



Housing  
Finance  
Bank

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# **Pillar 3 Market Discipline Disclosures**

as at Sept 30, 2026

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## Introduction

This report sets out the Bank's disclosures in accordance with the Bank of Uganda **Pillar 3 Market Discipline: Guidelines on Disclosure Requirements**.

The Pillar 3 Disclosure Requirements are designed to promote transparency and market discipline by providing market participants with key quantitative and qualitative disclosures regarding the Bank's risk exposure and risk management processes. Pillar 3 complements the minimum capital requirements described under Pillar 1, as well as the supervisory processes of Pillar 2.

The Pillar 3 Risk Management Report provides a quarterly view of Housing Finance Bank's regulatory capital and risk exposures in accordance with the Pillar 3 Market Discipline Disclosure Requirements under the Basel II accord.

The Bank's Board of directors has overall responsibility for the establishment and oversight of the Bank's Risk Management Framework. The Board is supported by Executive Level Committees which are responsible for identifying, monitoring and managing the Bank's risk through the Risk Management Framework.

### Board attestation

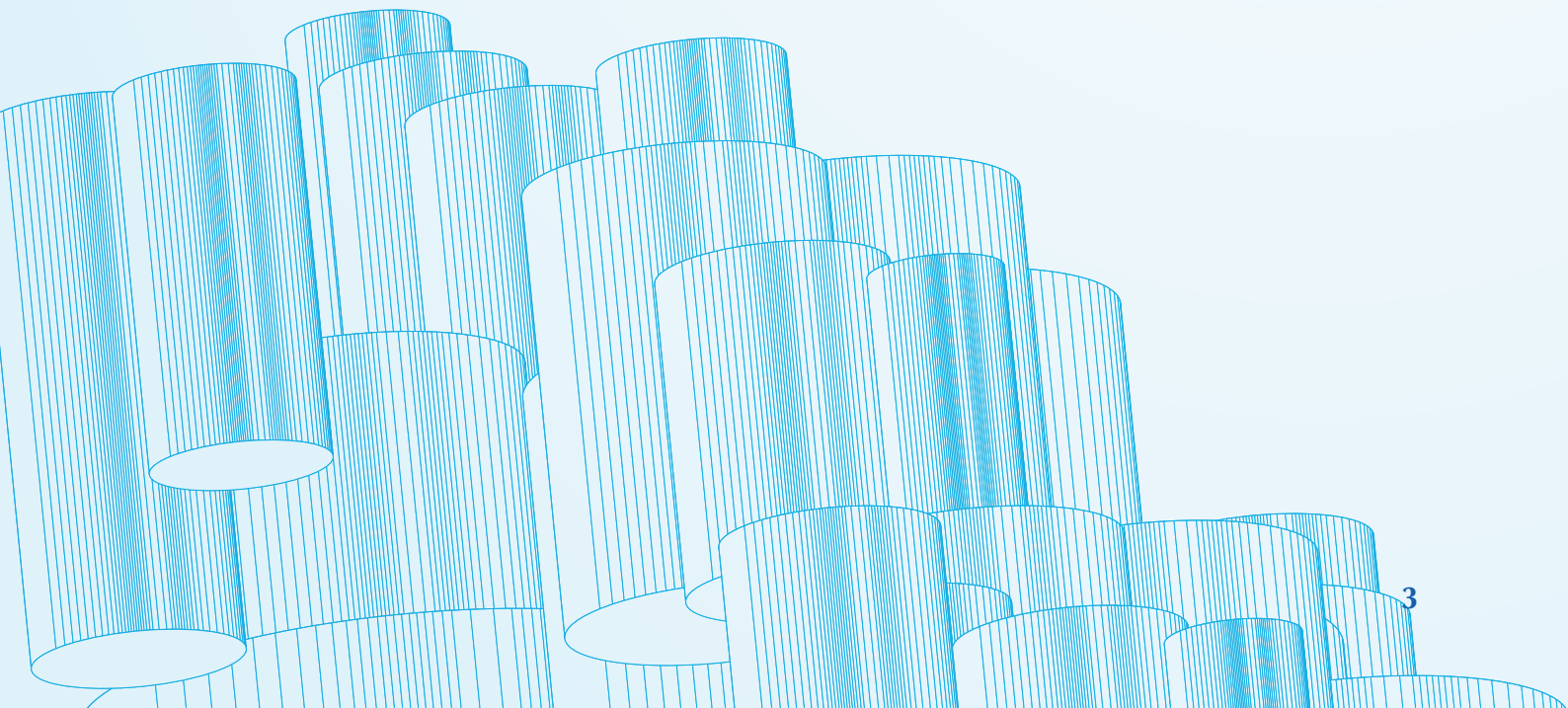
The Board attests that the Pillar 3 Market Discipline Disclosure Reports for Quarter 3 2026 have been prepared in accordance with Bank of Uganda's Pillar 3 Market Discipline disclosure guidelines and Board agreed internal processes. The Pillar 3 disclosures have been duly published on the Housing Finance Bank's website.



