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# **FINCA UGANDA LIMITED**

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## **PILLAR 3: MARKET DISCIPLINE DISCLOSURES**

**DECEMBER 31, 2025**

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## INTRODUCTION

This report provides the MDI's Pillar 3 market discipline disclosures as at December 31, 2025. The disclosures were introduced by Bank of Uganda effective April 30, 2023, to reduce information asymmetry and help to promote comparability of supervised financial institutions' (SFI) risk profiles, and to promote market discipline through these regulatory disclosures.

The disclosures herein focus on the regulatory capital and risk exposures with the purpose of increasing transparency and confidence about an SFI's exposure to risk and the overall adequacy of its regulatory capital.

**The information in this report is unaudited.**

### DIS01: KEY PRUDENTIAL METRICS- AS AT DECEMBER 31, 2025

		Dec-25	Sep-25	Jun-25	Mar-25	Dec-24
		T	T-1	T-2	T-3	T-4
	<b>Available capital (UGX '000)</b>					
1	Core capital	44,053,297	43,203,988	45,829,887	45,250,839	40,527,663
2	Supplementary capital	6,081,481	5,928,143	5,922,764	5,628,988	5,721,287
3	Total capital	50,134,778	49,132,132	51,752,652	50,879,827	46,248,950
	<b>Risk-weighted assets (amounts)</b>					
4	Total risk-weighted assets (RWA)	181,506,517	177,777,025	170,192,907	173,856,379	175,094,743
	<b>Risk-based capital ratios as a percentage of RWA</b>					
5	Core capital ratio (%)	24.27%	24.30%	26.93%	26.03%	24.27%
6	Total capital ratio (%)	27.62%	27.64%	30.41%	29.27%	27.62%
	<b>Capital buffer requirements as a percentage of RWA</b>					
7	Capital conservation buffer requirement (2.5%)	4,537,662	4,444,425	4,254,822	4,346,409	4,537,663
8	Countercyclical buffer requirement (%)	-	-	-		-
9	Systemic buffer (for DSIBs) (%)	-	-	-		-
10	Total of capital buffer requirements (%) (row 7 + row 8 + row 9)	4,537,662	4,444,425	4,254,822	4,346,409	4,537,662

11	Core capital available after meeting the bank's minimum capital requirements (%)	27,225,977	26,666,553	25,528,936	26,078,456	27,225,978
	<b>Basel III leverage ratio</b>					
13	Total Basel III leverage ratio exposure measure	227,808,221	244,226,454	235,020,179	220,207,105	227,808,221
14	Basel III leverage ratio (%) (row 1 / row 13)	19.34%	17.69%	19.50%	20.55%	19.34%
	<b>Liquidity Coverage Ratio</b>					
15	Total high-quality liquid assets (HQLA)	N/A				
16	Total net cash outflow	N/A				
17	LCR (%)	N/A				
	<b>Net Stable Funding Ratio</b>					
18	Total available stable funding	N/A				
19	Total required stable funding	N/A				
20	NSFR	N/A				

## DIS02: RISK MANAGEMENT APPROACH

FINCA Uganda Limited (FUL) takes the approach of identifying and assessing risks and opportunities that are in its internal and external environments and proactively identifying and mitigating emerging risks. The MDI ensures effective risk management through:

- i. Building a strong risk culture, which is integral to FUL's culture.
- ii. Assessing principal risks, assignment of risk ownership and accountability using appropriate risk practices, tools and techniques.
- iii. Upholding the risk governance structure with clear Board escalation and oversight.
- iv. Complete and coordinated processes for evaluating, responding to and monitoring risks.
- v. Oversight of the network wide assurance through a combined assurance approach with clear accountability across the three lines of defence.

### 2.1 Risk Governance Structure

FUL is run by the Board of Directors and its attendant sub-committees such as the Board Risk Committee (BRC), Board Assets and Liabilities Committee (BALCO), Board Human Resource Committee (BHRC), Board Credit Committee (BCC), Board Information Technology Committee (BITC) and the Board Audit Committee (BAC). The MDI's day-to-day operations are run by a management team led by the Managing Director.

