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BASEL II-PILLAR 3-MARKET DISCLOSURES

AS AT 30TH JUNE 2024

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DIS01- Key Prudential Metrics

		Jun-24	Mar-24	Dec-23	Sep-23	Jun-23
	Available capital (amounts) '000'					
1	Core capital	39,510,062	37,634,599	33,494,854	33,141,876	33,345,665
2	Supplementary capital	2,456,799	2,469,598	2,443,631	2,281,381	2,202,358
3	Total capital	41,966,861	40,104,197	35,938,485	35,423,257	35,548,023
	Risk-weighted assets (amounts) '000'					
4	Total risk-weighted assets (RWA)	242,522,153	237,299,431	235,073,031	222,168,370	222,919,562
	Risk-based capital ratios as a percentage of RWA					
5	Core capital ratio (%)	16.3%	15.9%	14.2%	14.9%	15.0%
6	Total capital ratio (%)	17.3%	16.9%	15.3%	15.9%	15.9%
	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 (%)	3.8%	3.4%	1.7%	2.4%	2.5%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	286,600,290	275,613,397	268,745,603	256,936,094	256,611,439
14	Basel III leverage ratio (%) (row 1 / row 13)	13.8%	13.7%	12.5%	12.9%	13.0%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA)	3,117,315	31,520,158	28,346,503	31,935,782	22,782,825
16	Total net cash outflow	5,715,505	13,491,008	6,145,775	12,225,580	11,575,448

		Jun-24	Mar-24	Dec-23	Sep-23	Jun-23
17	LCR (%)	63.60%	233.6%	461.2%	261.2%	196.8%
	Net Stable Funding Ratio					
18	Total available stable funding	152,396,636	150,394,376	147,014,834	140,535,373	143,888,329
19	Total required stable funding	83,671,018	65,184,482	61,169,151	59,647,991	66,461,274
20	NSFR	182.1%	230.7%	240.3%	235.6%	216.5%

i. Brac Uganda Bank Ltd remains capitalized core and total capital above the buffered Tier 1 & Tier 2 Capital adequacy requirements. The increase in Core capital available after meeting the bank's minimum capital requirements in June 2024 to 3.8% from 3.4% in March 2024 was due to a greater increase in profitability compared to risk-weighted assets. Excess capital is maintained to absorb shocks in severe stress conditions and to support business growth in line with our strategic objectives.

ii. An increase in the Basel III leverage ratio was attributed to a 5% (Ushs 1.8Bn) growth in core capital compared to a 4% (Ushs 10.9Bn) growth in total assets.

iii. The Net Stable Funding Ratio (NSFR) is at 182.1%, well above the 100% threshold. This indicates that the bank has significantly more stable funding sources compared to its long-term assets, reducing reliance on short-term, potentially volatile funding.

iv. The Liquidity Coverage Ratio (LCR) is currently at 63.60%, below the 100% benchmark. However, the bank has proactively purchased Treasury bills to enhance its portfolio of high-quality liquid assets. This strategic move will strengthen our ability to meet short-term funding needs over a 30-day stress period, even under adverse conditions, ensuring the bank's resilience and stability.

DIS03-Overview of Risk Weighted Assets (RWA)

		a	b	c
		Amount in Ush '000s RWA		**Minimum capital requirements**
		Jun-24	**Mar-24**	**Jun-24**
1	Credit risk (excluding counterparty credit risk)	222,994,147	221,344,266	26,759,298
2	Counterparty credit risk (CCR)	-	-	-
3	Market risk	3,595,382	961,200	431,446

4	Operational risk	15,932,624	14,993,964	1,911,915
5	**Total (1 + 2 + 3 + 4)**	**242,522,153**	**237,299,431**	**29,102,658**

Total Risk-Weighted Assets increased between March 2024 and June 2024, primarily due to a rise in Credit Risk driven by the growth in the loan portfolio and an increase in Market Risk linked to a higher forex net open position.

Brac Uganda Bank Limited maintains a robust capital position, with Core capital totalling Ushs 39.5 billion as of 30th June 2024, comfortably exceeding the minimum requirement of Ushs 29 billion (Core Capital buffer of 3.8%).

