bank if the project would breach the above and could impact development KPIs set in the financed projects of the bank.

Social risk might affect the bank's prospects across short-, medium and long-term horizons.

The risk of Occupation, Health and safety affects all sectors mainly manufacturing sector

b. Effects on business model and value chain

No effect of Occupation, Health and safety risk on the bank's operations in the past, most recently during the 31 December 2025 financial year.

The current and anticipated effects on the bank's business model without considering adaptation actions include specific sector impact that can result into lower profitability due to increase in provisioning of projects that could be impacted by the Occupation, Health and safety risk if it could occur. It is necessary for the bank to implement actions to mitigate and manage this risk, in order to reduce potential effects on its all- portfolio sectors.

C. Effects on strategy and decision making

To address social risks, management has embedded the environmental and social due diligence in credit appraisal whereby the process begins when a project is submitted for financing.

An initial screening is conducted to identify any potential environmental or social risks, ensuring the Bank understands the project context from the start. The business team is aware of this procedure to support clients on the E&S requirements in collaboration with E&S team.

Projects are classified into risk categories (High, Medium, or Low) based on the results of the screening. This step ensures that appropriate assessments are conducted according to the project›s risk profile.

Projects are also assessed in terms of their anticipated green growth impact in line with the Development Impact and Level of Additionality Assessment Model (DILAAM).

After project approval, continuous monitoring by the E&S team under Credit Monitoring is essential to ensure adherence to E&S standards.

The team›s responsibilities include:

1. Ensuring that all **mitigation measures** and key E&S conditions specified in signed loan agreements are implemented effectively.
2. Addressing any **emerging risks** by developing and overseeing comprehensive Corrective Action Plans, primarily executed by the financed client.
3. Verifying **compliance with environmental and social requirements**, including national laws, regulations, and international best practices.

d. Financial effects

Current financial effects
There are no current financial effects of social risks on the bank's financial position, financial performance, and cash flows are primary driven by the location of the projects.

Anticipated financial effects
Anticipated financial effects could arise from increases in Occupation, Health and safety risk leading to disruptions of the customer business which might result in lower revenues from repayment constraints over the short-, medium- and long-term. In terms of cash flow, increased in nonperforming loans combined with decreased revenue levels could create cash flow issues, necessitating additional funding through new lines of credit or loans. Considering the likelihood of Occupation, Health and safety, management anticipates a smaller financial effect from over the next 4 years.

8.4. Overall financial impact of climate related risks and opportunities

Introduction
The bank continued to strengthen its capabilities to assess physical risk related vulnerabilities of our institutional portfolio. We are building physical risk assessment methodologies based on a combination of in-house risk identification and models supplemented with the bank climate screening tools and external data. The methodological approach is summarised as below:

1. Identification of our clients' physical assets, leveraging both internal data and external sources to pinpoint the location of collaterals and clients 'business locations.
2. Assessment of potential physical damage of hazards to assets identified at risk.
3. Quantification of physical damage of assets identified at risk into financial impact.

The Bank recognizes floods, landslides, and droughts as major physical risks that may affect the geographical locations of customers' physical assets, including pledged collateral. To strengthen resilience against these climate-related risks, the Bank will continue improving the coverage, accuracy, and quality of data relating to clients' physical assets while enhancing assessment methodologies in line with evolving international standards and market practices.

This ongoing process will support the identification and development of methodologies that are appropriate for the Rwandan context and geographical conditions. The Bank also plans to integrate physical risk assessments into its existing stress testing processes. In addition, the Bank will continue to leverage existing credit risk assessment and climate screening processes to better evaluate the potential impacts of physical climate risks on borrowers' creditworthiness and repayment capacity. The current climate screening tool will also support the continuous improvement required in physical risk assessment.

Our forward-looking physical risk analysis was conducted to assess the potential financial implications of physical risks. The assessment aligns with forward-looking risk management practices and supports disclosure requirements under IFRS S1 and IFRS S2.

Scenario assumptions

Based on the recent portfolio performance, the Bank considered the current Non-Performing Loan (NPL) ratio range as the baseline assumption for the stress testing assessment of portfolios exposed to physical climate risks. This assumption is supported by the fact that current business operations and borrower performance have continued under similar physical risk conditions and historical climate patterns. Furthermore, no significant alerts or warnings have been issued by environmental or meteorological authorities indicating a substantial increase in the severity or frequency of climate-related hazards such as floods, landslides, or droughts in the near term. Therefore, the baseline scenario assumes that physical risk conditions will remain relatively consistent with recent trends while continuing to monitor potential future changes in climate risk exposure.

