

BANK OF UGANDA



QUARTERLY FINANCIAL STABILITY REVIEW

June 2026

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Overview

On aggregate, risks to financial stability remained moderate over the year to June 2026, although vulnerabilities have started rising. The main concern remains external geoeconomic and energy shocks from the Middle East conflict which have led to a rise in oil prices, exchange rate depreciation pressures and could drive up inflation over the next one year. On the domestic front, economic conditions have remained strong so far with low inflation and robust economic activity, supporting strong credit growth and the lowest NPL ratio since December 2011 while exposure of banks to sovereign debt yield changes remains stable. In terms of resilience, overall, Ugandan banks remain robust and continue to maintain strong capital and liquidity buffers against plausible shocks supported by good profitability. The outlook points to a more challenging operating environment for the financial sector over the next one year, with the pass-through effects from the Middle East conflict remaining the principal source of vulnerability. BoU remains proactive and will continue to leverage both monetary and macroprudential tools to enhance the resilience of the financial system as risks evolve.

1. Status of Macro-Financial Indicators

A summary of the level of key risks and their potential direction in the next quarter is shown below.

Table 1: Key systemic risk indicators

Risk Category	Risk level: Jun-2026	Risk direction: Sep-2026
Overall risk:		
Macro risk:		
Liquidity & Funding risk:		
Credit risk:		
Profitability & solvency:		
Structural risk:		

Source: BoU

Risk key:

Severity	High	Moderate	Low
Direction	↑ Increasing	⇒ Unchanged	↓ Decreasing

2. Risks in the Macro-Financial Environment

Global shocks remain elevated with potential pass-through effects on inflation expectations, market volatility and capital flow swings. The International Monetary Fund (IMF) World

Economic Outlook (WEO) update of July 2026 revised the global growth projection for 2026 from 3.1 percent to 3.0 percent. This was mainly due to the adverse effects of the ME conflict though they have been partly offset by an increased investment in technology-related assets, particularly in artificial intelligence (AI). Relatedly, global headline inflation for 2026 is now projected to rise to 4.7 percent, up from the 4.4 percent projected in April 2026, before moderating to 3.9 percent in 2027. The duration and severity of the ME conflict and any unwinding of AI related asset prices will have implications for global macro financial conditions and determine the pass-through effect on the performance of the domestic financial sector.

Domestic economic conditions have remained robust so far, with strong growth and low inflation, supporting bank performance. Preliminary estimates from the Uganda Bureau of Statistics (UBOS) show that the economy grew by 6.4 percent in real terms in FY2025/26, up from 6.3 percent in FY2024/25. This performance was supported by stronger aggregate demand, increased investment and export activity. Annual headline inflation rose to 4.0 percent in July 2026 from 3.7 percent in June 2026, while core inflation was unchanged at 3.4 percent. The Bundibugyo Ebola outbreak, which had disrupted tourism, foreign travel for Ugandans, supply

chains as well as cross-border trade with the Democratic Republic of the Congo (DRC) and surrounding countries, was declared over in August 2026. Transmission nonetheless continues in the DRC, and regional preparedness arrangements remain in place.

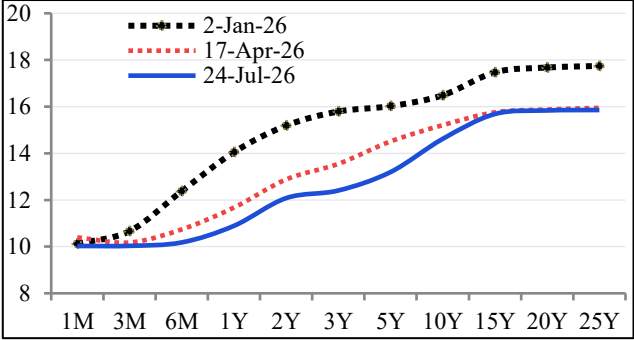
The outlook points to a more challenging operating environment for the financial sector over the next one year, with the pass-through effects from the Middle East conflict and any correction in global asset prices remaining the principal sources of vulnerability through higher oil prices and inflation, offshore capital and exchange rate volatility, lower remittances, higher credit risk from exposed borrowers. The full effect of these global and domestic macro-financial developments on bank balance sheets normally materialise with a lag of about six to eight months. BoU will continue to implement appropriate policy measures as these risks evolve to support financial stability and will conduct a dedicated survey to assess the impact of global geoeconomic shocks and include it in the annual macro stress test commencing in August 2026, which will also inform any required policy or supervisory actions.

3. Sovereign Risk and Offshore Investor Exposure

2.1. Sovereign Risk

Globally, yields on Government securities rose in the year to July 2026, mainly reflecting war-induced energy inflation and increased government borrowing, which pushed inflation expectations and term premiums higher. In contrast, yields on Government of Uganda (GoU) securities fell over the three months to July 2026, which implies that there was relatively low stress on banks arising from sovereign debt repricing.

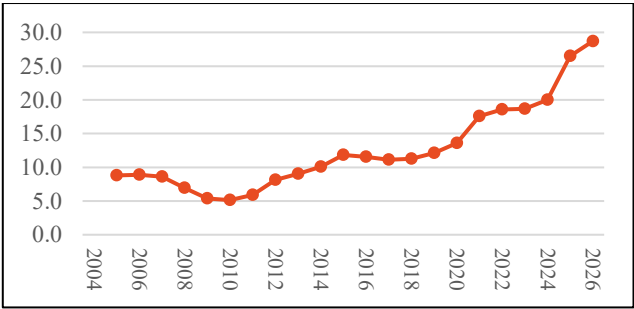
Figure 1: Yields on GOU Securities



Source: BoU

Exposure of SFIs to GoU securities as a proportion of total assets averaged 28.7 percent over the twelve months to June 2026, but a few SFIs hold relatively high exposures which could expose them to repricing effects on trading securities. BoU will continue monitoring sovereign-bank linkages and take appropriate policy measures.

