

**Bank of India
(Uganda) Ltd**

BOI



BANK OF INDIA UGANDA LIMITED (BOIUL)


**PILLAR 3 MARKET DISCIPLINE: GUIDELINES ON
DISCLOSURE REQUIREMENTS**

AS AT 30TH SEPT 2025

Resolution- Board Risk committee Agenda By circulation No 01 Dtd 01.10.2025

Board Risk Committee Agenda by circulation, recommended by the Managing Director regarding approval of the Pillar 3 market disclosure data as of 30.09.2025 of the bank and after noting the contents it was:-

Resolved that approval be and is hereby given for the approval of the pillar 3 Market Disclosure data of the bank as on 30.09.2025.

S.N	Name of Director	Designation	Signature
1	Dr. Wenceslaus Rama Makuza	Chairman (Independent Non-Executive Director)	
2	Solomon Rubondo	Independent Non-Executive Director	
3	Srikant Ashok Wikhe	Managing Director	

1.0 PILLAR III: MARKET DISCIPLINE DISCLOSURES – AS AT 30 SEPTEMBER 2025

1.1 INTRODUCTION & SCOPE

This document provides Pillar III: Market Discipline Disclosures for Bank of India (U) Limited (hereafter referred to as “BOIUL”) as at **30th September 2025**. BOIUL is mandated by Bank of Uganda to issue a Pillar III: Market Discipline Disclosures report based on the Bank of Uganda (BoU) Regulatory requirements for all Supervised Financial Institutions (SFI’s) as prescribed in the February 2023 Circular to all SFI’s and were effective April 30, 2023. This is in line with the implementation of the revised Pillar III disclosure requirements issued by the Basel Committee on Banking Supervision (BCBS) in March 2017 or Basel III as amended from time to time. The Basel II Pillar III Disclosures under Basel II complement the minimum capital requirements and the Supervisory Review Evaluation Process. It discloses the scope of application of Basel II, capital, particular risk exposures and risk assessment processes, and hence the Capital Adequacy of BOIUL. The Basel III Capital Adequacy Framework consists of three Complimentary pillars; Pillar I, Pillar II and Pillar III. Pillar III requires SFI’s to publish a range of disclosures mainly covering Risk Management, Regulatory Capital, Leverage and Liquidity.

The aim of the Pillar III disclosure standards is to improve comparability and consistency of risk profiles through the introduction of harmonized templates. This will reduce information asymmetry and help to promote market discipline through these detailed disclosures.

The Disclosures consist of both quantitative and qualitative information and are provided at consolidated level on BOIUL’s website www.boiuganda.co.ug Information provided in the published BOIUL’s Annual Reports 2024, with cross reference to other publications (where information is available) may also serve to address Pillar III disclosure requirements.

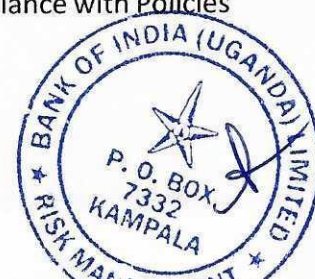
BOIUL Pillar III disclosures for all the dates shown are based on fully applied amounts. It should be noted that Pillar III disclosures have not been audited by our external auditors.

For further inquiries and clarifications, you may contact BOIUL on the available communication channels.