Ms. Annette W. Kihuguru  
**Board Chairperson**



Mr. Michael K Mugabi  
**Managing Director**



## Key Prudential Regulatory metrics

### DIS01:Key Prudential Metrics

The table below highlights regulatory capital, leverage and liquidity prudential metrics.

|                                                           | (Figures in Ushs '000)                                                           | Sept 2026     | June 2026     | Mar 2026      | Dec 2025      | Sept 2025        |
|-----------------------------------------------------------|----------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|------------------|
| <b>AVAILABLE CAPITAL (AMOUNTS)</b>                        |                                                                                  |               |               |               |               |                  |
| 1                                                         | Core capital                                                                     | 367,097,263   | 360,005,698   | 385,877,339   | 325,340,053   | 314,671,400      |
| 2                                                         | Supplementary capital                                                            | 24,503,301    | 24,134,209    | 23,968,230    | 23,428,692    | 23,352,964       |
| 3                                                         | Total capital                                                                    | 391,600,564   | 384,139,907   | 409,845,568   | 348,768,745   | 338,024,364      |
| <b>RISK-WEIGHTED ASSETS (AMOUNTS)</b>                     |                                                                                  |               |               |               |               |                  |
| 4                                                         | Total risk-weighted assets (RWA)                                                 | 1,491,708,760 | 1,481,238,352 | 1,414,297,197 | 1,338,894,808 | 1,310,924,565    |
| <b>RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA</b>   |                                                                                  |               |               |               |               |                  |
| 5                                                         | Core capital ratio (%) - minimum 10.22%                                          | 24.61%        | 24.30%        | 27.28%        | 24.30%        | 24.00%           |
| 6                                                         | Total capital ratio (%) - minimum 12.22%                                         | 26.25%        | 25.93%        | 28.98%        | 26.05%        | 25.79%           |
| <b>CAPITAL BUFFER REQUIREMENTS AS A PERCENTAGE OF RWA</b> |                                                                                  |               |               |               |               |                  |
| 7                                                         | Capital conservation buffer requirement (2.5%)                                   | 2.5%          | 2.5%          | 2.5%          | 2.5%          | 2.5%             |
| 8                                                         | Countercyclical buffer requirement (%)                                           | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%             |
| 9                                                         | Systemic buffer (for DSIBs) (%)                                                  | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%             |
| 10                                                        | Total of capital buffer requirements (%) (row 7 + row 8 + row 9)                 | 2.5%          | 2.5%          | 2.5%          | 2.5%          | 2.5%             |
| 11                                                        | Core capital available after meeting the bank's minimum capital requirements (%) | 12.1%         | 11.8%         | 14.8%         | 11.8%         | 11.5%            |
| <b>BASEL III LEVERAGE RATIO</b>                           |                                                                                  |               |               |               |               |                  |
| 12                                                        | Total Basel III leverage ratio exposure measure                                  | 3,483,085,729 | 3,446,075,834 | 2,869,988,313 | 2,692,560,914 | 2,557,715,794    |
| 13                                                        | Basel III leverage ratio (%) (row 1 / row 13)                                    | 10.5%         | 10.4%         | 13.4%         | 12.1%         | 12.3%            |
| <b>LIQUIDITY COVERAGE RATIO</b>                           |                                                                                  |               |               |               |               |                  |
| 14                                                        | Total high-quality liquid assets (HQLA)                                          | 985,044,750   | 912,047,588   | 480,945,037   | 541,336,033   | 292,892,281.41   |
| 15                                                        | Total net cash outflow                                                           | 295,536,779   | 348,821,090   | 227,209,353   | 173,826,810   | 186,925,094.23   |
| 16                                                        | LCR (%)                                                                          | 333%          | 261%          | 212%          | 311%          | 157%             |
| <b>NET STABLE FUNDING RATIO</b>                           |                                                                                  |               |               |               |               |                  |
| 17                                                        | Total available stable funding                                                   | 2,544,336,682 | 2,423,807,663 | 2,040,815,488 | 1,985,658,077 | 1,757,481,246.46 |
| 18                                                        | Total required stable funding                                                    | 1,571,930,981 | 1,564,462,090 | 1,478,279,091 | 1,444,566,513 | 1,383,270,447.57 |
| 19                                                        | NSFR % - (Minimum - 100%)                                                        | 162%          | 155%          | 138%          | 137.5%        | 127%             |

