Amazingly Better Choice

ABC CAPITAL BANK LIMITED

BASEL II - PILLAR III - MARKET DISCIPLINE DISCLOSURE
FOR THE PERIOD ENDED 30 SEPTEMBER 2026

Introduction

Pillar III of the Basel framework aims to promote market discipline through regulatory disclosure requirements. These requirements enable the market participants to access key information relating to Supervised Financial Institution regulatory capital and risk exposures to increase transparency and confidence about a Supervised Financial Institution exposure to risk and the overall adequacy of its regulatory capital.

This Report is intended to fulfill the reporting requirements of Pillar III for ABC Capital Bank Limited in accordance with Bank of Uganda Market disclosure guidelines.

DIS01: Key Prudential Metrics

		Sep-26	Jun-26
	Available capital (amounts)	**Ushs 000**	**Ushs 000**
1	Core capital	31,903,275	31,782,050
2	Supplementary capital	315,654	266,246
3	Total capital	32,218,929	32,048,296
	Risk-weighted assets (amounts)		
4	Total risk-weighted assets (RWA)	37,817,469	35,126,796
	Risk-based capital ratios as a percentage of RWA		
5	Core capital ratio (%)	84%	90%
6	Total capital ratio (%)	85%	91%
	Capital buffer requirements as a percentage of RWA		
7	Capital conservation buffer requirement (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%
11	Core capital available after meeting the bank's minimum capital requirements (%)	72%	78%
	Basel III leverage ratio		
13	Total Basel III leverage ratio exposure measure	65,094,029	67,268,852
14	Basel III leverage ratio (%) (row 1 / row 13)	49%	47%
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA)	5,060,633	3,212,901
16	Total net cash outflow	2,136,046	1,832,455
17	LCR (%)	237%	175%
	Net Stable Funding Ratio		
18	Total available stable funding	44,690,983	44,346,994
19	Total required stable funding	21,083,461	17,224,318
20	NSFR	212%	257%

DIS02: Risk management approach

Purpose: The disclosures below present the Risk Strategy of ABC Capital Bank and the Role of the Board of Directors and Senior Management in implementing the Risk Management Processes.
This enables the users in gaining a clear understanding of the main activities and significant risks in the Bank.

Disclosure.
The Risk Governance Structure.
ABC Capital Bank has a Risk Governance Framework of managing risks at an Enterprise Level which is supported by the Cardinal Pillars of Integrity, Professionalism, Competences, Due care, Transparency, Responsibility and Accountability which are relevant in meeting the defined business goals and objectives in the interest of the Stakeholders. At the Board Level, the Board of Directors through the different Board Committees that is, Board Audit, Board Assets and Liability, Board Credit, Board Compensation and Board Risk Management Committees have oversight over management, evaluate the efficiency and effectiveness of the Internal Controls and Audit Processes for calculative risk taking and alignment of all activities with the risk appetite.
The Senior Management Level, is headed by the Chief Executive Officer and the Executive Director who are in charge of translating the Board's Risk Management strategy into actionable processes and procedures, monitoring of risk exposures and undertaking risk options through the various Management Committees. These include, Executive Committee, Risk Management Committee, Management Assets and Liability Committee, Management Committee and the Management Credit Committee.
At the Department and Unit level, there are designated Risk Champions who collaborate with the Risk Department in implementation of the risk management control measures which are in the spectrum of Risk Acceptance, Avoidance, Reduction and Risk Transfer among others. Besides the levels, the Risk Governance framework is implemented using a Three Lines of Defense Model. The First line is responsible for risk taking and control of risks using the existing policies and procedures, the Second line comprises of the Risk and Compliance Departments which are responsible for risk monitoring and the Third Line is comprised of the Audit Department which is responsible for the Independent Risk Assurance to the Board of Directors on the effectiveness and efficiency of the governance structures in meeting the business objectives of the Bank.
The interlinked structure with different authorities and relationships ensures that a proactive risk management environment based on continuous improvement is attained and aligned with the prudential standards as well as being robust in meeting stakeholder expectations.

DIS02: Risk management approach

Upholding and Enforcing of a Professional Risk Management Culture.
ABC Capital Bank has a Risk Culture underpinned by an Ethical Code of Conduct which is read and acknowledged by all Staff, a Risk Management Policy addressing the business and inherent risks, a Risk Appetite Statement and other Policies articulating the values, aspirations, standards and performance expectations for risk taking and compliance with the legal, regulatory and internal norms.
There is a risk management system for identifying, assessing, controlling, monitoring, reviewing and reporting of risks by the business functions using the risk control self-assessment approach and this is moderated to ascertain the total risk for management decision making and control in line with the Bank strategy.
Similarly, there are operational manuals detailing the processes and procedures for the expected input and outputs, methods for escalating policy breaches including a platform for disclosing any perceived or actual impropriety.
The identified risk issues are shared and resolved per the defined communication protocols between the business lines and the risk function. This is supplemented further by the constant stakeholder engagements, risk forums, trainings, workshops, policy reviews and regular reminders to improve the operating environment which adores responsibility and accountability among staff.
There are sanctions for negligent behaviors coupled with the use of natural justice in dispute resolution while growing and developing a proactive risk management culture in the Bank.