Figure 2: Domestic Debt to GDP

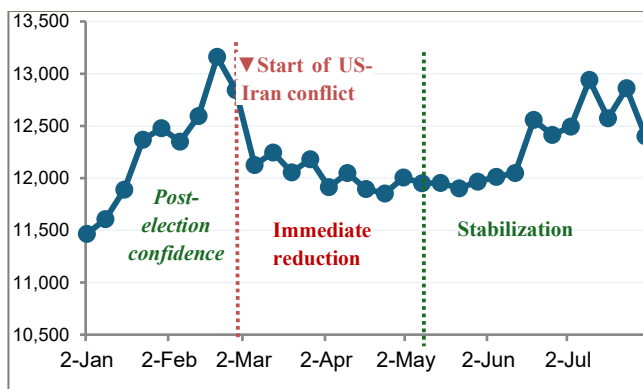


Source: BoU

2.2 Offshore Investor Exposure

Globally, non-resident capital flows remain highly vulnerable to sudden swings arising from the Middle East conflict or from risk aversion associated with a potential repricing of AI-related asset valuations. In Uganda, the onset of the US-Iran conflict triggered an initial and modest 4.4 percent reduction in offshore exposure, before stabilising and resuming accumulation, with no sign of disorderly or panicked withdrawals. Foreign currency reserves remain adequate with the offshore exposure cover ratio standing at 1.36 as at end-July 2026, in line with the Greenspan-Guidotti Rule.

Figure 3: Weekly Offshore Total Exposure (UGX Billions)



Source: BoU

Indicators and stress tests show that banks remain resilient to swings in offshore capital flows. Nonetheless, given the persisting pressures from global geopolitical events on offshore flows, BoU continues to monitor offshore investor behavior and to take appropriate policy measures.

4. Banking Sector Risks

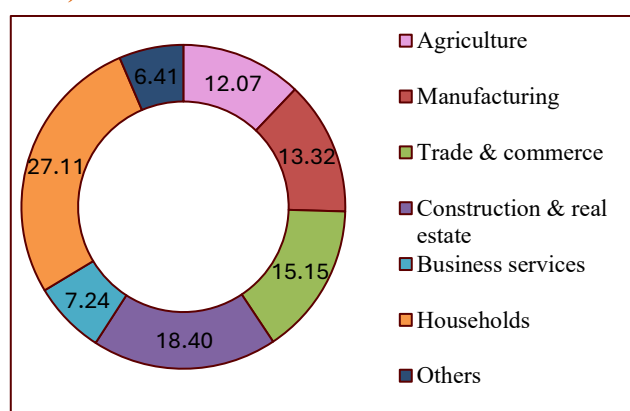
3.1 Credit growth and Asset Quality

Credit growth picked up strongly over the year to June 2026, supported by higher economic activity and improving financing conditions. Aggregate Private Sector Credit (PSC) grew by 16.1 percent to UGX 31.1 trillion in June 2026, while total loans extended by SFIs grew by 16.3 percent to UGX 27.4 trillion, compared with 11.6 percent in the year to March 2026 and highest growth in the post-covid 19 period. The BoU Lending Survey attributed the continued growth to lower lending rates, which declined to 18.0 percent from 19.1 percent on shilling loans and to 7.3 percent from 8.8 percent on foreign currency loans, strong demand from enterprises and households, and the easing of household lending standards. Foreign currency lending grew by 25.0 percent to UGX 8.3 trillion, outpacing overall SFI loan growth.

The growth in credit was spread across all Tiers of banks as well as in digital loans with mobile money loans rising by 173 percent over the year, with disbursements rising to UGX 5.6 trillion. It was reflected in all sectors, especially mining, trade and household and personal loans. Credit to

the real estate sector increased by 8.1 percent to UGX 4.8 trillion in the year to June 2026, while residential property prices remained stable, with the Residential Property Price Index (RPPI) growing by 6.4 percent in the year to June 2026. SFIs met the 85 percent prudential limit for residential mortgages but breached it for land purchase loans, with aggregate Loan-to-Value (LTV) ratios of 47.9 percent and 133.9 percent respectively. This implies that some SFIs remained individually non-compliant, but BoU continued to engage these institutions to strengthen compliance.

Figure 4: Sectoral Distribution of Loans (% of total)



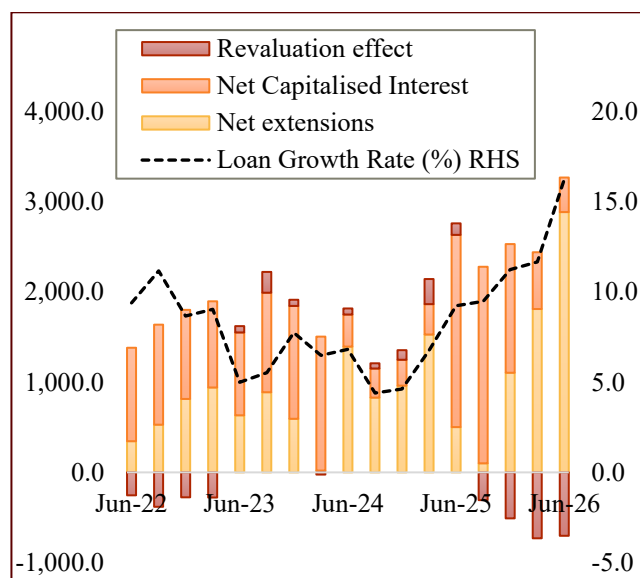
Source: BoU

Policy-wise, there is a question as to whether this level of credit growth at 16.1 percent is high relative to GDP growth given that it is above the indicative long-term trend and the 14.0 percent monitoring benchmark. BoU will continue to monitor whether the trend in credit growth persists for more than three consecutive quarters, which would inform any countercyclical policy response.