## Capital & Risk Weighted Assets (RWA)

### DIS03: Overview of RWA

|   | Risk Type                                        | RWA           |               | Minimum capital requirements |
|---|--------------------------------------------------|---------------|---------------|------------------------------|
|   |                                                  | Ug. Shs '000  |               |                              |
|   |                                                  | Sept 26       | June 26       | Sept 26                      |
| 1 | Credit risk (excluding counterparty credit risk) | 1,322,288,001 | 1,354,642,734 | 158,674,560                  |
| 2 | Counterparty credit risk (CCR)                   | -             | 19,385        | -                            |
| 3 | Market risk                                      | 47,881,935    | 18,494,440    | 5,745,832                    |
| 4 | Operational risk                                 | 121,538,824   | 108,081,793   | 14,584,659                   |
| 5 | <b>Total (1 + 2 + 3 + 4)</b>                     | 1,491,708,760 | 1,481,238,352 | 179,005,051                  |

## APPENDIX

### Introduction

The Bank of Uganda's Financial Institutions (Liquidity Risk Management) Regulations, 2024, Section 14 requires financial institutions to publish quarterly disclosures on their liquidity risk management framework. These disclosures cover the Bank's liquidity risk strategy, governance, stress testing framework, and highlight the key drivers of the Liquid Assets to Deposits Ratio, Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR).

The following write-up constitutes the Management statement to accompany Pillar III **Liquidity Risk Disclosures for the quarter ended 30th September 2026.**

### Liquidity Risk Management

#### Strategy for managing liquidity risk

The Bank's liquidity risk management strategy is designed to ensure the maintenance of adequate, diversified, and resilient funding sources to meet financial obligations as they fall due under both normal and stressed operating conditions. The strategy is anchored on the following key principles:

- (i) Maintaining an adequate buffer of High-Quality Liquid Assets (HQLA) to ensure the Bank can meet short-term liquidity needs and withstand unexpected cash outflows.
- (ii) Effective intraday liquidity and cash flow management to support timely settlement of payment obligations and facilitate smooth day-to-day operations.
- (iii) Establishing and monitoring a clearly defined liquidity risk appetite, aligned with the Bank's overall risk tolerance and strategic objectives.
- (iv) Conducting regular liquidity stress testing, scenario analysis, and cash flow forecasting to assess the Bank's resilience under a range of adverse market and institution-specific conditions.
- (v) Diversifying funding sources and deposit concentrations to reduce reliance on a limited number of counterparties, customer segments, or funding channels.
- (vi) Enhancing internal liquidity generation through sustained loan recoveries, collections, and prudent credit portfolio management.
- (vii) Maintaining market, customer, and stakeholder confidence through transparent communication, strong governance practices, and sound risk management.
- (viii) Maintaining a robust Contingency Funding Plan (CFP) that outlines actionable measures, escalation procedures, and alternative funding sources to address potential liquidity stress events.
- (ix) Monitoring and managing key liquidity risk indicators and regulatory ratios to ensure ongoing compliance with internal limits and regulatory requirements, while enabling early identification of emerging liquidity pressures.
- (x) Optimizing the asset-liability maturity profile to minimize maturity mismatches and ensure a balanced funding structure that supports sustainable growth.

## Governance of liquidity risk

The liquidity risk governance is anchored within the Bank's overall risk management framework. The Board Assets and Liabilities Committee (BALCO) provides oversight and strategic direction by:

- Approving the Bank's liquidity risk appetite, policies, and limit structures.
- Reviewing stress testing methodologies and results that ensures the adequacy of the contingency funding framework.
- Ensuring the Bank's liquidity management approach remains aligned with evolving regulatory expectations and market dynamics.

At the management level, the Management Assets and Liabilities Committee (MALCO) oversees the day-to-day implementation of liquidity policies, balance sheet optimization, and compliance with internal and regulatory limits.

## Interaction of the liquidity risk management function with other functional areas

Liquidity risk management operates through three lines of defence model to ensure an integrated and coordinated approach:

### First line of defence:

- (i) The Finance department provides funding forecasts, budget projections and cash flow analysis.
- (ii) The Treasury department manages daily liquidity, investment of surplus liquidity and ensures adequate liquidity buffers
- (iii) The business units provide insights on transaction pipelines and customer behavior insights to support liquidity forecasting.

### Second line of defence:

- (i) The Risk Management department conducts liquidity stress testing, monitors limit adherence, and provides recommendations for improvement.
- (ii) The Compliance Department monitors regulatory compliance and advises on regulatory interpretation.

### Third line of defence:

The internal audit department provides independent assurance on the adequacy and effectiveness of the liquidity risk management framework, governance, controls, systems and processes.

This cross-functional engagement supports timely decision making and alignment with the Bank's strategic goals.

## Stress testing and forecasting framework

The Bank conducts regular liquidity stress testing covering both idiosyncratic and market-wide scenarios. These tests incorporate key assumptions, including significant depositor withdrawals, reduced access to

interbank funding, and market illiquidity. The results are reviewed by Management ALCO and Board ALCO and are used to inform and refine the Contingency Funding Plan (CFP), thereby strengthening the Bank's preparedness to respond effectively to potential liquidity stress events.

Liquidity forecasting incorporates both contractual and behavioural cash flow patterns under baseline and stressed conditions to facilitate the early identification of potential liquidity gaps. This proactive approach supports timely and informed decision-making while strengthening the Bank's ability to maintain a resilient and sustainable liquidity position under both normal and adverse market conditions.