### 2.1.1 Board Oversight

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and policies.

The Board delegates its Risk Management oversight responsibilities to specific Board sub-committees which focus on different aspects of Risk Management. The full Board is regularly updated on the key risks facing FUL and these are compared with the approved risk appetite and set targets.

The Board of Directors is supported by Sub-Committees with clearly defined set of responsibilities as indicated below. These Board Sub-Committees, through their defined responsibilities and operating model support the Board of Directors in the identification, assessment, control/mitigation, monitoring and reporting of risk. Management presents management reports to these subcommittee quarterly or as and when required by the Board and vice versa.

### 2.1.2 Board Sub-Committees

No.	Sub Committee	Responsibility	Supportive Management Committee
1	Board Risk Committee (BRC)	This is the main Board sub-committee with designated responsibilities for the oversight of Risk Management within FUL.	Management Risk Committee (MRC)
2	Board Assets and Liabilities Committee (BALCO)	Assesses the MDI's Liquidity adequacy, Funding, Capital policy and position, and performance of the MDI in relation to Budget.	Management Assets & Liabilities Committee (MALCO)
3	Board Human Resource Committee (BHRC)	Provides oversight over the MDI's people strategy in terms of talent acquisition, talent growth, learning and development, remuneration and compensation, staff welfare, talent retention, staff disciplinary matters among others.	Human Resources Committee (HRC)
4	Board Credit Committee (BCC)	Advises the Board on its oversight responsibilities in relation to credit risk management.	Management Credit Risk Committee (MCRC)
5	Board Information Technology Committee (BITC)	Advises the Board on its oversight responsibilities in relation to Information Technology and projects risk management.	IT and Projects Steering Committee
6	Board Audit Committee (BAC)	Ensures that there is an effective system of internal control, governance, and risk management by giving independent assurance.	Internal Audit Function

The Board of Directors delegates its powers and authority to the Executive Committee of FUL through the various management committees which are responsible for ensuring compliance with the

Enterprise Risk Management Framework through the Management Risk Committee which provides regular updates to Executive Committee and the Board on FUL's risk profile.

### **2.1.3 Management Risk Committee**

The routine monitoring of risk has been delegated to the Management Risk Committee by the Executive Committee. The Management Risk Committee has the overall responsibility to support the Board Risk Committee for the development and formulation of risk strategies, procedures, policies, and limits. It is responsible for ensuring compliance with all risk limits, monitoring risk exposures and implementing the regulatory guidelines issued by the regulatory bodies. The MRC is supported by other committees that include MALCO, HRC, MCRC and IT & Project Steering Committee.

### **2.1.4 Risk Management Department**

The Risk Management Department is responsible for implementing and maintaining risk-related procedures to ensure risk remains within the acceptable range as approved by the Board Risk Committee. The department is responsible for credit risk, market risk, liquidity risk, strategic risk, operational risk, information security risk and overall risk control.

### **2.1.5 Compliance Department**

The Compliance function manages the compliance risk of the MDI. The Compliance function reports to the Board, through the Board Risk Committee and has sufficient authority, independence, resources, and access to the Board. The compliance function provides advice to the Board and management regarding the MDI's compliance with applicable laws, guidelines and standards while providing support to comply with the same. The compliance department is also responsible for assessing and conducting gap analysis of the control environment of the network through ensuring adherence to the policies and procedures.

### **2.1.6 Internal Audit**

The MDI has an independent Internal Audit Department that performs regular reviews of the MDI's risk management and governance processes as a third line of defense. Internal Audit implements a risk-based methodology which is designed to identify and assess significant risks associated with the MDI's business and to undertake appropriate audit work to address these key risks.

### **2.1.7 Risk Management Policies and Procedures**

The MDI has sound and adequate policies, procedures, and processes. All policies and procedures are reviewed and updated on a regular basis to ensure regulatory compliance and relevance to the ever-changing business environment. The MDI's risk governance documents range from but not limited to the risk management framework, information classification, data leak and prevention, operational risk and cybersecurity management.

