PILLAR 3 MARKET DISCIPLINE REPORT

Disclosures as at 30th June 2026

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1. INTRODUCTION

This Pillar 3 Market Discipline Disclosure Report provides an overview of NCBA Bank Uganda's risk management framework, regulatory capital profile, and risk-weighted assets as of 30 June 2026. It aligns with the Bank of Uganda's guidelines on Pillar 3 disclosures, which were introduced to help promote comparability of supervised financial institutions (SFIs) risk profiles, and to promote market discipline through these regulatory disclosures. It emphasizes our commitment to maintaining a robust governance framework, promoting risk culture, and aligning our practices with the evolving regulatory landscape.

The report aims to enhance market discipline by promoting transparency in how the Bank identifies, measures, monitors, and manages its risks by disclosing key financial and risk-related information, stakeholders can assess the Bank's stability, resilience, and alignment with sound governance and risk management principles. Guided by the regulatory framework established by the Bank of Uganda, our approach ensures proactive risk identification, assessment, and mitigation while maintaining capital adequacy and financial stability. This report reaffirms our dedication to open communication with stakeholders and our focus on building a resilient and well-governed institution.

The report confirms that the Bank is adequately capitalized as of 30 June 2026. The information contained in this report is as per the unaudited financial statements.

CERTIFICATION OF PILLAR 3 MARKET DISCIPLINE DISCLOSURE REPORT

The Board confirms that the report for the period ended 30 June 2026 has been prepared in accordance with the guidelines established by the Bank of Uganda and in accordance with the Board agreed internal control process.

Mark A Muyobo
Managing Director/CEO

Grace Jethro Kavuma
Board Chairman

2. KEY PRUDENTIAL METRICS

The table below provides an overview of NCBA Bank's prudential regulatory metrics.

No.	Amounts in UGX '000	Jun-26	Mar-26	Dec-25	Sept-25	Jun-25
	Available Capital					
1	Core capital	227,488,687	224,738,672	200,897,508	192,027,264	191,197,315
2	Supplementary capital	3,931,484	3,387,799	3,260,070	3,121,583	2,780,073
3	Total capital	231,420,171	228,126,471	204,157,578	195,148,847	193,977,388
	Risk-weighted Assets (amounts)					
4	Total risk-weighted assets (RWA)	635,988,351	574,411,099	534,241,561	487,908,438	479,678,779
	Risk-based Capital Ratios As a Percentage Of RWA					
5	Core capital ratio (%)	35.8%	39.1%	37.6%	39.4%	39.9%
6	Total capital ratio (%)	36.4%	39.7%	38.2%	40.0%	40.4%
	Capital Buffer Requirements As a Percentage Of RWA					
7	Capital conservation buffer requirement (2.5%)	2.5%	2.5%	2.5%	2.5%	2.5%
8	Countercyclical buffer requirement (%)	-	-	-	-	-
9	Systemic buffer (for DSIBs) (%)	-	-	-	-	-
10	Total of capital buffer requirements (%) (row 7 + row 8 + row 9)	2.5%	2.5%	2.5%	2.5%	2.5%
11	Core capital available after meeting the bank's minimum capital requirements (%)**	23.3%	26.6%	25.1%	26.9%	27.4%
	Basel III Leverage Ratio					
13	Total Basel III leverage ratio exposure measure	1,412,358,004	1,277,664,272	1,250,073,137	1,167,602,196	1,082,573,530
14	Basel III leverage ratio (%) (row 1 / row 13)	16.1%	17.6%	16.1%	16.4%	17.7%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA)	390,182,921	320,807,072	308,027,972	306,515,772	242,957,764
16	Total net cash outflow	113,854,294	62,404,264	38,423,909	104,466,149	33,107,747
17	LCR (%)	342.7%	514.1%	801.7%	293.4%	733.8%
	Net Stable Funding Ratio					
18	Total available stable funding	918,058,285	809,065,029	820,709,958	738,414,431	706,635,580
19	Total required stable funding	552,283,562	615,322,712	611,194,790	559,450,782	552,570,040
20	NSFR	166.2%	131.5%	134.3%	132.0%	127.9%

**** Core capital available after meeting the bank's minimum capital requirements is computed as row 5 minus row 10 minus the minimum core capital ratio of 10%.**

The Bank remained fully compliant with the Bank of Uganda requirement to maintain minimum paid-up cash capital and core capital of not less than UGX 150 billion, closing the period with a core capital position of UGX 227 billion. Quarter-on-quarter, both the core capital and total capital adequacy ratios reduced to 35.8% and 36.4%, respectively from 39.1% and 39.7% mainly due to a 10.7% increase in risk weighted assets. Nevertheless, the ratios remained significantly above the regulatory minimum thresholds of 12.5% and 14.5%.

3. OVERVIEW OF THE RISK WEIGHTED ASSETS

The table below provides an overview of total RWA forming the denominator of the risk-based capital requirements.

Amounts in UGX '000		RWA		Minimum capital requirements
		Jun-26	Mar-26	Jun-26
1	Credit risk (excluding counter party credit risk)	523,648,146	472,631,696	65,456,018
2	Counterparty credit risk (CCR)	-	-	-
3	Market risk	75,284,075	66,083,402	9,410,509
4	Operational risk	37,056,129	35,696,001	4,632,016
5	**Total (1 + 2 + 3 + 4)**	**635,988,351**	**574,411,099**	**79,498,544**

Minimum capital requirement computed at 12.5% in line with the regulations

As of 30 June 2026, the Bank's total Risk-Weighted Assets (RWA) amounted to UGX 636.0Bn, representing a UGX 61.6Bn/10.7% increase from UGX 574.4Bn reported in March 2026. The corresponding minimum capital requirement, computed at 12.5% in line with regulatory requirements, stood at UGX 79.5Bn.