Asset quality continued to improve as industry NPLs reduced further. The NPL ratio fell to 2.7 percent from 3.7 percent in June 2025 and 3.0 percent in March 2026, the lowest level since December 2011, with the stock of NPLs declining by 17.0 percent to UGX 727.4 billion. The improvement was broad-based, with NPL ratios in agriculture, mining, manufacturing and transport all declining, and was driven by stronger recoveries, stronger economic activity, loan

rehabilitation and improved borrower repayment performance. However, Expected Credit Losses (ECLs) increased slightly by 6.3 percent to UGX 809.1 billion from UGX 762.2 billion, mainly in a few banks, but could indicate a rise in NPLs over a horizon of six months. Credit stress tests indicate that most SFIs hold adequate capital buffers to withstand a deterioration in their loan portfolios, including the default of their largest borrowers. BoU will continue to monitor the build-up of credit risk and the adequacy of forward-looking provisioning and deploy appropriate measures to preserve the soundness of the banking sector.

Figure 5: Loan growth composition against growth rate



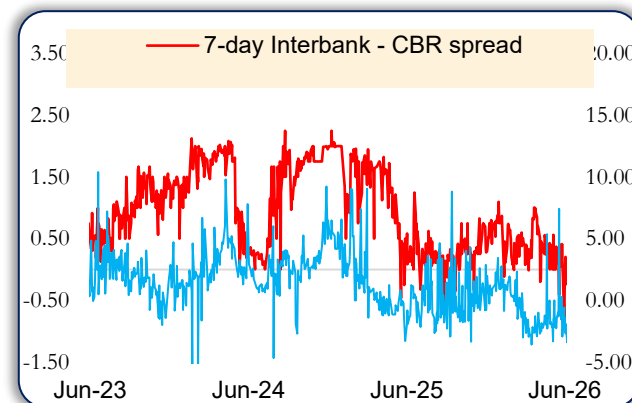
Source: BoU

3.2 Liquidity Risk and Funding Conditions

Liquidity conditions continued to improve, supported by a stronger depositor base, a build-up in high-quality liquid assets and a decline in wholesale funding costs. Customer deposits increased by 8.1 percent to UGX 48.5 trillion in the quarter to June 2026, and remained the primary source of funding for SFIs, accounting for 82.2 percent of total liabilities. Wholesale funding costs declined between April and July 2026, with the average spread between the 7-day Interbank Rate and the Central Bank Rate (CBR) narrowing from 0.5 percent to 0.1

percent, and the spread between the 7-day swap-implied rate and the CBR falling from -0.6 percent to -1.0 percent. This indicates that money markets continued to operate efficiently in facilitating liquidity transmission.

Figure 6: Wholesale Funding Costs (Percent)



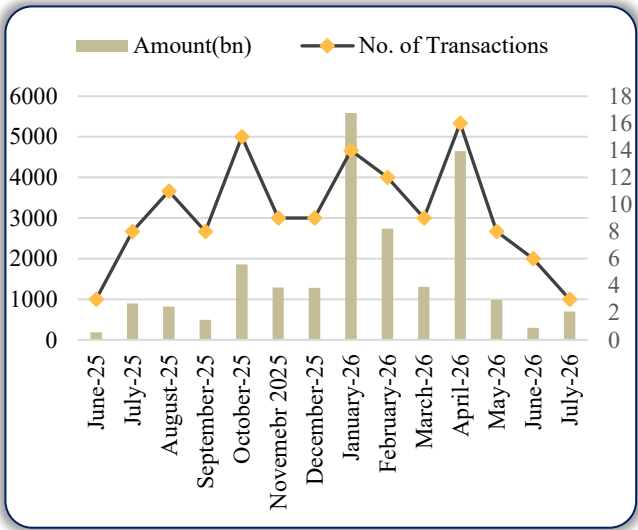
Source: BoU

SFIs' liquidity buffers strengthened further over the quarter, enhancing resilience to liquidity shocks, with all SFIs maintaining adequate buffers to withstand both short-term and long-term shocks. The aggregate SFIs' liquidity ratio (liquid assets to total deposits) improved from 57.7 percent in March 2026 to 59.9 percent in June 2026, and all banks met the regulatory minimum of 20 percent. Relatedly, the aggregate Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) stood at 490.2 percent and 172.4 percent respectively in July 2026, and all SFIs met the 100 percent minimum requirement for LCR. Reliance on the BoU Standing Lending Facility (SLF) remained relatively low through the quarter to July 2026, with UGX 2.0 trillion accessed across 17 transactions, down from UGX 8.7 trillion across 37 transactions in the quarter to April 2026, indicative of sufficient liquidity in the money markets. Liquidity stress tests confirmed that most SFIs continue to hold adequate liquidity buffers to meet both short-term and long-term obligations.