Based on the Banks's assessment of physical risk, we observe immaterial flood risk to our lending portfolios in both baseline and stress scenarios.

The bank assessed the potential financial impacts of climate-related risks of our lending portfolio through an assessment of the nonperforming credit exposures and climate risk analysis.

In 2025, it was concluded that there is no material financial impact from climate-related risks at this time. While climate-related risks are likely to increase in the medium- to long-term, we continue to monitor evolving climate-related developments and enhance our ESG Risk Management Framework to ensure our ongoing resilience.

The material exposed portfolio is currently performing; their securities are commitment based instead of physical assets, the source of repayment is linked to sovereign. In addition, the bank takes adequate provisions in accordance with IFRS 9 and central bank provisioning requirements.

Under capital planning, the bank has allocated enough capital buffer on damage that would result from physical risks. The bank will continue to diversify its portfolio to ensure physical risks are well managed. Lastly, its embedded E&S risk screening and monitoring into credit investment will continue to be enhanced to ensure physical risk are well managed.

8.5. Current and planned mitigations actions

8.5.1 Climate risk mitigation

- Investment in green projects: As per its strategic plan, BRD has committed to achieve 30% green share of its portfolio by 2028. This is a percentage of projects that are classified as green in line with Rwanda Green Taxonomy (tagging exercise has started and the baseline is under development). To drive this initiative, the Bank is implementing groundbreaking investment facility that works with Rwanda's private sector to support green business growth and boost the country's response to climate change, locally known as IREME Invest (this used its eligibility criteria that preceded Rwanda Green Taxonomy). Under this facility, BRD supports green projects through concessional loans, jointly implemented together with the Rwanda Green Fund (RGF) which supports the preparatory phase. In addition, BRD with the support from the World Bank (WB) is implementing renewable Energy Projects such as Accelerating Sustainable and Clean Energy Transformation program-ASCENT and Energy Access and Quality Improvement (EAQIP).

- In addition, BRD was also accredited as Direct Access Entity for the Green Climate Fund (GCF) since February 2025.

- Climate risk screening Tool (physical risks): To optimize the climate physical risk assessment, BRD has developed climate risk screening tool which will be implemented in 2026. This tool is expected to offer an improved assessment of climate risk exposure to various climate hazard in line with historical data recorded by Rwanda Meteorology agency, Rwanda water resources board among other key stakeholders. The tool has also considered projected data for 2 IPCC scenarios: SSP 3-7.0 and SSP 5-8.5 over 20230-and-2050-time horizons.

8.5.2 Other embedded mitigations

i. **Environmental and Social Management Plan (ESMP) agreed on with investors:** Each investment undergoes an environmental and social risks assessment by Credit Risk E&S team which sets the E&S risk category and requirement mitigation measures & conditions to be part of loan contracts. This is then tabled to the Management Investment and Credit Committee for validation as part of other risk assessment before final funding management decision.



ii. **Monitoring & reporting:** Monitoring of E&S risk management performance is a key part of ESG integration into banks operations. In case of non-compliance, a corrective action plan is agreed upon between BRD and its clients to ensure that findings are addressed in a timely manner.

iii. **Training of manufacturing companies on OHS:** In 2025, BRD initiated Occupational Health and Safety Trainings to manufacturing companies. Pilot training involved around 73 people, including 55 company workers, 4 managers of the company, and 11 BRD staff members.



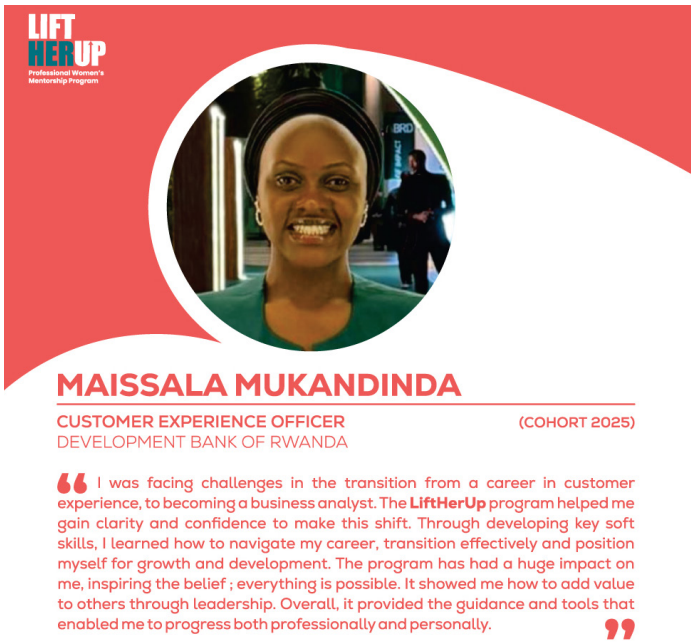
iv. **Financial inclusion:** BRD has committed to reach 30% of women-led SMEs in its portfolio by 2028 from 15.2% on 31st December 2022. To fast-track this indicator, BRD has established specific products targeting women, locally known as SHABUKA and other products which aim to uplift underserved Banks. In the year 2025, BRD has also received the RS 560:2023 Gender Equality Seal certification by the Rwanda Standards Board (RSB), recognizing its commitment & effort to drive gender equality.

