



Stanbic Bank

Stanbic Bank Uganda  
**Pillar 3 report**  
for the period ended  
31 December 2025

# THIS REPORT

This report sets out the Stanbic Bank Uganda Limited disclosures in accordance with the Bank of Uganda **Pillar 3 Market Discipline: Guidelines on Disclosure Requirements**.

The Pillar 3 Disclosure Requirements are designed to promote market discipline by providing market participants with key information on a firm's risk exposure and risk management processes. Pillar 3 also aims to complement the minimum capital requirements described under Pillar 1, as well as the supervisory processes of Pillar 2.

Shareholders are advised that the information in this report has not been reviewed nor reported on by our external auditors.

All amounts are in shilling thousands unless otherwise stated.

# KEY PRUDENTIAL REGULATORY METRICS

## DIS01: Key Prudential Metrics

The following tables provide an overview of the SBU prudential regulatory metrics.

	Amounts US\$' 000	Dec-25	Sep-25	Jun-25	Mar-25	Dec-24
<b>Available capital</b>						
1	Core capital	1 905 606 533	1 559 870 194	1 834 377 241	1 768 750 539	1 671 624 501
2	Supplementary capital	146 657 310	142 314 361	144 724 920	143 202 921	141 712 818
3	Total capital	2 052 263 843	1 702 184 555	1 979 102 161	1 911 953 460	1 813 337 319
<b>Risk-weighted assets</b>						
4	Total risk-weighted assets (RWA)	8 565 327 874	8 172 026 291	8 896 302 309	8 295 071 172	8 480 509 801
<b>Risk-based capital ratios as a percentage of RWA<sup>1</sup></b>						
5	Core capital ratio (%)	22.2	19.1	20.6	21.3	19.7
6	Total capital ratio (%)	24.0	20.8	22.2	23.0	21.4
<b>Capital buffer requirements as a percentage of RWA</b>						
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	0.0	0.0	0.0
9	Systemic buffer (for DSIBs) (%)	1.0	1.0	1.0	1.0	1.0
10	Total of capital buffer requirements (%) (row 7 + row 8 + row 9)	3.5	3.5	3.5	3.5	3.5
11	Core capital available after meeting the bank's minimum capital requirements (%)	8.7	5.6	7.1	7.8	6.2
<b>Basel III leverage ratio</b>						
13	Total Basel III leverage ratio exposure measure	15 120 221 733	15 319 108 196	15 747 972 271	15 122 844 712	14 278 341 576
14	Basel III leverage ratio (%) (row 1 / row 13)	12.6	10.2	11.6	11.7	11.7
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA)	4 534 659 034	4 777 901 966	5 405 404 840	4 582 510 456	3 938 425 283
16	Total net cash outflow	1 279 560 951	1 305 324 594	1 616 758 849	715 115 583	2 043 858 309
17	LCR (%)	354.4	366.0	334.3	640.8	192.7
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	8 788 135 175	9 130 414 639	9 834 854 570	8 972 850 538	7 521 082 921
19	Total required stable funding	5 005 919 313	5 076 429 975	5 241 956 830	5 031 870 768	4 705 737 258
20	NSFR	175.6	179.9	187.6	178.3	159.8

<sup>1</sup> Excludes unappropriated profits except December

# BANK RISK MANAGEMENT APPROACH

## DIS02: Risk Management Approach

### Risk Management Review

#### 1.1 Overview

Effective management of risk and conduct is one of Stanbic Bank Uganda Limited's strategic value drivers and as such it is a priority in all activities across its business value chain. This entails identifying the nature, amount and extent of all risks and structuring each risk in such a way that it conforms to the bank's risk appetite and, offers corresponding risk premium and return.

The Board sets the tone for a responsive and accountable risk culture, which is cascaded through the entire organisation. Risk management is guided by governance standards applied consistently across the bank, reinforced by robust policies, procedures, and controls. To strengthen oversight, the bank has adopted the Enterprise Risk Management (ERM) framework, supported by an independent control process that provides an objective view of risk-taking activities across all business lines and risk types at both an individual and aggregated portfolio level.

#### 1.2 Risk Management Framework

##### Approach and Structure

The Bank risk management approach ensures consistent and effective management of risk and provides for appropriate accountability and oversight. Risk management is enterprise wide, applied to all areas and is a crucial element in the execution of our strategy.