However, deposit concentration increased in a few banks, although it remains low on aggregate. As at end-June 2026, the top ten non-bank depositors accounted for 30.1 percent of

aggregate total deposits, higher than 28.4 percent in March 2026. At the institutional level, four banks had more than 50 percent of their deposits held by their top ten customers, an increase from two in the previous quarter, although the top ten depositors are distributed across several banks, which limits contagion. Supervisory focus will remain on enhancing the resilience of banks with liquidity challenges, diversification of funding sources, and the robustness of SFIs’ liquidity risk management frameworks and contingency plans in the context of evolving market conditions.

Figure 7: Access to the Standing Lending Facility



Source: BoU

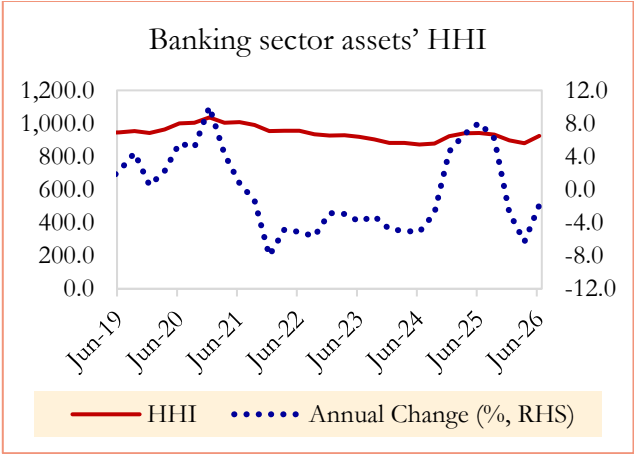
3.3 Structural Risk

Banking sector concentration remained relatively low. The Herfindahl-Hirschman Index (HHI) for banking sector assets, a measure of market concentration, declined to 925.2 in June 2026 from 938.0 in June 2025 and remained well below the 1,500 threshold above which the market is considered moderately concentrated.

However, the share of total bank assets held by Domestic Systemically Important Banks (DSIBs) increased to 55.1 percent in June 2026, from 50.0 percent in June 2025, following the designation of an additional bank as a DSIB. Aggregate DSIB resilience improved over the year, and all DSIBs complied with the regulatory capital requirements

including the systemic risk buffer. BoU also continues to subject DSIBs to enhanced supervisory oversight under its Risk-Based Supervision Framework.

Figure 8: Banking sector assets’ HHI



Source: BoU

Box 2: Measures to address structural risk

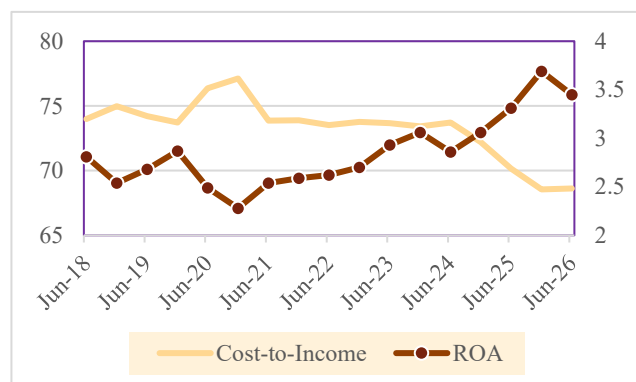
- BoU updated the DSIBs Framework, which was approved by the Board in May 2026, to refine the systemic risk assessment methodology and align the framework with recent market/regulatory developments.
- BoU also continues to monitor and ensure that DSIBs comply with the credit concentration limits as per the regulatory framework.

3.4 Profitability and Capital Adequacy

Banking sector profitability continued to improve over the year to June 2026, driven by higher interest income, lower loan impairment charges and a growing balance sheet. SFIs’ aggregate net after-tax profit (NPAT) rose by 20.5 percent to UGX 2.3 trillion in the year ended June 2026, and the aggregate return on assets (ROA) increased to 3.5 percent from 3.3 percent a year earlier, although it eased from 3.8 percent in March 2026. This implies that SFIs continue generating the capital needed to support increased lending and build capital buffers. Profitability was further supported by an 8.1 percent reduction

in provisions for bad debts. The cost-to-income ratio improved to 68.6 percent from 70.2 percent over the year and most SFIs were profitable. Profitability is expected to remain resilient as SFIs improve cost efficiency.

Figure 9: Evolution of SFIs' ROA and Cost to Income (Percent)



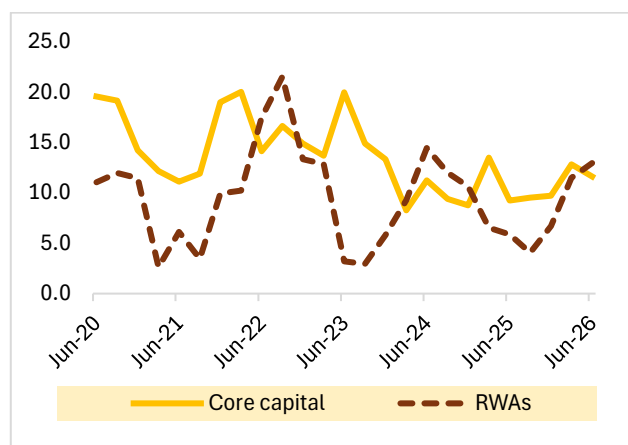
Source: BoU

The industry remained well capitalised during the year to June 2026 and SFIs held sufficient capital buffers to withstand extreme but plausible shocks. The industry's regulatory core capital-to-risk weighted assets ratio (Core CAR) eased slightly to 24.7 percent from 25.0 percent a year earlier, while the aggregate Core CARs stood at 24.5 percent for banks, 30.1 percent for CIs and 27.4 percent for MDIs, well above the regulatory minimum of 12.5 percent for banks and CIs and 15 percent for MDIs.