LIFT HER UP-Mentorship Program

This is a mentorship program for women at BRD. It is designed to boost their confidence, strengthen their leadership skills and provide them with tools to go through life with lenses to see opportunities available to them.

In 2025, a total of 11 women benefited from the program and their individual and professional journeys have changed for the better. Some testimonies are shared below;





LIFT HER UP (LHU) beneficiary-testimonies

On-Lending:

- **Technical training:** Training of PFIs' E&S focal persons and grievance management committees is one of the actions that BRD has taken to drive ESMS adoption among its Partners.

- In 2025, 43 nominated focal persons from 23 partner financial institutions (PFIs) were trained on ESG integration into lending activities. In addition, one-on-one visits were conducted in 6 PFIs to discuss further ESG integration in respective contexts.

- **Community of practice:** ESG community of practice workshops were organized on a quarterly basis involving commercial banks partnering with BRD. This is driven in collaboration with the Rwanda Bankers' Association (RBA). This initiative will be extended to other financial partners in collaboration with stakeholders.

iv. **Internal capacity building:** The bank mainstreams ESG into bank operations and provides customized training on ESG to various departments. In 2025, a total of 75 staff benefited from the training with participants from Credit, Enterprise Risk, Business and ESG champions across the bank.





9. TARGETS, METRICS AND KPIs

The Bank tracks sustainability performance using a range of quantitative and qualitative indicators. Environmental metrics include carbon intensity and green finance volumes, while social metrics focus on financial inclusion and development impact. Governance metrics assess ESG integration and accountability. All metrics are aligned with IFRS S1 and S2 and are monitored through dashboards and reported regularly to Management, the board of directors, and investors.

9.1 Sustainability targets

Metric	Definition	Target	Frequency
1. Loan portfolio share of green project	Percentage of the value of green projects in the direct lending loan portfolio.	30% by 2028	Quarterly (baseline under development)
2. Climate physical risk exposure	Share of the direct lending portfolio exposed remaining loan amount) to landslides, floods, and droughts.	Threshold not yet defined	Quarterly reported to the board of directors
3. Climate transitional risk exposure	Currently qualitative assessment is done by calculating the share of the value of projects that have high reliance on fossil fuels.	Threshold not yet defined	Quarterly reported to the board of directors
4. Greenhouse gas emissions reductions	Currently qualitative assessment is done by calculating the share of the value of projects that have high reliance on fossil fuels.	Threshold not yet defined	Quarterly reported to the board of directors

9.2 Current GHG emissions measurement (Bank's operations)

I. Transitional risks

Emission calculations were done following the GHG Protocol categorization of emissions into Scope 1 (direct emissions from sources owned by the Bank, such as vehicles and backup generator), Scope 2 emissions (related to the use of electricity for various bank operations) and scope 3 emissions (all other indirect emissions apart from scope 2). In line with the IFRS S1 & S2 adoption guidelines and roadmap, only Scope 1 and scope 2 emissions are mandatory for the first year of disclosure.

9.2.1 Scope 1 emissions

Scope 1 emissions were those related to the sources owned by the bank which include owned vehicles and a back-up generator that is run when there is a power cut. Most of vehicles are pick-up trucks and a back-up generator running on diesel. A few vehicles run on petrol (gasoline), and this was considered in emission calculations.

- Calculation methodology: Emission calculations were done following the 2006 IPCC methodology for Tier 1 approach using default emission factors which assume that all the carbon content is oxidized into CO2. This approach was combined with tier 2 approaches as fuels density and net calorific values were collected locally. The same approach was followed for backup generator for which stationary combustion (energy generation) was considered.

- Activity data: The activity data was collected from corporate services departmental records. All the fuels paid for all Bank-owned vehicles were computed for the year 2025 from January to December separating petrol and diesel. The diesel consumed by a back-up power generator was also considered separately as calculation considered stationary combustion. The amount of fuel computed was converted into energy content using fuel density & the net calorific value locally calculated by fuels selling companies.