1.2 OVERALL RISK GOVERNANCE AND COMPLIANCE WITH CAPITAL REQUIREMENTS

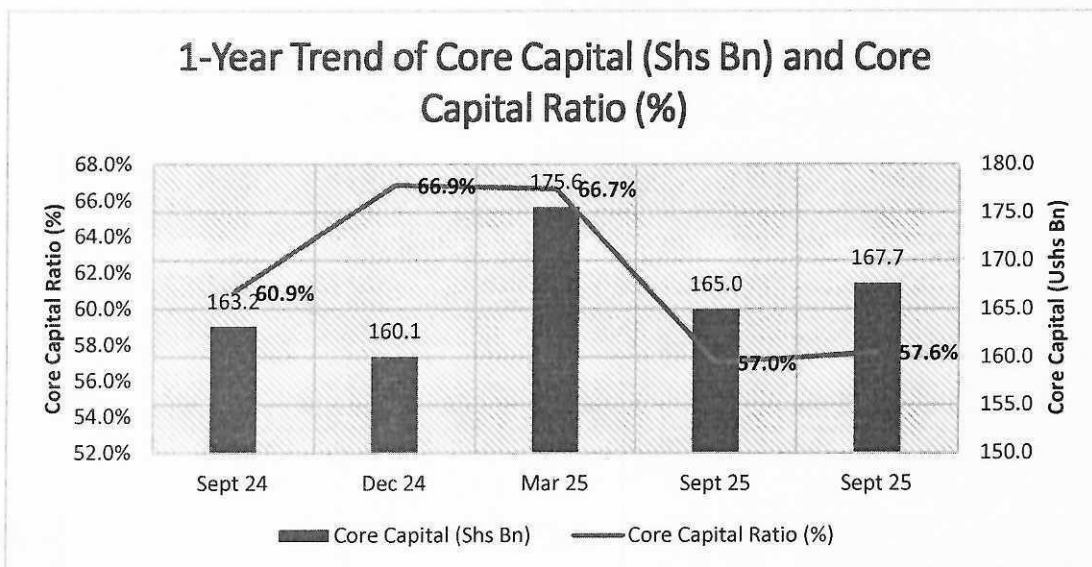
In line with the Corporate Governance structure adopted by BOIUL, The Board has the ultimate responsibility of ensuring that risks are adequately identified, measured, monitored, managed and reported.

The Board is committed to good Corporate Governance which it has achieves by following the principles of openness, integrity and accountability. The Board monitors compliance with Policies



and achievement of objectivities by holding Management accountable for its activities through quarterly Board meetings at which performance is reported.

BOIUL continued to maintain adequate amounts of Core Capital over the last five Quarters (September 2024 to September 2025) in excess of the required 12.5% for Core Capital Ratio (inclusive of the minimum capital conservation buffer of 2.5%) as reflected in the figure below.



This Core Capital holding enables BOIUL to absorb most of the stress scenarios and shocks, as well as support the Bank to focus on its Strategic objectives. BOIUL has a strategy for maintaining capital levels consistent with its risk profile which considers the Strategic focus, business focus and control environment.

1.3 SUMMARY OF KEY REGULATORY METRICS

The following is the summary of the key Regulatory metrics as at 30 September 2025 relative to the minimum prudential requirements- and BOIUL was complying with all over the period.

SUMMARY OF KEY REGULATORY METRICS – AS AT 30 SEPTEMBER 2025

	Minimum	September 2025	June 2025
Core Capital (US\$ Billion)	150	167.7	165.0
Total Risk-Weighted Assets - RWA (US\$ Billion)	N/A	291.2	289.4
Core Capital Ratio –Minimum 10%	12.5%	57.6%	57.0%
Basel III Leverage Coverage Ratio	6%	32.7%	29.9%
Liquidity Coverage Ratio - LCR	100%	462.0%	364.0%
Net Stable funding Ratio – NSFR	100%	274.7%	147.1%