- All DSIBs met the systemic risk buffer, and all banks and CIs met the 6 percent minimum requirement for the leverage ratio.
- Regarding the revised minimum paid-up capital requirements of UGX 150 billion for Tier I banks, UGX 25 billion for Tier II banks and UGX 5 billion for Tier III institutions, all SFIs were compliant as at end-June 2026 following the recapitalization of one bank.
- BoU will continue to monitor SFIs' capital levels to ensure compliance.

Figure 10: Growth in Core Capital and Risk-

Weighted Assets (Percent, YoY)



Source: BoU

Box 3: Other measures to enhance SFI Capital

- BoU is amending the Financial Institutions (Capital Adequacy) Regulations 2018, with the following objectives:
 - Improve the quality, adequacy and the efficient use of capital.
 - Strengthen risk awareness and internal discipline among SFIs.
 - Enhance market confidence, comparability, and regional integration.

3.5 Registered Societies and Large Savings and Credit Cooperative Organizations (Large SACCOs)

BoU continues to implement measures aimed at strengthening regulation of Large SACCOs, which collectively are collectively systemically important.

- As at end-August 2026, seven Large SACCOs, namely EBO, Kyazanga-Kwegatta, MADFA, Rubabo, Share an Opportunity (SAO) Zirowwe, Kihondo Tukwatanize and Uganda National Bureau of Standards Staff, had been licensed by BoU. An additional 14 applications are under review, and 13 institutions are being supported to apply.

- BoU also continues to sensitise stakeholders on the regulatory framework, including through a high-level consultative meeting. The deadline for registration remains in place and will be enforced.
- In terms of financial performance, all seven licensed Large SACCOs remain well capitalised and liquid, and all licensed institutions continue to meet the statutory requirements for capital adequacy, liquidity, institutional capital and voluntary savings. Total assets grew by 29.5 percent to UGX 199.4 billion, largely due to the addition of Rubabo and SAO, funding remained predominantly savings-based, and all Large SACCOs were profitable, posting aggregate net profit after tax of UGX 2.7 billion for the quarter. Asset quality remains the principal weakness, following the increase in the NPL ratio to 14.9 percent from 14.3 percent. This reflects the weak credit underwriting and recovery practices carried over from the period of self-regulation, which BoU is addressing through training and time-bound corrective actions issued after onsite examinations.

5. Performance and Risks of Payments System

Over the twelve months to June 2026, the payment sector continued to grow and modernize, supported by the increased adoption of digital services and ongoing regulatory reforms. However, activity in the quarter under review was tempered by cautious consumer spending and by the Ebola outbreak, which disrupted cross-border trade.

Real Time Gross Settlement (RTGS) transaction volumes declined by 5.2 percent over the year to 2.4 million in June 2026 because of seasonal fluctuations in government payments at the close of the financial year and the disruption of cross-border trade, while values rose marginally by 0.8 percent to UGX 963.4 trillion. The Automated

Clearing House (ACH) recorded a 12.8 percent increase in Electronic Funds Transfer (EFT) values to UGX 72.8 trillion over the same period.

Cheque usage continued to decline, with values falling by 4.9 percent to UGX 4.4 trillion as users moved to faster and more convenient electronic payment methods. This trend was reinforced by BoU measures introduced during the quarter to lower the interbank cheque value limit and cap cash withdrawals.

Electronic money continued to grow, with twenty (20) licensed issuers in operation. Transaction volumes and values grew by 14.9 percent and 29.1 percent, respectively, with values reaching UGX 421.0 trillion. Low-value transactions (under UGX 50,000) made up 89.1 percent of total mobile money activity, a sign that financial inclusion continues to deepen.

Digital lending continued to increase, with loan disbursements rising by 173 percent to UGX 5.6 trillion over the year, while the NPL ratio for digital loans improved to 21.6 percent from 43.4 percent a year earlier. Agent banking services also increased, with the number of agents on the shared platform increasing by 3 percent to 23,473.

Despite the growth in digital credit extension, operational risks remain elevated, particularly from cyber threats such as phishing scams that target financial institutions and last-mile customers. UNISS recorded an outage of about 3.1 hours on 10 April 2026, and Payment Service Providers (PSPs) reported cyber fraud incidents and occasional system disruptions, which underscores the need for stronger security measures and more resilient infrastructure.

On a positive note, liquidity and credit risks within the payment systems remained low, supported by the pre-funded RTGS user arrangements and the full cash-backing of electronic money in trust accounts.

Box 4: Regulatory and Risk Mitigation Measures for Payments Systems

- ❑ BoU reduced the interbank cheque value limit from UGX 10 million to UGX 5 million and introduced daily and weekly cash withdrawal caps of UGX 50 million and UGX 250 million for individuals, as well as UGX 500 million and UGX 2.5 billion for corporates, to encourage electronic payments.
- ❑ BoU issued guidelines on the distribution of interest earned on trust accounts and is finalising the corporate governance and cyber risk guidelines following stakeholder consultations.

6. Update on SFIs under Liquidation

In line with the Financial Institutions Act (FIA) 2004 (as amended), under Section 99, this segment provides an update on the status of the liquidation process for the four closed financial institutions that remain under liquidation. Two of these institutions remain under active liquidation, with loan recovery the only remaining activity, while the other two are at advanced stages of closure.