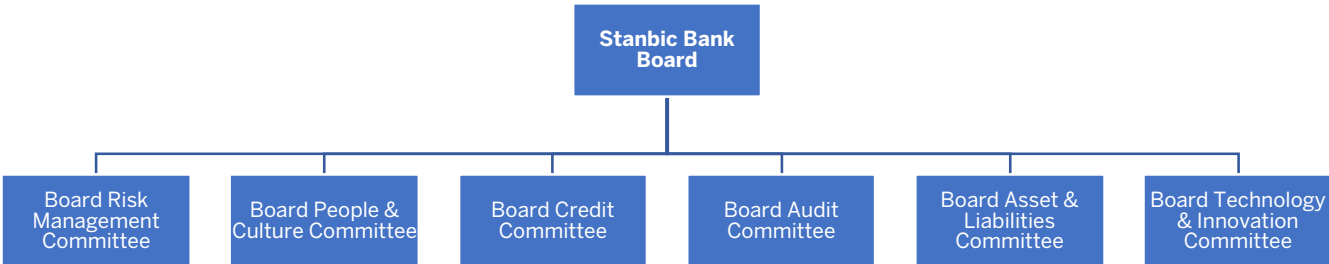
This approach balances corporate oversight at senior management level with independent risk management structures in the business. Business unit heads, as part of the first line of defence, are specifically responsible for the management of risk within their businesses using appropriate risk management frameworks that meet the required minimum standards. An important element that underpins the bank's approach to the management of all risk is independence and appropriate segregation of responsibilities between business units and risk management functions. All principal risks are supported by the risk department through robust risk advisory and oversight responsibilities.

##### Risk Governance Structure

The risk governance structure provides a platform for the Board, executive and senior management through the various committees to evaluate and assess key elevated and emerging risks which the bank is exposed to and assess the effectiveness of risk responses. The board and executive management ensure that the risk management processes, and framework are appropriate for the bank risk profile and business plan.

Risk management issues that arise are escalated through the bank's governance structure to ensure that they are resolved by the appropriate functional, group responsible persons or ensure that they attain sufficient visibility at the level of the executive and Board committees.

**Figure 1: Stanbic Risk Management and compliance structure**



## Risk governance standards, policies, and procedures

The bank has developed a set of governance documents; (risk policies, governance standards and frameworks) for each risk across the three broad categories of Strategic, Financial and Non-Financial risks. The governance documents define the acceptable conditions for the assumption of the risks and ensure alignment and consistency in the identification, measurement and reporting of these risks across the bank.

All standards, policies and frameworks are applied consistently across the bank and are approved by the Board. It is the responsibility of the business unit executive management to ensure that the requirements of the risk governance standards, policies and procedures are implemented within the business units.

## Risk Appetite

The bank's risk appetite is an expression of the amount of risk it is generally willing to take in pursuit of financial and strategic objectives. It's a reflection of the capacity to sustain losses and the ability to continue meeting obligations as they fall due, under both normal and a range of stress conditions.

The bank's risk appetite statement is made up of qualitative and quantitative statements.

The Board establishes the bank's parameters for risk appetite by:

- providing strategic leadership and guidance,
- reviewing and approving annual budgets and forecasts; and
- regularly reviewing and monitoring the bank's performance in relation to set risk appetite.

The risk appetite is defined by several metrics which are then converted into limits and triggers across the relevant risk types, at both entity and business line levels, through an analysis of the risks that impact them.

### 1.2.1 Escalation and Resolution of Risk Appetite breaches

Management has defined the protocols to be followed once a breach in the risk appetite trigger or a tolerance limit has been identified. The nature of the breach is assessed and appropriate remedial actions to resolve the breach are discussed at the appropriate governance forum. Material breaches (e.g., capital, liquidity, losses) and the corresponding recommended action plans are escalated to the Board.

