UGANDA IS OUR HOME, WE DRIVE HER

GROWTH

Panoramic view on Lake Victoria, Kalangala, Ssese Islands, Uganda

STANBIC UGANDA HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2024

Reading this report

This is an interactive report.

The icons below refer readers to information within this report.

Refers readers to further information within the report

Contents page

Next page

Previous page

Print

CONTENTS

ABOUT STANBIC UGANDA HOLDINGS LIMITED

LEADERSHIP INSIGHTS

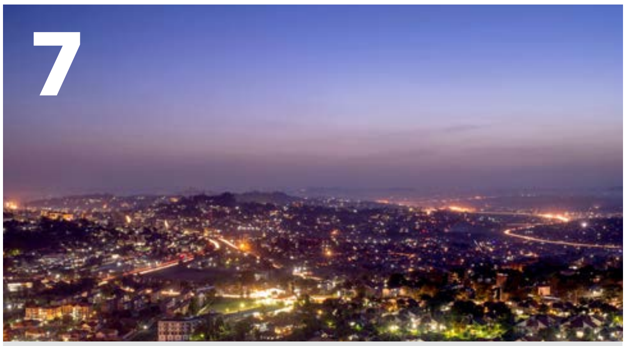
HOW WE CREATE VALUE

BUSINESS REVIEW

RISK MANAGEMENT AND CONTROL

6

REPORT TO SOCIETY
(ABRIDGED VERSION)



7

CORPORATE GOVERNANCE

INDEPENDENT AUDITOR'S REPORT

8

FINANCIAL STATEMENTS

9

SUPPLEMENTARY INFORMATION

LIST OF ACRONYMS

ABC	Agent Banking Corporation
ACCA	Association of Chartered Certified Accountants
ADF	Africa Development Fund
AFS	Annual Financial Statements
AGM	Annual General Meeting
ALCO	Asset and Liability Committee
AML/CFT	Anti-Money Laundering / Countering The Financing of Terrorism
ATM	Automated Teller Machines
BAC	Board Audit Committee
BALCO	Board Asset and Liability Committee
BCB	Business and Commercial Banking
BCC	Business and Consumer Clients
BCM	Business Continuity Management
BCP	Business Continuity Plan
Bn	billion
BNA	Bulk Note Acceptor
BOD	Board of Directors
BOL	Business Online
BOU	Bank of Uganda
BRMC	Board Risk Management Committee
BUBU	Buy Uganda Build Uganda
C&R	Custody and Registry
CAR	Capital Adequacy Ratio
CBR	Central Bank Rate
CBS	Core Banking System
CCAEA	Climate Change Climate East Africa
CCC	Customer Care Centre
CDE	Customer Decisioning Engine
CDM	Cash Deposit Machine
CHNW	Consumer and High Networth Customers
CIB	Corporate and Investment Banking
CLR	Credit Loss Ratio
CMA	Capital Markets Authority
CRMC	Credit Risk Management Committee
CSI	Corporate Social Investment
CSP	Customer Service Point
CSR	Corporate Social Responsibility
CTI	Cost to Income Ratio
DBS	Deferred Bonus Scheme
DSIB	Domestic Systemically Important Bank
EACOP	East Africa Crude Oil Pipeline
EAD	Exposure at Default
EAR	Earnings at Risk
ECI	Employee Community Involvement
ECL	Expected Credit Loss
EERF	Economic Enterprise Restart Fund
EIR	Effective Interest Rate
EPS	Earnings per Share
ERM	Enterprise Risk Management
ESG	Environment Social and Governance
ETR	Employee Turnover Rate
EY	Ernst & Young
FDI	Foreign Direct Investments
FIA	Financial Institutions Act, 2004, (as amended)
FID	Final Investment Decision
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GRI	Global Reporting Initiatives
GDP	Gross Domestic Product
GSIS	Group Share Incentive Scheme
GoU	Government of Uganda
GRS	Global Remuneration Services
HC	Human Capital
AS	International Accounting Standards
IA	Internal Audit
IASB	International Accounting Standards Board
IC	Intellectual Capital
ICAAP	Internal Capital Adequacy Assessment Process
ICGU	Institute of Corporate Governance of Uganda
ICPAU	Institute of Certified Public Accountants of Uganda
ICT	Information and Communication Technology
IDG	International Development Groups
IESBA	International Ethics Standards Board for Accountants
IFRS	IFRS Accounting Standards as issued by the International Accounting Standards Board
IIS	Interest in Suspense
IMF	International Monetary Fund
IRB	Internal Ratings-Based approach
ISAs	International Standards on Auditing
JSE	Johannesburg Stock Exchange
KPMG	Klynveld Peat Marwick Goerdeler
KYC	Know Your Customer
L&D	Learning and Development
LGD	Loss Given Default
LPO	Local Purchase Order
MFC	Manufactured Capital
MDI	Microfinance Deposit-Taking Institution
MFID	Markets in Financial Instruments Directive
MPC	Monetary Policy Committee
MSME	Micro, Small and Medium Enterprises
NBI	National Bank of India
NC	Natural Capital
NED	Non-Executive Director
NIM	Net Interest Margin
NIRA	National Identification and Registration Authority
NPS	Net Promoter Score
OCI	Other Comprehensive Income
OHS	Occupational Health and Safety
PAT	Profit After Tax
PAYE	Pay as You Earn
PPB	Personal and Private Banking
PPB	Personal and Private Banking
PD	Probability of Default
PFIs	Participating Financial Institutions
PSC	Private Sector Credit
PMI	Purchase Manager's Index
PPE	Personal Protective Equipment
RAS	Risk Appetite Statement
REPO	Repurchase Loan Agreement
ROA	Return on Assets
ROE	Return on Equity
RWA	Risk Weighted Assets
RSL	Interest Rate Sensitive Liabilities
SACCOs	Savings and Credit Cooperatives
SAHL	Stanbic Africa Holdings Limited
SBUL	Stanbic Bank Uganda Limited
SEE	Social Economic and Environment
SFIs	Supervised Financial Institutions
SME	Small and Medium Enterprises
SOFP	Statement of Financial Position
SBGS	Standard Bank Group Securities
SPL	Stanbic Properties Limited
SBIL	Stanbic Business Incubator Limited
SUHL	Stanbic Uganda Holdings Limited
SRC	Social and Relational Capital
SEE	Social Economic Environmental
TED	Technology Entertainment and Design
UCBL	Uganda Commercial Bank Limited
URA	Uganda Revenue Authority
USE	Uganda Securities Exchange
UNBS	Uganda National Bureau of Standards
UNDP	United Nations Development Programme
VAF	Vehicle and Asset Finance
VSLA	Village Savings and Credit Associations
WEF	With Effect From
WFH	Working from Home
WFO	Work from Office
YELP	Young and Emerging Leaders Project
YoY	Year on Year

FINANCIAL DEFINITIONS

Compound Annual Growth Rate - CAGR	The average year-on-year growth rate of an investment over several years.
Profit For The Year (UShs)	Annual Income statement profit attributable to ordinary shareholders stated in Uganda Shillings.
Earnings Per Share (UShs) - EPS	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue stated in Uganda Shillings.
Return On Average Equity (%) - ROE	Earnings as a percentage of average ordinary shareholders' funds.
Return On Average Assets (%) - ROA	Earnings as a percentage of average total assets.
Net Interest Margin (%) - NIM	Net interest income as a percentage of average total assets.
Credit Loss Ratio (%)	Provision for credit losses per the Statement of Comprehensive Income as a percentage of gross loans and advances.
Cost-To-Income Ratio (%)	Total operating expenses as a percentage of total income before deducting the provision for credit losses.
Effective Tax Rate (%)	The income tax charge as a percentage of income before tax, excluding income from associates.
Dividend Per Share (UShs)	Total ordinary dividends declared per share with respect to the year.
Dividend Cover (Times)	Earnings per share divided by total dividends per share.
Price Earnings Ratio (%)	Closing share price divided by earnings per share.
Dividends Yield (%)	Dividends per share as a percentage of the closing share price.
Core Capital	Permanent shareholder's equity in the form of issued and fully paid-up shares plus all disclosed reserves, less goodwill, or any intangible assets.
Supplementary Capital	General provisions which are held against future and current unidentified losses that are freely available to meet losses which subsequently materialise, and revaluation reserves on banking premises, and any other form of capital as may be determined from time to time, by the Central Bank.
Total Capital	The sum of core capital and supplementary capital.
Total Capital Adequacy	Total capital divided by the sum of total risk weighted assets and total risk weighted contingent claims.
Credit Impairment Charge (Shs)	The amount by which the period profits are reduced to cater for the effect of credit impairment.
Lending Ratio	Net loans and advances divided by total deposits.
Percentage Change In Credit Loss Ratio (%)	Ratio of change in the rate of credit loss impairment between time periods.
Percentage Change In The Impairment Charge (%)	Ratio of change in the rate of impairment charge between time periods.
Sofp Credit Impairment As A % Of	Ratio of the Statement of Financial Position credit impairment to gross
Gross Loans And Advances (%)	Loans and advances.

ABOUT STANBIC UGANDA HOLDINGS LIMITED

WE ARE PURPOSE-LED

UGANDA IS OUR HOME, WE DRIVE HER GROWTH.

ABOUT THIS REPORT

The Stanbic Uganda Holdings Limited (SUHL) report explains how we are fulfilling our purpose, delivering the strategic priorities, and measuring our financial and non-financial progress. This information includes all entities over which SUHL has significant interest.

The largest proportion of the information relates to Stanbic Bank Uganda Limited which is still the biggest and main operating entity throughout the period under review.

This report includes additional information up to the date of Board of Directors approval on 20 March 2025. The scope of information presented is largely medium term and assesses the opportunities, risks and impact influencing the ability to create sustainable shared value as we begin to realise our mid-term vision while delivering on our purpose. This report is prepared for SUHL's different stakeholders with detailed information about who we are, our strategy, our performance, governance and expectations for the future in context of the environment we operate in.

Stanbic Uganda Holdings Limited is part of the Standard Bank Group, Africa's largest bank measured by footprint and assets. Standard Bank group has an on the ground representation in 20 sub-Saharan African countries. In Uganda SUHL has a wide network of branches that have been and continue offering a wide spectrum of financial services and products to the retail and corporate segments for the past 33 years.

Scope and Reporting Boundary

This report covers the period 1 January 2024 to 31 December 2024 and includes material events and information up to the date of the Board approval on 20 March 2025. The data in this report both financial and non-financial pertains to Stanbic Uganda Holdings Limited as the reporting entity including all entities over which we have control or significant influence. Certain metrics, however, relate to specific categories of banking activities only and are clearly noted as such. The reporting boundary includes the strategic narrative pertaining to the Group's business model, strategy, performance, and prospects.

The risks, opportunities and outcomes arising from entities and stakeholders over which we do not have control or significant influence are included where they affect our ability to create and preserve value and mitigate its erosion. Financial information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board,unless otherwise specified. It therefore includes the consolidation of all entities in SUHL.

Capitals

- Financial capital
- Intellectual capital
- Human capital
- Manufactured capital
- Social and relationship capital
- Natural capital

Key Frameworks

To satisfy diverse compliance reporting requirements, various corporate reporting and regulatory frameworks and guides are considered when preparing the reports in our reporting suite.

- **International Financial Reporting standards**
- **Global Reporting Initiative(GRI) Standards**
- **Uganda Securities Exchange Listing Rules 2021**
- **United Nations Sustainable Development**
- **Companies Act 2012 (as amended)**
- **King IV reporting on Corporate Governance**

OUR PURPOSE

Uganda is our home, We drive her growth.

OUR VISION

To be the leading financial service organisation in, for and across Uganda delivering exceptional client experiences and superior value.

OUR VALUES

Serving our customers

We do everything within our power to ensure that we provide our customers with the products, services, and solutions to suit their needs, provided that everything we do for them is based on sound business Principles.

Delivering to our shareholders

We understand that we earn the right to exist by providing appropriate long-term returns to our shareholders. We work hard to meet our various targets and deliver our commitments.

Working in teams

We and all aspects of our work are Interdependent. We appreciate that together, we can achieve much greater things than as individuals. We value teams within and across business units, divisions, and countries.

Respecting each other

We have the highest regard for dignity of all people. We respect each other and what Stanbic Uganda stands for. We recognise that there are corresponding obligations associated with our individual rights.

Growing our people

We encourage and help our people to develop to their full potential and measure our leaders on how they grow and challenge the people they lead.

Being proactive

We strive to stay ahead by anticipating rather than reacting, but our actions are always carefully considered.

Constantly raising the bar

We have confidence in our ability to achieve ambitious goals and we celebrate success, but we must never allow ourselves to become arrogant.

Upholding the highest levels of integrity

Our entire business model is based on trust and integrity as perceived by our Stakeholders and especially our customers.

OUR ORGANISATION STRUCTURE

STANDARD BANK GROUP**

20%
Minority Shareholders
(ownership)

80%
Stanbic Africa Holdings Limited
(ownership)

Our Listings and shareholders
**Listed on the Johannesburg Stock Exchange
*Listed on the Uganda Securities Exchange

STANBIC UGANDA HOLDINGS LIMITED* (SUHL)
100%

Stanbic Bank Uganda Limited	Stanbic Properties Limited	Stanbic Business Incubator Limited	SBG Securities Uganda Limited	FLYHUB Uganda Limited
Commercial Banking Business	Real Estate Ecosystem Solutions	SME training and development	Securities Brokerage and Asset Management	Digitisation and Automation solutions

WHO WE ARE

A brief history of Stanbic Uganda Holdings Limited (SUHL)

Stanbic Uganda Holdings Limited traces its history in Uganda as a commercial bank called the National Bank of India (NBI) in 1906.After several name changes, NBI rebranded to Grindlays Bank. In 1991, Standard Bank Group (SBG) acquired Grindlays Bank. The new owners renamed the Ugandan Subsidiary, Stanbic Bank Uganda Limited (SBUL).In February 2002, SBG acquired 90% of the shareholding in Uganda Commercial Bank Limited with sixty-five branches. SBG merged their new acquisition with the existing SBUL to form Uganda's largest commercial Bank by assets and branch network.

In November 2007, the Government of Uganda divested its ownership in Stanbic Bank Uganda Limited by Listing its shares on the Uganda Securities Exchange. Standard Bank Group also floated 10% of its shareholding at the same time, retaining an ownership stake of 80%.

In 2018, SBUL started the process of reorganising its corporate structure to include a holding company. The rationale for the reorganisation was to enable the entity to undertake other non-financial services that would be established through the holding company. The reorganisation was to be effected through the transformation of the bank into a holding company followed by a hive down of the banking business from the bank (at the time) to newly incorporated banking business subsidiary.

The reorganisation process was finally completed when the transfer of the banking business was effected on 1st April 2019 with a holding company, 'Stanbic Uganda Holdings Limited (SUHL or the Company) and one wholly owned subsidiary Stanbic Bank Uganda Limited (SBUL or "the Bank")

As at 31 December 2024, SUHL had five subsidiaries which are: Stanbic Bank Uganda Limited, FLYHUB Uganda Limited, Stanbic Properties Limited, Stanbic Business Incubator Limited and SBG Securities Uganda Limited.