2.0 DIS01: KEY PRUDENTIAL METRICS – AS AT 30 SEPTEMBER 2025

No.	(Figures in US\$ 'Billions')	Sep 2025	Jun 2025	Mar 2025	Dec 2024	Sep 2024
Available Capital						
1	Core Capital (Tier I Capital)	167.7	165.0	175.6	160.1	163.2
2	Supplementary Capital (Tier II Capital)	2.2	2.4	2.3	2.1	2.0
3	Total Capital	169.9	167.4	177.9	162.2	165.2
Risk-Weighted Assets (RWA)						
4	Total Risk-Weighted Assets (RWA)	291.2	289.4	263.4	239.4	267.9
Risk-based Capital ratios as a percentage of RWA						
5	Core Capital ratio - minimum 10%	57.6%	57.0%	66.7%	66.9%	60.9%
6	Total Capital ratio - minimum 12%	58.3%	57.8%	67.5%	67.7%	61.7%
Additional Capital buffer requirements as a percentage of RWA						
7	Capital conservation buffer requirement as per BoU (minimum 2.5%)	2.5%	2.5%	2.5%	2.5%	2.5%
8	Countercyclical buffer requirement as per BoU	-	-	-	-	-
9	Systemic risk buffer requirement as per BoU (for D-SIBs)	-	-	-	-	-
10	Total of Bank's specific capital buffer requirements as per BoU	2.5%	2.5%	2.5%	2.5%	2.5%
11	Total Capital available after meeting the Bank's minimum capital requirements as per BoU	43.8%	43.3%	53.0%	53.2%	47.2%
Basel III Leverage Ratio						
13	Total Basel III Leverage Ratio exposure measure	512.7	508.1	560.7	540.0	549.2
14	Basel III Leverage Ratio (= no.1/no. 13 - minimum 6%)	32.7%	29.9%	31.4%	29.6%	29.7%
Liquidity Coverage Ratio (LCR) (3-month average)						
15	Total High-Quality Liquid Assets (HQLA)	43.0	47.4	42.5	57.8	78.5
16	Total Net Cash Outflows	9.3	13.0	12.6	13.6	15.4
17	LCR – minimum 100%	462.0%	364.0%	336.1%	426.2%	508.2%
Net Stable Funding Ratio (NSFR)						
18	Total Available Stable Funding	300.8	287.5	268.7	272.1	284.3
19	Total Required Stable Funding	109.5	87.8	86.4	85.4	89.3
20	NSFR – minimum 100%	274.7%	327.6%	311.1	318.8	318.4



2.1 LIQUIDITY RISK

This section includes items subject to the liquidity risk exposures, including the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). The LCR provides the bank with a metric to assist it in ensuring that it holds a sufficient quantity of highly liquid assets to enable it withstand a short-term (30 days) bank-specific stress situation which coincides with a period of general market stress. The NSFR requires the bank to have sufficient available stable funding (ASF) to meet the required stable funding (RSF) over one year.

2.1.1 Liquidity Coverage Ratio (LCR)

In the DIS01 table above, the LCR disclosed as a 3-month average value per quarter. The total of the high-quality liquid assets (row No. 15) decreased in the third quarter (Q3) compared to the previous quarter (Q2) of 2025. Simultaneously, the total net cash outflows (row No. 16) decreased in the third quarter of 2025. The changes resulted in a higher LCR in Q3 2025 at 462%, than in Q2 2025 at 364%, both of which were significantly above the regulatory required minimum ratio of 100% and risk tolerances defined internally.

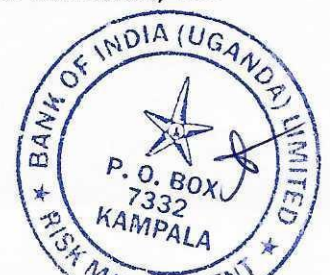
2.1.2 Net stable Funding Ratio (NSFR)

In the DIS01 table above, the NSFR is disclosed as a quarter-end data as at 30 September 2025 and 30 June 2025. The total available stable funding items (row No. 18) increased in the third quarter compared to the previous quarter of 2025, primarily driven by increase in customer deposits from our customers. In addition, the total required stable funding (row No. 19) also significantly increased over the same period due to smaller increases in loans and advances as well as HQLA (row No. 15). The changes resulted in a lower higher NSFR as at 30 September 2025 of 274.7% compared to 327.6% as at 30 June 2025; both of which were significantly above the regulatory required minimum ratio of 100% and risk tolerances defined internally.

3.0 DIS02: RISK MANAGEMENT APPROACH

Risk Management constitutes an integral part of the Bank's business framework. The Bank's approach to Risk Management Framework is based on a well-established Risk Governance process and relies on individual responsibility and collective oversight, supported by comprehensive reporting. This approach balances stringent corporate oversight with independent Risk Management structures within the Business Units.

The Board has overall responsibility for the establishment and oversight of the Bank's Risk Management Framework. The Board develops the Risk Appetite and Risk Tolerance limits appropriate to the Bank's Strategy and requires that Management maintains an appropriate system of internal controls to ensure that these risks are managed within the agreed parameters. The Board delegates risk-related responsibilities to different Board Committees mainly; The Board Risk Management Committee, The



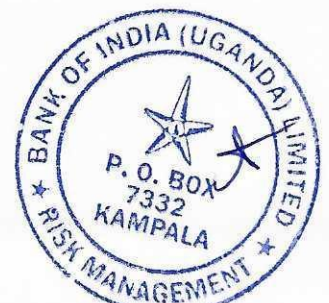
Board Credit Committee, The Board Audit Committee, The Board Compensation Committee and The Board Assets and Liabilities Committee. The Board Committees comprise of both Executive and majorly Non-Executive membership and they report regularly to the Board on their activities.

