



Bank of Baroda (Uganda) Limited

Pillar III Market Disclosure

Period ended 31st December, 2024 (Unaudited)

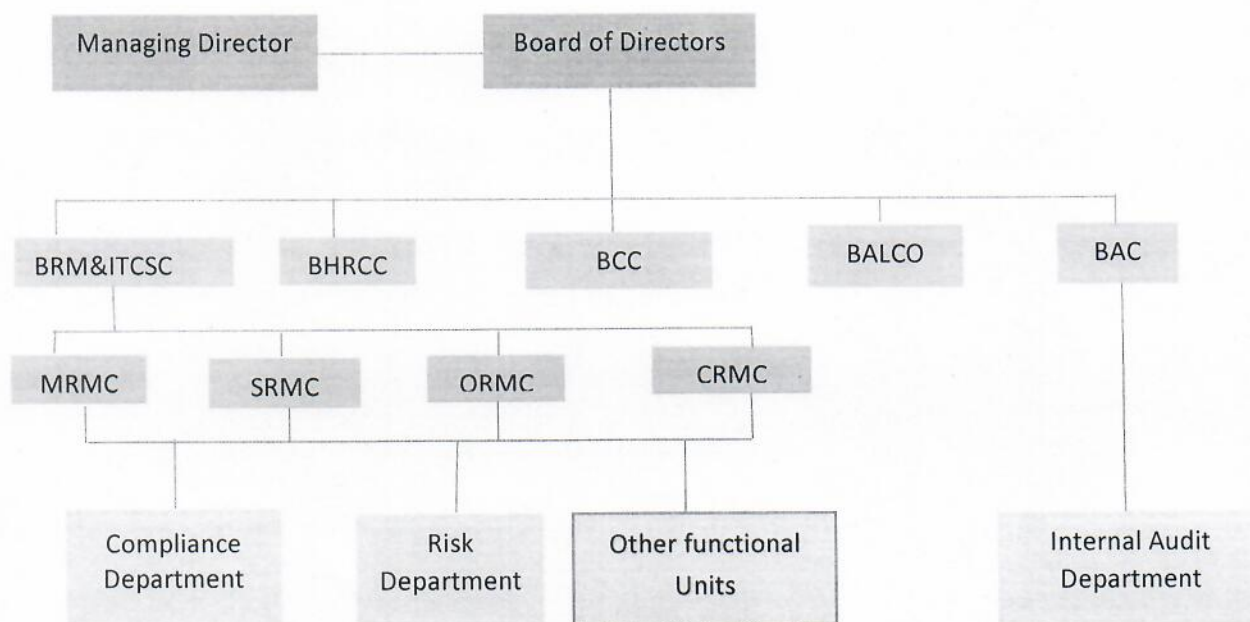
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DIS01: Key Prudential Metrics

	Available Capital	Amounts UGX. 000				
		31.12.2024	30.09.2024	30.06.2024	31.03.2024	31.12.2023
		T	T-1	T-2	T-3	T-4
	Available capital (amounts)					
1	Core capital	723,745,791	724,627,155	700,842,729	687,335,222	651,419,545
2	Supplementary capital	28,531,122	26,775,347	26,672,323	26,640,353	26,356,512
3	Total capital	752,276,913	751,402,502	727,515,051	713,975,575	677,776,057
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	2,405,576,884	2,407,853,251	2,312,440,266	1,992,415,376	1,866,935,706
	Risk-based capital ratios as a percentage of RWA					
5	Core capital ratio (%)	30.09%	30.09%	30.31%	34.50%	34.89%
6	Total capital ratio (%)	31.27%	31.21%	31.46%	35.83%	36.30%
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 + row 8 + row 9)	2.50%	2.50%	2.50%	2.50%	2.50%
11	Core capital available after meeting the bank's minimum capital requirements (%)	17.59%	17.59%	17.81%	22.00%	22.39%

13	Total Basel III leverage ratio exposure measure	3,584,626,045	3,543,952,174	3,553,813,172	3,486,192,547	3,286,422,139
14	Basel III leverage ratio (%) (row 1 / row 13)	20.19%	20.45%	19.72%	19.72%	19.82%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA)	964,748,900	989,596,855	950,124,994	938,984,989	878,617,364
16	Total net cash outflow	48,900,706	136,234,065	64,267,633	58,319,560	107,633,583
17	LCR (%)	1,972.87	726.39	1,478.39	1,610.07	816.30
Net Stable Funding Ratio						
18	Total available stable funding	1,708,541,139	2,004,042,905	1,970,791,582	1,797,431,836	1,802,453,058
19	Total required stable funding	1,404,661,743	1,408,770,652	1,406,327,906	1,348,456,047	1,674,730,640
20	NSFR	121.63	142.25	140.14	133.30	107.63