FACTS ABOUT STANBIC UGANDA HOLDINGS LIMITED AS AT 31 DECEMBER 2024

Total Assets
UShs **10.4**tn

Headquarters
Crested Towers,
Plot 17 Hannington Road,
Kampala

Employees
2,036

Point of Sale Machines
2,670

Market Capitalisation
UShs **2.0**tn

Number of CSPs
14

Shareholders
22,416

Bank Agents
6,580

Number of Branches **69**

Number of Customers
766,945

Number of Subsidiaries **5**

Cash Dispensers	Intelligent ATMs	Cash Deposit machines
117	40	21

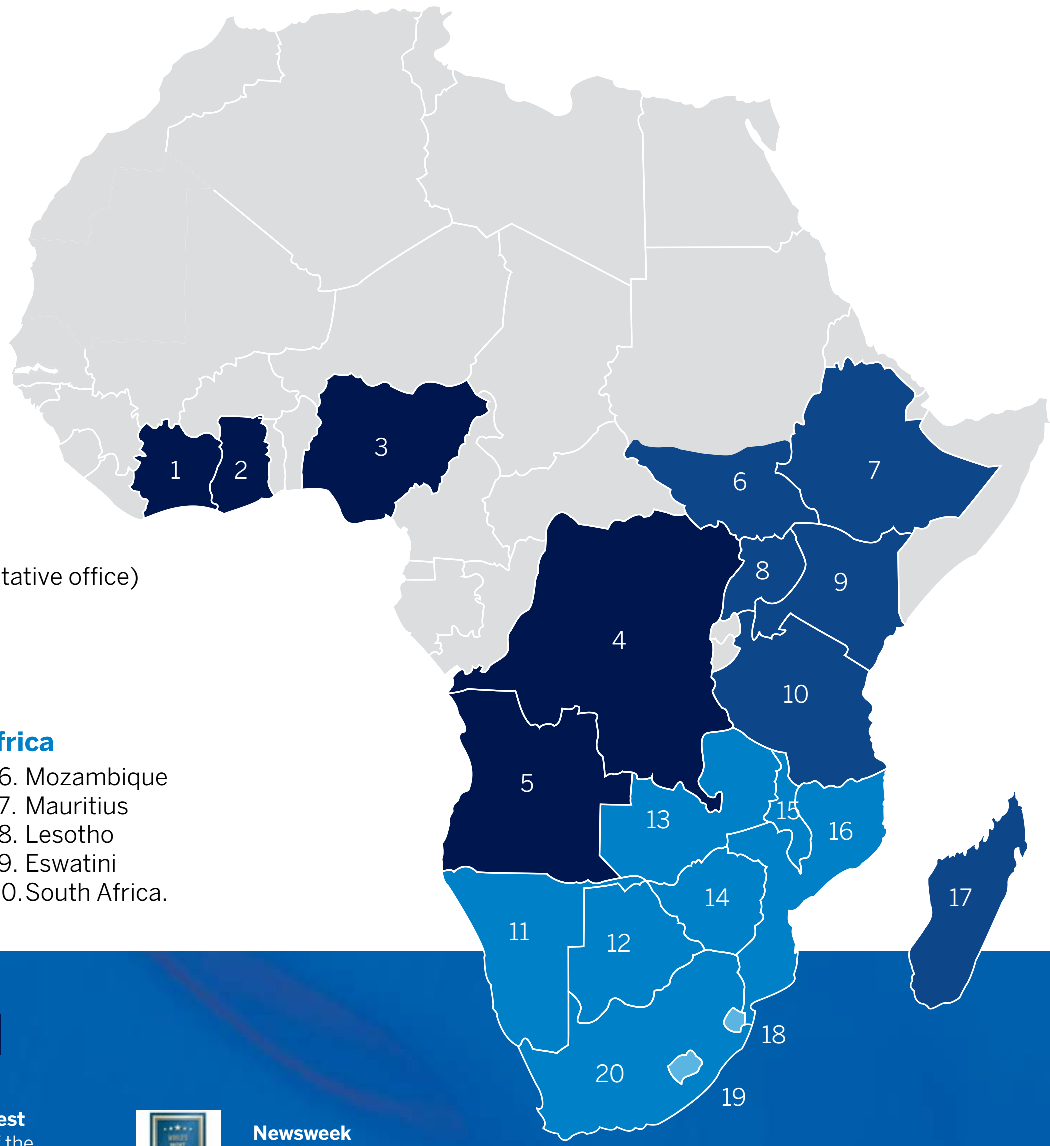
STANDARD BANK GROUP FOOTPRINT

We are Africa focused, client led and digitally enabled

We provide comprehensive and integrated financial and related solutions to our clients

We drive inclusive growth and sustainable development

A leader on the African continent		
	162 years of serving our clients in Africa	**MARKET CAPITALISATION**
	4 global centres: Beijing, Dubai, London, New York	**USD20 Billion**
	2 offshore hubs: Isle of Man, Jersey	(ZAR 368 Billion)
	20 Sub-Saharan African countries	



West Africa

1. Cote d'Ivoire
2. Ghana
3. Nigeria
4. Democratic Republic of Congo (DRC)
5. Angola

East Africa

6. South Sudan
7. Ethiopia (representative office)
8. Uganda
9. Kenya
10. Tanzania

South & Central Africa

11. Namibia
12. Botswana
13. Zambia
14. Zimbabwe
15. Malawi
16. Mozambique
17. Mauritius
18. Lesotho
19. Eswatini
20. South Africa.

Accolades

Forbes World's Best Employers One of the World's Best Employers and the best in Africa

Newsweek World's Most Trustworthy companies

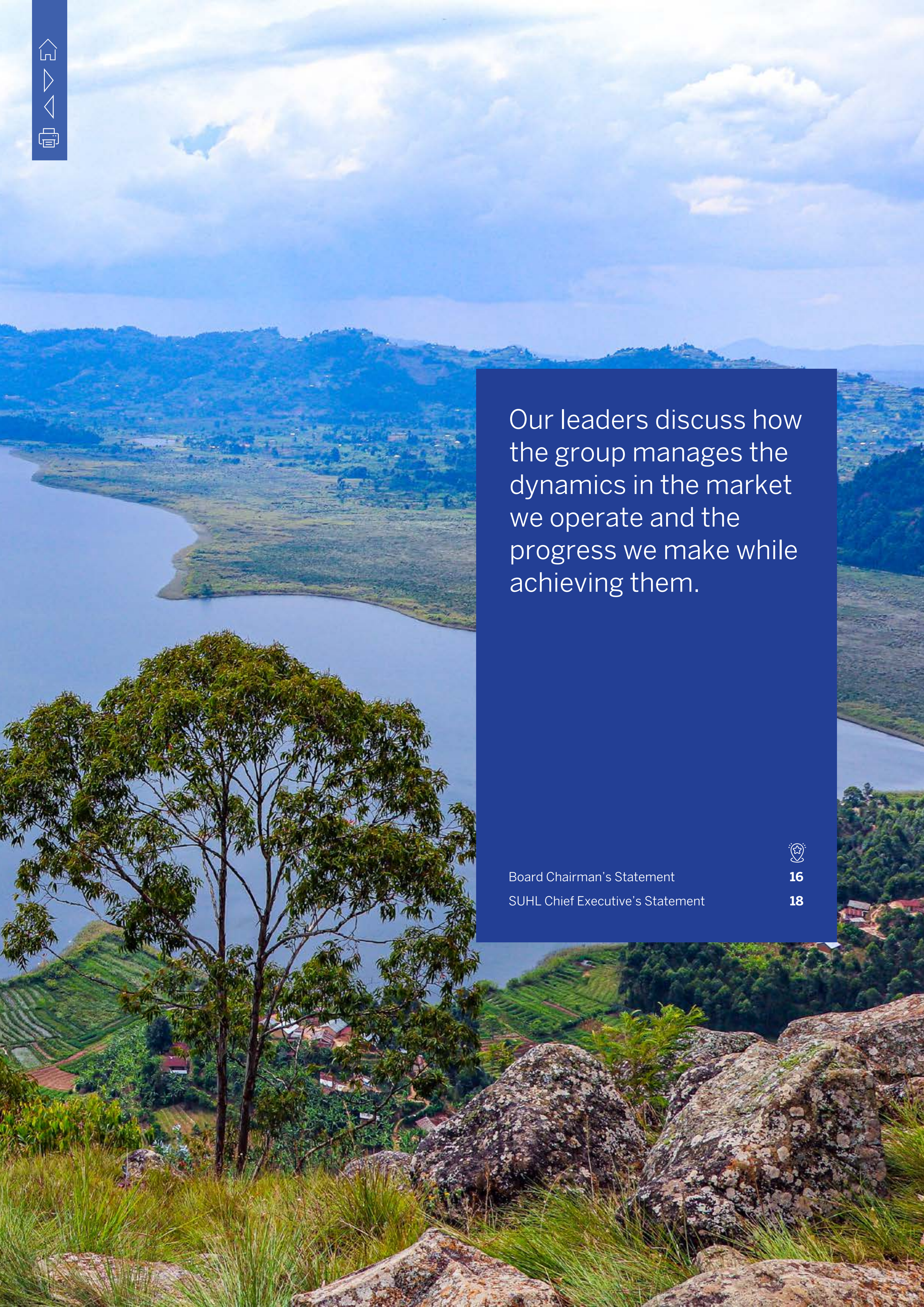
Time World's Best companies

Five Global Finance Sustainable Finance awards and **African Banker's** Sustainable Bank of the Year

Most Valuable Banking Brand in Africa and South Africa for the fourth consecutive year in 2025

ICBC 中国工商银行 Strategic partnership with the Industrial and Commercial Bank of China Limited (ICBC)

LEADERSHIP INSIGHTS



Our leaders discuss how the group manages the dynamics in the market we operate and the progress we make while achieving them.

BOARD CHAIRMAN'S STATEMENT

"Our strategy is inspired by our desire to become the No.1 Personal and Private Bank; the preferred partner for business and commercial clients; to remain the leading Corporate and Investment Banking business; and to scale our Insurance and Asset Management business. Additionally, our strategy expresses our intention to amplify our social, economic, and environmental impact."

Baker Magunda
Board Chairman, SUHL

Dear Shareholders,

The financial services sector continues to evolve rapidly, on account of heightened competition, rapid technology advancements, a dynamic regulatory environment, and various emerging risks. While this evolution may seem daunting, we are reassured by our organisation's resilience, dedication, and commitment to serving our customers and delivering value to all our cherished stakeholders. Our commitment to Uganda's growth remains strong, and it gives me great pleasure, to share with you some of the key highlights of the previous year.

Strategy and Risk

Our purpose – **Uganda is our home, we drive her growth** – remains the anchor for our strategy, which is rooted in 3 priorities: **transforming client experience; executing with excellence; and delivering sustainable growth and value for our stakeholders.** During the year, the Board had the opportunity to review and approve our medium-term strategy (2025 – 2028) aligned with these priorities.

Our new strategy draws on the Standard Bank Group's aspiration to become a significant player in East Africa, as the region remains the fastest growing in Sub-Saharan Africa. Our strategy is inspired by our desire to become the No.1 Personal and Private Bank; the preferred partner for business and commercial clients; to remain the leading Corporate and Investment Banking business; and to scale our Insurance and Asset Management business. Additionally, our strategy expresses our intention to amplify our social, economic, and environmental impact.

Accordingly, we have set clear 2025 – 2028 ambitions which include a revenue growth CAGR of 13% - 18%, a cost-to-income ratio of <45%, a return on equity of 25% - 30% as well as enhancing our investment in women, youth, and SMEs in Uganda. The Board will continue to provide oversight and support to Management as they execute this strategy.

We will also continue to invest meaningfully in our risk management capabilities and provide keen oversight to Management as the risks to the financial services sector continue to evolve. I am pleased to note that our risk management framework remained strong and effective through 2024. The details of our risk management framework can be found on **Pages 70 to 81.**

Performance

I am pleased to report a solid financial performance in 2024; delivering a double-digit profit after tax growth of 16.2% to UShs 478 billion, revenue growth of 8.6%, a cost-to-income ratio of 47.2%, and a Return on Equity of 24.3% largely driven by our anchor subsidiary, the bank. We have also registered good growth in the beyond-bank subsidiaries, as we continue to execute on our diversification strategy, beyond banking.

I commend Management and all our staff for their tireless effort and diligence in delivering these exciting results. I also wish to extend our gratitude to all our customers, shareholders, regulators and stakeholders, without whom our continued success would be considerably difficult.

The details of our financial performance can be found on **Pages 144 to 247**.

Our 2025 – 2028 ambition

Revenue growth CAGR	13% - 18%
Cost-to-income ratio	<45%
Return on equity	25% - 30%
Enhancing our investment in women, youth, and SMEs in Uganda.	

Operating Environment

The operating environment was considerably stable from a macro-economic perspective. Policy rates continued to be moderate both domestically and globally, which signalled inflation easing across several markets. As a result, we noted a stable and upward trend in the business conditions, albeit with sluggish private sector credit growth. We remain cognizant of the various external factors that could impact our business in the short to medium term, largely driven by geo-political tensions, imminent trade wars, reduction in foreign aid and climate change, among others.

Corporate Governance

During the year, the board focused on strengthening our succession planning at the board and executive levels in our subsidiaries. The board wishes to congratulate Mr. Mumba Kenneth Kalifungwa - Chief Executive of Stanbic Bank Uganda Limited, Mr. Samuel Fredrick Mwogeza - Executive Director of Stanbic Bank Uganda Limited, and Ms. Catherine Poran - Chief Executive of Stanbic Business Incubator Limited on their respective appointments. At an executive level, Ms. Rita Akot Apell was appointed Chief Information Officer, and Ms. Sylvia Mulomi was appointed Head, People and Culture of the Bank.

We warmly welcome the newly appointed directors and members of the executive management team and wish them successful tenures of service. I commend the Boards for steering the organisation as it successfully navigated the leadership transition at all levels of the organisation. I also express our sincere gratitude to our regulators for their support during this process.

The Board is confident that we have the right talent and capacity across the organisation to execute our strategy and will continue to provide the necessary support to Management on this journey. Please refer to the Corporate Governance Report on **Pages 102 to 139** for details.

Dividend

In line with our strategy to create sustainable value for shareholders, the Board will recommend a final dividend of UShs 3.13 per share, (a total of UShs 160 billion). The recommendation for payment of a final dividend for the year ended 31 December 2024 will be presented to the shareholders for consideration at the forthcoming Annual General Meeting on 30 May 2025.

Impact to Society

I would like to reiterate our commitment to enhancing our impact and contribution to the communities in which we operate. Accordingly, our strategy reflects our intent to continue investing in social and economic impact initiatives, especially through the Stanbic Business Incubator, with a focus on women, youth, and farmers in various initiatives. We will pursue partnerships geared towards driving job creation, SME growth, financial inclusion, and empowerment of our communities.

We remain mindful of the threats of climate change. As such, the Board will continue to provide oversight over the implementation of our ESG and Climate Risk Strategy, including compliance with the emerging ESG regulatory framework and the ongoing embedment of sustainable business practices in everything we do. Please refer to **Pages 86** for the details on Our Sustainability Strategy.

Awards

I am pleased to report that the strength of our franchise continued to be recognised by our stakeholders. We received several awards including Bank of the Year 2024 by the Banker Magazine Awards, Best Bank in Uganda 2024 by the Consumer Choice Awards, Most Admired Financial Services Company by the Brand Africa Awards as well as ICGU Corporate Governance and Financial Reporting Awards. We remain deeply humbled and motivated by the confidence that our stakeholders demonstrate in our brand.