The mandate of the Board Subcommittees is as follows:

- i. **The Board Risk Committee** has responsibility for the Risk Management in the Bank as delegated by the Board. Its main responsibility is to have the overall oversight in strategic, credit, market, liquidity and operational risks management as well as any other risks that the Bank may be exposed to in its course of business. It is also responsible for reviewing management performance in implementing the Bank's Strategic Plan and ensuring that the Bank's activities are consistent with the Policies agreed by The Bank's Board and Directives of the Bank of Uganda (BoU) and other Regulatory requirements.
- ii. **The Board Audit Committee** is responsible for conducting an independent check to ensure compliance with the Bank's Risk Management Policies, procedures and controls, and for reviewing the adequacy of the Risk Management Framework in relation to the risks faced by the Bank.
- iii. **The Board Credit Committee** is responsible for oversight of the Bank's overall Credit Risk Management issues. The Committee is responsible for reviewing and approving the Bank's Credit Policies including provisioning, large loan exposures, counter-party lending and dealing lines.
- iv. **The Compensation Committee** is responsible for nominations and vetting of Director Appointments, good Governance practices, ensuring The Bank has a robust succession plan, that the Bank's human resources are best utilized, and that members of staff are remunerated commensurately with their responsibilities and effectiveness.
- v. **The Board Assets and Liabilities Committee** is responsible for overseeing implementation of all market risk issues- mainly Liquidity, Interest Rate and Foreign Exchange dealings and reporting.

At a Management level, the Bank has Management Committees for each Board Committee. In addition the Bank has The Executive Committee (EXCO) which working hand in hand with Risk Management Committee (RMC) provides a holistic oversight of the risks affecting the Bank and the control measures that should be put in place to mitigate the risks and thereby reduce the potential losses. Capital Management is discussed as both EXCO and Asset and Liability Committee (ALCO). Other Management Committees included Management Credit Committee (MCC) and Information and Communication Technology (ICT) Committee which are responsible for developing and monitoring the Bank's Risk Management Policies in their specified areas e.g. the ICT Steering Committee is responsible for overseeing the implementation of all ICT projects.

The Bank has internal Policies which are reviewed regularly. This is disclosed in the Annual Audited books of the Bank. Key areas included are comment on Risk Management-Risk Management Framework and risk tolerance limits; Risk Governance, channels to communicate, presentation and enforcement of the risk culture-Risk Culture, scope and main features of risk measurement systems-Risk tolerance; process of risk information reporting, qualitative information on stress testing-Capital Planning and Liquidity Contingency Plan, risk reporting; and strategies and processes to manage, capture and mitigate risk- Risk Management Framework and the three lines of defence.



4.0 DIS03: OVERVIEW OF RISK-WEIGHTED ASSETS (RWA) – AS AT 30 SEPTEMBER 2025

4.1 APPROACH TO CAPITAL MANAGEMENT

The Bank's Capital Management strategy is designed to ensure that Regulatory Capital requirements are met at all times, and that the Bank is capitalized in line with the BOIUL Risk Appetite and target ratios, both of which are approved by The Board.

The Bank deploys a Capital Management Strategy aimed at ensuring Capital Adequacy by considering the resources necessary to cover unexpected losses arising from discretionary risks, being those which it chooses to accept (such as credit risk and market risks), and from non-discretionary risks, being those which arise by virtue of its operations (such as Operations risk and Strategic risk). The Bank's Capital Management and allocation Policy is underpinned in the Capital Contingency Plan. The Board and Senior Management examine the risk profile of the Bank from both Regulatory and economic Capital viewpoints to ensure that the Bank's level of capital achieves the following:

- i. Remain sufficient to support its risk profile and outstanding commitments;
- ii. Is adequate to implement its growth plans embedded in the Strategic Plan;
- iii. Exceeds the formal minimum Regulatory Capital required;
- iv. Is capable of withstanding severe economic shocks; and
- v. Remains consistent with the Bank's Strategic and Operational goals, and Shareholder expectations.