- Emission factor: Emission factors were taken from the 2006 IPCC methodology which provides for 69,300kgCO2 /TJ, 33kgCH_4/TJ and 3,2KgN2O/TJ for Motor gasoline and 74,100kgCO2 /TJ, 3.9kgCH_4/TJ and 3,9KgN2O/TJ for Motor diesel

- Calculated emissions: After calculation, the CH_4 and $N2_O$ were converted into CO2 equivalent using their global warming potential, respectively 29.8 and 273sourced from the IPCC assessment report 6[1].

- After summing the CO_2 emissions and those of CH4 and N2O equivalent, the total amount scope 1 GHG emission amounted to 31.8 tonne of CO_2 equivalent.

9.2.2 Scope 2 emissions

The Bank has only one office headquartered in Kigali, while community outreach is achieved through partner financial institutions (on-lending). Currently, the bank operations depend on grid electricity and a back-up generator (considered under scope 1) for various office activities.

- Calculation methodology: Scope 2 emissions were calculated following a tier 2 approach as country-specific grid emission factor was considered (after consultation with the Rwanda Environment Management Authority, REMA).

  This emission factor is, however, under revision, and once published, the new EF will be considered.

- Activity data: All electricity consumed by the bank was computed from January to December 2025. Data was collected from invoices issued by the energy utility company.

- Emission factor: The emission factor used in this report was the one jointly approved by the Rwanda Energy Group (REG) and the Rwanda Environment Management Authority (REMA). This EF is also published on the UNFCCC website, and it is equal to 0.520tCO_2/MWh[2]. This EF is under revision and once published, it will be considered accordingly.

- Calculated emissions: After converting energy consumption from KWh into MWh, the EF was applied and the total GHG emission amounted to 165 tonne CO2 equivalent.

To reduce its carbon footprint, the bank has implemented several mitigation measures. These include internal awareness initiatives aimed at promoting resource efficiency, such as replacing singleuse plastic water bottles with reusable alternatives and supporting paperreduction efforts through computer screen reminders and the “Think digital, print less” email signature. The Bank has also shared awareness materials through its communication channels, including WhatsApp Banks and Bank emails. In addition, BRD is exploring the feasibility of integrating solar energy into its electricity supply as a further step toward reducing its environmental impact.

[1]Annex II. IPCC Global warming potential values | Sustainable developments Goals

[2]Rwanda_GEF_SB_May-14.pdf

9.3 Other related sustainability performance metrics (strategic projects implementation)

On development impact:



Bank sustained

29,588

jobs reflect employment supported through BRD-financed activities



Export value generated worth

FRW **45.9** Billion

on Export-linked value supported by financed businesses

Households accessing clean energy



195,022

shows direct household-level access gains through energy programs,



Mortgages & affordable housing units supported

10,358

Housing access is supported through BRD interventions



2,211

SMEs supported cross value chains and growth stages

Below is the detailed impact of the bank strategic projects under implementation

9.3.1 Accelerating Sustainable and Clean Energy Access Transformation (ASCENT)

Purpose:

Increase access to clean energy, supporting NST2's economic transformation agenda for clean energy transition and universal electrification.

Project Information:

The project was approved in November 2023 and became effective in April 2024; FRW 16.30 billion; Loans approved - FRW 2.77 billion; It is scheduled to conclude in 2029. Distribution activities started in April 2025. By the end of 2025, achievement stood at 52% of the off-grid target and 34% of the clean cooking target.

Cumulative achievement:

People provided with electricity:

104,904

Greenhouse gas (GHG) emissions reduced (Metric ton):

386,035 MT

Households provided with new or improved access to off-grid electricity:

26,226 H/Hs

Amount of private investment mobilized:

US$ **4,809,701**

Number of Households provided with new or improved access to clean cooking solutions:

27,520 H/Hs

9.3.2 Cana Uhendukiwe: Energy Access and Quality Improvement Project (EAQIP)

Purpose:

Expand access to modern energy while improving efficiency and reliability of electricity services, supporting NST2's economic transformation agenda for clean energy transition and universal electrification.

Cumulative achievement:

Clean Stoves Distributed

517,606

Households electrified

169,148 H/Hs

Jobs Created

297

(51% Women)

EAQIP Key Impact (Cumulative)

Number of cooking stoves distributed

517,606 cooking stoves

Number of people provided with new or improved electricity services

169,148 H/Hs

Number of people provided with new or improved electricity services

2,747,016 people

Shares of female workers in enterprises financed **38%**

2,709,084 MT

Reduction of net CO_2 emissions from off-grid electrification and clean-cooking solutions

9.3.3 scaling green growth, e-mobility and sustainable cities

Through Ireme Invest, BRD is driving Rwanda's transition to a green economy by investing in high-impact e-mobility and sustainable housing solutions.