Appreciation

2024 has been an undoubtedly strong year for us, and I am proud of the progress we have made towards achieving our purpose under the stewardship of our Boards. I wish to extend my sincere gratitude and appreciation to all the Chief Executives, the Management teams, and our staff, who continue to consistently execute our strategy. Additionally, I would like to thank our regulators, customers, partners, the Standard Bank Group, and other stakeholders for their continued support.

In a special way, on behalf of Stanbic Uganda, I would like to extend our sincere congratulations to Dr. Micheal Atingi-Ego and Prof. Augustus Nuwagaba upon their appointments as Governor and Deputy Governor of Bank of Uganda, respectively. As they assume their roles, we look forward to sustaining our strong relationship with the Central Bank and working together, in alignment with our purpose and Uganda's development agenda.

I wish to thank you, our shareholders, for your continued trust in the Board, as we steer your organisation to the future. We will continue to count on your collaboration, support, and partnership as we pursue our purpose - **Uganda is our home, we drive her growth**.

SUHL CHIEF EXECUTIVE'S STATEMENT

Our operating environment continued to be impacted by a rapidly evolving competitive landscape from both traditional and non-traditional players, including fintechs, mobile network operators (MNOs) and unit trust managers among others. This competitive environment has resulted in a rising cost of liabilities, as customers pursue higher yields.

Francis Karuhanga
Chief Executive, SUHL

Dear Shareholders,

2024 marked my first full calendar year as Chief Executive of this great organisation. Leading an organisation that is deeply committed to its purpose – Uganda is our home, we drive her growth, evokes a deep sense of privilege and gratitude for me. It therefore gives me great pleasure to share with you the progress we have made over the past 12 months in executing our strategy and delivering value for our stakeholders.

Operating Environment

The macro-economic environment was relatively stable, underpinned by a strong monetary policy stance. Inflation was well controlled during the year, averaging 3.3%, down from 5.5% in prior year. The Uganda Shilling remained stable throughout the year, on account of various factors including Foreign Direct Investment (FDI), export inflows, remittances, and portfolio inflows. The GDP growth outlook remained positive, with growth expectations for financial year 2024/2025 averaging 6.0% - 6.5%, largely anchored by the oil and gas associated FDI and strong export inflows.

Our operating environment continued to be impacted by a rapidly evolving competitive landscape from both traditional and non-traditional players, including fintechs, Mobile Network Operators (MNOs) and unit trust managers among others. This competitive environment has resulted in a rising cost of liabilities, as customers pursue higher yields. Additionally, the regulatory environment continues to evolve, with several regulations passed during the year and more anticipated in the course of 2025.

We ably navigated this operating environment, and consistently delivered value for all our stakeholders. As we look towards 2025 and beyond, we will continue to observe and respond to our operating environment as it evolves, with heightened awareness on the key emerging global themes such as climate change, geopolitical tensions, artificial intelligence and the surge of misinformation and disinformation, that could impact our business resilience in the short to medium term.

The macro-economic environment

The Uganda Shilling remained stable throughout the year, on account of various factors including **foreign direct investment (FDI), export inflows, remittances, and portfolio inflows.**

Strategy Execution

Our strategy remains firmly anchored in our purpose and premised on our three key drivers: transforming client experience; executing with excellence; and delivering sustainable growth and value for our stakeholders.

We dedicated a significant amount of time and effort on initiatives geared towards improving our client experience, with a focus on providing meaningful solutions and doing more with our customers. Notably, during the year, we launched our No.1 Private Bank value proposition, which underscores our commitment to supporting our customers grow, preserve, and manage their wealth. We also launched our Stanbic Unit Trust product through our investment subsidiary – SBG Securities Uganda, in response to our customers demand for portfolio diversification and maximisation of returns. These client entrenchment initiatives will continue through 2025, as we seek to become the preferred financial services partner for our clients.

As we executed our strategy, we remained mindful of the risks that challenge the financial services sector, especially fraud. Accordingly, I am pleased to note that our risk management controls remained robust and effective across all our business segments, with no material incidents recorded.

I am also pleased to report that we delivered strong performance across all our key metrics largely driven by our anchor subsidiary – the Bank, marked by improving our client propositions and disciplined cost growth. The details of our financial performance can be found on on **Pages 144 to 247**. Our commitment to improving the lives of the communities in which we operate remained unwavering, and is rooted in our focus on women, youth, education, and Small and Medium Enterprises (SMEs). Our detailed sustainability report can be found on **Pages 84 to 101.**

We dedicated a significant amount of time and effort on initiatives geared towards **improving our client experience,** with a focus on providing **meaningful solutions** and doing more with our customers.

2025 Outlook and Priorities

In 2024, we had the unique opportunity to reflect on our strategic intent in the medium term (2025 – 2028). Accordingly, our three strategic pillars over the medium term will include: defending and growing our core business through our four business lines; winning in our identified growth levers; and enhancing our legitimacy to operate. These three pillars will act as execution arms for our existing strategic framework that encompasses transforming client experience, executing with excellence and driving sustainable growth and value.

These three pillars will be pivotal in everything we do for, and with all our stakeholders. In executing this strategic intent, we will continue to pursue opportunities to enhance efficiencies in our operating model, and maintain a keen focus on sustainable asset growth, cost discipline and effective risk management. As we take on this daunting task, we will count on the support of all our stakeholders to walk this new frontier of growth with us. The detailed strategy review can be found on **Pages 36.**

Appreciation

Our continued success would not be possible without the unwavering support of our regulators, boards, staff, customers, and you, our shareholders. I wish to extend our sincere appreciation to you, our stakeholders, for your earnest contribution to the growth of our organisation.

In the same spirit, I would like to specially welcome the new Chief Executive of the Bank subsidiary – Mr. Mumba Kenneth Kalifungwa to Stanbic Uganda, with whom we will look to execute on our strategic intent in the years to come. I have no doubt in mind, that together and with the support of all our stakeholders, we will succeed. Our commitment to our purpose – Uganda is our home, we drive her growth, will remain as strong and fervent as ever, through 2025 and beyond.

Our three strategic pillars

- Defending and growing our core business through our four business lines;
- Winning in our identified growth levers;
- Enhancing our legitimacy to operate.

HOW WE CREATE VALUE

An overview of who we are, the emerging and long-term trends affecting our business and our continent as well as the issues that matter most to our stakeholders.

How we are delivering our strategy and organising the group to deliver value creation, mitigate value erosion and avoid value destruction.

HOW WE SERVE OUR CLIENTS

Our operating model is client led and structured around our business units.

Business units own the client relationship and create multi-product client experiences distributed through our client engagement platforms.

	BUSINESS UNITS	CLIENTS	PRODUCTS
	Personal and Private Banking PPB	Individual clients from personal to private clients	Tailored and comprehensive financial services solutions
	Business and Commercial Banking BCB	Small- and medium-sized businesses, as well as large commercial enterprises	Broad-based client solutions that deliver advisory, networking and sustainability support required by our clients
	Corporate and Investment Banking CIB	Large companies (multinational, regional and domestic), governments, parastatals and institutional clients	In-depth sector and regional expertise, specialised capabilities and access to global capital markets for advisory, transactional, risk management and funding support
	Insurance and Asset Management IAM	Individual clients to corporate and institutional clients who want to build and protect their wealth and lifestyle	Solutions to fulfil clients' long and short-term insurance, health, investment and asset management needs

Beyond banking services

SBG Securities Limited

- Asset management
- Securities brokerage services
- Investment advisory
- Research and advisory

Stanbic Properties Limited

- Properties and project management
- Facilities management
- Research and advisory services

Stanbic Business Incubator Limited

- SME training and coaching which enhances business, operational skills and present them with opportunities for access to finance and markets.

Flyhub Limited

- Digital platforms which enable clients to engage digitally with their customers using Cloud.
- Cloud services – cloud native, reliable, secure and scalable platforms and services.
- Applied data science – Aggregating, processing and analysing data to generate insights.

Corporate Functions

Our corporate functions support business units to deliver appropriate solutions to our client segments in addition to helping them keep track of their performance/ goals.

Credit • Risk • Governance • Finance •Internal Control • People and Culture • Marketing and communication • Compliance • Risk • Internal Audit •Operations •Legal

Legal Entity

SUHL • SBUL • SPL • SBIL • SBGS • FLYHUB

*Details of each of the products and services offered by our business units and beyond Bank subsidiaries can be found on **Pages 254-256.**

Transforming Service Delivery for Greater Impact

At Stanbic Bank, customer experience is at the heart of everything we do. Over the past year, we have remained steadfast in our commitment to delivering seamless, efficient, and personalised banking solutions. Through a combination of customer-driven innovations, enhanced digital capabilities, and a sharper focus on proactive issue resolution, we have continued to elevate the banking experience for our clients. Below, we highlight some of the key areas where our customer experience efforts have had a tangible impact, reflecting our unwavering commitment to delivering exceptional service and fostering long-term relationships with our customers.

80%

OF TRANSACTIONS DONE OUTSIDE OF THE BANKING HALL.

25% ATM

18% USSD

13% BOL

24% AGENT BANKING

Significant Reduction in Customer Complaints

In 2024, Stanbic Bank recorded a **50% (65,403 from 131,103)** drop in customer complaints compared to the previous year, reflecting a major improvement in service delivery and issue resolution. This decline is primarily attributed to improved system stability due to heightened system monitoring, simplified digital processes and continuous customer engagement.

A key driver of this reduction was the resolution of Agent Banking and FlexiPay complaints, which had been major pain points in previous years. By enhancing agent banking transaction reliability, the bank successfully eliminated friction in customer journeys. The improved accuracy of customer onboarding processes and reduced downtime at agent locations have significantly boosted customer confidence and satisfaction.

This downward trend in complaints underscores our commitment to not only listening to customer feedback but also implementing meaningful changes that enhance their banking experience.

Real-Time Customer feedback and Resolution Through Digital Surveys and Faster Service Response

To ensure that customers receive prompt and effective service, Stanbic Bank has embedded real-time feedback mechanisms across multiple touchpoints, including the Stanbic App, Internet Banking, and branch banking halls. These real-time surveys allow customers to rate their experiences immediately, enabling the bank to track concerns and intervene swiftly.

As a result, we have seen an improvement in the Voice Branch First Call Resolution (FCR) rates, now standing at **92.4%,** up from **75%** the previous year. This means that more customer concerns are being resolved during the first interaction, reducing the need for follow-ups, and improving overall satisfaction. Additionally, our Service Level Agreement (SLA) adherence has improved to **99%** from 96.6% prior year, ensuring that customer requests, inquiries and complaints are handled within the expected timelines.

This shift to proactive, real-time resolution has transformed customer engagement by minimising frustration and eliminating long waiting periods, reinforcing Stanbic Bank's position as a customer-centric institution.

Strengthening Relationship-Driven Service Excellence

In 2024, Stanbic Bank continued to invest in delivering high-quality, personalised service, especially across Corporate and Investment Banking (CIB) and Private Banking segments where relationship management is central to the customer experience.

Our focus on deepening client engagement, enhancing advisory services, and streamlining support for complex financial needs has reinforced trust and satisfaction among our relationship-managed clients. Through initiatives such as proactive portfolio reviews, priority service support, and access to bespoke solutions, we have been able to consistently meet the evolving expectations of our high-value customers. This is reflected in the strong customer feedback, with CIB clients rating their experience at 8.4 out of 10 and Private Banking recording a year-on-year NPS improvement from +27 to +35.

In Personal Banking, we observed a modest uplift in customer advocacy, with an NPS of +28, reflecting early gains from our efforts to simplify service journeys, stabilise platforms, and expand self-service options. We continue to learn from customer feedback to refine the experience further.

In Business Banking, while customer advocacy showed a decline to +28, we are actively using these insights to guide experience improvements. Priority areas include streamlining transactional processes, enhancing support for business needs, and deepening engagement with our SME clients to better meet their evolving expectations.

Enhanced Digital Banking Experience: Simplifying Customer Journeys

Stanbic Bank continues to prioritise the digital banking experience, with a strong focus on simplifying customer transactional and lending journeys. Through self-service enablement, we have empowered customers with the ability to complete transactions faster and with greater convenience.

Key enhancements include:

- Expansion of self-serve functionalities, allowing customers to manage their accounts, make payments, and access banking services independently.
- Transactions performed on our Digital and alternate banking channels closed at 93%, a **2%** drop compared to **95%** last year. We maintained a high number of transactions at the ATM 25%, Agent Banking **24%**, USSD **18%,** Business Online (BOL) 13% which is close to **80%** of transactions done outside of the banking hall.
- Improvements in digital security and authentication, ensuring safer transactions for customers.

By reducing reliance on branch visits, these improvements have saved customers time and provided a seamless experience, reinforcing our mission to make banking simpler and more accessible.

Launch of Online Account Opening: Expanding Financial Access

A milestone in 2024 was the launch of our online account opening solution, launched in September. This digital innovation has significantly streamlined the onboarding process, allowing customers to open accounts from the comfort of their homes or businesses, eliminating the need for physical paperwork and branch visits.

Beyond convenience, this innovation is set to enhance financial inclusion, particularly for young customers and first-time account holders. With an increasing number of youth actively seeking digital-first banking solutions, the ability to open an account instantly via digital channels meets their expectations for modern, hassle-free banking.

In just four months, we opened 2,900 personal accounts through our digital platform showcasing steady adoption. We continue to learn from daily customer interactions and collaborate with users to enhance the experience and usability of the solution. This ongoing refinement is especially key to advancing our financial inclusion agenda and meeting the needs of digitally savvy, first-time account holders, particularly among the youth.

Looking Ahead to 2025

As we enter 2025, Stanbic Bank remains committed to further refining and enhancing the customer experience. Key priorities include:

- **Addressing emerging customer pain points** in lending and transactional journeys to ensure seamless, efficient banking services.
- **Continuing digital innovation,** with a focus on expanding self-service options and refining user experiences.
- **Strengthening customer relationships** by focusing on meaningful engagements that build long-term loyalty and trust.

Our customer experience transformation is not just about banking, it is about creating a lasting impact on society by improving financial access, empowering customers, and driving economic growth. Stanbic Bank will continue to lead the way in shaping a customer-first future that benefits both individuals and businesses across Uganda and beyond.


Stanbic Bank
Private

OUR APPROACH TO VALUE CREATION

The successful execution of our strategy will deliver a robust business that creates value and drives sustainable growth for all our stakeholders over the long term.

OUR CLIENTS

Strategy

Our strategy is focused on creating sustainable growth and value for all our stakeholders

More details in the strategy report on **pages 36 to 39**

Business units and corporate functions

Our business units and corporate functions have aligned their operating strategies to our strategy, to ensure effective and coordinated execution within and across our operations for the benefit of our clients.

More details in the Business Unit Report on **pages 56 to 69**

Operating Environment

Key trends show opportunity for growth and development in Uganda, justifying the long-term optimism that underpins our strategy. However,we operate in a complex and constantly changing environment where our success depends on how well we embrace, anticipate and manage change, while also ensuring that the wellbeing of our clients and our country are at the centre of our responses.

Further details on **pages 44 to 46**

Risk Appetite

Our strategy is achieved within the parameters of our risk appetite, which implies conscious risk taking. We regularly align our risk appetite to changes in our operating context and are instilling a riskaware culture throughout the organisation as well as continually enhancing our risk management capabilities.