4.2 REGULATORY CAPITAL

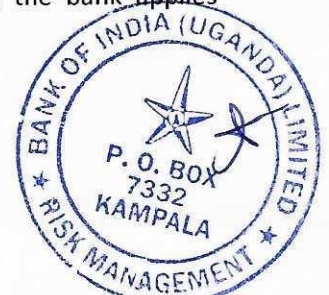
The main Regulatory requirements to be complied with are those specified in The Financial Institutions Act of 2004, The Bank of Uganda (BoU) Directives on Capital Adequacy and related Regulations, which are aligned with Basel II. Regulatory Capital is measured through the following two risk-based ratios:

- i. **Tier I (Core Capital) Ratio:** the sum of share capital, paid-up, share premium, retained profits (prior years), 50% of after-tax profit (current year-to-date) and in case of a loss, 100% and Other eligible Core Capital (Tier I) Capital elements as prescribed by The BoU, less: investment in unconsolidated Financial Institutions.
- ii. **Tier II (Supplementary Capital) Ratio:** the sum of revaluation reserves, subordinated debt; and the general provisions, which have received prior approval from The BoU.

4.3 APPROACH TO MEASURING RISK-WEIGHTED ASSETS

The bank's risk weighted assets for deriving the **Regulatory Capital** are calculated according to the Basel III framework, as required by the Bank of Uganda (BoU). Below follows an overview of the approaches used for the main risk categories to derive the required capital:

- **Credit risk** (defined as the risk of default) including non-counterparty risk but excluding counterparty credit risk): To calculate the required capital for credit risk, the bank applies



prescribed BoU regulatory risk weights to calculate the required capital using The Standardised Approach.

- **Non-counterparty-related risk** -defined as loss in value on bank assets due to default by its clients: The bank faces the exposure through a loan and the exposure is unilateral and only the lending bank faces the risk of loss.
- **Counterparty credit risk (CCR)**-defined as the risk of default of a counterparty before the final settlement of the (derivative or securities financing) transaction’s cashflows: An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default- CCR creates a bilateral risk of loss.
- **Market risk** (defined as losses that could arise from trading positions): The bank calculates the capital requirements for market risks according to the model-based approach as approved by BoU. For hedge funds held in the trading book, the required capital is calculated according the simplified approach for investments managed in managed collective assets. For default risk of fixed income trading positions, the required capital is calculated according to the market risk standardised approach as defined by BoU.
- **Operational risk** (defined as the loss resulting from people, failed internal processes, systems and external factors): The bank applies the standardized approach as defined by BoU.

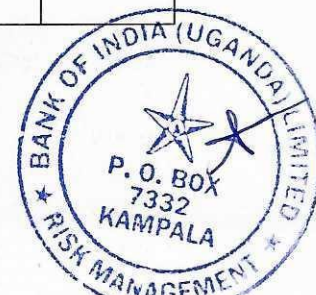
4.2 OVERVIEW OF RISK-WEIGHTED ASSETS (RWA)

The following table provides an overview of the Risk-weighted assets (RWA) and the related minimum capital requirement by risk type. Capital requirements presented in the table are calculated based on capital of 12% (as required by BoU) as at **30 September 2025** compared to the previous Quarter as 30 June 2025.

As seen from the table DIS03, the explanation given for the movement between reporting period 30 September 2025 and 30 June 2025: increase in RWA was primarily due to higher Operational risk RWA due to increase on Operational Risk (No.4); partially offset by a decrease in treasury portfolio trading positions (as evidenced by net short positions of UGX 6.5 billion as at 30 September 2025).

