



KCB

PILLAR III QUARTERLY DISCLOSURES

AS AT 31ST DECEMBER 2025

**For People.
For Better.**

KCB Bank is Regulated by the Bank of Uganda. Customer deposits are protected by the Deposit Protection Fund up to UGX 10million. Terms and Conditions apply.

TABLE OF CONTENTS

1. INTRODUCTION	3
2. PILLAR III DISCLOSURES	3
3. DIS01 KEY METRICES.....	3
4. DIS02 RISK MANAGEMENT APPROACH	3
5. DIS03 OVERVIEW OF RISK WEIGHTED ASSETS (RWA)	6
6. DIS04 COMPOSITION OF CONTROL	6
7. DIS05 ASSET QUALITY.....	7
8. DIS06 CHANGES IN DEFAULT	7
9. DIS07 DISCLOSURE ON ECDs	8

1. INTRODUCTION

KCB Bank Uganda Ltd (KCBU) was incorporated in 2007 in Uganda as a Tier 1 Commercial Bank. Risk Management is an integral process in the conduct of business within KCBU and is critical for decision making. The Board has the mandate to determine the overall risk management practices of KCBU. The Board delegates its authority to management through establishment of policies, frameworks, guidelines and committees. Management exercises its delegated authority for risk management in the bank through establishment of committees, tools, procedures and guidelines that staff and other stakeholders observe in order to create a sustainable risk culture.

2. PILLAR III DISCLOSURES

The Pillar III Risk Management disclosures report provides an annual overview of KCBU's risk management structure which includes regulatory capital profile and risk weighted assets as at the end of the period. This report has been prepared in conformance with the Bank of Uganda guidelines on Pillar III disclosures as stipulated in the Internal Capital Adequacy and Assessment Process and Pillar III Market Discipline requirements. This report has been reviewed and approved by CMT. The Bank was adequately capitalized as at 31st December 2025. The information contained in this report is unaudited.

3. DIS01 KEY METRICS

Purpose: Provide an overview of a SFI's prudential regulatory metrics.						
		Dec-25	a Sep-25	b Jun-25	c Mar-25	d Dec-24
Available capital (amounts)						
1	Core capital	204,101,762	198,965,314	194,622,972	184,518,422	186,259,794
2	Supplementary capital	66,926,437	11,099,447	9,980,805	9,323,778	8,842,872
3	Total capital	271,028,199	210,064,761	204,603,777	193,842,200	195,102,666
Risk-Weighted Assets (Amounts)						
4	Total risk-weighted assets (RWA)	1,489,718,064	1,372,127,448	1,223,152,869	1,226,565,070	1,156,264,286
Risk-based capital ratios as a percentage of RWA						
5	Core capital ratio (%)	13.70%	14.50%	15.91%	15.09%	16.11%
6	Total capital ratio (%)	18.19%	15.31%	16.73%	15.85%	16.87%
Capital buffer requirements as a percentage of RWA						
7	Capital conservation buffer requirement (2.5%)	2.50%	2.50%	2.50%	2.50%	2.50%
8	Countercyclical buffer requirement (%)	0	0	0	0	0
9	Systemic buffer (for DSIBs) (%)	0	0	0	0	0
10	Total of capital buffer requirements (%) (row 7 + row8 + row9)	2.50%	2.50%	2.50%	2.50%	2.50%
11	Core capital available after meeting the bank's minimum capital requirements (%)	1.2%	2.0%	3.41%	2.59%	3.61%
Basel III leverage ratio						
12	Total Basel III leverage ratio exposure measure	2,324,181,154	2,343,394,984	2,145,578,772	2,014,560,801	1,925,869,402
13	Basel III leverage ratio (%) (row 1 / row 13)	8.78%	8.49%	9.07%	9.16%	9.67%
Liquidity Coverage Ratio						
14	Total high-quality liquid assets (HQLA)	917,633,838	870,910,704	834,322,433	692,310,568	714,856,390
15	Total net cash outflow	392,161,117	474,491,443	388,083,624	506,660,331	387,686,344
16	LCR (%)	234.0%	183.5%	215%	137%	184%
Net Stable Funding Ratio						
17	Total available stable funding	1,531,395,480	1,438,696,400	1,230,922,323	1,072,196,166	1,069,370,644
18	Total required stable funding	858,302,806	862,998,517	748,679,428	719,265,584	691,428,180
19	NSFR	178.4%	166.7%	164.4%	149.1%	154.7%