More details in the Risk Management on **pages 70 to 83**

GOVERNANCE APPROACH TO VALUE CREATION OVER TIME

Our governance approach

Promotes strategic decision making that combines long-term and short-term outcomes to reconcile the interests of Stanbic Uganda and society in our pursuit of sustainable value

Performance linked to value creation

We are embedding a high-performance culture and creating an environment in which our people are empowered and motivated to deliver exceptional client experiences and are rewarded for their contribution towards realising our purpose and vision

Remuneration that drives value over time

Our reward philosophy is being evolved to reflect our strategy. We combine reward elements that link directly to strategic and financial performance - criteria and threshold.

RESPONDING TO OUR STAKEHOLDERS

Our stakeholders are the providers of the capital we need to create value. Stakeholder inclusivity and responsiveness enable us to secure and maintain these inputs, and to identify opportunities and challenges.

Details of how we respond to our stakeholders has been included on **pages 28 to 33.**

Creating value for Stanbic Uganda

Our strategic value drivers align our allocation of resources to our strategy. We have identified six key value drivers, shown below and continue to work on selecting the appropriate metrics for each, which support more effective resource allocation and appropriate trade-off decisions.

Transforming client experience through;

1. Client focus
2. Employee engagement

Executing with excellence

3. Risk and conduct
4. Operation excellence

Driving sustainable growth and value

5. Financial outcome
6. SEE Impact

Creating value for society

Social relevance is fundamental to our survival and success and is implied in our purpose and vision.

We are moving towards measuring our social return and to obtaining a truer picture of our broader value outcomes. This involves identifying the social economic and environmental risks and opportunities that Uganda presents and how our business activities can respond to these.

Driving Uganda's growth over the long term

Our multi-generational purpose recognises the mutual interdependency in the wellbeing of Uganda and of Stanbic. It is the ultimate expression of our commitment to Ugandan Growth that is inclusive and sustainable and in turn secures viable markets for our long-term profitability and value creation.

Ethical and effective leadership

Ethical and effective leadership relates to uniting purpose and performance. Embedding an ethical culture recognises that the trust of our stakeholders is the basis on which we compete and win.

Corporate citizenship

Corporate citizenship relates to the integral role we play in the socioeconomic wellbeing of Uganda. It commits us to using our resources responsibly as inputs to our business model and balances our needs with those of society.

Sustainable development

Sustainable development commits us to enhancing the resources and relationships we rely on today for the future. Our plans to measure social, environmental and economic returns will enable us account for the total returns we deliver in line with our purpose.

CLIENTS

Business and Commercial Banking Clients
Personal and Private Banking Clients
Corporate and Investment Banking clients

EMPLOYEES AND THEIR REPRESENTATIVES

Permanent
Temporary
Contract

GOVERNMENTS AND REGULATORS

Bank of Uganda
Uganda Securities Exchange
Capital Markets Authority
Financial Intelligence Authority
Deposit Protection Fund
National Information Technology Authority
National Bureau for Non - Governmental Organisations

SHAREHOLDERS AND INVESTMENT ANALYSTS

Investors
Shareholders
Analysts

COMMUNITIES AND CIVIL SOCIETY

Suppliers
Media Advocacy
Groups Public

OUR STAKEHOLDERS AND MATERIAL ISSUES

Our stakeholders play a pivotal role in enabling us to deliver on our strategy and purpose by providing the resources and capital essential for creating shared value. They shape the environment in which we operate and lend legitimacy to our actions.

Stakeholders encompass the individuals, groups, and organisations that significantly impact—or are impacted by—our operations, products, services, and performance. This includes our clients, employees, regulators, shareholders, business partners, service providers, and the communities we serve.

How we engage with our stakeholders

Our stakeholder engagement principles serve as a foundational guide for our interactions across various geographies, while remaining adaptable to local contexts.

We prioritise active listening and meaningful dialogue with all legitimate stakeholders through a decentralised engagement model. Executives and managers across the organisation maintain regular communication with relevant stakeholders, addressing key issues and reporting material priorities and concerns. Oversight of this process is provided by executive leadership, governance boards, and ultimately the SUHL Board.

To complement these principles, we maintain specific guidelines and policies for engaging with different stakeholder groups, ensuring that designated representatives are appropriately empowered to lead these engagements.

Proactive stakeholder engagement offers valuable insights that shape our strategic direction, guide the identification of material issues, and enhance our ability to respond effectively to stakeholder expectations.

Over the past year, our engagements have directly informed executive and board-level discussions, particularly around:

- Growing global political and macroeconomic uncertainty, heightened geopolitical tensions, and the resulting impacts on supply chains, interest rates, inflation, and consumer resilience.
- Maintaining our competitiveness in a dynamic market where client expectations are continuously evolving.
- Addressing the escalating global threat of cybercrime.
- Accelerating our digital transformation to ensure long-term competitiveness, while maintaining excellence in current service delivery, enhancing the resilience of our digital transaction platforms, and improving communication with clients and stakeholders during disruptions.
- Supporting our clients through challenging economic conditions.
- Navigating diverse regulatory landscapes and the varying pace of regulatory changes across our subsidiaries.
- Advancing the integration of our sustainability strategy within core banking operations and across our non-banking subsidiaries.
- Prioritising the wellbeing of our people while strengthening our ability to attract and retain top talent.
- Fulfilling shareholder expectations and driving improvements in Return On Equity (ROE).

We are committed to:

1. Engaging constructively by **actively listening to concerns and suggestions** with an open and receptive mindset.
2. **Maintaining transparency** throughout all interactions.
3. **Addressing legitimate concerns** with timely and appropriate responses.
4. **Ensuring that our Code of Ethics and core values** consistently guide and inform our engagements.
5. **Remaining approachable** and **accessible** to all stakeholders.

How we determine our material issues

Our material issues are those that hold the greatest significance for our stakeholders and capital providers, and that influence our capacity to create sustainable value over the short, medium, and long term.

Our material determination process

We apply the principle of double materiality to ensure a thorough and holistic approach to identifying our most significant issues. This involves assessing not only the factors that could materially affect our business, our six strategic value drivers, and our ability to realise our strategic goals, but also the ways in which our operations materially impact society and the environment.

This approach is essential for delivering both strong financial performance and meaningful social, economic, and environmental (SEE) outcomes. The following steps outline our process for identifying and critically evaluating material issues:

1. Analysing the **economic, social,** and **environmental** context in which we operate.
2. Evaluating risks, threats, and opportunities uncovered through our enterprise risk management process.
3. Reviewing key ESG risks and opportunities as identified by internal stakeholders.
4. Considering the expectations and concerns of our diverse stakeholders, gathered through various engagement platforms.
5. Assessing our societal and environmental impact, with a focus on the seven SEE areas where we believe we can have the most significant positive—or negative—effect.

Stakeholder priorities in 2024

We evaluate the quality of our stakeholder relationships and engagements by considering the nature of each relationship, the constructiveness of our dialogues, and the trends in our relationship metrics over time. Given the complexity and scale of these interactions, the quality of engagement with each stakeholder group may evolve with each encounter. As such, the outcomes we report reflect a point-in-time assessment rather than a fixed state.

Clients: 766,945 Clients (2023: 743,869 clients)

How we engage

We employ two-way engagement methods, which may include client surveys, digital communication platforms, call centres, social media channels, and face-to-face interactions.

Capitals impacted

- Social and relationship capital
- Human capital
- Intellectual capital
- Manufactured capital
- Financial capital

How we measure the quality of relationships

- Net Promoter Score (NPS) and Client Satisfaction Index (CSI)

Priorities and concerns

- Tailored solutions designed to meet the unique needs of both individuals and businesses.
- Seamless omnichannel experiences with speed and straight-through processing.
- A balance of digital convenience and human support, ensuring services are accessible, affordable, and relevant.
- Strong system stability, reliability, and robust data security to safeguard against fraud and cyber threats.

Our Response

- Delivery of differentiated, personalised offerings for retail clients via our digital channels, driven by advanced data analytics.
- Ongoing expansion and enhancement of mobile app capabilities, including the integration of additional financial and non-financial solutions.
- Strengthened system stability and resilience, with markedly faster response and recovery times.
- Heightened awareness of cyber and fraud risks through focused and targeted awareness campaigns
- Enhanced detection and faster response to cyber incidents.
- Continued reinforcement of anti-financial crime controls and safeguards.

Related Material Issues

- Client experience
- Competitiveness and changing client expectations
- Fair outcomes for clients
- Reliability of digital transaction channels

Employees:
2,036 Employees (**2023:** 1,973 employees)

How we engage

Two-way engagement methods that include employee surveys, online communication channels and in-person sessions.

Capitals impacted

- Social and relationship capital
- Human Capital
- Intellectual Capital
- Manufactured Capital
- Financial Capital

How we measure the quality of relationships

- Employee Net Promoter Score
- Emotional promoter score
- Organisational alignment score
- Engagement dimensions score (work satisfaction)
- Diversity and inclusion
- Average learning hours per person
- Workforce return on investment

Priorities and concerns

- Digital skills development,
- Career growth
- Work-life balance
- Flexibility/hybrid working (where applicable)
- Recognition, appreciation and good communication
- Compensation and benefits
- Diversity and inclusion

Our Response

- Invested over UShs 281 billion (2023: UShs 252 billion) in employee development across the organisation.
- Further improved diversity metrics at senior and executive levels, including through targeted leadership development initiatives.
- Continued to engage employees and managers regarding hybrid working options for different teams.

Related Material Issues

- Employee engagement, health and wellbeing
- Workforce diversity
- Digital skills

Shareholders and investors

Over 22,311 shareholders (**2023:** over 22,400 shareholders)

How we engage

Two-way communication, including investor and market participant feedback, AGM, presentations and roadshows.

Capitals impacted

- Social and relationship capital
- Human Capital
- Intellectual Capital
- Manufactured Capital
- Financial Capital

How we measure the quality of relationships

- Shareholder value created – ROE, earnings growth, and dividends
- Investor and other market participant feedback

Priorities and concerns

- Achievement of targets
- Competitiveness of our offerings
- Access to the right skills and expertise
- Governance, ethics, market conduct, and internal controls
- System stability and reliability
- SEE metrics and effective target-setting
- Robustness of ESG risk management strategies

Our Response

- Regular engagements with investors
- Engagement with credit ratings agencies
- Related material issues
- Delivering sustainable value to shareholders

Related Material Issues

- Delivering sustainable value to shareholders

Regulators and government

Including central banks and relevant government departments and regulators in jurisdictions in which we operate.

How we engage

Two-way communication through a range of regulatory engagements and discussions.

Capitals impacted

- Social capital
- Financial Capital
- Intellectual Capital
- Human Capital

How we measure the quality of relationships

Constructive and positive engagements with our regulators

Priorities and concerns

- Financial crime controls, anti-money laundering and combatting the financing of terrorism (AML/ CFT)
- Cybersecurity and data protection
- Fintech, regulation of cryptocurrencies, digital platforms, open banking, cloud computing
- Climate related risk
- Financial inclusion and affordability
- Conduct

Our Response

- Engaging on material issues to ensure a clear understanding of expectations and challenges.
- Improved client due diligence, record-keeping, suspicious and unusual transaction reporting (STR), and risk management practices.
- Strengthened internal reporting on conduct risk and related metrics.
- Leveraging automation and machine learning to enhance risk management capabilities

Related Material Issues

- Culture of responsible risk-taking
- Integration of ESG risk management
- Information security, data privacy, cybersecurity
- Third-party risk as we transform to a platform and ecosystem business
- Digital skills

Communities and civil society
Non-Governmental Organisations (NGOs), community representatives

How we engage
Two-way engagement methods that can include online communication channels and in-person discussions

Capitals impacted

- Social and relationship Capital
- Human Capital
- Intellectual Capital
- Natural Capital

How we measure the quality of relationships

- Constructive engagements, media monitoring

Priorities and concerns

- Social and environmental impacts of business activities

Our Response

Comprehensive screening, due diligence, and engagement processes to evaluate the economic, social, and environmental risks and opportunities linked to our business activities

Related Material Issues

- Delivery of positive SEE impact with a focus on sustainable finance solutions and supporting a just energy transition

OUR VALUE OUTCOMES

Creating and distributing financial value

Client Focus

- Solid relationships with a diverse and expanding client base of over 766,945 customers
- A well-established and reputable brand
- Strategic partnerships that reinforce client support and enhance the overall experience
- Growing revenue from non-financial services and solutions
- A strong physical and digital presence that enables seamless omnichannel service and distribution

Generating and sharing financial value by fostering the prosperity of African economies. This not only expands our client base and market potential but, through long-term thinking, ensures the continued viability and prosperity of our markets for the future.

New loans

2024: UShs **4.1** trillion
2023: UShs 4.7 trillion

Employee engagement

- A strong executive and leadership team
- Highly skilled and experienced personnel
- A workforce of 2,036 employees
- A high-performance, ethical culture aligned with our purpose

Invested in our people

2024 : UShs **281** billion
2023 :UShs 253 billion

Risk and conduct

- Strong, trusted relationships with stakeholders
- Established governance and control systems.
- A robust and well-defined risk and capital management framework

Invested in our operations, suppliers and third parties

2024 : UShs **241** billion
2023 :UShs 228 billion

Operational Excellence

- Strategic partnerships and digital capabilities drive the development of innovative solutions
- Robust and secure systems designed to deliver "always-on, always-secure" services
- Continuously evolving towards a more streamlined systems architecture

Direct and indirect taxes to governments and regulators

2024 : UShs **428** billion
2023 :UShs 356 billion

Financial outcome

- A diverse and well-balanced portfolio
- A strong capital structure and solid balance sheet
- Strategic resource allocation with a future-focused approach

Returns to shareholders

2024 : UShs **300** billion
2023 :UShs 280 billion

SEE Impact

A comprehensive SEE approach with a focus on creating positive impact in seven key areas

Reinvesting in the business

2024 : UShs **318** billion
2023 :UShs 257 billion


Stanbic Bank
Grow
Enterprises for Women
Stanbic
FOR HER
Taking every woman closer to her dreams with the GROW LOAN
Let's unlock growth for your business at an interest rate of 10% per annum only
Visit any of our branches to sign up for this quick and affordable loan
psfu
Business growth is our business
THE WORLD BANK
IBRD · IDA | WORLD BANK GROUP
T&Cs apply
Stanbic Bank Uganda Limited. A Financial Institution regulated by the Bank of Uganda and Customer Deposits are protected by the Deposit Protection Fund of Uganda up to UGX 10 million, Terms & Conditions Apply. License Number A1. 030

OUR STRATEGY

We place our clients at the heart of everything we do.

We ensure that we are always there to meet their needs in a secure, personalised and relevant way, while partnering with them to drive inclusive growth and sustainable development in Africa.

Our strategy enables us to achieve our purpose.