DIS03: OVERVIEW OF RISK-WEIGHTED ASSETS – AS AT 30 SEPTEMBER 2025

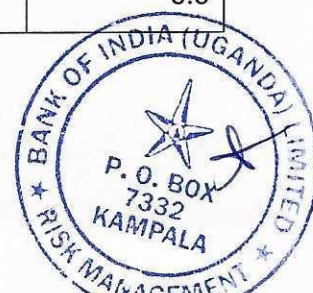
No.		Sep 2025	Jun 2025	Sep 2025
	(Figures in US\$ 'Billions')	RWA	RWA	Minimum Capital Requirement
1	Credit Risk (excluding Counterparty Credit Risk (CCR)) - <i>standardised approach</i>	249.8	261.9	30.0



2		Counterparty Credit risk - <i>standardised approach</i> (CCR)	0.0	0.0	0.0
3		Market Risk - <i>standardised approach</i>	6.5	6.7	0.8
4		Operational Risk - <i>standardised approach</i>	34.9	20.7	4.2
5		Total (1+2+3+4)	291.2	289.4	35.0

5.0 DIS04: COMPOSITION OF REGULATORY CAPITAL – AS AT 30 SEPTEMBER 2025

No. ²	Figures in US\$ 'Billions'	Sep 2025 ¹
Common Equity Tier 1 Capital (T1): Instruments and reserves		
1	Permanent Shareholders Equity (issued and fully paid-up capital in form of common shares, fully eligible)	150.0
2	Share Premium	0.0
3	Retained earnings (prior years' retained profits)	11.3
4	Net after-tax profits current year-to-date (50% only)	7.6
5	General reserves (permanent, unencumbered and able to absorb losses)	0.0
6	Common Equity Tier 1 Capital (T1) before regulatory adjustments³	168.9
Regulatory adjustments to Common Equity Tier 1 Capital (T1)		
8	Good will and other intangible assets (net of related deferred tax liabilities)	0.0
9	Current year's losses	0.0
10	Investments in unconsolidated financial subsidiaries	0.0
12	Deficiencies in provisions for losses (gains or losses due to changes in own credit risk)	0.0
13	Other deductions determined by the Central bank (e.g. prohibited loans to insiders, etc.) ⁴	0.0
14	Deferred tax assets (e.g. planned dividend for the financial year that rely on future profitability)	1.2
15	Total regulatory adjustments to Common Equity Tier 1 Capital	1.2
16	Net Tier 1 Capital (T1)	167.7
Tier 2 Capital: Supplementary Capital (T2)		
17	Revaluation reserves on fixed assets	0.0
18	Unencumbered general provisions for losses (not to exceed 1.25% of RWA)	2.2
19	Hybrid capital instruments	0.0
20	Subordinated term debt (not to exceed 50% of Core Capital; subject to a discount factor)	0.0



21	Tier 2 Capital (T2)	2.2
22	Total Regulatory Capital (=Tier 1 (T1) + Tier 2 (T2))	169.9
23	Total Risk-weighted assets (RWA)	291.2
Capital Adequacy Ratios and Buffers		
24	Tier 1 Capital (No. 16 as a percentage of risk-weighted assets)	57.6%
25	Total Capital (No. 22 as a percentage of risk-weighted assets)	58.3%
26	Total institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus systemic buffer as a percentage of risk-weighted assets)	
27	<i>of which capital conservation buffer requirement</i>	2.5%
28	<i>of which countercyclical capital buffer requirement</i>	0.0%
29	<i>of which bank specific systemic risk buffer requirement</i>	0.0%
30	Tier 2 capital available to meet the buffer requirements, after deduction of T1 to cover the bank's minimum capital requirements (as a percentage of risk-weighted assets)	43.8%
Minimum statutory ratio requirements		
31	Tier 1 Capital Adequacy Ratio	10.0%
32	Tier 2 Capital Adequacy Ratio	12.0%
33	Capital Conservation Buffer	2.5%

Notes

1. For reconciliation of bank regulatory capital amounts, the figures used for the calculation of regulatory capital adequacy amounts are identical to the annual published balance sheet positions (which have been referenced where relevant to display all components that are disclosed in the table as shown in under 'DIS04: Composition of Regulatory Capital).
2. Row numbers are assigned according to the sample table as supplied by BoU-the regulator.
3. Capital before Regulatory adjustments refers to capital before deduction of ineligible non-controlling interests and other deductions that the regulator requires to be excluded from Tier 1 Capital.
4. Other intangible assets are net of deferred tax liabilities.