DIS04-Composition of regulatory capital

		Jun-24	**Dec-23**
		Amounts in Ushs '000	**Amounts in Ushs '000**
	Common Equity Tier 1 capital: instruments and reserves		
1	Permanent shareholders' equity (issued and fully paid-up common shares)	54,421,880	54,421,880
2	Share premium		
3	Retained earnings	(1,963,545)	(3,352,423)
4	Net after-tax profits current year-to-date (50% only)	2,350,804	540,832
5	General reserves (permanent, unencumbered, and able to absorb losses)		
6	**Tier 1 capital before regulatory adjustments**	54,809,140	51,610,288
	Tier 1 capital: regulatory adjustments		
8	Goodwill and other intangible assets	9,371,987	9,914,766
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 (deferred income tax asset)	5,633,418	7,666,882

		Jun-24	Dec-23
26	Other deductions determined by the Central bank (unrealized foreign exchange gains)	293,673	533,786
28	**Total regulatory adjustments to Tier 1 capital**	15,299,078	18,115,435
29	**Tier 1 capital**	39,510,062	33,494,854
	Tier 2 capital: Supplementary capital		
46	Revaluation reserves on fixed assets		
47	*Unencumbered general provisions for losses (not to exceed 1.25% of RWA)*	1,866,942	1,856,626
48	Hybrid capital instruments		
49	*Subordinated debt (not to exceed 50% of core capital subject to a discount factor)*	589,856	587,005
58	**Tier 2 capital**	2,456,799	2,443,631
59	**Total regulatory capital (= Tier 1 + Tier2)**	41,966,861	35,938,485
60	**Total risk-weighted assets**	242,522,153	235,073,031
	Capital adequacy ratios and buffers		
61	**Tier 1 capital (as a percentage of risk-weighted assets)**	16.3%	14.2%
63	**Total capital (as a percentage of risk-weighted assets)**	17.3%	15.3%
64	**Total Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus systemic buffer, expressed as a percentage of risk-weighted assets)**		
65	Of which: capital conservation buffer requirement	2.5%	2.5%
66	Of which: countercyclical buffer requirement	-	-
67	Of which: bank-specific systemic buffer requirement	-	-
68	**Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements**	3.8%	1.7%
	Minimum statutory ratio requirements		
70	Tier 1 capital adequacy ratio	12.5%	12.5%
71	Total capital adequacy ratio	14.5%	14.5%

The increase in Tier 1 capital, rising from 1.7% in December 2023 to 3.8% in June 2024, was primarily driven by a 50% growth in the bank's net profit after tax for the year-to-date, increasing from Ushs 540.83 million to Ushs 2.35 billion. This growth occurred alongside an increase in risk-weighted assets, which rose from Ushs 235.07 billion to Ushs 242.52 billion.

DIS05- Asset Quality

		a	b	d	e	f	g
	Amounts in Ushs '000	**Gross carrying values of**		**Provisions as per FIA2004/MDIA2003**		**Interest in suspense**	**Net values (FIA/MDIA) (a+b-d-e)**
		Defaulted exposures	**Non-defaulted exposures**	**Specific**	**General**		
1	Loans and advances	6,782,735	179,701,741	3,067,432	1,866,942	1,857,315	181,550,102
2	Debt Securities	-	-	-	-	-	-
3	Off-balance sheet exposures	-	-	-	-	-	-
4	***Total***	**6,782,735**	**179,701,741**	**3,067,432**	**1,866,942**	**1,857,315**	**181,550,102**

As of June 30, 2024, non-defaulted exposures amounted to Ushs 179.7 billion, equivalent to 96.4% of the gross exposures, indicating strong and stable asset quality.

DIS06- Changes in the stock of defaulted loans and debt securities

		Amounts in Ushs '000 June 2024
1	**Defaulted loans & advances, debt securities, and off-balance sheet exposures at the end of the previous reporting period**	**5,150,448**
2	Loans and debt securities that have defaulted since the last reporting period	5,013,153
3	Returned to non-defaulted status	1,661
4	Amounts written off	1,608,608
5	Other changes	1,770,598
6	**Defaulted loans & advances, debt securities, and off-balance sheet exposures at the end of the reporting period** (1+2-3-4-5)	**6,782,735**

The increase in defaulted exposures from Ushs 5.15Bn in December 2023 to Ushs 6.78Bn in June 2024 was mainly attributed to:

i. A reduction in payoffs of defaulted loans and recoveries made all amounting to Ushs 1.6Bn.
ii. A reduction in loans that returned to non-defaulted status amounting to Ushs 1.66Mn.
iii. An increase in Loans that have defaulted between December 2023 and June 2024 worth Ushs 5Bn.

Declaration

The Board recognizes its duty to uphold the integrity of this report, which, in its assessment, accurately presents BRAC Uganda Bank Limited and comprehensively addresses all material factors affecting the Bank's ongoing viability. The Pillar III report has been meticulously prepared in alignment with the board-endorsed internal control protocols.

Authorized on behalf of BRAC Uganda Bank Limited:

………………………………………………	………………………………………………
Board Chairperson	**CEO/ Managing Director**