	UGX 74.0 billion loan portfolio at closure. - Recoveries have enabled reimbursement of unprotected depositors up to 60 percent of their eligible claims. - All liquidation expenses have been cleared, the DPFU has been reimbursed UGX 2.8 billion in respect of protected deposits, and available proceeds amount to UGX 3.7 billion.
National Bank of Commerce (NBC) (In Liquidation)	A meeting for all creditors and shareholders' is scheduled by end-2026 where the Statement of Affairs that reflects the institution's financial position as at end-June 2025 will be presented. After, the liquidation will be finalised and closed.
Greenland Bank Limited (In Liquidation)	All substantive liquidation activities have been concluded, and the final liquidation audit has been completed. Closure of the liquidation remains pending the outcome of a suit filed by the former shareholders.

Table 2: Update on closed SFIs

SFI	Update
EFC Uganda Limited (In Liquidation)	- As at end-July 2026, EFC (in liquidation) had recovered UGX 15.1 billion, or 21.3 percent of the UGX 71.0 billion loan portfolio at closure. - All liquidation expenses have been paid, the Deposit Protection Fund of Uganda (DPFU) has been fully reimbursed its insured deposit payout of UGX 1.4 billion, and available proceeds amount to approximately UGX 3.6 billion.
Mercantile Credit Bank (MCB) (In Liquidation)	As at end-July 2026, MCB (in liquidation) had recovered UGX 38.5 billion, or 52.1 percent of the approximately

Box 5: Measures to enhance the resolution process for SFIs and PSPs

- ❑ BoU is currently revising the Resolution Policy (2021), to more effectively:
 - Ensure the early identification of failing or likely-to-fail SFIs.
 - Facilitate timely and proportionate supervisory, recovery, and resolution actions.
 - Promote the orderly exit of non-viable SFIs.
 - Expand the scope of application to cover Payment Service Providers (PSPs).
- ❑ BoU reviewed the recovery plans of three banks during the period, in addition to the DSIBs' recovery plans reviewed earlier, and provided supervisory feedback to strengthen recovery triggers, recovery options, scenario

analysis and the regular testing and updating of plans.

- ❑ BoU's resolvability assessment of the DSIBs identified the absence of bridge banking and bail-in powers in the current resolution framework as an impediment to effective resolution.
- ❑ BoU approved, on an exceptional basis, the use of mediation and negotiated settlement in liquidation-related legal matters to facilitate the timely and cost-effective resolution of claims.

7. Policy Stance

Given the trend of risks assessed during the review period, BoU maintained macroprudential policy measures as currently calibrated, that is, the Countercyclical Capital Buffer (CCyB) at 0 percent of risk-weighted assets (RWA), the Systemic Risk Buffer at 0.5 percent and 1 percent of RWA, the LCR and NSFR at 100 percent, and the LTV limit at 85 percent for residential mortgages and land purchase loans, as shown in *Appendix 1*.

8. Appendices

Appendix 1: Summary Status of BOU Macroprudential Policy Measures for Financial Stability

Type of risk	Intermediate objective	Tools/Instruments	Effective Date	Status/comment
Time varying risk	Resilience against Credit and other risks	- Capital Conservation Buffer (<i>2.5 percent of RWA</i>) - Applicable to Commercial Banks and Credit Institutions.	December 2021	Ongoing
		- Countercyclical Capital Buffer (<i>0.0 percent of RWA</i>) - Applicable to Commercial Banks and Credit Institutions	December 2021	
		- Leverage Ratio: 6 percent (<i>Core capital/Total Assets+off balance-sheet items</i>) - Applicable to Commercial Banks and Credit Institutions.	December 2021	
		Revised paid-up capital requirements to UGX 150 billion for Tier I banks and UGX 25 billion for Tier II banks.	June 2024	
		- Loan-to-value (LTV) ratio Limit: 85 percent (on residential mortgages and land purchase loans.) - Applicable to Commercial Banks, Credit Institutions and MDIs	May 2020	
	Funding/ Liquidity risk	- Liquidity Coverage Ratio (LCR): 100 percent - Applicable to Commercial Banks and Credit Institutions	January 2014	Ongoing
		Standing Lending Facility (SLF), for commercial banks	July 2020	
		- Net Stable Funding Ration (NSFR): 100 percent - Applicable to Commercial Banks and Credit Institutions	December 2024	
		Emergency Liquidity Assistance (ELA).	June 2022	
Cross sectional risk	Resilience of market structure	- Framework for Regulation of Domestic Systemically Important Banks (DSIBs) - Systemic risk capital Buffer (0.0–3.5 percent of RWA) - Enhanced disclosure requirements for DSIBs - Recovery Plans for DSIBs	December 2021	Ongoing
	Enhance capacity to manage a financial crisis	The Financial Sector Crisis Management Plan (FSCMP)	December 2022	Ongoing