## Stress Testing

Stanbic Bank Uganda conducts stress testing to:

- Provide a forward-looking assessment of the impact of stress conditions on the bank's earnings, capital, and liquidity position, thus enabling capital buffers to be appropriately determined and informing the budgeting and strategic planning processes.
- Assist in a comprehensive identification of risks and scenarios that the bank should be prepared for.
- Provide the bank with a clearer understanding of the impact of contingency plan options and the impact of various mitigating actions; and
- Give management and the Board a stronger understanding of the bank's risk exposure and allow closer interaction between different areas of the bank so that they can manage the bank's risk profile in an integrated way.

Management reviews the outcome of stress tests and selects appropriate mitigating actions to minimise and manage the impact of the risks to the bank. Residual risk is then evaluated against the risk appetite.

## 1.3 Risk Categories

The Bank's Enterprise Risk Management Framework (ERMF) is designed to govern, identify, measure, manage, control and report on the principal risks to which the bank is exposed. In determining what risks are considered material to the bank, cognisance is taken of:

- Regular Risk and Control Self-Assessments (RCSA) performed by management which identify risks that could adversely impact the achievement of business objectives.
- History of risk appetite breaches including financial loss data as well as potential future losses.
- Performance metrics that reveal a change in the competitive landscape.
- Risks with significant amounts of allocated regulatory and economic capital.
- The definition of materiality thresholds which are advised by regulations.

Stanbic Bank, as a member of the Standard Bank Group, also utilizes the Enterprise Risks report which details the group's top enterprise risks and threats as identified by management for prioritised focus. Enterprise risks are defined in our Risk Management Framework as risks from all categories that have a material impact on the bank, based on estimated severity and likelihood. They can be prevalent or emerging risks. They are also classified into risk types using the Group Risk Type library (taxonomy).

The top enterprise risk process is run biannually to actively manage the identified risks. The risks detailed in the enterprise risk report form a significant part of risk management activities for the year of review and beyond including advanced root cause and impact analysis, risk exposure quantification, stress testing, frequent monitoring of action plans, recovery and resolution planning, and financial forecasting activities.

Based on the above elements of risk identification and broad categories, the following risk types are considered by Stanbic to be material:

- Credit risk
- Market risk
- Funding and Liquidity risk
- Operational risk (Non-Financial risk) and
- Strategic risk and Reputational risk

### 1.3.1 Credit Risk

Credit risk arises primarily in the bank's operations where an obligor or counterparty fails to perform in accordance with agreed terms or where the counterparty's ability to meet such contractual obligation is impaired. Credit risk comprises counterparty risk, settlement risk, country/sovereign risk and concentration risk.

- **Counterparty risk:** The risk of loss to Stanbic because of failure by the counterparty to meet its financial and/or contractual obligations to the bank.
- **Settlement risk:** The risk of loss to Stanbic from a transaction settlement, where value is exchanged, failing such that the counter value is not received in whole or part.
- **Country/Sovereign risk:** Country and cross border risk is the risk of loss arising from political or economic conditions or events in a particular country which reduce the ability of counterparties in that country to fulfil their obligations to the bank.
- **Concentration risk:** The risk that any large single exposure or group of exposures will cause credit losses which materially affect Stanbic's capital adequacy and ability to maintain its core operations.

### 1.3.2 Market Risk

The bank defines market risk as the risk of a change in market value, actual or effective earnings or future cashflows of a portfolio of financial instruments, including commodities, caused by adverse moves in market variables such as equity, bond and commodity prices, currency exchange rates and interest rates, credit spreads, recovery rates, correlations, and implied volatilities in all these variables.

Market risk covers both the impact of these risk factors on the market value of traded instruments as well as the impact on the bank's net interest margin as a consequence of interest rate risk on banking book assets and liabilities.

### 1.3.3 Funding and Liquidity Risk

Liquidity risk is defined as the risk that the bank, although balance-sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due (as result of funding liquidity risk), or can only do so on materially disadvantageous terms (as a result of market liquidity risk). Funding liquidity risk refers to the risk that the counterparties, who provide the bank with funding, will withdraw or not roll-over that funding. Market liquidity risk refers to the risk of a generalised disruption in asset markets that makes normal liquid assets illiquid and the potential loss through the forced sale of assets resulting in proceeds being below their fair market value.