Risk Information Reporting
ABC Capital Bank has a defined and structured process for Risk Information Reporting which aims at equipping the Board and Senior Management with timely, accurate and relevant information for decision making on the respective risk exposures to align the business activities with the Risk Appetite. The Risk Reports are submitted on a monthly basis to the Risk Department with the detailed risk metrics, status of the current risks, status of the previously reported risks, performance improvements including any breaches as well as any possible areas for improving the operating environment in the different business functions. The Risk Reports are analyzed to establish the status of the major inherent risks which are in the scope of operational, credit, market, liquidity, compliance, information technology and any other business risks including the emerging risks in the banking industry. The respective functions present the identified risks to the Risk Management Committee which discusses the risk options and these are further reported and discussed by the Executive Committee on a monthly basis in line with the established risk management processes. The Risk Reports providing an aggregate and strategic overview of the entity are reported on a quarterly basis to the Board of Directors. These have information on the key risk metrics, regulatory trends and a summary of key risk options including any necessary support and guidance on strategy implementation, performance improvements and governance in managing risks within the Bank.

DIS02: Risk management approach

Qualitative Information on Stress Testing.

ABC Capital Bank has a Stress Testing Framework approved by the Board of Directors.

This guides in the evaluation of potential risk factors which can posse an exceptional impact on the financial position and performance in case of their materialization into actual cash flows and these factors can be hypothetical but never the less plausible.

The Material Risks which are considered in the Stress Testing program include, Credit Risk, Foreign Exchange Risk, Liquidity Risk, and Interest Rate Risk in the Banking Book, Operational Risk, Concentration Risk and Reputational Risk.

The Risk Indicators used as an input for Stress Testing include, Interest Rates, Foreign Exchange Rates, Non-Performing Assets Rates, Provisioning Rates, Sector Concentration Ratios, Single Limit Exposure Rates, and the Macro Economic Indicators.

The results of Stress Testing are used in the risk monitoring, control and decision making.

Business Risk Management.

ABC Capital Bank maintains a diversified portfolio of products and services for business sustainability in the Market.

This is supported by a reliable Information Technology System and a comprehensive business continuity management program for business durability.

Alternatively, The Management Assets and Liability Committee undertakes proactive mitigation measures of maintaining an effective and efficient financial position using measures of mark to market, dealing limits, netting among others.

DIS03: Overview of RWA

		RWA		Minimum capital requirements
		Sep-26	Jun-26	Sep-26
		Ushs 000	Ushs 000	Ushs 000
1	Credit risk (excluding counterparty credit risk)	28,837,000	28,837,000	3,460,440
2	Counterparty credit risk (CCR)	-	-	-
3	Market risk	313,837	288,566	37,660
4	Operational risk	8,666,632	6,001,230	1,039,996
5	**Total (1 + 2 + 3 + 4)**	**37,817,469**	**35,126,796**	**4,538,096**

DIS04: Composition of Regulatory Capital

		Sep-26	Jun-26
		Amounts Ushs 000	Amounts Ushs 000
	Common Equity Tier 1 capital: instruments and reserves		
1	Permanent shareholders equity (issued and fully paid-up common shares)	28,837,000	28,837,000
2	Share premium	-	-
3	Retained earnings	3,173,958	3,173,958
4	Net after tax profits current year-to date (50% only)	201,432	160,139
5	General reserves (permanent, unencumbered and able to absorb losses)	-	-
6	**Tier 1 capital before regulatory adjustments**	**32,212,390**	**32,171,097**
	Tier 1 capital: regulatory adjustments		
8	Goodwill and other intangible assets	295,099	384,710
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	14,016	4,336
26	Other deductions determined by the Central bank	-	-
28	**Total regulatory adjustments to Tier 1 capital**	309,115	389,046
29	**Tier 1 capital**	31,903,275	31,782,050
	Tier 2 capital: Supplementary capital		
46	Revaluation reserves on fixed assets	-	-
47	*Unencumbered general provisions for losses (not to exceed 1.25% of RWA)*	315,654	266,246

48	Hybrid capital instruments	-	-
49	*Subordinated debt (not to exceed 50% of core capital subject to a discount factor)*	-	-
58	**Tier 2 capital**	315,654	266,246
59	**Total regulatory capital (= Tier 1 + Tier2)**	**32,218,929**	**32,048,296**
60	**Total risk-weighted assets**	37,817,469	35,126,796
	Capital adequacy ratios and buffers		
61	**Tier 1 capital (as a percentage of risk-weighted assets)**	84%	90%
63	**Total capital (as a percentage of risk-weighted assets)**	85%	91%
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	945,437	878,170
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**		
	Minimum statutory ratio requirements		
70	Tier 1 capital adequacy ratio	12.50%	12.50%
71	Total capital adequacy ratio	14.50%	14.50%

DIS05: Asset Quality

		Sep-26					
		a	b	d	e	f	g
		Gross carrying values of		Provisions as per FIA2004/MDIA2003		Interest in suspense	Net values (FIA/MDIA)
		Defaulted exposures	Non-defaulted exposures	Specific	General	Interest in suspense	(a+b-d-f)
		Ushs 000	Ushs 000	Ushs 000	Ushs 000	Ushs 000	Ushs 000
1	Loans and advances	140,583	31,481,467.87	45,440	315,654	18,861	31,557,750
2	Debt	-	-	-	-	-	-
	Securities						
3	Off-balance sheet exposures	-	2,595,378				2,595,378
4	**Total**	**140,583**	**34,076,845**	**45,440**	**315,654**	**18,861**	**33,856,334**

DIS06: Changes in Defaulted Loan

		Sep-26
		Ushs 000
1	**Defaulted loans & advances, debt securities and off balance sheet exposures at end of the previous reporting period**	213,244
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-defaulted status	
4	Amounts written off	
5	Other changes	-72,661
6	**Defaulted loans & advances, debt securities and off balance sheet exposures at end of the reporting period** (1+2-3-4+5)	**140,583**

DIS07: Qualitative disclosure on SFI's use of external credit ratings under the standardized approach for credit risk

For the period ended 30 September 2026, the Bank did not utilize the services of External credit assessment institutions.