4. DIS02 RISK MANAGEMENT APPROACH

Purpose: Description of KCBU's strategy and how senior management and the board of directors assess and manage risks, enabling users to gain a clear understanding of the KCBU's risk tolerance/appetite in relation to its main activities and all significant risks.

<p>(a)</p>	<p>The risk governance structure: responsibilities attributed throughout the SFI (e.g. oversight and delegation of authority; breakdown of responsibilities by type of risk, business unit etc); relationships between the structures involved in risk management processes (e.g. board of directors, executive management, separate risk committee, risk management structure, compliance function, internal audit function).</p>	<p>KCB Bank Uganda Limited (KCBU) has a comprehensive risk governance framework that ensures clear accountability, effective oversight, and robust risk management. At the Board level, the Board of Directors, through the various board committees i.e., Board Risk Management Committee, Board Audit Committee, Board Credit Committee, Board Assets and Liabilities Committee, Board HR and Compensation Committee oversee the Bank's risk appetite to ensure alignment with strategic objectives and emerging risks, evaluate internal controls and audit processes, and that senior management and executive's operations align with the bank's risk appetite. Senior management, led by the Managing Director, translates the Board's risk strategy into actionable processes and procedures, monitors exposures, and ensures timely corrective action through the various management committees i.e., the Management Risk Committee (MRC), Management Credit Committee (MCC), Management Assets and Liabilities Committee (ALCO), Country Management Team Committee (CMT), Human Resource Committee (HRC) and the Customer Service Committee (SCOM). At the departmental and unit level, designated Risk Champions within each business unit collaborate with the Risk Management Department to identify, assess, and escalate risks. Specialized units under the Risk Management Department focus on specific risk types, including Credit, Market, Operational, IT, Compliance, Liquidity, Environmental, Social and Governance (ESG) and Strategic risks among others, ensuring a targeted approach to risk mitigation. The bank employs a Three Lines of Defense model: the first line includes first line users and business units responsible for identifying and managing risks; the second line encompasses Risk Management and Compliance functions, which monitor adherence to policies and risk appetite; and the third line comprises Internal Audit, providing independent assurance to the Board Audit Committee on the effectiveness of controls and governance. This integrated structure, with strong relationships between the Board, senior management, risk department and the respective business unit functions, ensures proactive risk management aligned with international standards and stakeholder expectations.</p>
<p>(b)</p>	<p>Channels to communicate, decline and enforce the risk culture within the SFI (e.g. code of conduct; manuals containing operating limits or procedures to treat violations or breaches of risk thresholds; procedures to raise and share risk issues between business lines and risk functions).</p>	<p>KCBU's risk culture is underpinned by a comprehensive framework that includes robust policies i.e., Code of Conduct, Ethics Policy, Risk Management Policies (Strategic Risk, IT Risk, Anti-Fraud etc.), Risk Appetite Framework, Enterprise Risk Management Framework, etc., all of which articulate the values, principles, and expectations regarding risk-taking and compliance. The bank employs a centralized risk management system that facilitates ongoing Risk and Control SelfAssessments (RCSAs), enabling business lines to identify, evaluate, communicate, and address risks proactively. Operating manuals define limits and procedures to</p>

