



BANK OF AFRICA

BMCE GROUP



Pillar 3 Market Discipline

Disclosures as at 30 June 2024

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INTRODUCTION

In this report is the Bank of Africa Uganda Limited disclosures in accordance with the Bank of Uganda Pillar 3 Market Discipline: Guidelines on Disclosure Requirements as of June 2024.

The information in this report has not been reviewed nor reported on by our external auditors. All amounts are in shilling thousands unless otherwise stated.

KEY PRUDENTIAL METRICS

The table below provides an overview for the bank's prudential statutory metrics.

	Amounts Ushs' 000	Jun-24	Mar-24	Dec-23	Sep-23	Jun-23
Available capital (amounts)						
1	Core capital	170,142,622	178,826,817	165,216,849	157,806,498	156,756,316
2	Supplementary capital	4,430,643	4,430,643	4,430,643	4,430,643	4,430,643
3	Total capital	174,573,265	183,257,460	169,647,492	162,237,141	161,186,959
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	818,677,530	739,350,460	733,868,922	788,820,451	715,720,478
Risk-based capital ratios as a percentage of RWA						
5	Core capital ratio (%)	20.8%	24.1%	22.2%	20.0%	21.9%
6	Total capital ratio (%)	21.3%	24.8%	22.8%	20.6%	22.5%
Capital buffer requirements as a percentage of RWA						
7	Capital conservation buffer requirement (2.5%)	2.5%	2.5%	2.5%	2.5%	2.5%
8	Countercyclical buffer requirement (%)	-	-	-	-	-
9	Systemic buffer (for DSIBs) (%)	-	-	-	-	-
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 (%)	5.8%	9.2%	7.2%	5.0%	6.9%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	1,395,667,869	1,297,268,442	1,347,496,000	1,382,755,201	1,372,355,239
14	Basel III leverage ratio (%) (row 1 / row 13)	12.2%	13.8%	12.1%	11.4%	11.4%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA)	128,394,925	149,477,296	173,613,816	131,233,837	121,414,850
16	Total net cash outflow	36,786,585	67,451,481	126,236,721	29,742,386	33,849,889
17	LCR (%)	349.0%	221.6%	137.5%	441.2%	358.7%
Net Stable Funding Ratio						
18	Total available stable funding	751,470,171	707,856,571	676,307,888	705,072,100	719,548,316
19	Total required stable funding	343,793,871	289,510,623	284,567,591	322,209,931	337,603,414
20	NSFR	218.6%	244.5%	237.7%	218.8%	213.1%

The Core Capital available after meeting the bank's minimum capital requirements has reduced over the quarter due to payment of dividends to shareholders.

OVERVIEW OF RWA

The table below shows the bank's risk weighted assets as of June and March 2024.

		a	b	c
		RWA		Minimum capital requirements
		Jun-24	Mar-24	Jun-24
1	Credit risk (excluding counterparty credit risk)	663,983,958	597,298,510	79,678,075
2	Counterparty credit risk (CCR)	-	-	-
3	Market risk	11,138,232	9,279,528	1,336,588
4	Operational risk	143,555,340	132,772,422	17,226,641
5	Total (1 + 2 + 3 + 4)	818,677,530	739,350,460	98,241,304

Increase in the risk-weighted assets over the quarter by Ushs. 66 billion was mainly due to increased investment in placements with other banks.

COMPOSITION OF REGULATORY CAPITAL

	Amounts Ushs' 000	Jun-24	Dec-23
	Common Equity Tier 1 capital: instruments and reserves		
1	Permanent shareholders equity (issued and fully paid-up common shares)	150,000,000	150,000,000
2	Share premium	-	-
3	Retained earnings	28,879,825	16,050,092
4	Net after tax profits current year-to date (50% only)	6,602,125	12,789,407
5	General reserves (permanent, unencumbered and able to absorb losses)	-	-
6	Tier 1 capital before regulatory adjustments	185,481,951	178,839,499
	Tier 1 capital: regulatory adjustments		
8	Goodwill and other intangible assets	(3,307,871)	(3,637,358)
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	(12,031,458)	(12,031,458)
26	Other deductions determined by the Central bank	-	-
28	Total regulatory adjustments to Tier 1 capital	(15,339,329)	(15,668,816)
29	Tier 1 capital	170,142,622	163,170,683
	Tier 2 capital: Supplementary capital		
46	Revaluation reserves on fixed assets	-	-
47	Unencumbered general provisions for losses (not to exceed 1.25% of RWA)	4,430,643	4,430,643
48	Hybrid capital instruments	-	-
49	Subordinated debt (not to exceed 50% of core capital subject to a discount factor)	-	-
58	Tier 2 capital	4,430,643	4,430,643
59	Total regulatory capital (= Tier 1 + Tier2)	174,573,265	167,601,326
60	Total risk-weighted assets	818,677,530	748,879,068
	Capital adequacy ratios and buffers		
61	Tier 1 capital (as a percentage of risk-weighted assets)	20.8%	21.8%
63	Total capital (as a percentage of risk-weighted assets)	21.3%	22.4%
64	Total Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus systemic buffer, expressed as a percentage of risk-weighted assets)	2.5%	2.5%

65	Of which: capital conservation buffer requirement	2.5%	2.5%
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	5.8%	6.8%
Minimum statutory ratio requirements			
70	Tier 1 capital adequacy ratio	12.5%	12.5%
71	Total capital adequacy ratio	14.5%	14.5%

The bank is within the regulatory limits and has adequate capital to remain in operation.

ASSET QUALITY

The credit quality of the Bank's on- and off-balance sheet assets is reflected below through the disclosure of the gross carrying values of both defaulted and non-defaulted exposures as well as provisions and interest in suspense.

		a	b	d	e	f	g
		Gross carrying values of		Provisions as per FIA2004/ MDIA2003		Interest in suspense	Net values (FIA/MDIA) (a+b-d-e)
		Defaulted exposures	Non-defaulted exposures	Specific	General		
1	Loans and advances	7,966,496	460,762,173	(3,819,166)	(4,430,643)	(415,739)	460,063,120
2	Debt Securities	-	-	-	-	-	-
3	Off-balance sheet exposures	-	281,002,126	-	-	-	281,002,126
4	Total	7,966,496	741,764,299	(3,819,166)	(4,430,643)	(415,739)	741,065,246

The bank's non-performing portfolio stood at 1.7% as at June 2024.

CHANGES IN STOCK OF DEFAULTED LOANS AND DEBT SECURITIES

The table below presents the movement in the balance of defaulted exposures between December 2023 and June 2024.

	a
1 Defaulted loans & advances, debt securities and off balance sheet exposures at end of the previous reporting period	12,673,509
2 Loans and debt securities that have defaulted since the last reporting period	3,056,276
3 Returned to non-defaulted status	812,779
4 Amounts written off	6,950,510
5 Other changes	-
6 Defaulted loans & advances, debt securities and off balance sheet exposures at end of the reporting period (1+2-3-4+5)	7,966,496

There was a reduction in defaulted exposures position of June 2024 due to improvement in the quality of facilities extended though engagements also continue with both written-off and defaulted customers to make recoveries.

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