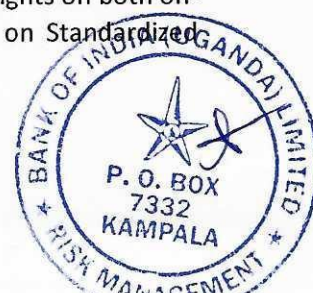
6.0 DIS05: CREDIT QUALITY OF ASSETS – AS AT 30 SEPTEMBER 2025

6.1 CREDIT RISK

Credit risk means the likelihood that a debtor or a financial instrument issuer is unwilling to pay interest and/or repay the principle according to the terms specified in a credit agreement resulting in economic loss to the Bank. The risk arises from direct lending and trade finance business, but also from off-balance sheet activities such as guarantees, letters of credit and from holding of debt securities.

6.1.1 Credit Risk Measurement

The Bank measures the credit risk capital requirements by applying appropriate risk weights on both on-balance sheet and off-balance sheet exposures in line with Basel II and Guidelines on Standardized



Approach to Credit risk issued by BoU. The capital adequacy and return on capital levels for the individual risk categories of the Bank's portfolio are regularly monitored against the overall risk-bearing capacity of the Bank, in order to ensure that the Bank is, at all times, maintaining adequate capital to provide for its growth and to support a reasonable measure of unexpected losses.

This section includes items subject to the Bank of Uganda (BoU)/regulatory credit risk framework under the Standardized Approach. The BoU categories loans and debt securities as referred to in table DIS05 and DIS06 are shown in accordance with BoU requirements. The Bank follows IFRS 9 Expected Credit Loss (ECL), a 3-staged impairment model for all financial instruments that are subject to impairment accounting. The net value of BoU category loans and advances comprises the following IFRS balances to the extent that they are subject to the credit risk framework: Loans, unused overdrafts and other financial assets designated at amortized cost or at fair value through other comprehensive income (FVOCI) (excluding non-loan positions). The net values of BoU category debt securities includes the following positions: Bonds, money market instruments, and other fixed-income securities included within financial assets measured at FVOCI and financial assets measured at amortised cost plus debt securities in financial assets measured at fair value through profit and loss (FVTPL) allocated to the credit risk framework. Expected credit losses shall be the estimate of losses that the Bank expects to result from a credit event, such as a payment default. For Risk Management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk and sector risk). In adopting IFRS 9, the Bank re-aligned all definitions of default and cure given by IFRS9 to those of Basel II.

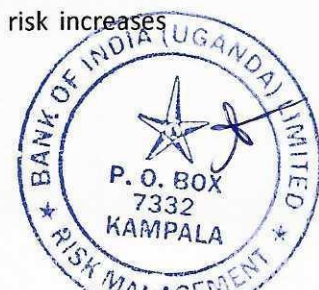
The section 'Credit risk' is structured into two subsections 6.1.2 and 6.1.3 below:

6.1.2 Credit Quality of Assets

This subsection includes information on the Bank's credit risk exposures and credit quality of assets. Additional quantitative disclosures related to credit quality of assets with breakdowns of exposures by sectors, and residual maturity are disclosed separately in reports to the Regulator and are outside the scope of this disclosure.

6.1.3 Changes in Stock of Defaulted Loans and Debt Securities

This subsection provides a qualitative reference to disclosure on defaulted loans evaluation and management. This is through credit risk management, i.e. techniques employed to reduce credit risk for loans and securities (collateral evaluation and management, information about credit risk concentrations and credit risk mitigation instruments used by the clients). The disclosure gives the scope of 'past due' and impaired loans used for accounting purposes and any differences with respect to 'past due' and 'defaulted' (Expected Credit Losses (ECL)) for Regulatory purposes. The extent of past due exposures (more than 90 days) that have not deteriorated significantly in credit quality since initial recognition or that have low credit risks at the reporting date/are not considered to be impaired (ECL stage 1 allocation), the loss allowance for 12-month ECLs is maintained but updated for changes in the amount. The methods used for impairments have reasons given in accompanying notes to published Annual financial statements. This subsection also includes ageing analysis of accounting past due exposures. If the credit risk increases significantly and the resulting credit quality is not considered to be low credit risk, full lifetime expected losses are recognized. Lifetime ECLs are only recognized if the credit risk increases



significantly from when the entity originates or purchases the financial instruments but that do have objective evidence of a credit loss event. ECLs may be individually and/or collectively assessed.