## 2.1.8 Three Lines of Defence and Combined Assurance

FUL utilizes three lines of defense model in blend with the combined assurance model to control risk across all business units and functions. There are specific responsibilities assigned to each line of defense. All employees are responsible for ensuring that FUL operates within its risk appetite. These responsibilities are defined in terms of the employee's role in the three lines of defense.



## 2.2 Communication Channels, Risk Appetite and Risk Culture

### 2.2.1 Communication channels.

Management has put in place key communication channels for purposes of promoting good risk management practices and risk culture. These include:

- Onboarding trainings for all staff joining the MDI.
- Continuous internal trainings and awareness which are conducted either online or classroom/workshop based on an ongoing basis.
- Targeted/specialized external trainings and Continuous Professional Development programs.
- Regular town halls and communication from the Leadership.
- E-mail communications on key aspects of strategy and risk management through our internal Marketing & communications department.

- Whistleblowing channels to report misconduct, fraud, corruption or any other actual or suspected unethical behavior emphasizing our zero-tolerance stance to fraud.

### **2.2.2 Risk Appetite**

Risk appetite is defined as the level of risk which the institution is prepared to accept in the conduct of their activities to deliver its business objectives. Risk Appetite reflects the risk management philosophy that the Board wants the institution to adopt and, in turn, influences its risk culture, operating style and decision-making. It represents a balance between the potential benefits of innovation and the threats that change inevitably brings.

Risk appetite frameworks aid FUL to understand its risk profile, find an optimal balance between risk and return, and nurture a healthy risk culture in the organization. FUL's risk appetite statement (RAS) is discussed and re-evaluated annually by the Board Risk Committee and approved by the Board to enable the alignment of FINCA Uganda's strategic plan with the agreed risk appetite. The Risk Appetite Statement can also be revised during the year whenever there are material changes in FINCA Uganda's strategy or business environment.

The risk appetite is then embedded into our internal processes and becomes the central point of discussion to keep business performance within the limits set for each risk, above which special attention is given to devise means and strategies to reduce the risks to acceptable levels. FINCA Uganda encourages a more conscious risk-taking behavior and reinforces risk culture within. A strong widespread risk culture is in turn an essential catalyst that elevates a risk appetite statement from a set of words into a statement of action.

### **2.2.3 Risk Culture**

FUL has a staff code of conduct whose objective is to define the way staff think, work and act to ensure that the MDI delivers on its vision. The code of conduct sets out the conduct guard rails and provides guidance to staff. The code of conduct sets out the ethical and professional attitude and behavior expected of the staff.

The risk management culture emphasizes careful analysis and management of risk in all business processes. Risks are identified, assessed, and managed at both an enterprise level (top-down') and business level (bottom-up'). The MDI embeds the right risk culture by driving accountability for risk decisions and control at all levels of the organization and enhancing the strategic role of risk partners in supporting the growth of client business whilst managing risk appetite through the Three-Lines of Defense model of risk management.

The risk management department is responsible for building a risk awareness culture within the MDI through appropriate education channels.

## 2.3 Risk information reporting

### 2.3.1 Risk Data

Internal and external data is utilized in meeting regulatory requirements and the management of risk. Internal data is owned and managed by the respective risk owners with regular assessment of data quality via their respective risk governance structures. All key datasets are subject to the requirements of the FUL's data policies and standards.

### 2.3.2 Risk Reporting

The purpose of risk reporting is to provide timely, accurate, comprehensive, and useful information to the Board and senior management to facilitate informed decision-making. Board and Management Risk Committees determine their requirements in terms of content and frequency of reporting under both normal and stressful conditions. Risk reporting process flows from the Risk Management Department to the Management Risk Committee then to the Board Risk Committee and the full Board. The content and level of aggregation are adjusted to suit the decision-making needs of the recipients. The risk management reports usually contain the following key information:

- Monitoring and management of the risk profile and key risk metrics per risk type against risk appetite and forecasts, including trend analysis.
- Monitoring of emerging risks and changes in the environment while assessing the potential impact on the MDI.
- Results of stress testing exercises – both to assess the adequacy of capital and ability to meet its strategic objectives using sensitivity to stressed conditions.
- An assessment of the risk governance profile, including an assessment of the degree to which risk frameworks and policies are implemented throughout the MDI and assurance activities.