		<p>regular reminders to reinforce awareness and accountability. Continuous monitoring, aided by the various reporting tools, ensures adherence to established thresholds and policies, promoting a consistent and proactive risk management culture across the bank.</p>
(c)	<p>Description of the process of risk information reporting provided to the board and senior management, the scope and main content of reporting on risk exposure.</p>	<p>KCUBU has a structured process for risk information reporting to ensure that the Board and senior management receive timely, accurate, and relevant insights into the Bank's risk exposures. Risk reports are submitted monthly to the Risk Management Department with detailed inputs provided by business units. These monthly reports encompass granular information, including the identification and assessment of current risks, the status of previously reported risks, performance of implemented controls, and any breaches of thresholds. The system ensures comprehensive tracking, enabling real-time updates and detailed analyses of operational, credit, market, compliance, IT, and other risk categories. Key risks and any emerging risk items are then reported by the respective department Heads to the Management Risk Committee (MRC) and subsequently to Senior management to ensure adequate mitigations are defined and implemented for all identified risk items. Quarterly reports, submitted to the Board, provide a more aggregated and strategic overview, focusing on key risk metrics, trends, and exceptions, along with high-level summaries of the MRC's findings and recommendations. This distinction ensures that while senior management and the MRC have access to exhaustive operational details for immediate decision-making, the Board is equipped with strategic insights to guide policy, governance, and long-term risk management priorities.</p>
(d)	<p>Qualitative information on stress testing (e.g. portfolios subject to stress testing, scenarios adopted and methodologies used, and use of stress testing in risk management).</p>	<p>The Bank has a Stress Testing Framework approved by Board which guides the evaluation of the potential effects on a bank's financial condition, of a set of specified changes in risk factors corresponding to exceptional but plausible events. The material risks that the bank stress tests include Credit risk, Market Risk, Liquidity Risk, Strategic Risk, Operational Risk, ESG and impact of macroeconomic factors among others. The stress/risk factors included in the stress testing process shall include; Interest rates, NPL, provisions, operational risk losses, cyber-related losses, sector performance, Foreign exchange rates and Macro-economic factors.</p>
(e)	<p>The strategies and processes to manage, hedge and mitigate risks that arise from the SFI's business model and the processes for monitoring the continuing effectiveness of hedges and mitigants.</p>	<p>The bank maintains a diversified portfolio of products and services to ensure sustained service delivery, which is supported by reliable IT infrastructure coupled with a robust business continuity management programme for business resilience. In addition, the bank's Management Asset and Liability Committee determines appropriate action to ensure that the bank maintains an efficient balance sheet.</p>

5. DIS03 OVERVIEW OF RISK WEIGHTED ASSETS (RWA)

Purpose: Provide an overview of total RWA forming the denominator of the risk-based capital requirements.				
		a	b	c
			RWA	Minimum capital requirements
		Dec-25	Sept-25	Dec-25
1	Credit risk (excluding counterparty credit risk)	1,303,300,652	1,281,186,976	156,396,078
2	Counterparty credit risk (CCR)	65,518,860	22,668,991	7,862,263
3	Market risk	16,498,503	11,941,159	1,979,820
4	Operational risk	104,400,049	56,330,322	12,528,006
5	Total (1 + 2 + 3 + 4)	1,489,718,064	1,372,127,448	178,766,168