Our strategy remains relevant and has been reaffirmed with new financial targets for horizon 2 expounded upon below

OUR PURPOSE: Uganda is our Home, we Drive Her growth

OUR STRATEGIC PRIORITIES	Transform Client experience	Execute with Excellence	Drive Sustainable growth and value
What we need to do to deliver our strategy	We strive to transform the client experience. We draw on the power of technology and our people's expertise and empathy to meet our clients' needs. We provide a comprehensive set of solutions and not just individual financial products. We are stewards of our shareholders' resources. We collaborate to meet our clients' needs.	We execute with excellence and do the right business, the right way. We provide relevant products and services. We ensure that our people and systems are reliable, resilient and trusted.	We create sustainable growth and value for our shareholders, society and the planet. We focus on achieving sustainable growth while carefully balancing social, economic and environmental considerations. We aim to become the leading enabler of the just energy transition for Africa, supporting climate change mitigation and adaptation, while accelerating the continent's economic growth, infrastructure development and human advancement.
Drive Sustainable growth and value	We are focused on **defending** and **growing** our franchise + We are **accelerating skills development** in key areas to develop, attract and retain critical skills	+ We are committed to doing the **right business, the right way** + We deliver **innovative solutions** that support our ambitions	= We allocate our capital to deliver **sustainable earnings growth** and attractive returns + We are committed to **making a positive impact**

1. Client Focus **2.** Risk and Conduct **3.** Financial Outcome
4. Employee Engagement **5.** Operational excellence

OUR 2025 ASPIRATIONS

	Horizon 1		Horizon 2		Horizon 3
What we need to do to deliver our strategic priorities	Leverage capabilities for strategic execution We will leverage the competitive advantages we have to defend our franchise, grow in our chosen segments and markets, and optimise our business.	**2025 TARGETS** Revenue growth of 10% - 13% Cost to income ratio <50% ROE target range of 20% - 25%	Deliver attractive growth and returns We will allocate scarce resources to the areas that will need it most to defend and grow our business and deliver attractive growth and returns.	**TARGETS** Revenue growth of 13% - 18% (three-year CAGR) Cost to income ratio <45% ROE target range of 25% - 30%	We will build long-term resilience and agility to respond to future trends, and capture opportunities that arise to deliver sustainable growth and value.

OUR STRATEGIC OUTCOMES

Our strategic value drivers measure our strategic progress and allow us to focus on the value we aspire to create for all our stakeholders.

We continue to improve the coverage, accuracy, depth and consistency of the metrics we use to measure our strategic progress against our defined targets for the medium term. Below we set out the key performance indicators associated with each of our strategic value drivers.

Client Experience

OUR CLIENTS

We provide **consistently exceptional client experiences** in all the markets in which we operate.

Measure	Metric	Actual 2024	2023	2022	Target
Client experience	Net Promoter Score (NPS)	**+33**	+29	+22	+30
	Customer Satisfaction Index (CSI)	**+8.4**	+8.4	+8.2	+8.0

Our focus is to consistently create excellent client experience by understanding our clients' needs and tailoring solutions to their needs. Our NPS has consistently increased given the digital and automation improvements on the payments and customer interaction platforms.

EMPLOYEE ENGAGEMENT

We ensure our **people feel deeply connected with our purpose** and are empowered and recognised.

Measure	Metric	Actual 2024	2023	2022	Target
Employee engagement	eNPS	**+68**	+67	+70	+70
Employee retention	Total Employee Attrition	**8.1%**	3.7%	8.2%	<10%
	Regrettable Attrition	**2.3%**	2.3%	2.4%	<3%
Employee diversity	Employee Diversity (%of female managers)	**42%**	42%	42%	38%

To determine engagement levels, we consider the following:

- **Employee engagement:** which includes an internal survey conducted annually (eNPS and average learning hours to enable employees become future ready.
- **Employee retention:** this reviews overall employee turnover rates (both total level and highly talented employees)

Employee diversity: this looks at the level of inclusivity in our staff compliment. (In this table we have only included the level of females in leadership, however there are other diversity metrics like age, overall gender and as of 2022 focus is being extended towards increasing opportunities for people living with disability.

Execute with Excellence

RISK & CONDUCT

We ensure we do the **right business, the right way** by adhering to our risk appetite metrics.

Measure	Metric	Actual 2024	2023	2022	Target
Responsible risk taking	Liquid Assets to Deposit Ratio	**69.5%**	50.8%	52.2%	20%
	Capital Adequacy	**21.4%**	24.7%	23.4%	12%
	Liquidity Coverage Ratio	**193%**	152%	214%	>100%
	Bank of Uganda CAMELS* risk rating.	**Satisfactory**	Satisfactory	Satisfactory	Satisfactory
	Credit Loss Ratio(CLR)	**0.8%**	1.6%	1.5%	>2.5%
Conduct	Compliance Training	**98%**	98%	96%	>95%

Government, CMA, and the Central Bank create and enforce regulatory frameworks to ensure a safe financial system, conducive to economic development, while protecting our clients.

*CAMELS:
Bank of Uganda Supervisory Rating System:
Capital Adequacy
Asset Quality
Management
Earnings
Liquidity
Sensitivity to Market Risk

We review these metrics to ensure compliance with all the regulatory requirements, relevant to different parts of our business.

Drive Sustainable Growth and Value

FINANCIAL OUTCOME

We aim to deliver **superior value to shareholders.**

Measure	Metric	Actual 2024	Actual 2023	Actual 2022	Target
Shareholder value	Return on Equity (ROE)	**24.3%**	22.5%	21.6%	>20%
	Cost to Income Ratio (CTI)	**47.2%**	48.9%	47.7%	<50%
	Dividend pay-out Ratio	**63%**	68%	66%	40-50%
	Dividend Per Share (DPS)*	**3.13**	5.47	4.59	Continued growth

The financial outcomes remain key measures to assess our value creation and ensure sustainable delivery of superior returns to our shareholders.

* Total dividend paid or to be paid for the year

SEE IMPACT

We drive Uganda's growth through **delivering shared value.**

Our SEE management approach is guided by our purpose, drivers that support Uganda's growth, our core business and the needs of societies. We continue to work on identifying metrics to measure our direct contribution to society

Additionally, we provided support to our clients through loan restructures, awareness campaigns etc. further details of our initiatives can be found in our **Abridged Report to Society** on **page 84.**

Measure	Metric	Actual 2024	Actual 2023	Actual 2022	Target
Delivering shared value	**Social:** CSI Investments (UShs bn)	**4.9**	4.2	4.2	1% of PAT
	Economic: Loans disbursed (UShs tn)	**4.1**	4.7	3.9	Growth
	Procurement percentage spent on local suppliers	**84%**	88%	80%	>75%
	Environmental:				
	Water consumed (kilolitres)	**23,045**	23,872	18,201	reduction in consumption
	Fuel consumed (litres)	**439,624**	444,411	420,333	
	Paper consumed (tonnes)	**33**	18	26	

* The consumption of fuel and water all increased as people fully returned to office post covid and hence increased needs for both both water and fuel.

Financial inclusion

Job creation and enterprise growth

Infrastructure

Climate change and sustainable finance

Education

Health

The premise of our shared value strategy is the need to connect commercial and social realities in a dynamic environment of competing stakeholder expectations, complex competitive forces and the fluid regulatory changes. Our ability includes defining and measuring the key strategic value drivers required to generate a suitable financial outcome, as well as positive broader social outcomes.

Note: Details of what is being done with regards to our SEE Impact can be found in our **Report to Society.**

BUSINESS REVIEW

An assessment of our progress for the year and prospects for delivering our strategic commitments in relation to our strategic priorities.

2024 AT A GLANCE

Profit after tax	UShs **478bn**	2023: UShs 412 bn	▲ 16.2%
Return on equity	**24.3%**	2023: 22.5%	▲ 1.8%
Earnings per share	UShs **9.3**	2023: UShs 8.0	▲ 0.2%
Total capital adequacy	**21.4%**	2023: 24.7% BOU Requirement: 12%	▼ 3.3%
Non-performance loan ratio	**1.5%**	2023: 2.6%	▼ 1.1%
Cost to income ratio	**47.2%**	2023: 48.9%	▼ 1.7%
Customer deposits	UShs **7.1tn**	2023: UShs 6.3tn	▲ 12.2%
Net customer loans	UShs **4.4tn**	2023: UShs 4.2tn	▲ 3.5%
Off balance sheet	UShs **2.1tn**	2023: UShs 2.1tn	▲ 0.2%
Stanbic share price	UShs **39**	2023: UShs 32	▲ 21.9%
Total assets	UShs **10.4tn**	2023: UShs 9.3tn	▲ 11.7%
Total shareholders equity	UShs **2.1tn**	2023: UShs 1.9tn	▲ 9.2%

Awards

The Banker Magazine Awards
Bank of the Year 2024

Consumer Choice Awards
Best Bank in Uganda 2024

The African Marketing Confederation
Brand of the year 2024

Brand Africa Awards
Most Admired Financial Services Company

Financial Reporting Awards Uganda
Best Integrated Report of the year silver (2024)

ICGU Corporate Governance Awards
Resilience Award Winner 2024

Insurance Regulatory Authority Awards
Most innovative bancassurer award

Stanbic Bank Credit Ratings 2024
Fitch Ratings
Local Rating: AAA(Uga) Stable Outlook
International Rating = B+(Stable Outlook)

Stable ratings from international rating agencies

OPERATING ENVIRONMENT AND FINANCIAL REVIEW

2024 was one of the biggest years for elections globally in recent memory. The US presidential election in November had an immediate impact on the global economy driven by changes in foreign policy, human rights, economic policy, and trade agreements, among other things. The longer-term impact remains uncertain.

Ronald Makata
Chief Finance and Value Management Officer

Operating environment

The environment in which we operate shapes our actions and strategy to be able to respond to the ever-evolving uncertainties. These do impact our operations and how we engage all the key stakeholders.

Key areas impacting our operating environment

Geopolitical

- Russia's war against Ukraine and the evolving conflicts in the Middle East
- Global elections
- Expansionary monetary policy across major economies

Macro environment

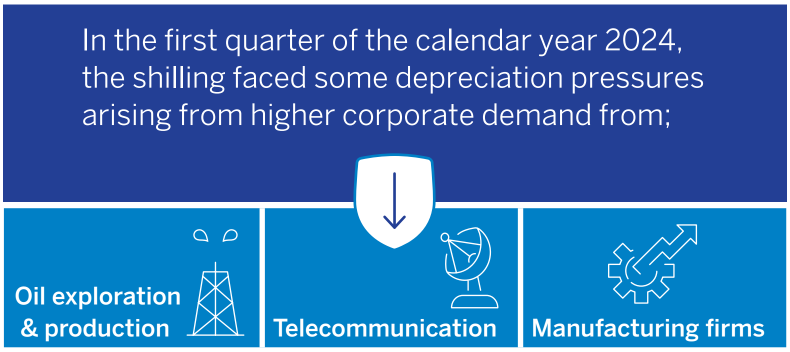
- Robust economic growth despite the geopolitical tensions
- Well managed inflation and relative stability of the shilling
- Decline in foreign reserves and elevated external funding pressures.

Regulatory

- Bank of Uganda new guidelines on Internal Liquidity Adequacy Assessment Process (ILAAP), Net Stable Funding Ratio (NSFR), and the Liquidity Coverage Ratio (LCR).
- Basel III rules on liquidity risk measurement, standards, and monitoring.

The global economy showed remarkable resilience in 2024 underpinned by falling inflation, above forecasted employment and private consumption despite the persisting geopolitical and trade tensions that included Russia's war against Ukraine and the evolving conflicts in the Middle East, that weighed on global activity. Headline inflation continued to ease in most countries through 2024, led by further falls in food, energy, and goods price inflation.

The declining inflation provided room for an easing of interest rates and played a role in stabilising the global economy as several major economies cut interest rates. In the US, The Federal Reserve (Fed) lowered the target interest rate range by 100 basis points from 5.25% - 5.50% range in January 2024 to 4.25% - 4.5% range in December 2024 on the back of expansion in the economy, softening labour market and declining inflation



outlook. Similarly in the Euro area, the European Central Bank (ECB) cut interest rates by 100 basis points, reducing the key interest rates to 3%– 3.4% range in December 2024 from 4% - 4.5% range in January 2024, reflecting a continued focus on moderating inflation.

2024 was one of the biggest years for elections globally in recent memory. The US presidential election in November had an immediate impact on the global economy driven by changes in foreign policy, human rights, economic policy, and trade agreements, among other things. The longer-term impact remains uncertain.

The Ugandan economy weathered several shocks, including geopolitical conflicts, rising international commodity prices and tight global and domestic financial conditions to post robust growth in government financial year 2023/2024 (FY 2023/2024). Real Gross Domestic Product (GDP) growth increased to 6.0%, in FY2023/2024 up from 5.3% in the previous year, boosted by strong improvements in household spending, public investment, and demand from our trading partners.

Inflation consistently trended below the BOU target of 5% during the year, reducing from elevated levels seen in the first half of 2023 when various shocks hit the global economy leading to increased prices and inflation globally. Headline and core inflation were muted in 2024, averaging 3.3% and 3.6%, respectively, a decrease from the 5.5% and 4.8% recorded in 2023. This downward trend in inflation was a result of reduced food prices on account of favourable weather conditions, a reduction in imported inflation particularly for energy products and a tightening monetary policy adopted by BOU that curbed overall demand and fostered the stability of the Uganda shilling.

The first half of 2024 was characterised by several upside risks to inflation that emerged at the start of the year, emanating from accelerated depreciation of the shilling against the US Dollar and higher international oil prices due to geopolitical tensions. These factors led the Monetary Policy Committee (MPC) to raise the Central Bank rate (CBR) to 10% in March 2024, 10.25% in April 2024 and maintained it at this level up to July 2024. These monetary policy actions enabled Bank of Uganda to successfully contain inflation and stabilise the currency.

BOU lowered the CBR, by 50 basis points to 10% in August 2024, and 9.75% in October 2024 in response to the inflation outlook and maintained it at that level for the rest of year to stimulate economic growth.

The Uganda shilling remained relatively stable against the US Dollar for most of the year. The shilling depreciated by 0.5%, to an average mid-rate of 3,757 in 2024 from an average of 3737 in 2023. In the first Quarter of the calendar year 2024, the shilling faced some depreciation pressures arising from higher corporate demand from the oil exploration & production, telecommunication, and manufacturing firms. The depreciation pressures were contained by the tight monetary policy stance pursued by Bank of Uganda (BOU), which supported the shilling in Second Quarter of the calendar year 2024. Coffee exports further supported the currency for the remainder of 2024.

The Yield curve moved higher than the previous year across all tenors influenced by a 30% increase in domestic borrowing targets for the FY 2024/2025. Treasury bill rates for the 1 year saw the biggest rise of more than 228 bps with the highest uptake driven by the debt office's strategy to raise domestic financing via the cheaper shorter-term instruments compared to the longer-term bonds.

The Stanbic Purchasing Managers' Index (PMI) showed an overall growth trend in the private sector's health, on account of improvement in business conditions, new orders, output, and employment levels. The index remained above the 50.0 mark throughout the year, indicating expansion of the economy, although the rate of growth varied from month to month.

Regulatory changes during the year

Bank of Uganda issued new guidelines for Internal Liquidity Adequacy Assessment Process (ILAAP) and the Net Stable Funding Ratio (NSFR), as well as the revised Guideline for the Liquidity Coverage Ratio (LCR), for implementation effective 1st December 2024 under the Financial (Liquidity) Regulations 2023.

In addition, the Basel Committee on Banking Supervision (BCBS) issued the Basel III rules on liquidity risk measurement, standards, and monitoring on December 16, 2010, which included the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR), the maturity mismatch gap and concentration analysis. These were adopted in 2024.