DIS 02: Bank Of Baroda Uganda Limited Risk Management Approach:**Risk Management structure of the Bank****DIS 02: Bank Of Baroda Uganda Limited Risk Management Approach:****Risk Management structure of the Bank**

- BRM&IT/CSC - Board Risk Management and IT/Cyber Security Committee
- BCC - Board Credit Committee
- BHRCC - Board Human Resource and Compensation Committee
- BALCO - Board Asset and Liability Committee
- BAC - Board Audit Committee
- MRMC - Market Risk Management Committee
- SRMC - Strategic Risk Management Committee
- ORMC - Operational Risk Management Committee
- CRMC - Credit Risk Management Committee

Risk Management Structure and responsibilities

The Board delegates risk management oversight responsibilities to specialized board – subcommittees which focus on different aspects of risk management. Board Risk Management and Information Technology/Cyber security Committee (BRM&ITCSC) is the main board committee with designated responsibilities for the oversight of risk management within Bank. BRM&ITCSC coordinates with other board committees among which Board Asset and Liability Committee, Board credit Committee, Board Audit committee and Board Human resource & Compensation Committee to ensure implementation of the duly approved risk management framework, limits and procedures relating to all key risks inherent in Bank business activities among other functions.

The Bank has in place Risk management committees composed of specific Heads Of business units and chaired by the Managing Director. The committees review the identified bank-wide risks, measure and monitor these risk exposures and determine whether risk decisions are in line with the board- approved risk strategies, policies as well as risk tolerance/ appetite levels among other functions. The different committees include;

Credit Risk Management Committee which manages and assess credit related risks including reviewing credit exposures, monitoring credit risk metrics, and credit concentration risk and ensuring compliance with regulatory guidelines in the area of credit related matters.

Operational Risk Management Committee which manages and assess operational risks associated with internal processes, systems, people and external events including monitoring of key operational indicators and ensures effectiveness of controls and mitigation measures.

Strategic Risk Management Committee which is responsible for managing risks that have an impact on the Bank's long term strategic goals including evaluation of the Bank's strategic position and the Bank's Business objectives.

Market Risk Management Committee which manages and assess market related risks including interest rate risk, liquidity risk, and currency risk.

Risk Management Department

Some of the Risk department responsibilities include the following;

- Developing and implementing the Risk management framework of Bank.
- Facilitates and coordinates the identification, measurement, monitoring and reporting of risks exposed to the Bank.
- Establishing Risk management communication at all levels. This involves gathering data and preparation of reports to Management and Board.
- Developing, reviewing and coordination of the preparation of the Bank procedures and policies.
- Monitoring risk exposure metrics on a portfolio basis, reviewing risk appetite and tolerance limits and reviewing risk treatment strategies.
- Conduct Risk Management sensitization / training program across bank for development and maintenance of operational risk management culture.

Three lines of Defense

For effective functioning of ERM, the three lines of defense model has been adopted and integrated in business processes thereby ensuring appropriate arrangements are in place to

ensure accountability, independence and assurance. The Bank has adopted the three lines of defense framework as described below.

- **First Line of Defense** is provided by the business verticals and operating units. In the course of conducting business activities, staff in the business verticals and operating units hold frontline positions and undertakes the primary responsibility for the proper identification, assessment, management and reporting of risk exposures on an ongoing basis, having regard to the Bank's risk appetite and the limits/caps thereunder, policies, procedures and controls. In other words, the first line of defense, has ownership and accountability of risk, whereby it acknowledges and manages the day-to-day risks that it incurs in conducting its activities.
- **Second Line of Defense** is provided by risk management department and compliance functions which operate and function independently of each other. The risk management department is primarily responsible for overseeing the Bank's risk-taking activities, undertaking risk assessments and reporting independently of the business verticals and operating units. The Compliance monitors and oversees compliance with applicable laws, regulations, corporate governance rules and internal policies.
- **Third Line of Defense** is provided by the internal audit function, which is responsible for providing assurance on the effectiveness of the Bank's risk management framework. The internal audit ensures that all the aspects of the risk management and noncompliance/exceptions are duly reported and have been implemented effectively.

Risk Management Process:

Bank has in place a risk management process aimed at identifying, assessing prioritising and Mitigating risks. Bank Risk Management is integrated into the strategic management and internal control process through the following five (05) stages, namely:

1. Risk identification. The process seeks to identify risks or events that may prevent the Bank from achieving objectives.
2. Risk Assessment and analysis. This seeks to understand the impact and likelihood of identified risks to determine their significance on Bank operations.
3. Risk Evaluation and prioritization. At this point the magnitude of each risk is compared against pre-established risk appetite or tolerance limits and ranked according to prominence and consequence. This helps in determining the appropriate level of attention and response required for the risk.
4. Risk Response and Treatment. Risk treatment involves implementing controls including policies, procedures and other strategies to avoid minimize or mitigate identified risks. Depending on the risk, different strategies are adopted to deal with the risk;

Avoid the risk: This strategy involves eliminating activities or exposure that pose a high level of risk. For instance Bank may avoid lending to high risk borrowers or engaging in overly speculative investments.