If the credit risk of a financial asset increases to the point that it is considered credit impaired (that has objective evidence of impairment at the reporting date). Lifetime ECLs continue to be recognized. For financial assets in this stage, lifetime ECLs will generally be individually assessed. Also, any credit facility requiring restructuring is assessed on an individual basis and individual provisions are booked if required. The main goal of such restructuring actions is to avoid the client's default and to minimize the loss potential for the Bank. Typical terms and conditions offered in case of restructuring may be postponed payments of interest or principal, adjusted interest rates or the modification of the repayment schedule. Any facility which is in a restructuring process is classified as impaired and provisions are made to cover foregone interest and potential losses. Special conditions granted to clients without need to preserve them from default are not considered as restructuring measures.

6.1.4 Credit risk under the Standardized Approach

The Standardized Approach allows (if possible) banks to use risk based assessments prepared by External Credit Assessment Institutions (ECAI) or export credit agencies to determine the risk weight for certain counterparties according to the BoU/Regulator defined exposure segments. This subsection includes information on the use of External Credit Assessment Institutions (ECAI) to determine the risk weightings applied to related counterparties. The tables DIS05 and DIS06 below provide a breakdown of defaulted and non-defaulted loans, debt securities, and off-balance sheet exposures.

7.0 DIS05: CREDIT QUALITY OF ASSETS – AS AT 30 SEPTEMBER 2025

No	Figures in UShs 'Billions'	Sept 2025					
		a		b		c	
		Gross carrying values		Value adjustments /Provisions as per FIA 2004		Interest in suspense	Net Values (FIA 2004)
Exposure classes	Defaulted exposures	Non-defaulted exposures	Specific	General	suspense	(a+b -d-e)	
1	Loans and advances (excluding debt securities)	0.5	135.0	0.1	1.4	0	135.4
2	Debt securities	0	0	0	0	0	0
3	Off-balance sheet exposures	0	86.3	0	0.8	0	86.3
4	Total	0.5	221.3	0.1	2.2	0	221.7

As at 30 September 2025, Net loans and advances to customers decreased by 8.7% to UGX 221.7Bn from UGX 242.7Bn reported the previous Quarter (Q2 2025). This decrease was attributed to decrease in forex



loans and currency depreciation mainly in the **Trade and Building, Construction, Mortgages & Real Estate sectors**. Total non-defaulted exposures increased to UGX 0.522Bn from zero, which lead to an NPL of **0.24%**; reflecting relatively low credit asset quality in the unpredictable business environment.

8.0 DIS06: CHANGES IN STOCK OF DEFAULTED LOANS AND DEBIT SECURITIES – AS AT 30 SEPTEMBER 2025

No.	Figures in UShs 'Billions'	Sep 2025	Jun 2025
1	Defaulted loans & advances, debt securities and off-balance sheet exposures at end of the previous reporting period	0	0.568
2	Loans and debt securities that have defaulted since the last reporting period	0.522	0
3	Returned to no-defaulted status	0	0
4	Amounts written-off	0	0.568
5	Other changes (recoveries)	0	0
6	Defaulted loans & advances, debt securities and off-balance sheet exposures at end of the reporting period (1+2-3-4+5)	0.522	0

The defaulted exposures position as at 30 September 2025 changed significantly as seen from table DIS06 above. This was because a new customer entered the defaulted loan status with a total of UGX 0.522Bn (excluding interest in suspense of UGX 0Bn) during the quarter ended 30 September 2025. Engagements for the same one customer are being initiated on the basis of pledged collateral for recovery. This resulted in low credit quality during the quarter ended 30 September 2025.

9.0 DIS07: QUALITATIVE DISCLOSURE ON FI'S USE OF EXTERNAL CREDIT RATINGS UNDER THE STANDARDISED APPROACH FOR CREDIT RISK – AS AT 30 SEPTEMBER 2025

The bank is not currently using any External Credit Assessment Institution (ECAI) for credit risk assessment under the Standardised Approach for Credit risk until the regulator recommends the list of vetted companies acceptable to do the job. However, an internally developed system is used in the meantime to close the gap.