Internal Liquidity Adequacy Assessment Process (ILAAP)

The ILAAP helps assess the bank's liquidity adequacy and sets out the strategies for dealing with liquidity stress scenarios of varying levels of severity. The aim is to ensure that financial institutions are always solvent and adequately manage liquidity risk with appropriate strategies to withstand unexpected shocks in the operating environment.

Liquidity Coverage Ratio (LCR)

The LCR requires the bank to hold sufficient high-quality liquid assets to cover its total net cash outflows over 30 days under a stressed scenario. The bank considers all currencies in which its assets, liabilities and off-balance sheet items are denominated.

The bank is required to comply with the LCR on a consolidated basis and in each significant currency in which its liabilities are 10 percent or more of their total liabilities.

The LCR of a bank will be computed by dividing the stock of high-quality liquid assets by its net cash outflows over the 30-day period, and this ratio must not be less than 100 percent at any time.

The Net Stable Funding Ratio (NSFR)

The NSFR is meant to ensure financial institution maintain a stable funding profile by requiring them to have enough available stable funding to cover their required stable funding needs, aiming to mitigate the risk of funding stress.

The Bank is required to maintain at least 100 percent and above of NSFR, computed by dividing the available stable funding (ASF) by the required stable funding (RSF).

The Regulatory Contractual Maturity Mismatch/Gap

This refers to the gap between the timing of inflows and outflows of liquidity, specifically when long-term assets are funded by short-term liabilities, posing liquidity risk.

The contractual gap provides an assessment of the amount of liquidity a bank would potentially need to raise over time if all outflows were to take place at the earliest date. The aim is to ensure financial institutions have sufficient liquidity when their obligations to settle liabilities falls due.

These liquidity risk measurement tools ensure that a financial institution has adequate liquidity to meet their payment obligations even in periods of liquidity stress.

Accordingly, the Bank of Uganda (BOU), through the Financial Institutions (Liquidity) Regulations 2023, has adopted these Basel III Liquidity Standards with the view to further strengthen liquidity risk management and align with international best practices.

Performance of the Uganda Shilling

The Uganda Shilling has shown relative stability appreciating slightly against the USD driven by **increased export revenues** from commodities like **coffee** and is expected to maintain this trend barring external shocks to the market.

Outlook for the year 2025

Uganda's economy is projected to grow at 6.2% in FY2024/25 with the potential to surpass 6.4%-7.0% in the following years driven primarily by the burgeoning oil sector. However, the fiscal outlook faces challenges as the deficit for FY2023/24 is slightly higher than planned due to underperformance in revenue collection. This fiscal gap is anticipated to widen further to 5.8 in FY2024/25 mainly due to increased interest payments on domestic debt.

Despite these fiscal pressures, Uganda's public debt remains sustainable with a moderate risk of debt distress. Debt as a share of GDP is expected to stabilise around 50% over the medium term and key external debt indicators are expected to stay within the set debt sustainability limits. While the fiscal situation remains under scrutiny, the potential for improved credit ratings exists provided debt management is effectively handled, and external financing challenges are addressed.

The current account deficit is projected to remain elevated in the short term largely due to high import bills and ongoing oil project-related expenditures. However, this deficit is expected to gradually narrow once oil exports commence, likely after FY2025/26 offering a potential boost to the country's external balance. Despite this, access to external funding is expected to remain constrained as Uganda faces challenges in securing multilateral support due to unmet targets under the IMF's Extended Credit Facility. As of December 2024, Uganda's foreign exchange reserves stood at approximately USD 3.3 billion equivalent to 3.0 months of import cover a decline from USD 3.7 billion 3.3 months in the same period of 2023. This decline in reserves highlights the increasing pressures on Uganda's external financing.

The Uganda Shilling has shown relative stability appreciating slightly against the USD driven by increased export revenues from commodities like coffee and is expected to maintain this trend barring external shocks to the market.

Inflation is anticipated to rise gradually driven by weather-related shocks including a La Niña-induced drought. BOU's cautious approach to monetary policy is likely to result in a stable Central Bank Rate (CBR) of about 9.75%. However, with inflation remaining manageable there may be room for rate cuts in increments of 50 bps. On the credit side, Uganda is witnessing a pickup in credit growth fuelled by improved economic activity and the availability of loanable funds which is a positive sign for the economy.

Financial Review

The group recorded a profit after tax of UShs 478 billion in 2024, representing 16.2% above 2023 performance, this was in light of the persistent geopolitical and trade tensions, depreciation of local currency mainly at the start of year, and the elevated interest rate environment to control inflation by the central Bank.

This strong performance was underpinned by our focus on defending our current position in the market while growing our existing businesses (CIB, BCB and PPB). By transforming our client experience with a focus on government, value chain integration and client entrenchment, enabling efficiencies while managing risk by executing with excellence through digitisation and upskilling our people and driving sustainable growth and value for the future.

In 2024, the group effectively defended and grew the Uganda franchise, this was reflected in the growth in customer deposits by 12.2% that in turn led to an uplift in Net assets by 9.2% crossing a significant milestone of UShs 10 trillion net assets. We closed the year with a total capital to risk weighted assets (tier 1 and tier 2) capital ratio of 21.4% (2023: 24.7%). The Return on equity (RoE) improved to 24.3% (2023: 22.5%) supported by growth in Net Interest Income (7.2%) attributable to an increase in average loans to customers, in addition to the benefit from an uptick in interest rates under government securities. This performance was further supported by growth in net fees and commission income by 6.0% and other gains/(losses) on financial instruments by 100%, resulting from increased business activity and a single credit default swap transaction with Standard Bank South Africa. Trading revenue edged up (12.7%) from increased foreign currency activity (79.0%).

We continued to invest in our people who enable service delivery to our clients and technology to improve our cybersecurity, system availability and improve our digital offering which saw an increase in the groups operational costs by 4.9% .

Key Performance Highlights

We continued to **invest in our people** who enable **service delivery to our clients** and **technology** to **improve our cybersecurity, system** a viability and improve our digital offering.

3.5%	Growth in net customer loans and advances
12.2%	Growth in customer deposits
172%	Growth in loans to banks and amounts due from group companies
0.8%	Well managed credit risk

Our Performance

Income statement

The income statement reflects the revenue generated and costs incurred by our business activities, with material income statement line items explained.

	2024 UShs Mn	2023 UShs Mn	Change %
A Net Interest Income	**759,803**	708,893	7.2%
B Non-Interest Revenue	**537,556**	485,251	10.8%
Total income	**1,297,360**	1,194,144	8.6%
C Credit impairment charge	**(34,013)**	(69,454)	-51.0%
Total income after credit impairment charge	**1,263,347**	1,124,691	12.3%
D Operating expenses	**(612,277)**	(583,744)	4.9%
Profit before direct taxation	**651,070**	540,947	20.4%
Direct taxation	**(172,972)**	(129,416)	33.7%
Profit for the period	**478,097**	411,531	16.2%
Cost to Income ratio	**47.2%**	48.9%	-1.7%
Credit loss ratio	**0.8%**	1.6%	-0.8%
Return on Equity	**24.3%**	22.5%	1.8%
Return on Assets	**4.9%**	4.5%	0.4%

A Net interest income

What it is: The interest received on lending products that we offer to our clients and investment in debt instruments, less the interest paid on the deposits that our clients place with us and debt funding sourced from other lenders.

Drivers: Number of clients, product offerings and pricing, level of economic and client activity, foreign exchange, pricing in commodities and equity capital markets, competition and market volatility.

B Non-interest revenue

What it is: Comprises net fee and commission revenue, trading revenue and other operating income.

Drivers: Number of clients, transactional banking volumes and pricing, capital markets activity, trading volumes and market volatility, property related revenue, and income from bancassurance and unlisted investments.

C Credit impairments

What it is: Represents the provisions and losses incurred as a result of the inability of our customers and clients to repay their debt obligations to the Bank. The credit loss ratio expresses these impairment charges as a percentage of average loans and advances and indicates how much, on average, of each Shilling lent by the Bank results in credit impairments.

Drivers: The drivers of our impairments include; the outstanding exposures, probability of default, loss given default, and a variety of macroeconomic considerations, such as economic growth and interest rates.

D Operating expenses

What it is: Operating expenses represent the costs that were incurred to support current and future revenues. Inflation and foreign exchange rates are key external indicators that contribute to the increase in such expenses. Many internal factors also affect the growth in operating expenses, such as our staff compliment and investments in IT infrastructure.

Drivers: Inflation, headcount, investments in branch and IT infrastructure which results in amortisation, general costs to operate (including those related to innovation and work efficiency programs), and operational losses.

E Direct taxation

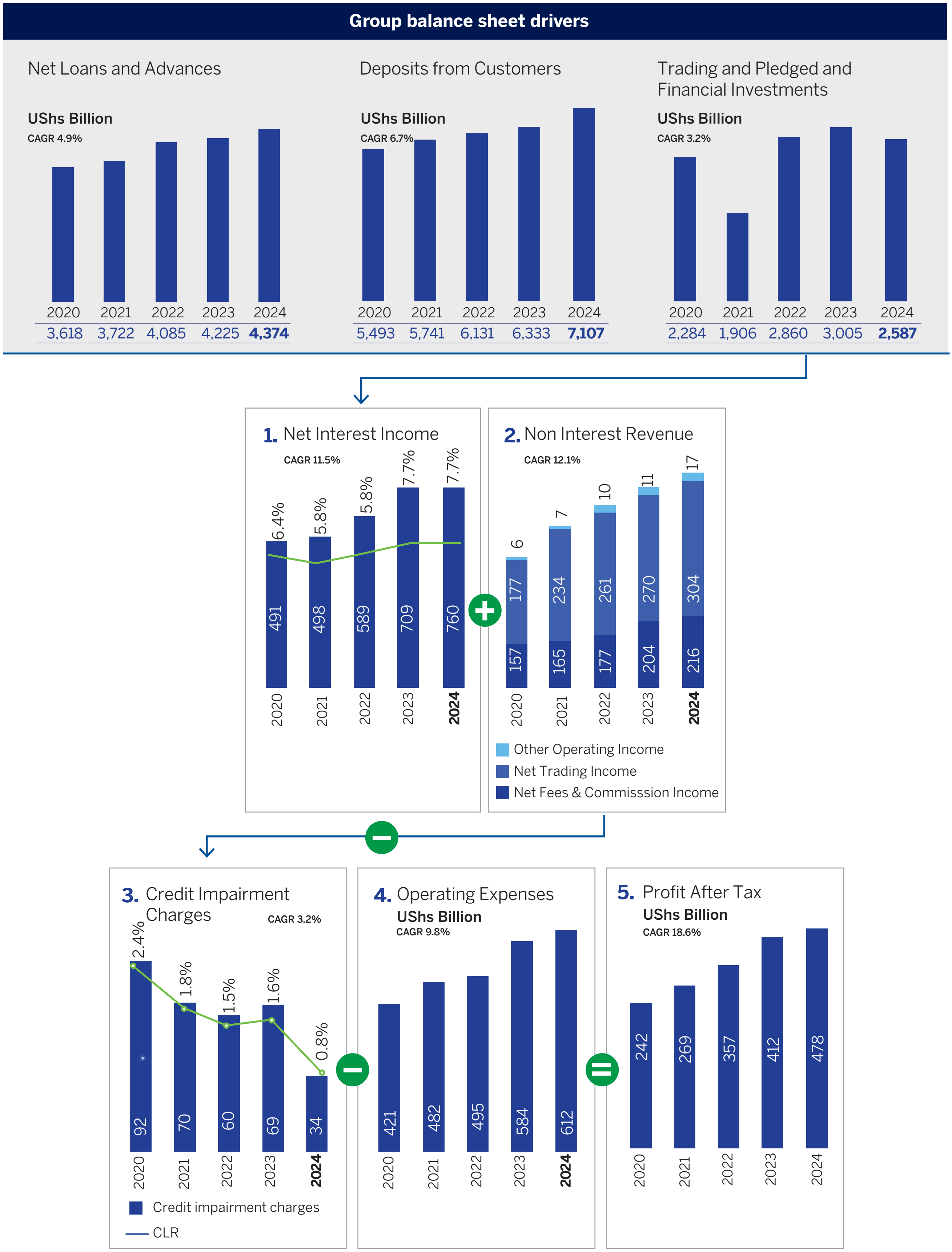
What it is: Includes both direct income taxes and related deferred tax in terms of IFRS.

Drivers: Corporate tax rate, level of profitability of our operations, interest income from treasury bills and treasury bonds, and costs that are not tax deductible.

Measuring our financial outcome

Profit after tax

The Group's profit after tax is one of the components used in the determination of the Group's return on equity (ROE) and represents the major lever in lifting the Group's return on equity (ROE).



1. Net interest income

The net interest income for the year increased by 7.2% to UShs 760 billion from UShs 709 billion recorded in 2023. The upward trend was as a result of the increased investment in interest-bearing assets, notably customers loans and advances, loans to banks and group companies, together with investments in government securities held at Fair Value through Other Comprehensive Income (FVOCI) and investments in government securities measured at amortised cost. This was partially offset by costs of funding mainly on client deposits.

2. Non-Interest Revenue

Non-interest revenue was up by 10.8% closing at UShs 537.6 billion from UShs 485.3 billion recorded in 2023. The increase was registered under fees and commission income, trading revenue, and other gains on financial instruments as highlighted below:

Net Fees and Commission

Net fees and commission income increased by UShs 12.3 billion (6.0%) to close at UShs 216.3 billion from the UShs 204.1 billion recorded in 2023. The performance of fees and commissions was as a result of increased customer transaction activity across all the fee and commission lines.

Trading Revenue

Trading revenue edged up by UShs 34.2 billion (12.7%) closing at UShs 304.3 billion from the UShs 270.1 billion recorded in 2023. The trading revenue growth Year on Year was attributable to increase in forex revenue by UShs 47.4 billion (79.0%) driven by the uplift in forex transactions. The uplift was offset by an unrealised loss on trading financial instruments of UShs 8.3 billion due to increase in yields on treasury bills and treasury bonds.

Other gains on financial instruments

The gains of UShs 6.3 billion comprise premium, coupon and mark-to-market gains realised from the credit default swap transaction with Standard Bank South Africa against a cross-currency repo transaction with Government of Uganda.

3. Credit impairment charges

The impairment charge dropped by UShs 35.4 billion year on year (51.0%) to UShs 34 billion from UShs 69.5 billion in 2023, with the credit loss ratio closing the year at 0.8% in 2024 compared to 1.6% in 2023. This resulted from higher than prior year recoveries after write offs under Business and Commercial Banking business segment and relative stability across all the business segments off the back of a pro-active client engagement and collection approach taken by the Bank and prudent credit scoring .

4. Operating expenses

Operating expenses represent the costs that were incurred to support current and future revenues. Inflation and foreign exchange rates are key external indicators that contribute to the increase in such expenses. Many internal factors also affect the growth in operating expenses, such as our staff compliment and investments in IT infrastructure.

Total operating costs increased by (4.9%) closing the year at UShs 612 billion compared to UShs 584 billion in 2023.

Staff costs reflected growth of 11.2% from UShs 253 billion in 2023 to UShs 281 billion. The increment was as a result of increased investment in staff as critical enablers.