### 2.3.3 Material Risks for the MDI.

Risk Type	Description	Responsible Management Committee	Board Oversight
<b>Strategic Risk</b>	This is the risk to FUL's earnings, capital, or reputation arising from changes in the environment the MDI operates in due to adverse strategic decisions, inadequate implementation of strategic decisions, or slow response to industry, economic or technological changes which will affect achievement of strategic goals including financial targets & market share.	Management Risk Committee (MRC)	BRC
<b>Credit Risk</b>	This is the risk of financial loss, should our customers, clients or market counterparties fail to fulfil their	Management Credit Risk	BCC

Risk Type	Description	Responsible Management Committee	Board Oversight
	contractual obligations. It's composed of obligor, concentration, and country risk. It represents the largest source of risk to which the MDI is exposed.	Committee (MCRC)	
<b>Operational Risk</b>	Operational Risk is the risk of loss to the MDI arising from inadequate or failed processes, systems, human resources, or due to external events. <b>Operational Risk is a broad risk category with elements which are embedded in every aspect of FINCA Uganda's operations. Therefore, operational risk includes but is not limited to legal risk, compliance &amp; regulatory risk, physical security risk, fraud risk, process risk, information technology, cybersecurity and project risk.</b>	Management Risk Committee (MRC)	BRC
<b>Market Risk</b>	This is the risk of losses to the MDI arising from changes in interest rates and foreign exchange rates. Market risk also includes capital risk if the MDI does not maintain sufficient capital ratios and buffers to allow it to meet its regulatory and internal capital buffer obligations and requirements.	Management Asset & Liability Committee (MALCO)	BALCO
<b>Funding &amp; Liquidity Risk</b>	This is the current or potential loss of earnings or capital arising from the inability to meet liabilities/financial obligations as they fall due without incurring unacceptable costs or losses.	Management Asset & Liability Committee (MALCO)	BALCO
<b>Cyber Security Risk</b>	Cybersecurity risks relate to the loss of confidentiality, integrity, or availability of information, data, or information (or control) systems and reflect the potential adverse impacts on organizational operations.	Management Risk Committee (MRC)	BRC
<b>Reputational Risk</b>	The risk of potential or actual damage to which may impair the profitability and/or sustainability of its business.	Management Risk Committee (MRC)	BRC

Risk Type	Description	Responsible Management Committee	Board Oversight
<b>Group risk</b>	This is the risk that FUL is exposed to as a result of being part of integrated financial services group as a subsidiary and could be affected by problems arising within one or more members.	Management Risk Committee (MRC)	BRC
<b>Concentration risk</b>	This is the potential for a loss in value of an investment portfolio or a financial institution when an individual or group of exposures move together in an unfavorable direction. <i>It occurs because of excessive allocation of assets in a particular investment, sector or geographic region increasing vulnerability to adverse events affecting that specific area.</i>	Management Risk Committee (MRC)	BRC
<b>Environmental, Social &amp; Governance (ESG) Risks Climate Risk</b>	The risk of potential negative impacts on financial performance and reputation stemming from inadequate management of environmental, social, and governance factors such as climate change, social inequality, labor practices, and corporate governance issues.	Management Risk Committee (MRC)	BRC

## 2.4 Stress Testing Framework

Stress testing and scenario analysis are key elements of the MDI's integrated planning and risk management processes. Using stress testing and scenario analysis, FUL assesses the performance and resilience of its business in the expected economic environment and also evaluate the potential impact of adverse economic conditions, using and applying the information in the process of setting risk appetite.