Accept the risk: In some incidences Bank may choose to retain the risk at its present level. This strategy is appropriate when the potential benefits of the risk outweigh the potential negative effects or if the cost of mitigating the risk is higher than the potential loss. Under such conditions Bank chooses to reprice products and services to compensate for the risk taken.

Transfer the risk: This involves shifting the financial consequences of the risk to another part, for instance the case of purchasing insurance policies to cover potential losses from specific events.

Reduce the risk: Implement measures to decrease the likelihood or impact of the risk for example putting in place policies to guide on Bank operations. Bank often chooses to diversify customers, employee /supplier and asset holdings to reduce the risk among other considerations.

The effectiveness of these strategies depends on the nature and characteristics of specific risks faced by the Bank. Bank of Baroda (Uganda) limited takes a comprehensive and flexible risk management approach which often involves a combination of the above strategies.

5. Risk Monitoring and reviewing.

Monitoring risks means continuously observing and monitoring risk exposures and evaluating the effectiveness of the risk mitigation strategies. This involves regularly reviewing and updating risk reports, monitoring external factors that could affect the risk profiles and conducting on going assessments on the risk environment. Reviewing involves revisiting the limits and reviewing their effectiveness on the risk management framework and making necessary adjustments if any. Reporting Involves communicating risk information to relevant stakeholders, including senior management and board members.

Risk Monitoring and Reporting:

Risk reporting and monitoring is done regularly to ensure timely management depending on the type of risks and severity impact to the business. Reporting involves communicating risk related information to relevant stakeholders, including senior management and board members which consequently facilitates their decision-making. Risk management committees play a crucial role in risk monitoring and reporting and these include Credit Risk Management committee for credit related risks, Market Risk Management committee for market related risks, Strategic Risk Management Committee for strategic related risks and Operational Risk management Committee for operational related risks. Through these committees various findings on bank's risk profile, key risk indicators and any significant issues in a particular area are deliberated upon.

Board reporting is mainly done on a quarterly basis to the respective board committees with Board Risk and Information technology/Cyber security committee focussing on the overall risk management oversight on behalf of the Bank main board.

Bank Policies and Procedures:

To effectively manage the different risks exposed to the Bank emanating from its business activities, policies and procedures covering all types of risks have been put in place and these are regularly updated to align to regulatory requirements and Bank's risk appetite.

The bank established risk management strategy in terms of policy procedures guide in identification, assessment, monitoring and reporting the material risk. The risk strategy consists of mechanism to contain the risk, establishing risk appetite and risk structure of the bank.

Stress Testing Framework:

Stress testing is conducted to ascertain sufficiency of the Bank's capital to continue operations with no or minimal interruptions under various macro-economic and bank specific stress scenarios. Bank's Stress Testing Framework focuses on the ability to absorb losses which subsequently could have an impact on Bank capital. Presently, the Bank's stress tests cover mainly liquidity risk, credit risk and foreign exchange risk. Stress testing forms an integral part of the overall governance and risk management culture of Bank. The Board and Senior management is involved to ensure the appropriate use of stress testing in Bank's risk governance and capital planning as follows:

- a) Senior management through the appropriate committees recommends the stress testing objectives, defines scenarios, while,
- b) The Board through Board Risk Management and Information Technology/Cyber Security Committee approves the entire stress tests process, discusses the results of stress tests, and approves potential actions. The board has ultimate responsibility for the overall stress testing program, and senior management is accountable for the implementation of the stress test program.

Stress Test Assumptions:

Bank conducts business specific stress tests targeting the credit portfolio and was designed to probe the risks of particular portfolios and market segments. Given the size of the bank and the relatively low sophistication of Bank's lending and business operations, the conducted sensitivity analysis targets the following credit related areas:

- a) Impact of changes in the gross level of Nonperforming assets (NPAs),
- b) Impact of the top three (3) accounts becoming NPAs
- c) Impact of the top large(10) Potential Non-Performing Assets (PNPA) accounts becoming NPAs,
- d) Impact of a recession in those industries where BOBUL has substantial exposure,
- e) The increase in the gross NPA level in personal loans and
- f) The impact of a decline in the value of properties in Housing Loans.