Other operating costs increased marginally by 0.1%, closing at UShs 331.2 billion from UShs 330.8 billion in 2023. The increase in spend was very much aligned to inflationary increase supported by initiatives implementation to drive operational efficiencies and reduce our spend. This created room to invest in future ready value add services like cloud technology, Application Programming Interface(API), data, agent banking platform upgrade and FlexiPay platform upgrade.

Further detail on the cost performance on the varied line items is included under Note 13 to the financial statements.

5. Profit after tax

The Group's profit after tax was up 16.2% from UShs 412 billion to UShs 478 billion a reflection of the continued franchise momentum supported by growth on the balancesheet. Below are other key factors that contributed to the performance of the group.

Brief reviews of other key factors impacting the performance of Stanbic Group are reflected below:

Margins

This represents the profit margin between the interest rate earned from earning assets and interest rate paid on deposits and other sources of funding. The key drivers of this ratio are the Central Bank Rate (CBR), the proportion of interest earning assets and deposits to the group total assets and funding base respectively, the portfolio mix of the assets by tenure and currency and the credit quality of assets on the book.

The net interest margins (NIMs) registered muted growth year-on-year off increasing competition for liabilities with a resultant increase in higher interest-bearing liabilities and a drop in interest rates from easing of policy rates that is tagged to pricing of loans to customers by Bank of Uganda (for Uganda the policy rate is central Bank rate) and across major economies.

Credit Loss

The credit-loss ratio (CLR) is the impairment charge expressed as a percentage of the closing loans and advances book. It represents the loss the Group incurs as a result of delinquencies from customers and general credit provisioning for un-identified credit losses.

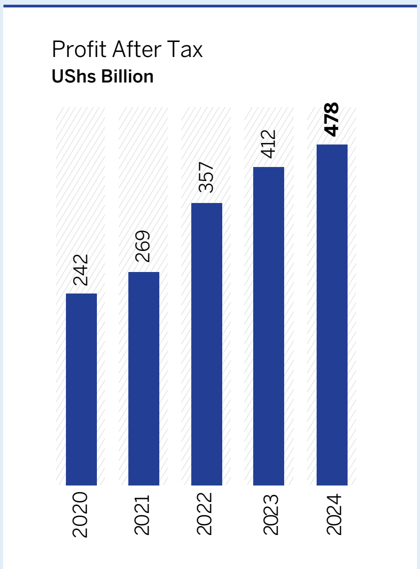
The credit loss ratio remained low in the Corporate and Investment Banking (CIB) segment, due to the relative stability of the loan book. While the Private and Personal Banking (PPB) segment recorded reduced risk. The Business and Commercial Banking (BCB) portfolio showed significant recovery in 2024, driven by post write-off recoveries, stability, and proactive management actions taken to manage this portfolio. Impairments were well managed during the year, leading to an improvement in risk profiles across all the segments and a decrease in the high value of watch-listed accounts as businesses began to position towards recovery. Through pro-active client engagement and collection strategies management was able to respond to all potential risks.

This resulted in significant drop in the credit loss ratio from 1.6% in 2023 to 0.8% in 2024, driven by higher than prior year recoveries after write offs under Business and Commercial Banking business segment and relative stability across all the business segments further supported by proactive client engagement and collection strategies.

Detailed analysis on the group's financial performance, and the principal earnings drivers for growth in our ROE.

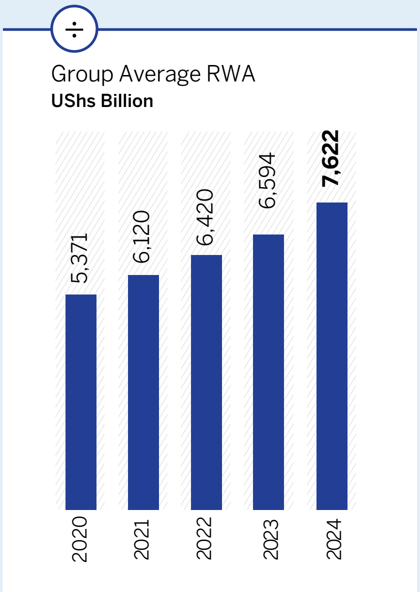
Return on equity

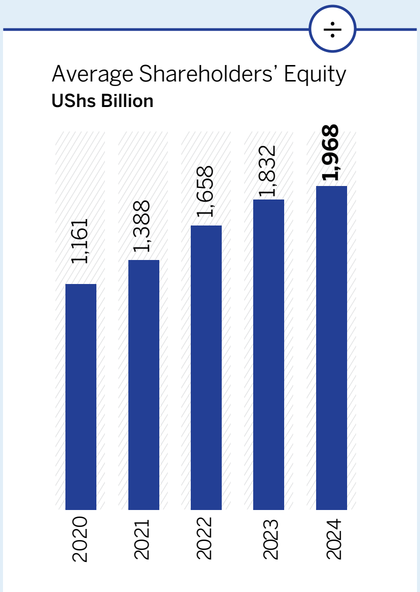
Our Return on Equity (ROE) is the most relevant measure of our financial performance over time as it combines all of our critical drivers, including earnings growth and capital utilisation, into a single metric.

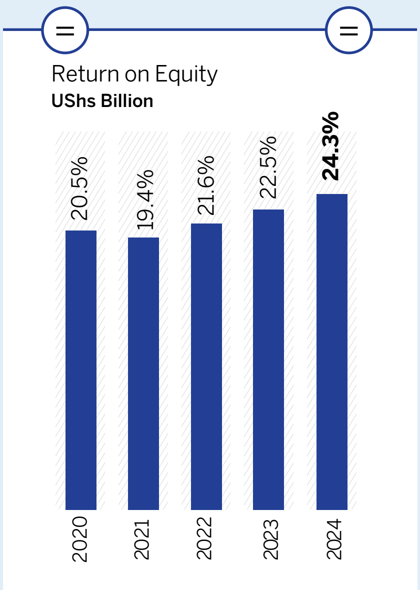


Our **Group average RWA** increased by 15.6 % to UShs 7.6 trillion, supported by growth in the balance sheet.

The **Group's average shareholders'** equity increased by 7.4%, supported by strong profit growth.







In 2024, the **group's ROE** increased to 24.3%, above our target of 20%.

Our resilient balance sheet

The balance sheet or statement of financial position shows the position of the group's assets, liabilities and equity, and reflects what the group owns, owes and the equity attributable to shareholders.

	Balance sheet as at 31 December 2024	2024 UShs Mns	2023 UShs Mns	Change (%)
	Assets			
A	Cash and balances with Bank of Uganda	**1,211,168**	1,079,036	12.2%
	Derivative assets	**99,818**	99,209	0.6%
B	Trading assets	**1,411,507**	1,778,938	-20.7%
B	Pledged assets	**55,380**	4,661	1088.1%
B	Financial investments	**1,119,894**	1,221,181	-8.3%
A	Loans and advances to banks	**376,592**	240,585	56.5%
C	Net loans and advances to customers	**4,373,754**	4,225,122	3.5%
A	Amounts due from group companies	**1,173,661**	330,065	255.6%
	Other assets	**376,974**	128,774	192.7%
	Deferred tax assets	**69,731**	59,371	17.4%
	Property, equipment and right of use assets	**82,434**	83,683	-1.5%
	Goodwill and other intangible assets	**42,888**	52,775	-18.7%
	Total assets	**10,393,801**	9,303,399	11.7%
	Shareholders' equity and liabilities			
	Shareholders' equity			
	Ordinary share capital	**51,189**	51,189	0.0%
	Fair value through other comprehensive income reserve	**(2,282)**	7,226	-131.6%
	Retained earnings	**1,846,086**	1,667,988	10.7%
	Proposed dividends	**160,000**	155,000	3.2%
	Total shareholders' equity	**2,054,992**	1,881,403	9.2%
	Liabilities			
	Derivative liabilities	**132,890**	135,160	-1.7%
	Current tax liability	**12,763**	21,989	-42.0%
D	Deposits from customers	**7,106,872**	6,332,852	12.2%
	Deposits from banks	**263,641**	96,705	172.6%
	Amounts due to group companies	**230,417**	243,593	-5.4%
	Borrowed funds	**61,882**	16,627	272.2%
	Subordinated debt	**75,433**	77,641	-2.8%
	Other liabilities	**454,911**	497,429	-8.5%
	Total liabilities	**8,338,809**	7,421,996	12.4%
	Total equity and liabilities	**10,393,801**	9,303,399	11.7%

A Cash and balances with banks and group companies

These are made up mainly of the cash we hold in our network, statutory cash reserves with Bank of Uganda, balances with other commercial banks and placements with local and foreign banks for short periods awaiting suitable investment opportunities.

Cash and balances with Bank of Uganda

The cash and balances with Bank of Uganda was up 12.2% against prior year, due to growth in deposits from customers by 12.2% year on year. During the year there was increase in customer transactions that contributed to the customer deposit, in addition there was an increase in cash reserve balances with Bank of Uganda.

Loans and advances to banks

Loans and advances to banks increased by UShs 136 billion (56.5%) attributable to increase in loans to foreign banks by UShs 279 billion mainly under nostro balances to meet the new liquidity coverage ratio regulatory requirements that warrant commercial banks to maintain sufficient high quality liquid assets. This was partially offset by a drop in loans to local banks by UShs 141 billion.

Amounts due from group companies

Growth in foreign currency deposits from customers in addition to the repayments of foreign currency loans and advances lead to the Bank holding excess liquidity during the year. This liquidity was invested with our group rated companies leading to an increase in amounts due from group companies by UShs 844 billion (255.6% up as compared to 2023).

B Trading assets, pledged assets and financial investments

Government securities holdings dropped year on year under the trading assets by UShs 367 billion (20.7%) while financial investments dropped by UShs 101 billion (8.3%). These securities are traded on the secondary market or do mature and are reinvested from time to time. As at the close of 2024 a portion of this liquidity was under cash and balances with the Bank of Uganda pending reinvestment.

C Net Loans and Advances to Customers

Net loans and advances to customers include lending to our clients under Corporate and Investment Banking (CIB), Business and Commercial Banking (BCB), and Personal and Private Banking (PPB) net of provisions for expected losses.

Net loans and advances grew by 3.5% (UShs 148 billion) in 2024, slightly above 2023 growth rate of 3.4% (UShs 140 billion). The growth year on year was mainly supported by growth under Personal and Private Banking (PPB) business unit resulting from the asset campaign, and Corporate and Investment Banking (CIB) business unit due to increased demand for trade facilities and working capital loans offset by drop under Business and Commercial Banking (BCB) business unit.

D Deposits from customers

Customer deposits provides the group with the funding/ liquidity to lend or reinvest, fulfilling the group's role in connecting providers of capital with those that require additional capital and thereby contributing to the functioning of the broader financial system.

Customer deposits grew by 12.2% (UShs 774 billion) in 2024 and higher than 2023 growth of 3.3% (UShs 202 billion). This growth was from both new clients and increased flows from existing clients across all business units supported by continued economic expansion. In addition, our strategy to continue focusing on transforming client experience through our simplified onboarding process and executing with excellence through enabling efficient transactability with the investment in our platforms paid off and was reflected in the growth on customer deposits.

Our Cash flow statement

A cash flow statement provides information regarding all cash inflows and outflows that the group receives and spends on its ongoing operations and external investment sources. The cashflow assess the ability of the group to generate cash and cash equivalents which is needed to conduct group operations, pay obligations, and to provide returns to investors. The cash flow statement includes cash made by the group through operations, investment, and financing, the sum of which is the net cash and cash equivalent.

The group closed the financial year ended 31 December 2024 with a positive net cash flow recording a net increase in cash and cash equivalents by UShs 810 billion compared to a net increase of UShs 502 billion in the prior year. Highlighted below is the breakdown of the group's cash flow.

Cash flows from operating activities

Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the group and includes both revenue and expenses.

The group's cash from operating income of UShs 1,109 billion exceeded its net income for the financial year ended 31 December 2024 which reflects the group's ability to remain solvent and grow its operations.

Cash flows from investing activities

Cash flows from investment activities detail the cash flow from capital expenditures and sale of investments like fixed assets related to property and equipment.

Having spent heavily on property and equipment in 2023 to support the group's operation and competitiveness, the Group's expenditure on property and equipment dropped slightly in 2024 by 1%. The group also registered decrease in cash inflows in investing activities by 63% from the sale and disposal of fixed assets.

Cash flows from financing activities

Cash flows from financing activities includes debt and equity transactions. Cash flows from financing activities for the group included payment of dividends, operating lease rental payments and cash used to pay down the long-term subordinated debt with Standard bank Group.

There was an increase in cash inflow from financing activities by 21% (UShs 73 billion) mainly due to increase in the borrowed funds by UShs 66 billion and increase in dividend pay-out to our shareholders by UShs 15 billion.

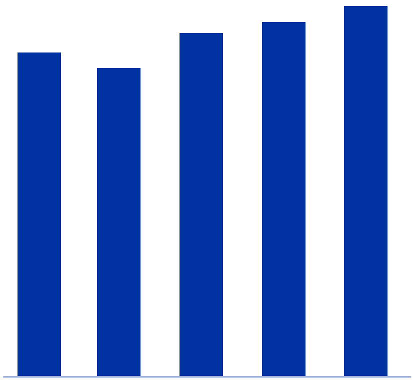
5 YEAR PERFORMANCE

	2024	2023	2022	2021	2020
INCOME STATEMENT (USHS'M)					
Profit before income tax	**651,070**	540,947	483,036	351,210	318,613
Profit after tax	**478,097**	411,531	357,381	269,312	241,686
FINANCIAL POSITION (USHS'M)					
Shareholder's equity	**2,054,992**	1,881,403	1,782,775	1,533,303	1,243,439
Total assets	**10,393,801**	9,303,399	9,058,947	8,720,096	8,578,898
Loans and advances to customers	**4,373,754**	4,225,122	4,085,001	3,722,073	3,618,353
Property and equipment	**82,434**	83,683	75,544	75,545	81,418
Customer deposits	**7,106,872**	6,332,852	6,131,256	5,741,043	5,493,480
RETURNS AND RATIOS					
Return on average equity	**24.3%**	22.5%	21.6%	19.4%	20.5%
Return on average assets	**4.9%**	4.5%	4.0%	3.1%	3.2%
Loan to deposit ratio	**63.4%**	69.0%	66.6%	64.8%	65.9%
Cost to income	**47.2%**	48.9%	47.7%	53.3%	50.6%
CAPITAL ADEQUACY					
Tier 1 capital ratio	**19.7%**	22.6%	21.3%	19.9%	15.8%
Tier 1 + Tier 2 capital ratio	**21.4%**	24.7%	23.4%	21.9%	18.0%
Risk weighted assets (UShs'm)	**8,480,510**	6,763,186	6,425,004	6,415,439	5,825,212
SHARE STATISTICS					
Closing number of shares in issues (in millions)	**51,189**	51,189	51,189	51,189	51,189
Earnings per share - basic and diluted	**9.34**	8.04	6.98	5.26	4.72
Dividends per share - proposed and/or paid	**3.13**	3.03	3.61	0.98	0.00
OTHER INFORMATION					
Number of employees	**2,035**	1,973	1,907	1,756	1,612

KEY PERFORMANCE INDICATORS

PROFITABILITY

Return on Equity



2020	2021	2022	2023	**2024**
20.5%	19.4%	21.6%	22.5%	**24.3%**

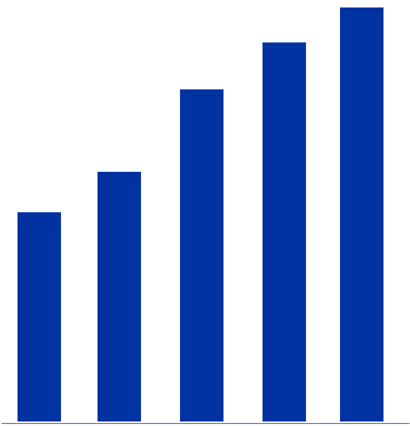
OBJECTIVE:

To deliver consistent returns (ROE) with a target minimum threshold set at >20%

RESULT:

ROE increased to 24.3% from 22.5% in 2023 and above 2024 target. The growth was supported by effective deployment of capital to enable investment in higher yielding assets plus well managed credit and operational risk leading to strong growth in PAT. The strong PAT plus the large dividend payment supported stronger ROE.