The stress testing results are reviewed by the management credit risk committee, management risk committee, management assets and liability committee at management level and by the board risk committee, board credit committee and board assets and liabilities committee at board level, focus being on their impact on Earnings and Capital Adequacy, which informs decision-making in terms of pursuing or preventing certain opportunities or activities based on their impact on earnings or capital. These have been incorporated into the MDI's Internal capital adequacy assessment process (ICAAP).

The stress tests are based on stress scenarios at varying and sufficient degrees of severity and applying various projection techniques. The Board is responsible for approving the Stress Testing Framework and, through the Board Risk Committee.

### **2.4.1 Portfolio subject to stress testing**

Our stress testing framework provides the methodology for stress testing mainly for credit, strategic, liquidity, operational, and market risks. Stress tests are conducted and an evaluation of the impact of all adverse but plausible scenarios on the MDI's capital and earnings and the MDI's ability to withstand these stress conditions is determined.

### **2.4.2 Scenarios adopted and methodologies used.**

The scenarios adopted in stress testing different risk types include but not limited to;

- Overall portfolio default
- Increase in arrears in particular lending segments like individual lending segment.
- Increase in arrears in the top concentrated sectors and borrowers.
- Under achievement of projected loan portfolio growth.
- Loss of top and percentage deposits.
- Increase in cost of funds and net interest margin squeeze.
- Adverse movements in forex rates
- Increase in operational risk losses and cyber frauds.

### **2.4.3 Use of stress testing in risk management**

The main objective of stress testing is to assess possible events or changes in the operating environment of FUL and to evaluate their impact on the MDI's capital and earnings; assessing the MDI's resilience to withstand those adverse events. Specific objectives are to;

- Ensure there is a structured process of conducting forward-looking assessment of the MDI's risks for proactive risk management purposes.
- Inform the setting of FUL's risk appetite and risk tolerance.
- Facilitate the development of risk mitigation actions or contingency plans across a range of stressed scenarios.
- Comply with the regulatory requirements.
- Support the MDI's budgeting process.

## **2.5 Risk Mitigation Measures**

### **2.5.1 Methods used to manage risk**

As part of its overall risk management, FUL uses various methods to manage exposures resulting from changes in credit risks, liquidity risks, market risks (including foreign exchange risk, and Interest rate risk) and operational risks.

FUL manages its credit risk exposures through having detailed policies and procedures that guide the MDI's lending activities. For impairment FUL applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9. In addition, as a measure to improve efficiency in making credit decisions, while improving customer

experience (turn-around time), the evaluation process has been automated with a Credit Scoring system which uses Credit Reference Bureau data to identify clients with a poor credit history and eliminate them, thus ensuring a quality loan portfolio.

To guard against liquidity risk, management has diversified funding sources and assets are managed with overall liquidity in consideration maintaining a healthy and quality portfolio of liquid assets. FINCA Uganda maintains adequate liquidity by way of cash flow forecasts considering anticipated payments, deposit and loan maturities under both normal and stressed conditions. Contingency funding such as overdraft lines, maintaining a portfolio of liquid assets that can easily be liquidated, and diversification of funding options/sources are in place.

To manage all other risks, FUL has developed a detailed risk management framework to identify and apply resources to mitigate the risks.

The MDI has also undertaken adequate insurance policies with reputable Insurance Companies in Uganda to cover operational and credit related risks. Some of these insurance policies include; the Money insurance policy, all assets insurance policy and medical insurance for its staff.

