



Bank of Baroda (Uganda) Limited

Pillar III Market Disclosure

Period ended 31st December 2023 (Unaudited)

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DIS01: Key Prudential Metrics

		Amounts UGX. 000				
		Dec-23	Sep-23	Jun-23	Mar-23	Dec-22
		T	T-1	T-2	T-3	T-4
Available capital (amounts)						
1	Core capital	634,146,832	626,593,666	620,961,700	595,417,562	569,653,157
2	Supplementary capital	26,356,511	25,381,355	24,333,073	18,453,453	18,540,680
3	Total capital	660,503,343	651,975,021	645,294,773	613,871,015	588,193,837
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	1,754,779,835	1,669,746,042	1,730,995,695	1,600,364,744	1,731,643,044
Risk-based capital ratios as a percentage of RWA						
5	Core capital ratio (%)	36.14%	37.53%	35.87%	37.21%	32.90%
6	Total capital ratio (%)	37.64%	39.05%	37.28%	38.36%	33.97%
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 + 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 (%)	23.64%	25.03%	23.37%	24.71%	24.71%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	3,334,638,018	3,168,329,674	3,135,295,133	3,041,218,342	2,930,381,536
14	Basel III leverage ratio	19.02	19.78	19.46	19.57	19.44



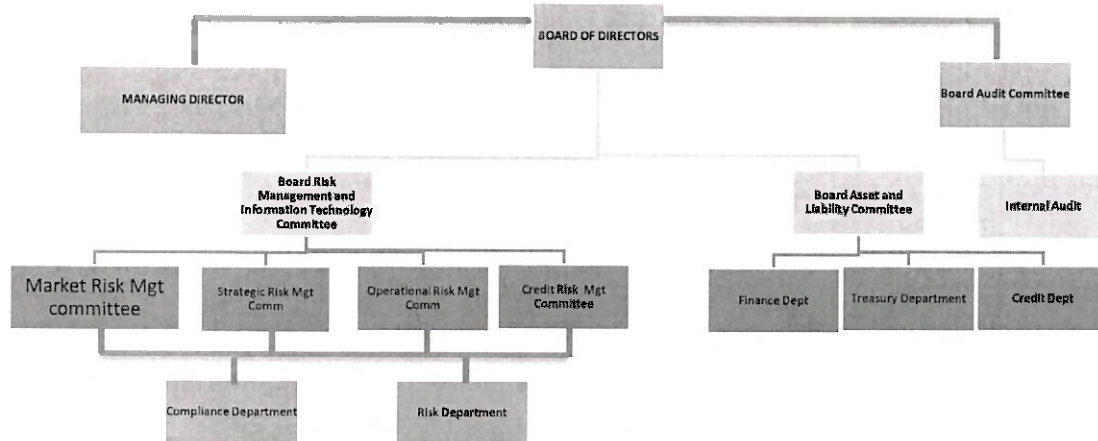
Bank of Baroda (Uganda) Ltd.

	(%) (row 1 / row 13)					
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA)	416,104,071	417,409,541	476,900,801	488,369,921	398,833,678
16	Total net cash outflow	50,896,513.78	60,592,363	43,102,414	56,293,261.88	37,870,441
17	LCR (%)	817.55	688.88	1,106.00	867.55	1,053.00
Net Stable Funding Ratio						
18	Total available stable funding	1,484,972,727	1,773,618,610	1,363,587,444		
19	Total required stable funding	899,690,909	796,067,265	706,143,498		
20	NSFR	165.05	222.80	193.10		



DIS 02: Bank Of Baroda Uganda Limited Risk Management Approach:

Risk Management structure of the Bank



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 is the main board committee with designated responsibilities for the oversight of risk management within Bank. These coordinate with other board committees among which Board Asset and Liability Committee, Board credit Committee and Board Human resource and 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 Heads Of business units and chaired by the Managing Director. 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.
- 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.
- Facilitates and coordinates the identification, measurement, monitoring and reporting of risks exposed to the Bank.
- As per the Bank's risk management framework, the branches/ business lines represent the first line of defense. In the course of conducting business activities, respective department and frontline staff undertake the primary responsibility for the proper identification, assessment, management and reporting of risk exposures in their respective branches/ business lines in coordination with risk Management department.

