PILLAR 3 DISCLOSURE JUNE 2026

I&M Bank

On Your Side

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ACRONYMS

RWA ....Risk Weighted Assets

LCR ....Liquidity Coverage Ratio

NSFR ....Net Stable Funding Ratio

FIA ....Financial Institutions Act 2004 (as Amended)

INTRODUCTION

This Report provides Pillar 3 disclosures for I&M Bank Uganda Limited (IMU) and is in line with Bank of Uganda guidelines on Pillar 3 disclosures as stipulated in the Internal Capital Adequacy Process and Pillar 3 Market Discipline Disclosure Requirements.

The Pillar 3 Market Discipline Disclosure Report provides a quarterly overview of the Bank’s key prudential metrics, Risk Management Framework, Regulatory Capital Profile, an overview of the Bank’s Risk Weighted Assets as well as quality of the asset portfolio as at the end of June 2026. A key goal of Pillar 3 disclosure requirements is to improve transparency and confidence in a bank’s exposure to risk as well as the overall adequacy of its regulatory capital.

RISK MANAGEMENT APPROACH

The Bank’s foundation in risk management is based on this Enterprise Risk Management Framework (ERMF), which acts as the core document guiding a consistent approach to risk across the entire organization and affirming our commitment to an ethical risk culture. The Bank's Enterprise Risk Management framework helps identify potential events that may affect the enterprise, manage the associated risks and opportunities, and provide reasonable assurance that the Bank’s objectives will be achieved. The Enterprise Risk Management framework encompasses risk governance and culture utilising the three lines of defence. The First line includes departmental heads and staff directly involved in operational activities who are responsible for identifying, assessing and managing risks as part of their day-to-day activities. The second line comprises of specialized risk management and compliance units that provide oversight and are responsible for developing risk management policies and ensuring alignment with risk appetite. The also help with monitoring compliance with internal policies and external regulation. The third line is the internal audit function which provides independent assurance. It evaluates and improves effectiveness of governance, risk management and control processes by auditing the first and second lines to ensure risk management practices are working as intended. The Board of Directors and Senior Management acts as the final line of oversight responsible for risk management strategic oversight and governance, setting the overall risk appetite of the Bank and ensures the adequacy of the risk management framework.

The Bank embeds and sustains its risk culture through multiple structured channels that ensure staff understand expectations, adhere to policies, and escalate breaches appropriately. These channels strengthen risk awareness, accountability, and discipline across the institution. These include a code of conduct policy which sets expected behaviours, ethical standards, and professional conduct. Comprehensive Risk policies which define appetite, limits, controls, and escalation thresholds and operating manuals which outline procedures, standard controls, and breach-handling requirements.

The Bank has a Stress Testing Framework which guides on carrying out regular stress tests with Board approved scenarios that test the bank's resilience to key risks such as Credit, Market and Liquidity risk. Results of the stress tests and impact on key metrics like liquidity ratio, capital adequacy ratios and gross NPLs ratio. These are discussed at Management committees i.e. MCC, ALCO and RMC and subsequently the Board Risk Committees.

THE PILLAR 3 RISK MANAGEMENT REPORT

Our Pillar 3 Risk Management report provides quarterly view of I&M Bank Uganda Limited ‘s regulatory capital composition and risk profile, asset quality and overview of the Risk Management framework. It complies with the Bank of Uganda guidelines on the Pillar 3 Market discipline Disclosure Requirements relating to the implementation of Basel II.

Management and the Board of Directors have reviewed and approved the disclosure report for the period under review. The board is satisfied that the disclosures are sufficiently transparent in disclosing all the necessary parameters as per the disclosure requirements and that the bank’s risk management approach is adequate to manage the Bank’s risk exposures.

BOARD STATEMENT ON PILLAR 3 DISCLOSURE COMPLIANCE

The Board attests that the Pillar 3 Market Discipline Disclosure Reports for Q2 2026 have been prepared in accordance with the Bank’s Board approved policies and procedures.

KEY PRUDENTIAL METRICS.

The table below provides a summary of the Bank's Key Prudential ratio metrics in the period under review.

