

PRIDE BANK LIMITED



PILLAR 3-MARKET DISCIPLINE DISCLOSURE REPORT FOR THE QUARTER ENDED 30 JUNE 2025



1) INTRODUCTION

Pride Bank Limited is a credit Institution incorporated in Uganda under the Companies Act of Uganda, 2012 and is licensed to transact credit institution business under the Financial Institutions Act, 2004.

Risk taking is central to Pride's business. Pride evaluates business opportunities in terms of the risk-reward relationship. The risks that the Institution takes are reasonable, controlled and within its financial resources and risk mandates. The diversity of Pride's business requires the Institution to identify, measure and manage associated risks effectively. The risks are managed through a Risk and Opportunities Management Systems Framework that enables process monitoring and is closely aligned with the activities of the Institution and in line with the regulatory guidelines by Bank of Uganda.

The Board of Directors has the overall and ultimate responsibility for risk management in Pride Bank Limited. The Board comprises of nine (9) directors, all contributing wide range of skills and experience to the CI. The directors comprise of a Non-Executive Chairperson, a Managing Director, an Executive Director and six (6) Non-Executive Directors.

The Board carries out its responsibility through its standing committees. These are: Board Audit Committee (BAC), Board Risk, ICT and Compliance Committee (RICO), Board Assets and Liabilities Committee (ALCO), the Board Credit Committee (BCC), the Board HR, Administration and Procurement Committee and the Board Compensation and Nomination Committee. The Board sets the risk appetite for each major risk group, this is interpreted and cascaded by Senior Management into more defined expressions in form of procedural guidelines.

The Board of Directors delegates its powers and authority to the Senior Management through the various management committees which are responsible for implementation and ensuring compliance with the overall Risk and Opportunities Management Systems (ROMS) Framework through a dedicated Risk Management Committee which provides regular updates to Senior Management and the Board on the risk profile of the Institution.

Implementation of Pride's Risk Management is built on the three lines of defense model providing a structured approach to governance and risk management. Responsibility for risk is into three areas namely, first line of defense which includes the frontline staff who own and manage the risks in their respective dockets, second line of defense which constitutes the Compliance and Risk Management functions responsible for the comprehensive risk management program across the entire institution and the third line of defense which includes the Internal Audit and External Audit functions responsible for providing assurance on the effectiveness of the ROMS framework.



2) THE PILLAR- 3 RISK MANAGEMENT REPORT

The Pillar-3 Risk Management Report provides a quarterly overview of Pride’s Risk and Opportunities Management System Framework, Liquidity Risk Management, Regulatory Capital Profile and overview of the Risk Weighted Assets as at the end of the reporting period. The report is in line with the Bank of Uganda guidelines on the Pillar-3 disclosures as stipulated in the Internal Capital Adequacy Process and Pillar-3 Market Discipline Disclosure Requirements.

The Board reviews the capital adequacy position of the Institution on a quarterly basis and its Risk Management Framework supports the strategic aspirations of the Institution. Pride was adequately capitalized as at June 30, 2025.

This report shall cover the following items as required by Pillar-3 Market discipline disclosure requirements.

- 1) Key Prudential Metrics.
- 2) Overview of Risk weighted Assets.
- 3) Composition of Regulatory Capital.
- 4) Asset Quality.
- 5) Changes in stock of defaulted loans.
- 6) Liquidity position and Liquidity Risk Management.

3) KEY PRUDENTIAL METRICS

Key prudential metrics related to regulatory capital. Below is a table showing the metrics for the last four quarters for the different periods. (Amounts are in UGX 000s)

		a	b	c	d
		Jun-25	Mar-25	Dec-24	Sep-24
	Available capital (amounts)				
1	Core capital	175,469,680	174,523,866	170,283,744	169,946,354
2	Supplementary capital	2,245,400	2,306,716	6,653,415	6,496,749
3	Total capital	177,715,079	176,830,582	176,937,159	176,443,103
	Risk-weighted assets (amounts)				
4	Total risk-weighted assets (RWA)	322,967,198	314,929,727	315,368,968	323,679,111
	Risk-based capital ratios as a percentage of RWA				
5	Core capital ratio (%)	54.3%	55.4%	54.0%	52.5%
6	Total capital ratio (%)	55.0%	56.1%	56.1%	54.5%



4) OVERVIEW OF RISK WEIGHTED ASSETS

The table below provides an overview of Pride's risk weighted assets (Amounts are in UGX 000s)

		a	b	c
		RWA		Minimum capital requirements
		Jun-25	Dec-24	Sep-24
1	Credit risk (excluding counterparty credit risk)	229,216,645	239,097,578	247,116,383
2	Counterparty credit risk (CCR)	-	-	-
3	Market risk	1,711,407	-	-
4	Operational risk	67,866,420	37,769,126	119,927,502
5	Total (1 + 2 + 3 + 4)	298,794,472	276,866,704	367,043,885