Advancing E-Mobility and Clean Transport

In 2025, BRD significantly expanded Rwanda's green transport infrastructure through two strategic interventions:

Charging Infrastructure: In partnership with EVP Ltd, the Bank financed the development of the nation's largest public electric-vehicle charging network. This investment supports the expansion of infrastructure capable of serving up to 1,000 electric motorcycles nationwide.

Fleet Deployment: We financed the acquisition of 450 electric motorcycles through SUL Ltd, directly empowering 450 motorcycle taxi riders. This initiative reduces operational costs for riders while lowering greenhouse gas emissions, directly contributing to Rwanda's national climate and air-quality goals.

E-MOBILITY Key Impact (Cumulative)

Amount of loans disbursement FRW **11.6** Billion

Number of Projects financed **9** Projects Financed

Green jobs created **4,450**

Number of projects supported to transition to green **3**

10 Number of projects supported with technical assistance

9.3.4 KATAZA: Rwanda MSME Financing Program

Purpose:

KATAZA is a transformative initiative that supports financially excluded and disadvantaged youth led businesses in Rwanda (owned by people not exceeding 35 years of age), particularly those owned by young women in the agriculture and tourism & hospitality sectors.

Key Achievement as of end December 2025.



MSMEs Financed

469



MSMEs Trained in BDS

24,209



Couples Trained in Gender Transformative & H/H Economic Empowerment

313

Couples



Jobs Created

10,305

9.3.5 Jyambere project: Socio-Economic Inclusion of Refugees & Host Communities Project

Purpose:

The SEIRHCP strengthens income security for refugees and host communities in line with NST2's Social Transformation Pillar.

Cumulative Achievement:

Matching grant disbursed



FRW **9.78** Billion

Matching grant beneficiaries



5,358

(25% refugees, 39% women)

Beneficiaries Supported:



7,920 individuals to increase their income

Trained beneficiaries



1,342 People (51% women, 28% refugees)

people to access employment or related benefits:



22,331

(30% refugees, 41% women)

SEIRHCP Key Impact (2025)

Number of matching grant beneficiaries: **184** Beneficiaries

Number of beneficiaries that reported increased income: **7,920** People

Number of people employed/ benefiting: **3,837** People

Number of individuals trained: **20** People

Matching grants disbursed: FRW **1.35** Billion

9.3.6 Iganze muhinzi mworozi: Commercialization and De-Risking for Agricultural Transformation (CDAT)

Purpose:

The CDAT project supports farmers and agricultural SMEs by improving access to affordable credit, aligning with the NST2 Economic Transformation pillar focused on increasing productivity of priority crops.

Achievement

disbursed to the end borrowers FRW **26** Billion (75.8% to primary production, 15.6% to post-harvest and 1% of both Primary and Post-harvest and 7.5% to others)

Number of farmers/ cooperatives and Agri-SMEs supported **1,235** (37.3% female & 11% new borrower/ first time borrower in FIs)

9.3.7 HATANA: Access to Finance for Recovery and Resilience project (AFIRR)

Purpose:

The AFIRR/ERF2 project supports industrial development, export growth, and the creation of decent jobs, aligning with NST2 Outcome 3 on increasing private investment by expanding access to finance for youth, women, and MSMEs.

Cumulative Impact:

To date, the project has sustained 25,787 jobs and created an additional 8,387 new jobs through AFIRR financing aligning with NST2 target of creation of productive and decent jobs.

Key highlight of 2025 Impact

Increased from 17,400 to



25,787 Jobs

(Temporary Jobs: 72% & Permanent Jobs: 28%) driven by textile sector

Women-led businesses:



Accounted for **33%; 40% of women in the mid-level management.**

Business performance:

85% of firms reported increased sales; 79%increased profits.

9.3.8 GIRA IWAWE: Rwanda Housing Finance Project (RHFP)

Purpose:

The Rwanda Housing Finance Project contributes to NST2 Outcome 2 by expanding access to decent housing and strengthening community resilience.

Cumulative Impact:

To date, the project has achieved 274% of its target, financing 16,419 housing loans against the planned 6,000 through both the pre-financing and refinancing windows.

2025 Achievement

To date, the project has achieved 274% of its target, financing 16,419 housing loans against the planned 6,000 through both the pre-financing and refinancing windows.