### 2.5.2 Risk Management Process

FUL's risk management process is based on the ISO 31000 Risk Management standard where the risks are contextualized within the operating environment of the MDI. The process is summarized below;

Risk Management Process	
Risk Assessment	<ul style="list-style-type: none"> <li>▪ Adoption of a vigilant and ongoing process of risk identification to understand risk within its explicit and implicit objectives and maintains a comprehensive risk register including new and emerging risks. This identification process is driven by the Risk Management department at FUL in coordination with all departments of the MDI, as supported by the risk champions in each department and branch.</li> <li>▪ Use of suitable tools for identifying risks such as stakeholder engagements, self-assessments, risk management forums, audit findings, industry benchmarking, review of previous losses, and use of expert judgement.</li> <li>▪ Communicating and consulting with the relevant external and internal stakeholders in and throughout all steps of the risk management process. Communication involves obtaining feedback and information to support decision-making.</li> <li>▪ All staff of the MDI are responsible for risk management.</li> </ul>
Risk Evaluation	<ul style="list-style-type: none"> <li>▪ Measure risks in terms of impact and likelihood of occurrence</li> <li>▪ Categorizing risks (Internal, External or Strategic) and matching them to an appropriate risk management process.</li> <li>▪ Assessing risks based on inherent and residual risks. Residual risk is</li> </ul>

	<p>benchmarked against the MDI's risk appetite to determine the need for further management intervention if any.</p> <ul style="list-style-type: none"> <li>▪ Analyzing the root causes of identified risk event and the cause -and -effect relationships.</li> <li>▪ Risk ranking to determine priorities.</li> </ul>
Risk Treatment	<ul style="list-style-type: none"> <li>▪ Determining the appropriate risk treatment, which includes preventive, detective and corrective controls and deciding whether the remaining risk is acceptable and taking further action if needed.</li> <li>▪ Automating controls where possible, especially preventive risk controls.</li> <li>▪ Reviewing stress/scenario testing in response to the development of new and unanticipated external risks.</li> <li>▪ Taking care that no unintended consequences exist, there can be scenarios where the actions taken to control one risk could introduce other risks or undermine existing controls.</li> <li>▪ Deep dives analyses for significant risk events.</li> </ul>
Continuous Monitoring	<ul style="list-style-type: none"> <li>▪ Analyzing current risk profile and risk trends/events, using key risk indicators (KRIs) to understand changes in the risk environment, proactive monitoring of emerging risks that might impact business objectives and monitoring changes in risk materiality, likelihood and impact, and the appropriateness of existing controls.</li> <li>▪ Ensuring risks are maintained within set limits in the approved Risk Appetite statement.</li> <li>▪ Frequent and timely reviews applying a combined assurance model to boost overall assurance in the risk and control environment.</li> <li>▪ Checking that controls are functioning as intended and remain fit for purpose.</li> </ul>

### 6.3 Risk Management tools used to manage risk

Some of the tools that FUL has implemented for risk identification, evaluation, assessment, monitoring, and reporting include;

Tool	Purpose	Deliverables	Responsibility	Frequency
Risk & Control Self-Assessment (RCSA) Tool	To identify the risks inherent in key business processes, evaluate the effectiveness of internal controls and track action plans for closure of identified risks.	Consolidated MDI Risk register	Risk Champions	Monthly

Incident Reporting through the Service Manage Engine.	Capture all incidents as and when they arise, understand the root cause and gaps that served as vulnerability points for closure.	Loss inventory database	All staff of FUL	As and when an incident occurs with monthly analysis of all incidents registered during the period.
Key Risk Indicator tool	Enables risk identification & assessment against set tolerance limits as per the Board approved Risk Appetite and Strategy Statement to act as an alert warning system to Management & Board on changes in the MDI's risk profile and inform the next courses.	Updated KRI	Risk Owners and Risk partners	Monthly
Scenario Analysis (Stress testing)	Identifying and analyzing possible future events that may have severe impact to the MDI by considering alternative possible outcomes in line with the parameters documented in the Board approved stress testing policy.	Scenario Analysis report.  Internal Capital Adequacy Assessment report.	Risk Owners and Risk Team.	Monthly

**DIS03: OVERVIEW OF THE RISK WEIGHTED ASSETS (RWA)- AS AT DECEMBER 31, 2025**

		a	b	c
		RWA (UGX'000)		Minimum capital requirements (UGX'000)
		Q4 2025	Q3 2025	Q4 2025
1	Credit risk (excluding counterparty credit risk)	139,927,587	136,400,395	11,655,968
2	Counterparty credit risk (CCR)	-	-	-
3	Market risk	-	-	-
4	Operational risk	3,837,741	3,933,376	786,675