6. DIS04 COMPOSITION OF CAPITAL

Purpose: Provide a breakdown of the constituent elements of KCBU's capital.			
		Dec'25	Jun'25
	Common Equity Tier 1 capital: instruments and reserves	a	b
1	Permanent shareholders equity (issued and fully paid-up common shares)	150,000,000	150,000,000
2	Share premium	0	0
3	Retained earnings	48,484,061	49,994,030
4	Net after tax profits current year-to date (50% only)	26,977,077	16,568,396
5	General reserves (permanent, unencumbered and able to absorb losses)	0	-
6	Tier 1 capital before regulatory adjustments	225,461,138	216,562,426
7	Tier 1 capital: regulatory adjustments	225,461,138	216,562,426
8	Goodwill and other intangible assets	5,254,783	5,811,813
9	Current year's losses	-	-
10	Investments in unconsolidated financial subsidiaries	-	-
11	Deficiencies in provisions for losses	-	-
12	Other deductions determined by the Central bank	16,104,593	16,127,641
13	Other deductions determined by the Central bank - (Deferred tax asset)	-	-
14	Total regulatory adjustments to Tier 1 capital	21,359,376	21,939,454
15	Tier 1 capital	204,101,762	194,622,972
	Tier 2 capital: Supplementary capital		
16	Revaluation reserves on fixed assets	-	-
17	Unencumbered general provisions for losses (not to exceed 1.25% of RWA)	11,490,774	9,980,805
18	Hybrid capital instruments	-	-
19	Subordinated debt (not to exceed 50% of core capital subject to a discount factor)	55,435,663	-
20	Tier 2 capital	66,926,437	9,980,805
21	Total regulatory capital (= Tier 1 + Tier 2)	271,028,199	204,603,777
22	Total risk-weighted assets	1,489,718,064	1,223,152,869
	Capital adequacy ratios and buffers		
23	Tier 1 capital (as a percentage of risk-weighted assets)	13.70%	15.91%
24	Total capital (as a percentage of risk-weighted assets)	18.19%	16.73%

		Dec'25	Jun'25
		a	b
25	Total Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus systemic buffer, expressed as a percentage of risk-weighted assets)	2.50%	2.50%
26	Of which: capital conservation buffer requirement	2.50%	2.50%
27	Of which: countercyclical buffer requirement	-	-
28	Of which: countercyclical buffer requirement	-	-
29	Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	2.50%	2.50%
Minimum statutory ratio requirements			
30	Tier 1 capital adequacy ratio	12.75%	12.75%
31	Total capital adequacy ratio	14.75%	14.75%

7. DIS05 ASSET QUALITY



Purpose: Provide an overview of total RWA forming the denominator of the risk-based capital requirements.							
		a	b	d	e	f	g
		Gross carrying values of		Provisions as per FIA2004			values (FIA)
		Defaulted exposures	Non defaulted exposures	Specific	General		(a+b-d-e)
1	Loans and advances	59,889,739	1,123,250,985	26,890,295	11,490,774	7,173,052	1,144,759,655
2	Debt Securities		506,537,387				506,537,387
3	Off-balance sheet exposures		155,216,497				155,216,497
4	Total	59,889,739	1,785,004,869	26,890,295	11,490,774	7,173,052	1,806,513,539

8. DIS06 CHANGES IN DEFAULT

Purpose: Identify the changes in a KCBUs 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.		
		a
1	Defaulted loans & advances, debt securities and off-balance sheet exposures at end of the previous reporting period	41,997,392
2	Loans and debt securities that have defaulted since the last reporting period	45,994,373
3	Returned to non-defaulted status	7,866,382
4	Amounts written off	11,918,292
5	Other changes	8,317,351
6	Defaulted loans & advances, debt securities and off-balance sheet exposures at end of the reporting period	59,889,739
	(1+2-3-4+5)	

9. DIS07 DISCLOSURE ON ECDs

Purpose: Qualitative data on the use of external ratings under standardized approach for credit risk	
(a)	Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used by the SFIs, and the reasons for any changes over the reporting period; KCBU uses Moody's rating agency to arrive at the Credit risk rating for the Uganda government securities and banking relationships for counter parties.
(b)	The asset classes for which each ECAI or ECA is used; Uganda Government Securities.

Title	Name	Signature	Date
BRC Chairperson	Evelyn Namara		10/03/2026
Board Chairman	Mathias Katamba		10/03/2026



KCB

**For People.
For Better.**

CB Bank is Regulated by the Bank of Uganda. Customer deposits are protected by the Deposit Protection Fund up to UGX 10million. Terms and Conditions apply.