Number of affordable housing loans financed



10,261

Percentage increase of Housing loans financed by financial institutions



127%

9.3.9 Rwanda Digital Acceleration Project (RDAP)

Purpose:

To expand affordable broadband access, strengthen digital public services, and catalyze the digital innovation ecosystem.

Achievement: In 2025

RDAP supported 25 start-ups through grants and financing and implemented a smart device distribution program between May and December.

Key Figures

Cumulative disbursements:

FRW 2.5 Billion

Start-ups supported:

25

Students receiving specialized digital training

128

Scholarships approved:

156

The bank continued to strengthen our capabilities to assess physical risk-related vulnerabilities of our lending portfolios. The bank is building physical risk assessment methodologies based on a combination of in-house risk identification and tools supplemented with external data.

The methodological approach is summarized as below:

- Asset geolocation mapping: The bank identifies client physical assets leveraging both internal data and external sources to pinpoint the location of collaterals and clients' business locations.
- Physical hazard risks: Assessment of potential physical damage to hazards to assets identified at risk.
- Financial impact quantification: Quantification of physical risk exposed portfolio identified at risk of financial impact.

9.4 Other KPIs

Metric	Definition	Target	Frequency
ESMS adoption by partner financial institutions (PFIs).	Percentage of PFIs that have fully adopted ESMS, considering 5 key criteria.	%75 by 9/2028	Quarterly reported to the board of directors
Gender Equality Finance	Share of women-owned SMEs in the direct lending portfolio	%30 by 9/2028	Annually
Decent and productive jobs	Number of jobs created by BRD investment	150,000 by 2029	Quarterly

9.4.1 Corporate Social Responsibility

BRD remains deeply committed to supporting initiatives that enhance the well-being and livelihoods of Rwandans across the country. As the Bank grows, so does its reach across communities.

Our commitment to Corporate Social Responsibility (CSR) is central to our mission of driving sustainable development. In 2025, we focused our efforts on empowering youth, celebrating and supporting Rwandan culture and its business ecosystem, and fostering economic inclusion.

Our CSR approach and selection criteria

Our CSR strategy provides a framework for delivering sustainable social impact while supporting the Bank's broader development mandate. We prioritize impact-driven initiatives aligned with BRD priorities and National Development Goals (NST 2).

To ensure alignment with our core values, projects are evaluated based on:

Strategic alignment: Projects must fit within our thematic areas, including education, sports, arts and culture, peacebuilding, social welfare, healthcare, and private sector promotion.

Community impact: Initiatives must demonstrate clear social benefits while promoting diversity, inclusion, and sustainable development.

Due diligence: All projects undergo rigorous review, including organizational profiling, budget analysis, and legal compliance (RDB/RGB registration and tax status).

Sustainability: We prioritize projects with the potential for long-term viability and lasting change within the communities they serve.

Key initiatives supported in 2025

Human development: education and health

Umubyeyi Elevate

BRD supported the development of "The Mama Guide," Rwanda's first national maternal self-care literacy tool. Endorsed by the Ministry of Health, this initiative provides expectant and new mothers with a stronger preventive health resource while also creating opportunities in health literacy and community outreach.

Icyizere Scholarship (Edified Generation Rwanda)

In partnership with Edified Generation Rwanda, BRD is funding the academic journey of 20 students from vulnerable backgrounds at the Rwanda Coding Academy.

This three-year commitment covers school fees and essential materials through 2027, helping these scholars build the technical skills needed for the digital economy.

Social cohesion: peacebuilding, sports, arts, and culture

Imagine We Rwanda

BRD supported the production of "The ABCs of Money," a children's book designed to introduce financial literacy at an early age. By simplifying complex ideas into an engaging format, the initiative helps children and families build stronger habits of saving and budgeting.

Yvan Buravan Foundation (Turikumwe Campaign)

BRD provided more than 1,100 liters of fuel to Bethania Home Care to support cancer patients traveling from rural areas. This support covered six months of essential transport to the Rwanda Cancer Center, helping patients maintain more consistent access to treatment.

Cultural Preservation (Inganzo Ngari, Dutaramane, and Nzazicundira)

BRD supported major cultural events that celebrated Rwandan heritage and strengthened national identity. These initiatives increased the visibility of traditional performing arts through high-quality technical productions and national streaming, reaching more than 42,000 people through offline engagement.

Rhymes of Remembrance

BRD sponsored the creation of an audiovisual poetry album exploring Rwanda's history from pre-colonial times to the present. The project reached more than 10,000 viewers through live performances and digital platforms, while also creating paid opportunities for young Rwandan creatives and visual artists.