5	Total (1 + 2 + 3 + 4)	143,765,328	140,333,771	12,442,643
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**DIS04: COMPOSITION OF REGULATORY CAPITAL-AS AT DECEMBER 31, 2025**

		Dec-25	
		<b>Amounts (UGX'000)</b>	
	<b>Common Equity Tier 1 capital: instruments and reserves</b>		
1	Permanent shareholders equity (issued and fully paid-up common shares)	13,893,323	
2	Share premium	6,795,620	
3	Retained earnings	21,849,952	
4	Net after tax profits current year-to date (50% only)	1,514,402	
5	General reserves (permanent, unencumbered and able to absorb losses)	1,340,703	
6	<b>Tier 1 capital before regulatory adjustments</b>		
	<b>Tier 1 capital: regulatory adjustments</b>	<b>45,393,999</b>	
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	<b>Total regulatory adjustments to Tier 1 capital</b>	-	
29	<b>Tier 1 capital</b>	<b>45,393,999</b>	
	<b>Tier 2 capital: Supplementary capital</b>	<b>4,740,778</b>	
46	Revaluation reserves on fixed assets		

47	<i>Unencumbered general provisions for losses (not to exceed 1.25% of RWA)</i>		
48	Hybrid capital instruments		
49	<i>Subordinated debt (not to exceed 50% of core capital subject to a discount factor)</i>	4,740,778	
58	<b>Tier 2 capital</b>	4,740,778	
59	<b>Total regulatory capital (= Tier 1 + Tier2)</b>	50,134,778	
60	<b>Total risk-weighted assets</b>	181,506,517	
<b>Capital adequacy ratios and buffers</b>			
61	<b>Tier 1 capital (as a percentage of risk-weighted assets)</b>	27,225,977	
63	<b>Total capital (as a percentage of risk-weighted assets)</b>	27.62%	
64	<b>Total Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus systemic buffer, expressed as a percentage of risk-weighted assets)</b>	-	
65	Of which: capital conservation buffer requirement	-	
66	Of which: countercyclical buffer requirement	-	
67	Of which: bank specific systemic buffer requirement	-	
68	<b>Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements</b>	25.01%	
<b>Minimum statutory ratio requirements</b>			
70	Tier 1 capital adequacy ratio	15%	
71	Total capital adequacy ratio	20%	

**DIS05: ASSET QUALITY- AS AT DECEMBER 31, 2025 (UGX'000)**

	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	6,424,587	139,769,424	4,669,724	1,340,702	1,475,340	140,048,946
2	Debt						
	Securities						
3	Off-balance sheet exposures						
4	<b>Total</b>	<b>6,424,587</b>	<b>139,769,423</b>	<b>4,669,724</b>	<b>1,340,702</b>	<b>1,475,340</b>	<b>140,048,945</b>

**DIS06: CHANGES IN STOCK OF DEFAULTED LOANS AND DEBT SECURITIES-AS AT DECEMBER 31, 2025 (UGX'000)**

		a
1	<b>Defaulted loans &amp; advances, debt securities and off-balance sheet exposures at end of the previous reporting period</b>	6,424,587
2	Loans and debt securities that have defaulted since the last reporting period	0
3	Returned to non-defaulted status	0
4	Amounts written off	5,059,117
5	Other changes	0
6	<b>Defaulted loans &amp; advances, debt securities and off-balance sheet exposures at end of the reporting period</b>	1,365,470
	(1+2-3-4+5)	

**DIS07: QUALITATIVE DISCLOSURE ON SFIS' USE OF EXTERNAL CREDIT RATINGS UNDER THE STANDARDISED APPROACH FOR CREDIT RISK**

FINCA Uganda uses the Standardized Approach for computation of the capital charge for Credit Risk as per BOU July 2021 guidelines.