## Key Liquidity ratios

- **Liquid assets to total deposits ratio**

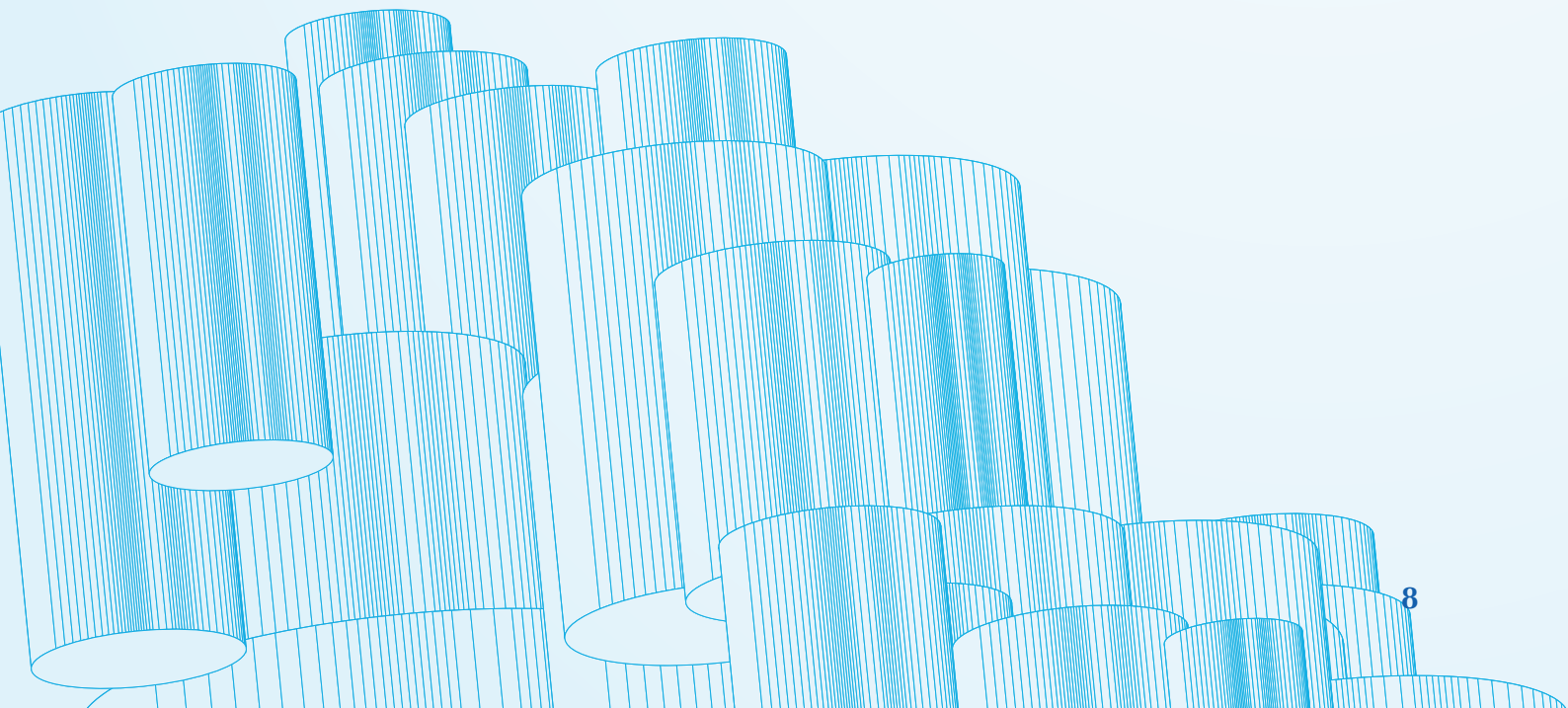
During the reporting period ended 30th September 2026, the ratio of liquid assets to total deposits was 43% above the regulatory minimum of 20%, this remained averagely stable throughout the quarter. The Bank continues to manage short-term funding maturities to improve liquidity buffers.

- **The liquidity coverage ratio (LCR)**

The Liquidity Coverage Ratio (LCR) remained strong at 333%, significantly above the regulatory minimum requirement of 100%. The quarter-on-quarter improvement in the ratio was primarily driven by growth in the stock of High-Quality Liquid Assets (HQLA), largely attributable to increased balances held with the Central Bank.

- **Net Stable Funding Ratio (NSFR)**

The Bank maintained a Net Stable Funding Ratio (NSFR) of 162%, in compliance with the regulatory minimum of 100%. This reflects a sound funding profile with long term stability. The upward movement in the NSFR quarter on quarter was influenced by growth in core deposits. The Bank implemented a liquidity optimization plan to enhance its long-term resilience.





**Housing Finance Bank is regulated by Bank of Uganda. Customer deposits are protected by the Deposit Protection Fund up to UGX 10 Million, Terms and Conditions apply.**