### 1.3.4 Non-Financial Risk

Non-Financial Risk is the risk of loss arising from the inadequacy of, or failure in, internal processes, people and/or systems or from external events. This includes but is not limited to Technology and Cyber risk, Transaction Processing risk, Fraud risk, Legal risk, Financial crime risk, Compliance risk, Model risk, Third-party risk, Tax risk and Environmental, Social & Governance risk. In addition, Physical Assets, Safety and Security Risk, People Risk, Conduct Risk, Financial Accounting Risk also form part of the Non-Financial sub risk taxonomy.

This definition excludes strategic risk and reputational risk; the reputational effects of operational risk events are however considered for management information.

### 1.3.5 Strategic risk

Strategic risk is the risk of loss due to adverse local and global operating conditions such as decrease in demand, increased competition, increased cost, or by entity specific causes such as inefficient cost structures, poor choice of strategy, reputation damage or the decision to absorb costs or losses to preserve reputation. Reputational risk is a risk of loss resulting from damages to a firm's reputation.

## CAPITAL MANAGEMENT

### DIS03: Overview of RWA

The table below is an overview of RWA and associated capital requirements

	Dec-25	RWA Sep-25	Minimum capital requirements <sup>2</sup> Dec-25
1 Credit risk (excluding counterparty credit risk)	7 950 849 458	7 568 501 663	954 101 935
2 Counterparty credit risk (CCR)	82 102 439	60 779 424	9 852 293
3 Market risk	532 375 976	542 745 204	63 910 681
5 <b>Total (1 + 2 + 3 + 4)</b>	<b>8 565 327 873</b>	<b>8 172 026 291</b>	<b>1 027 864 909</b>

### DIS04: Composition of regulatory capital

This section provides a breakdown of the constituent elements of a Bank's capital.

The bank has not disclosed this information on account of unpublished information, until the official release of the audited financial results.

<sup>2</sup> Measured at 12%

# CREDIT RISK

## DIS05: Asset Quality

The credit quality of the Bank's on- and off-balance sheet assets 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
	Defaulted exposures	Non-defaulted exposures	Specific	General		(a+b-d-e)
1 Loans and advances	89 807 790	5 214 938 622	36 778 934	72 609 233	6 104 147	<b>5 195 358 246</b>
2 Debt Securities		1 406 822 867				<b>1 406 822 867</b>
3 Off-balance sheet exposures		3 667 735 668				<b>3 667 735 668</b>
<b>4 Total</b>	<b>89 807 790</b>	<b>10 289 497 157</b>	<b>36 778 934</b>	<b>72 609 233</b>	<b>6 104 147</b>	<b>10 269 916 781</b>

## DIS06: Changes in stock of defaulted loans and debt securities

The table below presents the movement in the balance of defaulted exposures for the reporting period, including loans and debt securities that have defaulted since the last reporting period, those that have returned to default status and the amounts that have been written off

	a
1 <b>Defaulted loans &amp; advances, debt securities and off balance sheet exposures at end of the previous reporting period</b>	<b>68 929 066</b>
2 Loans and debt securities that have defaulted since the last reporting period	54 225 111
3 Returned to non-defaulted status	7 644 748
4 Amounts written off	24 243 882
5 Other changes	(1 457 757)
6 <b>Defaulted loans &amp; advances, debt securities and off balance sheet exposures at end of the reporting period</b> (1+2-3-4+5)	<b>89 807 790</b>

## DIS07: Qualitative disclosure on the banks' use of external credit ratings under the standardised approach for credit risk

To determine the risk weight for Corporate, Bank and Sovereign exposures, External Credit Assessment Institution **Fitch Ratings** credit rating of the counterparty is referenced if a rating is available. In the case of counterparties for which there are no credit ratings available, exposures are classified as unrated.

For Credit Risk Management and to inform lending decisions, the bank uses internally generated 25-point master credit rating scale, which relies on both quantitative and qualitative data to quantify the credit risk for each borrower. This master credit rating scale is indicatively aligned to **Fitch Ratings** as demonstrated below.

Stanbic Bank Scale	Grading	Fitch Ratings
1 – 6	Investment grade	AAA, AA+, AA, AA-
7 – 9		A+, A, A-
10 – 12		BBB+, BBB, BBB-
13 – 20	Sub-investment grade	BB+, BB, BB-, B+, B, B-
21 – 25		CCC+, CCC, CCC-, CC,C
Default	Default	D