DIS03: Overview of RWA

		31.12.2024	30.09.2024	31.12.2024
		Figures in UGX '000		
		RWA		Minimum capital requirements
		T	T-1	
1	Credit risk (excluding counterparty credit risk)	1,744,823,149	1,623,943,938	209,364,737
2	Counterparty credit risk (CCR)	368,349,330	357,849,650	44,201,920
3	Market risk	26,506,898	26,614,564	3,182,101
4	Operational risk	265,897,508	399,445,098	31,920,469
5	Total (1 + 2 + 3 + 4)	2,405,576,884	2,407,853,251	288,669,226

DIS04 – Composition of regulatory capital

		31.12.2024
		Amounts UGX '000
	Common Equity Tier 1 capital: instruments and reserves	
1	Permanent shareholders' equity (issued and fully paid-up common shares)	150,000,000
2	Share premium	-
3	Retained earnings	520,078,697
4	Net after tax profits current year-to date (50% only)	69,485,457
5	General reserves (permanent, unencumbered and able to absorb losses)	0
6	Tier 1 capital before regulatory adjustments	
	Tier 1 capital: regulatory adjustments	739,564,154
8	Goodwill and other intangible assets	- 39,010
9	Current year's losses	0

10	Investments in unconsolidated financial subsidiaries	-
12	Deficiencies in provisions for losses	-
14	Other deductions determined by the Central bank	- 2,937,775
26	Other deductions determined by the Central bank	- 12,841,578
28	Total regulatory adjustments to Tier 1 capital	
29	Tier 1 capital	723,745,791
	Tier 2 capital: Supplementary capital	
46	Revaluation reserves on fixed assets	13,778,158
47	Unencumbered general provisions for losses (not to exceed 1.25% of RWA)	14,752,964
48	Hybrid capital instruments	0
49	Subordinated debt (not to exceed 50% of core capital subject to a discount factor)	0
58	Tier 2 capital	28,531,122
59	Total regulatory capital (= Tier 1 + Tier2)	752,276,913
60	Total risk-weighted assets	2,405,576,884
	Capital adequacy ratios and buffers	
61	Tier 1 capital (as a percentage of risk-weighted assets)	30.09%
63	Total capital (as a percentage of risk-weighted assets)	31.27%
64	Total Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus systemic buffer, expressed as a percentage of risk-weighted assets)	2.50%
65	Of which: capital conservation buffer requirement	2.50%
66	Of which: countercyclical buffer requirement	0
67	Of which: bank specific systemic buffer requirement	0
68	Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	17.59%
	Minimum statutory ratio requirements	
70	Tier 1 capital adequacy ratio	12.5%
71	Total capital adequacy ratio	14.5%

DIS05: Asset Quality

Frequency semiannual 31.12.2024

		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		(a+b-d-e)
1	Loans and advances	2,976,526	1,474,556,757	1,901,805	14,752,965	335,046	1,460,878,513
2	Debt						0
	Securities						
3	Off-balance sheet exposures	0	176,339,807	0	0	0	176,339,807
4	Total	2,976,526.00	1,650,896,564.00	1,901,805.00	14,752,965.00	335,046.00	1,637,218,320.00

DIS06: Changes in stock of defaulted loans and debt securities 31.12.2024

		Amount UGX '000
1	Defaulted loans & advances, debt securities and off balance sheet exposures at end of the previous reporting period	2,341,139
2	Loans and debt securities that have defaulted since the last reporting period	3,027,193
3	Returned to non-defaulted status	2,153,772
4	Amounts written off	235,712
5	Other changes	- 2,322
6	Defaulted loans & advances, debt securities and off balance sheet exposures at end of the reporting period	2,976,526
	(1+2-3-4+5)	

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

The Bank is not using any external credit rating agency for credit rating at the moment



Bank of Baroda (Uganda) Ltd.

Head Office, Plot 18, Kampala Road, Kampala, Uganda

**Resolution: Board of Directors
Agenda By Circulation No.22 dated 23.01.2025**

The Board of Directors Agenda by Circulation No. 22 dated 23.01.2025, recommended by the Chairperson, Board Risk Management and Information Technology / Cyber Security Committee (BRM&IT/CSC) was placed before the Board of Directors for approval and after consideration and affirming that the Bank pillar 3 Market Disclosure Data was prepared in accordance with the Board agreed Internal control processes and procedures, it was:

Resolved:

That pillar 3 market Disclosure data as of 31.12.2024 is approved by the Board.

No.	Director's Name	Designation	Signature
1.	Dr. Rebecca Isabella Kiconco	Independent Non-Executive Director/Chairperson	
2.	Mr. Nkerewe Alex	Independent Non-Executive Director	
3.	Ms. Lugalambi Susan	Independent Non-Executive Director	
4.	Mr. Robert Kamoga Tebasuulua	Independent Non-Executive Director	
5.	Mr. Lalit Tyagi	Non-Executive Director	
6.	Mr. Nishant Ranjan	Non-Executive Director	
7.	Mr. Shashi Dhar	Managing Director	
8.	Mr. Printhvi Singh Bhati	Executive Director	

Place: Kampala

Date: 23.01.2025