	Jun-26	Mar-26	Dec-25	Sep-25	Jun-25
Available Capital (Shs '000)					
Core capital	**160,226,341**	140,370,493	136,963,417	151,796,595	150,346,814
Supplementary capital	**5,284,772**	5,177,336	4,873,475	4,467,642	4,220,332
Total capital	**165,511,114**	145,547,829	141,836,892	156,264,238	154,567,146
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	**784,895,902**	784,247,724	724,342,167	791,550,987	724,710,859
Risk-based capital ratios as a percentage of RWA					
Core capital ratio (%)	**20.41%**	17.90%	18.91%	19.18%	20.75%
Total capital ratio (%)	**21.09%**	18.56%	19.58%	19.74%	21.33%
Capital buffer requirements as a percentage of RWA					
Capital conservation buffer requirement (2.5%)	**2.50%**	2.50%	2.50%	2.50%	2.50%
Countercyclical buffer requirement (%)	**10.41%**	7.90%	8.91%	9.18%	10.75%
Systemic buffer (for DSIBs) (%)	**-**	-	-	-	-
Total of capital buffer requirements (%)	**12.91%**	10.40%	11.41%	11.68%	13.25%
Core capital available after meeting the bank's minimum capital requirements (%)	**10.41%**	7.90%	8.91%	9.18%	10.75%
Basel III leverage ratio					
Total Basel III leverage ratio exposure measure	**1,796,348,000**	1,770,526,000	1,476,870,000	1,366,982,000	1,244,249,000
Basel III leverage ratio (%)	**8.92%**	7.93%	9.27%	11.10%	12.08%
Liquidity Coverage Ratio					
Total high-quality liquid assets (HQLA)	**530,606,576**	443,423,165	406,119,542	275,715,284	151,541,675
Total net cash outflow	**109,585,659**	191,908,070	112,681,636	43,303,772	65,482,919
LCR (%)	**484.2%**	231.1%	360.4%	636.7%	231.42%
Net Stable Funding Ratio					
Total available stable funding	**817,229,627**	850,871,474	774,548,386	716,927,875	672,716,448
Total required stable funding	**107,434,195**	109,337,101	136,065,176	131,760,166	97,450,088
NSFR	**760.68%**	778.21%	569.2%	544.12%	690.32%

COMPOSITION OF REGULATORY CAPITAL

No.	Common equity tier 1 capital: instruments and reserves (Shs '000)	June 26
1	Permanent shareholders equity (issued and fully paid-up common shares)	225,858,000
2	Share premium	-
3	Retained earnings	1,283,661
4	Net after tax profits current year-to date (50% only)	6,353,214
5	General reserves (permanent, unencumbered, and able to absorb losses)	-
6	Tier 1 capital before regulatory adjustments	233,494,875
	Tier 1 capital: regulatory adjustments	
7	Goodwill and other intangible assets	1,906,322
8	Current year's losses	-
9	investments in unconsolidated financial subsidiaries	-
10	deficiencies in provisions for losses	-
11	Deferred tax assets	71,362,212
12	Other deductions determined by the Central bank	-
13	Total regulatory adjustments to Tier 1 capital	73,268,534
14	Tier 1 capital	**160,226,341**
	Tier 2 capital: supplementary capital	
15	Revaluation reserves on fixed assets	-
16	Unencumbered general provisions for losses (not to exceed 1.25% of RWA)	5,284,772
17	Hybrid capital instruments	-
18	Subordinated debt (not to exceed 50% of core capital subject to a discount factor)	-
19	Tier 2 capital	5,284,772
20	Total regulatory capital (tier 1 + tier2)	**165,511,114**
21	Total risk-weighted assets	784,895,901
	Capital adequacy ratios and buffers	
22	Tier 1 capital (as a percentage of risk-weighted assets)	**20.4%**
23	Total capital (as a percentage of risk-weighted assets)	**21.1%**
24	Total institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus systemic buffer, expressed as a percentage of risk-weighted assets)	-
25	Of which: capital conservation buffer requirement	-
26	Of which: countercyclical buffer requirement	-
27	Of which: bank specific systemic buffer requirement	-
28	Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	-
	Minimum statutory ratio requirements	
29	Tier 1 capital adequacy ratio	12.5%
30	Total capital adequacy ratio	14.5%

OVERVIEW OF RISK WEIGHTED ASSETS.

No	Risk Type	Jun 2026	Mar 2026	Jun 2026
		Risk Weighted Assets (000)		Minimum capital requirements (000)
1	Credit risk (excluding counterparty credit risk)	578,480,441	568,738,933	69,417,653
2	Counterparty Credit Risk (CCR)	2,508,363	2,265,180	301,004
3	Market risk	78,502,440	96,682,345	9,420,293
4	Operational risk	74,573,595	36,137,827	8,948,831
5	**Total (1 + 2 + 3 + 4)**	**734,064,838**	**703,824,284**	**88,087,781**

*The minimum capital requirement is 12% of the risk-weighted assets (RWA)

ASSET QUALITY

	Defaulted exposures (a)	Non-defaulted exposures (b)	Specific (c)	General (d)		(a+b-c-d)
	Gross carrying values (000)		Provisions (000)		Interest in suspense (000)	Net values (000)
Loans and advances	7,616,927	524,214,508	2,478,729	5,284,772	875,486	528,477,220
Debt Securities	-	-	-	-	-	-
Off-balance sheet exposures	-	120,386,673	-	-	-	120,386,673
Total	**7,616,927**	**644,601,181**	**2,478,729**	**5,284,772**	**875,486**	**648,863,892**

*Provisions are as per FIA2004

CHANGES IN DEFAULTED LOANS AND DEBT SECURITIES

No.	Changes in stock of defaulted loans and debt securities as at June 2026	Shs' 000
1	Defaulted loans & advances, as at end of the previous reporting period.	7,616,927
2	Debt securities	-
3	Off-balance sheet exposures	-
4	Loans and debt securities that have defaulted since the last reporting period.	4,113,776
5	Returned to non-defaulted status.	288,425
6	Amounts written off	748,119
7	Other changes	-
	Total (1+2+3+4-5-6-7)	**10,694,160**

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