Unity Club Intwararumuri

As part of its commitment to integrated community development, BRD supported critical infrastructure in Huye-Mukura-Bukomeye-Taba village.

This included the completion of a multipurpose hall, playground courts, and a rainwater drainage system designed to protect both the facilities and the community's palliative care unit.

Rwanda Hope Club of Skate Style

Through a Platinum Sponsorship, BRD helped provide a safe and structured sporting environment for more than 120 children. Beyond promoting healthy lifestyles, the initiative also provided school fee assistance to vulnerable skaters and welfare support to improve participation and retention.

Social protection:

Our Past Initiative

BRD partnered to provide safe and dignified housing for genocide survivors in Bugesera District, including the construction and furnishing of a new home for a 78-year-old survivor. The intervention restored safety and peace of mind for the household while also launching livelihood activities to support longer-term stability.

Urugo Women's Opportunity Center

BRD supported the establishment of Rwanda's first workshop dedicated to producing high-quality carpets from local sheep wool. The initiative created opportunities for single mothers and youth to gain vocational skills, access markets, and participate more fully in the formal economy.

Tangira Startup Reality TV Contest

BRD supported Rwanda's first Kinyarwanda reality TV competition for young entrepreneurs. The program provided contestants with training, business consultations, and mentorship to help turn innovative ideas into viable businesses.

Environmental Protection

In October 2025, BRD conducted an awareness campaign at St Ignace high school in Kigali City. The event was marked with a session on environmental laws and regulations, benefits of environmental and social compliance and sustainability. After the interactive session, BRD team, School staff and students gathered in school garden to plant avocado trees as a technical example of how environmental protection can be implemented with multiple benefits (carbon sequestration/climate mitigation, food production, and beautification/ gardening).





10. EVENTS AFTER THE REPORTING PERIOD

The outbreak of the Iran–Israel conflict escalation has potentially exposed how dependence on fuel may increase production costs, which could subsequently affect customers' repayment capacity.

11. OUTLOOK FOR 2026

As part of continuous improvement, the bank is planning for some initiatives that will also improve its sustainability disclosure for the next year. In this regard, the following initiatives are considered for the year 2026:

- The bank in collaboration with the World Bank under the Access for Finance for Recovery and Resilience (AFIRR) Project, is planning for a product known as the Bridge Lending Window (BLW) that will support projects that may be affected by climate hazard as part of climate change risk mitigation.
- The Bank will organize an ESG Training course for its Board Members to optimize its ESG risk management oversight. The course will also be extended to its Executive Committee Members.
- The Bank will also revise its risk appetite to consider climate risk threshold.
- Materiality assessment methodology will be improved
- The Bank will upscale Rwanda Green Investment Facility (IREME Invest) to increase its green portfolio share. This will be supported by resourcing more climate funds from various partners such as Green Climate Fund and others.
- The Bank will accelerate the implementation of the RS 560:2023 Gender Equality Seal Certification-Requirements for Promotion, Implementation and Accountability.

CSR Activities for 2026

Moving into 2026, our CSR strategy will transition toward a more targeted and proactive sponsorship model, characterized by the following strategic shifts:

- **Expanded priority areas:** BRD has formally added agriculture and housing to its strategic pillars to address national food security, rural incomes, and the need for resilient and dignified affordable housing.
- **Proactive model:** The Bank will move toward a model of more intentional social investment that aligns more closely with BRD's priorities and National Development Goals (NST 2).
- **Thematic coherence and impact:** The focus will be on ensuring that every partnership delivers measurable outcomes and long-term value for the communities served.

12. APPENDICES

Adoption of ESMS among partner financial Institutions (PFIs)

Through BRD's on-lending financing model, it had in its portfolio 37 participating financial institutions (PFIs) including commercial banks, microfinance institutions, and saving and credit co-operatives, to ensure access to various end beneficiaries who engage in different economic activities hence creating a lasting social-economic impact.

For the PFIs to access the financing, they are required to comply with the E&S national and international guidelines. Particularly, in line with the sustainability-linked bond requirements, PFIs should align with 5 key ESG criteria which include having a board-approved environment and social management system (ESMS), an officially nominated E&S focal person, a functioning grievance redress mechanism (including an officially nominated Grievance redress Committee (GRC)), screening all projects and incorporating ESG conditions in loan contracts, monitoring & reporting ESG.

Therefore, this system provides mechanisms to identify, assess, monitor and manage environmental and social risks related to financed projects. The overall compliance rate was at 40.5% as seen in the table below.