Appendix 2: : Selected Financial Soundness Indicators (FSIs) for SFIs

CORE FSIs	Dec 2024	Mar 2025	June 2025	Sept 2025	Dec 2025	Mar 2026	June 2026
Capital Adequacy (percent)							
Regulatory capital to risk-weighted assets	24.94	26.99	26.15	26.06	25.72	27.34	25.93
Regulatory tier 1 capital to risk-weighted assets	23.74	25.81	24.99	24.88	24.41	26.04	24.70
NPLs less specific provisions to capital	5.63	5.46	4.94	5.48	4.92	4.17	3.66
Insider loans to total capital	2.41	2.05	2.59	3.05	4.20	3.89	3.21
Total capital to total assets	19.19	19.40	18.54	19.10	18.90	18.57	17.86
Leverage ratio	13.03	13.95	13.04	12.89	12.42	13.01	12.21
Asset quality (percent)							
NPLs to total gross loans	3.99	4.15	3.74	3.66	3.24	3.04	2.67
NPLs to total deposits	2.46	2.51	2.12	2.13	1.85	1.74	1.51
Specific provisions to NPLs	45.85	46.18	47.25	42.16	42.53	43.44	47.37
Earning assets to total assets	71.12	72.22	70.13	71.88	72.70	70.26	70.40
Large exposures to gross loans	31.55	31.99	33.88	35.17	34.46	34.47	35.12
Large exposures to total capital	66.85	66.82	70.69	73.05	71.33	69.79	75.06
Earnings & profitability (percent) (YoY)							
Return on assets	3.06	3.16	3.31	3.52	3.69	3.79	3.45
Return on equity	16.04	16.39	17.73	18.62	19.38	20.01	18.98
Net interest margin	11.35	11.43	11.40	11.49	11.26	11.26	11.03
Yield on advances	16.96	17.09	17.09	17.23	16.75	16.69	16.44
Cost of deposits	3.29	3.32	3.17	3.23	3.29	3.32	3.24
Cost to income	72.21	71.37	70.16	69.69	68.55	67.69	68.61
Overhead to income	47.38	47.00	46.60	46.28	45.83	45.19	45.56
Liquidity (percent)							
Short term gap	(18.28)	(20.23)	(17.66)	(20.25)	(19.76)	(18.65)	(17.06)
Liquid assets to total deposits	51.13	51.74	56.43	54.58	56.99	57.65	59.94
Liquid assets to total assets	33.73	34.67	38.43	37.24	38.89	37.89	40.45
Interbank borrowings to total deposits	2.47	3.25	2.77	2.84	2.59	3.96	3.75
Bank-funded advances to total deposits	59.16	57.57	54.56	56.09	55.09	54.65	54.17
Market Sensitivity (percent)							
Forex exposure to regulatory tier 1 capital	(6.32)	(2.49)	(6.45)	(4.74)	(4.04)	(3.35)	(2.99)
Forex loans to forex deposits	54.09	52.48	49.00	50.91	53.20	51.91	54.44
Forex assets to forex liabilities	94.15	88.28	87.35	86.30	96.22	88.69	87.96

Appendix 3: Selected Financial Soundness Indicators (FSIs) for Commercial Banks

CORE FSIs	Dec 2024	Mar 2025	June 2025	Sept 2025	Dec 2025	Mar 2026	June 2026
Capital Adequacy (percent)							
Regulatory capital to risk-weighted assets	24.64	26.70	25.75	25.68	25.40	27.03	25.69
Regulatory tier 1 capital to risk-weighted assets	23.45	25.50	24.59	24.51	24.09	25.73	24.45
NPLs less specific provisions to capital	5.71	5.52	4.94	5.52	4.96	4.16	3.59
Insider loans to total capital	2.50	2.13	2.69	2.64	2.42	2.41	2.41
Total capital to total assets	18.94	19.19	18.31	18.88	18.69	18.37	17.72
Leverage ratio	12.73	13.67	12.75	12.59	12.11	12.76	11.96
Asset quality (percent)							
NPLs to total gross loans	3.98	4.13	3.68	3.61	3.21	3.01	2.61
NPLs to total deposits	2.40	2.45	2.06	2.06	1.80	1.69	1.45
Specific provisions to NPLs	45.39	45.77	47.15	41.58	42.03	43.13	47.45
Earning assets to total assets	71.60	72.85	70.67	72.41	73.00	70.77	71.07
Large exposures to gross loans	32.74	33.15	35.07	36.44	35.77	35.70	36.97
Large exposures to total capital	69.67	69.48	73.58	75.95	74.04	72.42	78.68
Earnings & profitability (percent) (YoY)							
Return on assets	3.12	3.20	3.36	3.60	3.78	3.88	3.55
Return on equity	16.50	16.76	18.20	19.30	20.10	20.71	19.74
Net interest margin	10.87	10.89	10.88	11.01	10.85	10.82	10.57
Yield on advances	16.30	16.35	16.34	16.57	16.19	16.05	15.80
Cost of deposits	3.21	3.25	3.09	3.16	3.21	3.24	3.17
Cost to income	71.06	70.23	68.92	68.36	67.19	66.28	67.07
Overhead to income	46.28	45.78	45.34	45.00	44.48	43.91	44.13
Liquidity (percent)							
Short term gap	(18.98)	(20.96)	(18.04)	(20.72)	(20.36)	(19.15)	(17.80)
Liquid assets to total deposits	50.50	51.02	55.71	54.28	56.57	57.16	59.61
Liquid assets to total assets	33.73	34.61	38.30	37.45	38.97	37.92	40.61
Interbank borrowings to total deposits	2.18	3.01	2.58	2.64	2.39	3.75	3.58
Bank-funded advances to total deposits	57.88	56.42	53.69	55.00	53.97	53.65	53.23
Market Sensitivity (percent)							
Forex exposure to regulatory tier 1 capital	(6.70)	(2.85)	(6.70)	(5.11)	(4.25)	(3.52)	(2.79)
Forex loans to forex deposits	54.15	52.53	49.17	51.08	53.32	51.99	54.49
Forex assets to forex liabilities	93.98	88.10	87.22	86.01	96.15	88.53	87.76

Source: BoU

Appendix 4: Selected Financial Soundness Indicators (FSIs) for Credit Institutions (CIs)