Internal Audit Function:

Risk management processes are frequently reviewed and evaluated by Internal Audit. Internal audit ensures that all the aspects of risk management and non –compliance/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 one or more of the 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. A comprehensive and flexible risk management approach often involves a combination of these 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. This further facilitates the decision-making by board and senior management. 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 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 and credit 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:

- 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

		31.12.2023	30.09.2023	31.12.2023
		Figures in UGX '000		
		RWA		Minimum capital requirements
		T	T-1	T
1	Credit risk (excluding counterparty credit risk)	1,501,429,324	1,423,405,869	180,159,353
2	Counterparty credit risk (CCR)	0	0	0
3	Market risk	10,956,434	18,274,896	1,315,298
4	Operational risk	242,394,078	228,065,277	29,098,929
5	Total (1 + 2 + 3 + 4)	1,754,779,836	1,669,746,042	210,573,580



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DIS04 – Composition of regulatory capital

		31.12.2023 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	435,807,679
4	Net after tax profits current year-to date (50% only)	54,788,055
5	General reserves (permanent, unencumbered and able to absorb losses)	0
6	Tier 1 capital before regulatory adjustments	0
	Tier 1 capital: regulatory adjustments	640,595,734
8	Goodwill and other intangible assets	-39,489
9	Current year's losses	0
10	investments in unconsolidated financial subsidiaries	-40,000
12	deficiencies in provisions for losses	
14	Other deductions determined by the Central bank	-4,976,588
26	Other deductions determined by the Central bank	-1,392,825
28	Total regulatory adjustments to Tier 1 capital	
29	Tier 1 capital	634,146,832
	Tier 2 capital: Supplementary capital	
46	Revaluation reserves on fixed assets	13,778,157
47	<i>Unencumbered general provisions for losses (not to exceed 1.25% of RWA)</i>	12,578,354
48	Hybrid capital instruments	0
49	<i>Subordinated debt (not to exceed 50% of core capital subject to a discount factor)</i>	0
58	Tier 2 capital	26,356,511
59	Total regulatory capital (= Tier 1 + Tier2)	660,503,343
60	Total risk-weighted assets	1,754,779,835
	Capital adequacy ratios and buffers	
61	Tier 1 capital (as a percentage of risk-weighted assets)	36.14%
63	Total capital (as a percentage of risk-weighted assets)	37.64%
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	23.64%
	Minimum statutory ratio requirements	
70	Tier 1 capital adequacy ratio	12.5%
71	Total capital adequacy ratio	14.5%



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DIS05: Asset Quality

Frequency semiannual 31.12.2023

		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		values (FIA/MDIA)
							(a+b-d-e)
1	Loans and advances	414,946	1,257,591,498	130,677	12,578,355	40,361	1,245,297,412
2	Debt Securities						0
3	Off-balance sheet exposures	0	147,675,811	0	0	0	147,675,811
4	Total	414,946.00	1,405,267,309.00	130,677.00	12,578,355.00	40,361.00	1,392,973,223.00



DIS06: Changes in stock of defaulted loans and debt securities 31.12.2023

		Amount UGX '000
1	Defaulted loans & advances, debt securities and off balance sheet exposures at end of the previous reporting period	18,757,783
2	Loans and debt securities that have defaulted since the last reporting period	4,383,738
3	Returned to non-defaulted status	5,138,859
4	Amounts written off	17,652,522
5	Other changes	64,806
6	Defaulted loans & advances, debt securities and off balance sheet exposures at end of the reporting period (1+2-3-4+5)	414,946.00



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



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Resolution - Board Risk Management and Information Technology/Cyber Security Committee Agenda By Circulation No. 02 dated 22.01.2024

Board Risk Management and Information Technology / Cyber Security Committee Agenda By Circulation No. 02 dated 22.01.2024 recommended by the Managing Director regarding approval of the Pillar 3 Market Disclosure Data as of 31.12.2023 of the Bank and after noting the contents it was:-

Resolved that approval be and is hereby given for the approval of the Pillar 3 Market Disclosure Data of the Bank as of 31.12.2023.

S.N.	Name of Director	Designation	Signature
1.	Mr. Odoch Charles Langoya	Chairperson / Independent Non-Executive Director	
2	Mr. Sempijja Thadeus	Independent Non-Executive Director	
3	Mr. Shashi Dhar	Managing Director	