COMPLIANCE LEVEL SUMMARY									
	PFI	**ESMS**	**E&S FP**	**GRM**	**E&S Conditions in loans**	**Monitoring & Reporting**	**PFIs**	**Full Compliance**	**Full Compliance Percentage**
1.	Commercial Banks	8	8	7	8	6	8	6	75.00%
2.	MFIs	14	14	11	8	9	14	8	57.14%
3.	SACCOs	3	6	6	3	2	15	1	6.67%
TOTALS		**25**	**28**	**24**	**19**	**17**	**37**	**15**	**40.54%**
TOTAL AVERAGE		**67.6%**	**75.7%**	**64.9%**	**51.4%**	**45.9%**			

To strengthen ESG compliance across PFIs, platforms such as Community of Practice (COP) were created which intend to provide space for partners to share their ESG journey. Through this platform, 4 meetings were held (one per quarter) in collaboration with Rwanda Bankers Association (RBA) to ensure knowledge sharing while supporting each other in the ESG journey. The COP is made up of 12 member banks of RBA, however other partners like World Bank, AFD, GIZ, BNR were also present at different meetings.

Materiality Appendix

Likelihood is assessed based on geographic exposure, sector sensitivity and observed environmental conditions.

Rating	Definition
High	Risk is already observed or expected to occur based on geographic and sector exposure
Medium	Risk is plausible but not consistently observed
Low	Risk is unlikely to significantly affect the portfolio

Driving diversity, equity and inclusion

BRD has adopted an inclusivity and diversity approach at all levels. Both males, females as well as different age groups are represented across the bank as seen in the table below.

In 2025, the female to male representation of the total employees was at 41% to 59% respectively, with women representing 38% of the bank's executive committee (EXCO), 33% of the bank's managers and 43% of the bank's officers.

In terms of age groups, a high number of youth (<35 years) is observed in officer positions with a big number of people in the age bracket of above 35 and below 50 (35>=x<=50) dominating managerial and EXCO positions.

Total number of employees by gender and age groups

	2025			
	EXCO	**Managers**	**Officers**	**TOTAL**
Headcount	13	39	168	220
By gender				
Female	38%	33%	43%	41%
Male	62%	67%	57%	59%
By age group (x=age)				
x < 35	15%	26%	50%	44%
35 >= x <= 50	77%	69%	38%	45%
x > 50	8%	5%	13%	11%

Supporting employees through life stage transitions

The bank is committed to building a safe and inclusive workplace where every employee feels valued, cared for and supported.

In the same light, BRD provides a great suite of support mechanisms from comprehensive medical benefits to flexible work and gym arrangements which allow employees to stay healthy, and work from home when necessary to ensure work-life-balance.

This commitment extends further to employees navigating significant life events, such as new parents of a newborn. The bank also provides parental and childcare leave along with financial reimbursement to defray maternity and childcare expenses.

To further support employees in the transition to parenthood, the bank provides childcare facilitation at the bank premises which gives comfort to the nursing mother while attending her work responsibilities.

EDITORIAL & CONTRIBUTORS

Principal Authors & Core Writing Team

The following individuals led the preparation, coordination, and drafting of the inaugural BRD Sustainability Report:

Juliet INGABIRE	Chief Risk Officer.
Jean Claude NSABIMANA	Head, Finance.
Cyprien NDAYISABA	Manager, Environmental & Social Governance Risk.
Arsene NIYOMWUNGERI	Manager, Enterprise Risk.
Frank ABAHO GAKWAYA	Senior Manager, Strategy & Analytics.
Bertrand MUNYAMPETA	Financial Control & Reporting Manager.

Departmental Contributors & Data Owners

The following contributors supported data collection, technical inputs, analysis, and validation across the report disclosures:

Oliver Kamu UWINEZA	Specialist, Environmental & Social.
Jean Paul Moise NIYONKURU	Senior Specialist, Environmental & Social.
Brenda MUTONI	Manager, Energy Portfolio.
Ally MUVUNYI RUTARINDWA	Senior Specialist, Green Finance.
Titien GATERA	Senior Analyst, Operation Risk.
Kenneth SHYAKA	Team Lead, Monitoring, Evaluation & Learning
Ange ILIZA	Officer, PR & Communication.
Michael OBANDA	Graphic Designer.

Executive Oversight & Sign-off

The report was reviewed and approved under the executive oversight of:

Stella RUSINE NTEZIRYAYO	Chief Executive Officer.



Development Bank of Rwanda (BRD) Plc.
P. O. Box 1341, KN 34 Plot 17. Kigali - Rwanda.

brd@brd.rw / secretariat@brd.rw www.brd.rw

@BRDbank / @BrdEducation Development Bank of Rwanda (BRD)