The increase in RWA was mainly driven by credit risk, which rose by UGX 51.0Bn/10.8% to UGX 523.6Bn, largely reflecting growth in the gross loan book during the quarter. Credit risk remains the largest component of total RWA, accounting for approximately 82% of the Bank's overall risk-weighted exposure.

Market risk RWA increased by UGX 9.2Bn/13.9% to UGX 75.3Bn, primarily attributable to higher foreign exchange exposures following depreciation of the Uganda Shilling against major currencies during the period, amid a more volatile macroeconomic environment.

Operational risk RWA remained relatively stable, increasing by UGX 1.4Bn / 3.8% to UGX 37.1Bn, consistent with the Bank's steady operational risk profile and broadly unchanged business indicators.

Overall, the Bank continues to maintain capital buffers well above the regulatory minimums, underscoring its strong capital position and prudent approach to balance sheet growth and risk management.

4. COMPOSITION OF THE REGULATORY CAPITAL

The table below provides a breakdown of the constituent elements of the Bank's capital.

NO.	Common Equity Tier 1 capital: instruments and reserves	Amounts in UGX '000
1	Permanent shareholders equity (issued and fully paid-up common shares)	150,883,302
2	Share premium	-
3	Retained earnings	107,021,127
4	Net after tax profits current year-to date (50% only)	10,008,207
5	General reserves (permanent, unencumbered and able to absorb losses)	-
6	**Tier 1 capital before regulatory adjustments**	**267,912,636**
	Tier 1 capital: regulatory adjustments	
8	Goodwill and other intangible assets	(5,995,399)
9	Current year's losses	-
10	investments in unconsolidated financial subsidiaries	-
12	deficiencies in provisions for losses	-
14	Other deductions determined by the Central bank	(34,428,550)
26	Other deductions determined by the Central bank	-
28	**Total regulatory adjustments to Tier 1 capital**	**(40,423,948)**
29	**Tier 1 capital**	**227,488,687**
	Tier 2 capital: Supplementary capital	
46	Revaluation reserves on fixed assets	--
47	Unencumbered general provisions for losses (not to exceed 1.25% of RWA)	3,931,484
48	Hybrid capital instruments	-

49	Subordinated debt (not to exceed 50% of core capital subject to a discount factor)	-
58	**Tier 2 capital**	3,931,484
59	**Total regulatory capital (= Tier 1 + Tier2)**	231,420,171
60	**Total risk-weighted assets**	635,988,351
Capital adequacy ratios and buffers		
61	**Tier 1 capital (as a percentage of risk-weighted assets)**	**35.8%**
63	**Total capital (as a percentage of risk-weighted assets)**	**36.4%**
64	**Total Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus systemic buffer, expressed as a percentage of risk-weighted assets)**	**2.5%**
65	Of which: capital conservation buffer requirement	2.5%
66	Of which: countercyclical buffer requirement	-
67	**Of which: bank specific systemic buffer requirement**	0%
68	**Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements**	23.3%
Minimum statutory ratio requirements		
70	Tier 1 capital adequacy ratio	12.5%
71	Total capital adequacy ratio	14.5%

The Bank remained compliant with the revised regulatory capital requirement of UGX 150 billion. As at the reporting date, the core capital and total capital adequacy ratios were maintained at 35.8% and 36.4%, respectively—well above the statutory minimum thresholds of 12.5% and 14.5%. These stable ratios reflect the Bank's strong capital position and continued resilience in meeting prudential requirements.

5. QUALITY OF ASSETS

Below is a comprehensive picture of the credit quality of NCBA Bank's (on- and off-balance sheet) assets

NO.	Amounts in UGX '000	Gross carrying values of		Provisions as per FIA2004/MDIA2003		Interest in suspense	Net values (FIA/MDIA)
		Defaulted exposures	Non-defaulted exposures	Specific	General		
1	Loans and advances	14,510,291	389,232,253	9,046,551	3,931,484	1,547,601	393,148,392
2	Debt Securities						-
3	Off-balance sheet exposures		74,729,367				74,729,367
4	**Total**	**14,510,291**	**463,961,620**	**9,046,551,**	**3,931,484**	**1,547,601**	**467,877,759**

The Bank's defaulted exposure ratio stood at 3.6% as at the end of 30 June 2026. Adequate provisioning, both general and specific, was maintained against these exposures, resulting in a NPL coverage ratio of 62%. This reflects prudent credit risk management and continued alignment with regulatory provisioning standards.

6. CHANGES IN STOCK OF DEFAULTED LOANS AND DEBT SECURITIES

The table below shows the changes in the bank's stock of defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.

1	Defaulted loans & advances, debt securities and off-balance sheet exposures at end of the previous reporting period	11,982,067
2	Loans and debt securities that have defaulted since the last reporting period	13,216,887
3	Returned to non-defaulted status	194,268
4	Amounts written off	6,753,705
5	Other changes	(3,740,690)
6	Defaulted loans & advances, debt securities and off-balance sheet exposures at end of the reporting period (1+2-3-4+5)	14,510,291

The increase in defaulted exposures was mainly attributable to higher defaults within the digital lending portfolio, particularly among rescored cohorts, following increased disbursement activity and utilization during the period. The movement was partly offset by recoveries, accounts returning to non-defaulted status and write-offs executed in line with the Bank's credit risk management and write-off policies.

7. ABBREVIATIONS

The following abbreviations are used throughout the document.

BOU	Bank of Uganda
DSIBs	Domestic Systemically Important Banks
HQLA	High Quality Liquid Assets
LCR	Liquidity Coverage Ratio
NSFR	Net Stable Funding Ratio
RWA	Risk Weighted Assets
UGX	Uganda Shillings

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