Salaam Bank | A member of the Salaam Group

Q2 2026

PILLAR 3 MARKET DISCLOSURES

1.0 Introduction.

Salaam Bank Uganda Limited (hereinafter referred to as the 'Bank') is a fully fledged Islamic Financial Institution and a subsidiary of the Salaam African Bank based in Djibouti.

It provides retail banking, small & mid corporate banking services and a wide range of sharia compliant financial services in Uganda.

The Basel II framework consists of three mutual reinforcing pillars: -

· Pillar 1: Minimum capital requirements.
· Pillar 2: Supervisory review process of capital adequacy
· Pillar 3: Market discipline.

Market discipline (Pillar 3) comprises a set of disclosures on the capital adequacy and risk management framework of the Bank. These disclosures have been set out in the different sections as will be discussed ahead.

The purpose of Pillar 3 is to complement the minimum capital requirements and the supervisory review process of Basel II. The minimum set of disclosure requirements is intended to allow market participants to assess key pieces of information on the scope of application, capital, risk exposures, risk assessment processes, and hence the capital adequacy of the institution.

The minimum requirements for quantitative information to be disclosed to the public on a quarterly basis are:

· Primary capital, including the primary capital adequacy ratio.
· Total capital, including the total capital adequacy ratio.
· The components of capital.
· The total required amount of capital and reserve funds; and
· Any risk exposure or other item that is subject to rapid or material change.

This quarterly disclosure gives insights into:

- DIS01: Key metrics
- DIS03: Overview of the Bank's Risk weighted assets (RWA)
- DIS04: Composition of Regulatory Capital
- DIS05: Quality of Assets
- DIS06: Changes in stock of defaulted assets and securities

		Mar-26	Mar-26	Dec-25	Sept-25	Jun-25
	Available capital (amounts)					
1	Core capital	44,462,093.00	44,943,041.00	46,151,643.00	46,623,835.00	46,400,470.00
2	Supplementary capital	596,891.00	434,832.00	317,984.00	220,630.00	131,690.00
3	Total capital	45,058,984.00	45,377,873.00	46,469,627.00	46,844,465.00	46,532,161.00
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	167,953,186.00	154,691,664.00	137,257,973.00	135,269,270.00	119,299,173.00
	Risk-based capital ratios as a percentage of RWA					
5	Core capital ratio (%)	26.47%	29.05%	33.62%	34.47%	38.89%
6	Total capital ratio (%)	26.83%	29.33%	33.86%	34.63%	39.00%
	Capital buffer requirements as a percentage of RWA					
7	Capital conservation buffer requirement (2.5%)	4,198,829.7	3,867,291.6	3,431,449.3	3,381,731.8	2,982,479
8	Countercyclical buffer requirement (%)	–	–	–	–	–
9	Systemic buffer (for DSIBs) (%)	–	–	–	–	–
10	Total of capital buffer requirements (%)	4,198,829.65	3,867,291.60	3,431,449.33	3,381,731.75	2,982,479.33
	(row 7 + row 8 + row 9)					
11	Core capital available after meeting the bank's minimum capital requirements (%)	25,192,977.90	23,203,749.60	20,588,695.95	20,290,390.50	17,894,876
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	195,318,392	187,140,533	181,018,462	179,046,676	165,891,252
14	Basel III leverage ratio (%) (row 1 / row 13)	22.76%	24.02%	25.50%	26.04%	27.97%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA)	13,302,529	119,010,923	37,515,451	122,940,673	50,973,058
16	Total net cash outflow	2,853,143	2,853,143	6,446,322	2,353,008	58,749,848
17	LCR (%)	466%	4171%	582%	5225%	87%
	Net Stable Funding Ratio					
18	Total available stable funding	100,076,858	100,778,941	95,327,177	95,230,033	91,086,263
19	Total required stable funding	49,621,585	81,929,286	18,038,804	68,283,181	24,207,025
20	NSFR	202%	123%	528%	139%	376%

DIS03: Overview of Risk Weighted Assets

The table below provides an overview of the bank's Risk Weighted Assets

			RWA	Minimum capital requirements
		Jun-26	**Mar-26**	**Jun-26**
1	Credit risk (excluding counterparty credit risk)	167,953,187	152,842,790	20,154,382.4
2	Counterparty credit risk (CCR)	-	-	-
3	Market risk	7,446,491	1,514,576	893,936
4	Operational risk	516,044.0	334,298.0	61,950.1
5	Total (1 + 2 + 3 + 4)	175,915,722.0	154,691,664.0	21,110,269

Comment:

As of June 30, 2026, Salaam Bank was adequately capitalized.

DIS04: Composition of Regulatory Capital

The table below provides a breakdown of the capital elements of the bank

		Jun-26
		Amounts
	Common Equity Tier 1 capital: instruments and reserves	
1	Permanent shareholders equity (issued and fully paid-up common shares)	94,725,840.0
2	Share premium	-
3	Retained earnings	(47,454,867)
4	Net after tax profits current year-to date (50% only)	-
5	General reserves (permanent, unencumbered and able to absorb losses)	-
6	**Tier 1 capital before regulatory adjustments**	47,270,973
	Tier 1 capital: regulatory adjustments	**2,808,879.00**
8	Goodwill and other intangible assets	1,507,093.0
9	Current year's losses	1,301,786.00
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**	2,808,879.0
29	**Tier 1 capital**	44,462,094.00
	Tier 2 capital: Supplementary capital	**596,891.00**
46	Revaluation reserves on fixed assets	
47	*Unencumbered general provisions for losses (not to exceed 1.25% of RWA)*	596,891.00
48	Hybrid capital instruments	

49	*Subordinated debt (not to exceed 50% of core capital subject to a discount factor)*	-
58	**Tier 2 capital**	596,891.0
59	**Total regulatory capital (= Tier 1 + Tier2)**	45,058,985
60	**Total risk-weighted assets**	167,953,187
	Capital adequacy ratios and buffers	
61	**Tier 1 capital (as a percentage of risk-weighted assets)**	26.47%
63	**Total capital (as a percentage of risk-weighted assets)**	26.83%
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	2.50%
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**	26.47%
	Minimum statutory ratio requirements	
70	Tier 1 capital adequacy ratio	12.5%
71	Total capital adequacy ratio	14.5%

Comment:

As of December 31, 2025, Salaam Bank was adequately capitalized

DIS05: Quality of assets

In this section, the main figures for exposure to credit risk related to advances, debt securities and similar transactions that are not recorded in the Bank's financial statements are presented.

		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	Financing and advances	3,148,486.00	57,545,057	-	*596,891.0*	-	60,096,652
2	Debt Securities						
3	Off-balance sheet exposures						
4	***Total***	***3,148,486.00***	***57,545,057***	***-***	***596,891.0***	***-***	***60,096,652***

DIS06: Changes in stock of defaulted Assets and Securities

The table below represents the Changes in stock of defaulted financing assets and debt securities for Salaam Bank Ltd as of June 30, 2026.

		Jun-26
1	**Defaulted financing & advances, securities and off-balance sheet exposures at end of the previous reporting period**	-
2	Financing and securities that have defaulted since the last reporting period	3,148,486.00
3	Returned to non-defaulted status	0
4	Amounts written off	-
5	Other changes	0
6	**Defaulted Financing & advances, securities and off-balance sheet exposures at end of the reporting period** (1+2-3-4+5)	3,148,486.0

Board Attestation.

The Board attests that the Pillar 3 Market Discipline Disclosure Reports for Quarter 2, 2026 have been prepared in accordance with the regulatory requirements.

Managing Director

Board Chairman