CORE FSIs	Dec 2024	Mar 2025	June 2025	Sept 2025	Dec 2025	Mar 2026	June 2026
Capital Adequacy (percent)							
Regulatory capital to risk-weighted assets	27.51	27.69	39.61	38.31	36.85	38.62	31.00
Regulatory tier 1 capital to risk-weighted assets	26.51	26.71	38.60	37.29	35.84	37.61	30.08
NPLs less specific provisions to capital	6.17	6.34	5.14	4.86	4.08	4.14	5.22
Insider loans to total capital	0.85	0.77	0.49	13.72	51.13	44.51	21.33
Total capital to total assets	22.91	21.69	25.86	27.15	26.01	25.54	20.81
Leverage ratio	18.46	18.50	23.19	23.93	23.01	22.85	18.29
Asset quality (percent)							
NPLs to total gross loans	4.70	5.14	5.18	4.96	3.84	3.99	3.72
NPLs to total deposits	5.06	5.39	4.26	4.97	3.74	3.61	3.08
Specific provisions to NPLs	42.33	43.47	42.25	46.37	44.98	42.73	40.88
Earning assets to total assets	54.54	51.69	52.82	54.39	55.45	52.02	54.00
Large exposures to gross loans	9.82	11.03	8.08	8.15	7.19	7.20	3.99
Large exposures to total capital	18.92	21.60	12.97	13.72	12.69	12.03	8.66
Earnings & profitability (percent) (YoY)							
Return on assets	0.36	1.21	1.06	0.84	0.96	1.11	0.72
Return on equity	1.62	5.69	3.97	3.18	3.85	4.61	3.17
Net interest margin	28.42	33.05	29.42	27.46	29.27	33.74	25.34
Yield on advances	33.76	36.73	34.10	30.92	32.84	37.37	28.14
Cost of deposits	5.93	6.05	5.45	5.33	6.24	6.88	4.55
Cost to income	94.93	91.94	92.19	93.41	93.18	93.08	93.86
Overhead to income	69.18	70.45	70.50	70.70	70.70	70.43	70.73
Liquidity (percent)							
Short term gap	2.84	0.70	(8.90)	(8.66)	(2.29)	(4.16)	(0.75)
Liquid assets to total deposits	90.76	95.33	90.86	71.50	82.70	85.37	71.96
Liquid assets to total assets	37.13	38.61	45.86	32.63	38.99	40.34	39.23
Interbank borrowings to total deposits	19.38	18.83	8.64	9.12	8.23	9.39	5.32
Bank-funded advances to total deposits	101.34	98.67	78.18	95.06	92.30	85.68	71.56
Market Sensitivity (percent)							
Forex exposure to regulatory tier 1 capital	1.80	9.71	(2.31)	2.56	(0.36)	0.22	(2.60)
Forex loans to forex deposits	39.83	43.08	23.02	25.55	28.02	38.75	46.10
Forex assets to forex liabilities	105.90	101.2 8	97.94	108.5 3	101.79	103.3 6	108.2 6

Source: BoU

Appendix 5: Selected Financial Soundness Indicators (FSIs) for MDIs

CORE FSIs	Dec 2024	Mar 2025	June 2025	Sept 2025	Dec 2025	Mar 2026	June 2026
Capital Adequacy (percent)							
Regulatory capital to risk-weighted assets	37.78	45.12	28.11	26.25	26.57	26.48	29.54
Regulatory tier 1 capital to risk-weighted assets	35.67	43.40	25.46	23.69	23.94	23.99	27.41
NPLs less specific provisions to capital	2.24	2.59	4.09	4.55	3.94	4.48	2.88
Insider loans to total capital	0.15	0.00	0.00	0.00	0.00	0.00	0.00
Total capital to total assets	30.56	29.88	20.86	19.53	20.62	20.14	22.15
Leverage ratio	28.76	28.91	19.37	18.05	18.78	18.91	20.61
Asset quality (percent)							
NPLs to total gross loans	3.77	4.12	4.33	4.32	3.71	3.78	3.19
NPLs to total deposits	5.01	4.81	5.66	5.61	5.44	5.44	4.60
Specific provisions to NPLs	71.43	67.93	71.61	70.51	71.96	66.68	72.26
Earning assets to total assets	61.39	57.99	64.54	64.59	69.20	65.62	65.64
Large exposures to gross loans	0.13	-	-	-	-	-	-
Large exposures to total capital	0.25	-	-	-	-	-	-
Earnings & profitability (percent) (YoY)							
Return on assets	2.20	2.53	2.84	2.01	1.73	1.28	2.10
Return on equity	7.77	8.50	11.19	7.90	6.34	4.80	9.75
Net interest margin	33.15	35.24	40.95	32.58	24.08	18.02	27.02
Yield on advances	31.92	34.56	41.19	34.59	27.29	22.45	32.20
Cost of deposits	7.62	7.81	9.45	7.64	7.38	5.84	9.03
Cost to income	89.76	88.70	89.15	90.91	91.08	91.07	90.42
Overhead to income	64.11	64.33	64.23	64.09	61.81	59.40	59.97
Liquidity (percent)							
Short term gap	-	-	-	-	-	-	-
Liquid assets to total deposits	65.18	69.67	54.04	52.57	41.32	50.01	51.64
Liquid assets to total assets	29.37	33.82	26.62	26.09	20.04	23.41	24.00
Interbank borrowings to total deposits	10.27	8.78	17.56	19.66	22.43	27.28	30.55
Bank-funded advances to total deposits	132.58	116.40	130.86	129.96	146.66	143.82	144.46

Source: BoU