5) COMPOSITION OF REGULATORY CAPITAL

The table below provides a breakdown of the Capital elements of Pride for the period ending June 2025. (Amounts are in UGX 000s)

		Amounts
	Common Equity Tier 1 capital: instruments and reserves	
1	Permanent shareholders equity (issued and fully paid-up common shares)	25,207,350
2	Share premium	
3	Retained earnings	147,839,854
4	Net after tax profits current year-to date (50% only)	2,422,475
5	General reserves (permanent, unencumbered and able to absorb losses)	
6	Tier 1 capital before regulatory adjustments	
	Tier 1 capital: regulatory adjustments	175,469,680
8	Goodwill and other intangible assets	
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	



26	Other deductions determined by the Central bank	
28	Total regulatory adjustments to Tier 1 capital	
29	Tier 1 capital	
Tier 2 capital: Supplementary capital		
46	Revaluation reserves on fixed assets	
47	<i>Unencumbered general provisions for losses (not to exceed 1.25% of RWA)</i>	2,245,400
48	Hybrid capital instruments	
49	<i>Subordinated debt (not to exceed 50% of core capital subject to a discount factor)</i>	-
58	Tier 2 capital	
59	Total regulatory capital (= Tier 1 + Tier2)	177,715,079
60	Total risk-weighted assets	322,967,198
Capital adequacy ratios and buffers		
61	Tier 1 capital (as a percentage of risk-weighted assets)	54%
63	Total capital (as a percentage of risk-weighted assets)	55%
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	
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%
71	Total capital adequacy ratio	14.50%



6) ASSET QUALITY

The table below provides a comprehensive picture of the credit quality for balance sheet for the period ending June 2025. (Amounts are in UGX 000s)

		a	b	d	e	f	g
		Gross carrying values of			Provisions as per FIA2004/M DIA2003		
		Defaulted exposures	Non-defaulted exposures	Specific	General		(a+b-d-e)
1	Loans and advances	7,264,082	220,456,023	4,040,720	2,245,399	1,115,020	221,433,986
2	Debt Securities	-	-	-	-	-	-
3	Off-balance sheet exposures	-	-	-	-	-	-
4	Total	7,264,082	220,456,023	4,040,720	2,245,399	1,115,020	221,433,986

7) CHANGES IN STOCK OF DEFAULTED LOANS AND ADVANCES

The table below shows the stock of defaulted loans and advances for the period ending June 2025. (Amounts are in UGX 000s)

No	Item	Amounts in 000s
1	Defaulted loans & advances, debt securities and off-balance sheet exposures at end of the previous reporting period	7,451,568
2	Loans and debt securities that have defaulted since the last reporting period	4,273,562
3	Returned to non-defaulted status	(489,532)
4	Amounts written off	(2,474,634)
5	Other changes	(1,496,882)
6	Defaulted loans & advances, debt securities and off-balance sheet exposures at end of the reporting period (1+2-3-4+5)	7,264,083



8) LIQUIDITY POSITION AND LIQUIDITY RISK MANAGEMENT.

Pride is cognizant of the critical need for liquidity to run the business of the Institution. The Board has the overall responsibility of the liquidity risk management strategy. The Board sets the liquidity risk appetite which defines the level of liquidity Pride is willing to deal with and has delegated to the Management Asset and Liability Committee to oversee the liquidity risk management framework. Monthly reports are shared with the Board in addition to holding quarterly meetings to review the status of the desired Liquidity risk profile.

Executive Management through the Asset and Liability Committee meets on a monthly basis to review the liquidity position of Pride and the parameters set out in the liquidity risk management framework to ensure compliance and regularized liquidity.

The Internal Audit function performs independent reviews on the liquidity position to ensure Pride maintains optimum levels of liquidity to meet obligations as and when they fall due and regulatory expectations spelt out in Bank of Uganda regulations/guidelines on the liquidity management.

The Bank through the Risk and Treasury functions performs regular liquidity risk stress testing based on scenario and sensitivity analysis. The testing models, scenarios and methodologies are regularly reviewed to align with existing operating environment and emerging risks.

Pride has in place Liquidity and Capital Contingency Plans with guidelines for activation if early indicators are triggered from the stress tests or actual breaches do occur. The Liquidity Contingency plan is regularly tested for resilience, relevance and effectiveness in times of liquidity crisis.

The liquidity ratios embedded in the Liquidity Management Framework are key benchmarks for testing the effectiveness of the liquidity plan in place. These are reviewed on a weekly basis by the Treasury function in line with the Financial Institutions Act of 2004.

CERTIFICATION OF PILLAR 3 MARKET DISCIPLINE DISCLOSURE REPORT

Management confirms that the Pillar-3 Market Discipline Disclosure Report for the period ending June 30, 2025 has been prepared in accordance with the guidelines established by Bank of Uganda and in accordance with established agreed internal control processes.



PRIDE BANK LIMITED


VERONICAH G. NAMAGEMBE
MANAGING DIRECTOR


FRED JACHAN OMACH
BOARD CHAIRMAN