PILLAR 3
MARKET DISCIPLINE

Disclosures as at June 30, 2026

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1 Introduction

The Bank's capital adequacy is assessed in accordance with the Basel Framework, as adopted by the central bank for prudential regulatory reporting. All amounts are in shilling millions unless otherwise stated.

Pillar 3 aims to enhance market confidence by promoting transparency on the Bank's capital position, risk exposures, and risk management practices. To this end, the Bank provides comprehensive capital disclosures on an annual and interim basis.

Through this framework, the Bank ensures compliance with regulatory expectations while maintaining a disciplined approach to capital and risk management.

2 Key Prudential Metrics

The table below provides an overview for the bank's prudential statutory metrics.

Ref*	Available capital	Jun-26	Mar-26	Dec-25	Sep-25	Jun-25
1	Core capital (Shs M)	**202,281**	196,632	191,022	187,492	182,748
2	Supplementary capital (Shs M)	**6,603**	6,603	6,217	6,603	5,801
3	Total capital (Shs M)	**208,884**	203,235	197,239	194,095	188,548
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA) (Shs M)	**906,563**	871,532	931,100	862,016	872,612
	Risk-based capital ratios as a percentage of RWA					
5	Core capital ratio (%)	**22.3%**	22.6%	20.5%	21.8%	20.9%
6	Total capital ratio (%)	**23.0%**	23.3%	21.2%	22.5%	21.6%
	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 (%)	**0%**	0%	0%	0%	0%
9	Systemic buffer (for DSIBs) (%)	**0%**	0%	0%	0%	0%
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 (%)	**7.3%**	7.6%	5.5%	6.8%	5.9%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure (Shs M)	**1,728,248**	1,679,402	1,642,081	1,629,791	1,647,673
14	Basel III leverage ratio (%) (row 1 / row 13)	**11.7%**	11.7%	11.6%	11.5%	11.1%
	Liquidity Coverage Ratio (LCR)					
15	Total high-quality liquid assets (HQLA) (Shs M)	**320,279**	275,711	217,620	211,168	233,970

16	Total net cash outflow (Shs M)	**162,347**	106,459	153,427	62,231	76,292
17	LCR (%)	**197.3%**	259.0%	141.8%	339.3%	306.7%
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding (Shs M)	**1,249,428**	1,207,849	1,135,415	1,106,005	1,116,102
19	Total required stable funding (Shs M)	**730,928**	706,439	655,928	642,489	687,425
20	NSFR (%)	**170.9%**	171.0%	173.1%	172.1%	162.4%

Core capital available after meeting the Bank's minimum capital requirements has slightly increased over the period, driven by the growth in profits generated by the Bank.

3 Overview of RWA

The table below shows the Bank's risk weighted assets as of June and March 2026.

		RWA		Minimum capital requirements
		Jun-26 Shs M	Mar-26 Shs M	Jun-26 Shs M
1	Credit risk (excluding counterparty credit risk)	800,481	790,551	96,058
2	Counterparty credit risk (CCR)	128	62	15
3	Market risk	38,376	16,177	4,605
4	Operational risk	67,578	64,741	8,109
5	**Total (1 + 2 + 3 + 4)**	**906,563**	**871,532**	**108,788**

Risk-weighted assets increased during the quarter, mainly due to an increase in loans and advances extended to customers. Market risk increased as a result increase in open positions compared to the position at the end of first quarter.

4 Composition of regulatory capital

Amounts Ushs' M		**Jun-26**	**Dec-25**
Common Equity Tier 1 capital: instruments and reserves			
1	Permanent shareholders equity (issued and fully paid-up common shares)	150,000	150,000
2	Share premium	-	-
3	Retained earnings	48,902	48,902
4	Net after tax profits current year-to date (50% only)	11,003	-
5	General reserves (permanent, unencumbered and able to absorb losses)	-	-
6	**Tier 1 capital before regulatory adjustments**	**209,905**	**198,902**
Tier 1 capital: regulatory adjustments			
8	Goodwill and other intangible assets	(3,003)	(3,260)
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	(4,621)	(4,620)
26	Other deductions determined by the Central bank	-	-
28	**Total regulatory adjustments to Tier 1 capital**	**(7,624)**	**(7,880)**
29	**Tier 1 capital**	**202,281**	**191,022**
Tier 2 capital: Supplementary capital			
46	Revaluation reserves on fixed assets	-	-
47	Unencumbered general provisions for losses (not to exceed 1.25% of RWA)	6,603	6,217
48	Hybrid capital instruments	-	-
49	Subordinated debt (not to exceed 50% of core capital subject to a discount factor)	-	-
58	Tier 2 capital	6,603	6,217
59	Total regulatory capital (= Tier 1 + Tier2)	208,883	197,239
60	Total risk-weighted assets	906,563	931,100
Capital adequacy ratios and buffers			
61	**Tier 1 capital (as a percentage of risk-weighted assets)**	**22.3%**	**20.5%**
63	**Total capital (as a percentage of risk-weighted assets)**	**23.0%**	**21.2%**
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%**	**2.5%**
65	Of which: capital conservation buffer requirement	2.5%	2.5%
66	Of which: countercyclical buffer requirement	0.0%	0.0%
67	Of which: bank specific systemic buffer requirement	0.0%	0.0%
68	Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	7.3%	5.5%
70	Tier 1 capital adequacy ratio	12.5%	12.5%
71	Total capital adequacy ratio	14.5%	14.5%

The bank is within the regulatory limits and has adequate capital to remain in operation.

5 Asset Quality

The credit quality of the Bank's on- and off-balance sheet exposure is reflected below through the disclosure of the gross carrying values of both defaulted and non-defaulted exposures as well as provisions and interest in suspense.

		a	b	d	e	f	g
		Gross carrying values of		Provisions as per FIA2004/MDIA2003		Interest in suspense	Net values (FIA/ MDIA)
		Defaulted	Non-defaulted exposures	Specific	General		(a+b-d-e)
1	Loans and advances	14,956	644,618	4,362	6,603	955	647,655
2	Debt	-	-	-	-	-	-
3	Off-balance	-	195,046	-	-	-	195,046
4	**Total**	**14,956**	**839,664**	**4,362**	**6,603**	**955**	**842,701**

The bank's non-performing portfolio stood at 2.27% as at June 2026.

6 Changes in stock of defaulted loans and debt securities

The table below presents the movement in the balance of defaulted exposures between December 2025 and June 2026.

		June-26
1	Defaulted loans & advances, debt securities and off balance sheet exposures at end of the previous reporting period	17,627
2	Loans and debt securities that have defaulted since the last reporting period	10,322
3	Returned to non-defaulted status	6,594
4	Amounts written off	6,399
5	Other changes	-
6	Defaulted loans & advances, debt securities and off balance sheet exposures at end of the reporting period (1+2-3-4+5)	**14,956**

Default exposures reduced as of June 2026, primarily due to recoveries made during the quarter. In addition, recovery efforts continue through sustained engagement with both written-off and defaulted customers to maximize collections.