Earnings per Share



2020	2021	2022	2023	**2024**
4.7	5.3	7.0	8.0	**9.3**

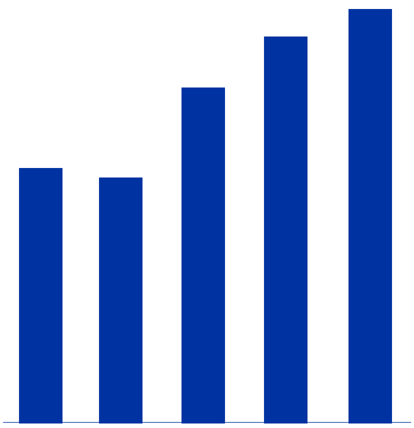
OBJECTIVE:

To deliver consistent earnings per share (EPS) growth with a minimum threshold set at GDP growth plus inflation.

RESULT:

EPS was up by UShs 1.3 to 9.3 from 8.0 the previous year in line with the growth in profits by 16.2%.

Return On Assets



2020	2021	2022	2023	**2024**
3.2%	3.1%	4.0%	4.5%	**4.9%**

OBJECTIVE:

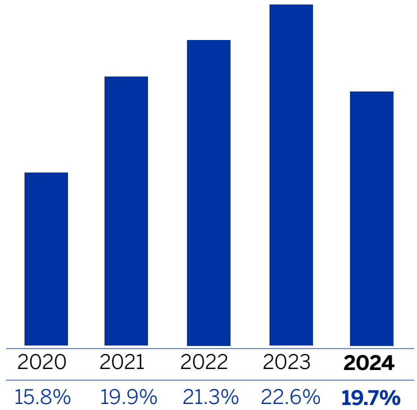
To effectively deploy the Bank's liquidity into the optimal balance of assets that generates consistent returns above the internal benchmark of 4%.

RESULT:

2024 ROA closed at 4.9% up by 0.4% from prior year and above target. This growth was attributed to high contribution of earning assets to the total asset base in addition to driving non-asset-based revenues such as trading revenue and fees and commission income.

CAPITAL ADEQUACY

Core Capital Adequacy



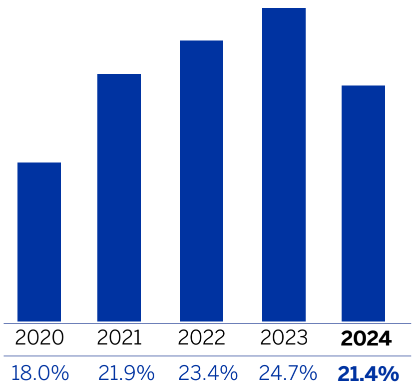
OBJECTIVE:

To maintain adequate levels of capital required to cover regulatory capital adequacy requirements, business growth and investment prospects.

RESULT:

Core capital closed at 19.7%, above the minimum regulatory requirement of 10% and above buffered requirement of 13.5%. (Buffered requirement includes DSIB buffer of 2.5% and counter cyclical buffer of 1%). Drop year on year is attributed to large dividend payment to shareholders.

Total Capital Adequacy



OBJECTIVE:

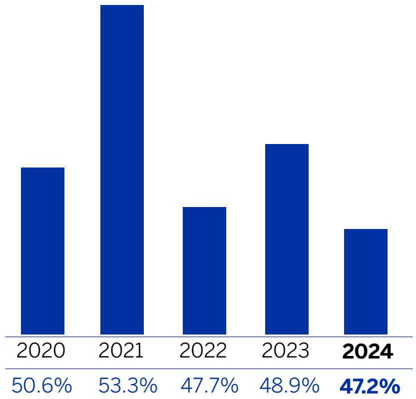
To maintain adequate levels of capital required to cover for regulatory capital adequacy requirements, business growth and investment prospects.

RESULT:

Total capital closed at 21.4% compared to the 12% minimum regulatory requirement and also above the buffered requirement of 15.5% (includes DSIB buffer of 2.5% and countercyclical of 1%). The capital position remains strong and sufficient to cover the growth aspirations.

EFFICIENCY

Cost to Income Ratio



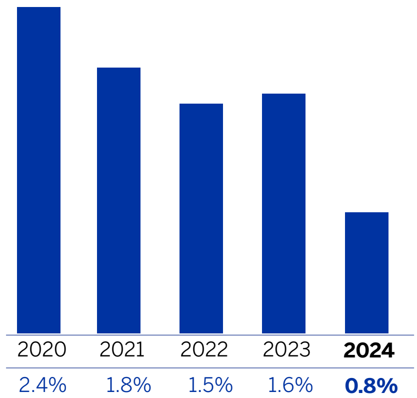
OBJECTIVE:

To attain a target cost to income ratio below 50% target in 2024.

RESULT:

Cost to income ratio dropped by 1.7% to 47.2% and below set target of 50%. This mainly on a count of continued cost discipline while investing in key areas that would support revenue growth.

Credit Loss Ratio (CLR)



OBJECTIVE:

To maintain a strong quality customer lending portfolio with a credit loss ratio below 2.5%.

RESULT:

The credit loss ratio of 0.8% for 2024, down year on year by 0.8% and below

CORPORATE AND INVESTMENT BANKING

We are strategically positioned to mobilise capital to support leading players in the Telecoms Media and Technology (TMT) sector, playing a primary role arranging loan syndicates and alternative financing to support network upgrades, network expansions and scaling up capacity for digital lending. Our gross capital mobilisation in 2024 for this strategic pillar peaked at USD 125m.

Paul Muganwa
Head Corporate and Investment Banking

As I reflect on the opportunities and challenges experienced in 2024, I am proud of how we partnered with our clients in responding to evolving global circumstances. It was a year in which the strategic priorities we selected have anchored performance and bolstered our resilience.

In 2024, we experienced rapidly evolving global geo-political conditions, with unpredictable implications for the region. The dynamic environment amplified our clients desire for banking solutions that offered flexibility, mitigated risk and diversified sources of capital. Fortuitously, the 5 strategic priorities we selected for the medium term (2024-28) provided a relevant platform to comprehensively respond to our client needs.

Alternative Finance Solutions

Our clients' capital structures have evolved, with an increasing need for more sophisticated financing solutions that offer longer tenor and dynamic repayment profiles. In response to this, we have developed structuring capability that allows us to tap into deep pools of liquidity in the financial centres across the world, and efficiently channel flows into our local market. These structures enabled us to channel greater than USD 300m hard currency liquidity into the Uganda market.

Enabling Energy Sector Advancements

The Energy sector is at the cusp of propelling the Ugandan economy to new heights. In 2024 we continued to play a critical role in enabling the advancements in the sector, including developing new payments capabilities and procedures to enable the consolidation of fuel imports by the Uganda National Oil Company. The oil marketing company's response to these developments was efficient and seamless, ensuring no disruptions in supply. Critical to their response was the ability to access the necessary working capital to facilitate the transition, which we enabled by providing structured financing solutions, uniquely designed to solve for the local situation.

Energy transition is a critical component of our strategic priorities; we are actively engaging the market in structuring solutions to enable transition, with a keen focus on transmission and distribution of electricity. We further buttress our intent by facilitating thought leadership initiatives designed to boost momentum on transition; in 2024 we brought together various sector stakeholders to engage on Uganda's energy future under the theme "Building a Resilient Energy Supply Mix for Uganda", showcasing our Group commitment to achieving net zero emissions for own operations by 2040 and financed emissions by 2050.

Driving East Africa Growth

The pace at which local businesses continue to expand across the East Africa region reaffirms our strategic commitment to the East Africa Growth Vector. In 2024, we enabled over USD 43m of capex targeting expansion of Uganda based business into the region. This involved local corporates increasing local production capacity, integrating value-chains, and setting up production capacity in new markets to serve the region.

Going into 2025, we will continue to be intentional about supporting our clients with regional expansion strategies and emphasise the role of local corporates in solving for import substitution, trade deficits and meaningful employment.

Value Chain Integration

Integration of supply and distribution chains is increasingly becoming core to the creation of sustainable value for all participating stakeholders. The consolidation of banking solutions with the objective of solving for the entire value chain is critical to efficiency and productivity. We are well placed to partner with our clients in solving for the value-chain given our comprehensive client segment offering in the Business and Commercial Banking (BCB) and Personal and Private Banking (PPB) segments. We have deployed new solutions such as referenced collections and advanced collection platforms to support collection capabilities within the value chain, enhancing liquidity. We are looking to scaling up these solutions in 2025.

Accelerating Technology Deployment

The world continues to advance technologically at a fast rate notably in the areas of 5G technology and Artificial Intelligence. We are strategically positioned to mobilise capital to support leading players in the Telecoms Media and Technology (TMT) sector, playing a primary role arranging loan syndicates and alternative financing to support network upgrades, network expansions and scaling up capacity for digital lending. Our gross capital mobilisation in 2024 for this strategic pillar peaked at USD 125m. We are confident that the exponential growth of the sector warrants consistent capital mobilisation plans alongside innovative and secure transaction banking solutions to keep up with the dynamic technology trends and demands of the Uganda population.

In Summary

2024 was another strong year for the CIB business, having posted Profit after tax growth of UShs 40bn (19% Year on Year), ROE of 31% (up from 28% in 2023), increase in the employee engagement (eNPS) levels from +66 to +75, and a consistent high rating in client experience (CSI score) at +8.4 out of 10. The clients that perceive us as the leading CIB business in Uganda increased from 81% to 85% in 2024.

These results were enabled by the careful selection of set of relevant strategic priorities, which we expect to continue anchoring our performance in the medium term (2024-28).

PERSONAL AND PRIVATE BANKING

We are committed to building meaningful relationships with our clients by offering tailored, relevant value propositions that truly meet their evolving needs. By understanding the unique financial goals of our clients, we provide them with personalised solutions that have a direct, positive impact on their lives.

Samuel F. Mwogeza
Head Personal and Private Banking

Our Client

We offer bespoke financial services tailored to meet the unique needs of our clients, with a particular focus on Private and Personal Banking (PPB). Our services cater to a diverse range of individuals, encompassing wealth and investment management, private banking, and personal banking solutions.

With a robust and expanding client base, we serve over 500,000 customers across Uganda, and we are committed to delivering innovative, customer-centric financial solutions that help individuals build and protect their wealth, while providing the personalised service that defines our PPB offerings.

Our Solution

At Stanbic Uganda, we offer a wide range of financial solutions tailored to meet the diverse needs of our clients. Our services include home loans, vehicle and asset finance, personal loans, credit cards, transactional banking, and forex solutions. We also provide insurance and investment products. In addition, we are continuously expanding our suite of non-banking value-added services to further enhance the client experience with offerings that seamlessly integrate into the lives of our customers with exclusive and personalised solutions, expert investment advice and access to unique investment options.

Our extensive service network includes physical branches, ATMs, agent banking, dedicated virtual branch, and other retail partners. Furthermore, clients enjoy seamless access to our services through our mobile banking app, USSD (*290#), and internet banking, ensuring they can manage their finances conveniently, wherever they are.

Our Competitive Advantage

We are committed to building meaningful relationships with our clients by offering tailored, relevant value propositions that truly meet their evolving needs. By understanding the unique financial goals of our clients, we provide them with personalised solutions that have a direct, positive impact on their lives. In Uganda, this client-centric approach drives our leadership in key areas such as home loans, personal loans, and savings products, ensuring that we deliver financial services that are both accessible and transformative for individuals and businesses across the country.

Our competitive advantage is grounded in our deep understanding of the Ugandan market, which empowers us to offer a full spectrum of financial products—from everyday banking solutions to more specialised services like insurance and wealth management. Our network of relationship managers and wealth managers is essential in ensuring that our clients receive not just banking services, but holistic, personalised financial advice.

Our strategic direction remains clear and focused

Uganda's economy continues to show strong fundamentals, supported by **increasing investment in:**

- Oil & Gas
- Education
- Health
- Income levels

This has increased the middle class as an emerging demographic, a **key driver of economic activity and consumption in** 2025 and beyond.

With our strong Pan-African presence and global connections through offshore operations in Jersey and the Isle of Man, we are uniquely positioned to deliver integrated financial solutions that support our clients in Uganda. This strategic positioning enables us to seize untapped opportunities and cater to the dynamic needs of individuals in the region.

Our team is deeply committed to continuously enhancing our capabilities, ensuring that we stay ahead of the market's demands. These competitive advantages place us in a prime position to capture the growing opportunities in Uganda, helping our clients achieve financial success and securing their long-term financial well-being.

Our Competitive Positioning

We have established a strong competitive position in Uganda, a top tier market share in personal lending, retail current and savings accounts, and Bancassurance, while consistently ranking among the top players in card services. Our home loans portfolio is a key area of growth, and we are focused on becoming the clear market leader in retail mortgage financing by 2027.

Our brand is trusted across the country, and we continue to build on this strong foundation. In Uganda, we compete with other established banks offering broad financial services, as well as new entrants with more niche offerings. We maintain a strong positioning based off our broad and diverse product offering and enabling risk appetite in our chosen customer segments.

We have a solid distribution network, which includes the widest physical network coverage through our branches, our agent banking, 24-7 virtual banking and our experienced relationship managers and wealth managers. This strong network presence enables us to deliver comprehensive financial services and advice that goes beyond traditional banking. With a deep understanding of the Ugandan market and a focus on client-centric solutions, we are well-positioned to continue growing and strengthening our competitive advantage.

Our Strategic Execution

Our strategy in Uganda remains fully aligned with the group's overarching goals while adapting to the unique opportunities within the market. Our aspiration is to deliver sustainable growth through winning the hearts and minds of our clients by enabling them to build a better life for themselves and grow intergenerational prosperity through personalised and integrated solutions, delivered through deep relationships and superior client experience. We understand that each client in Uganda is on a distinct wealth journey, and we are committed to partnering with them at every stage. This commitment drives our investment in people, processes, and technology, ensuring we can deliver tailored solutions that meet the specific needs of our clients in their evolving context.

Our Deep Focus on Clients

We will continue to defend and grow our core franchise by deepening relationships with existing clients. We aim to better understand their needs and provide holistic, contextual solutions beyond traditional banking. By leveraging our data-driven capabilities, we focus on personalised offerings that improve client retention and broaden the range of products clients hold with us.

Reflecting on our specific market dynamics, we recognise the importance of delivering a consistent, superior client experience to maintain relevance and attract new customers. Our efforts are geared towards building a deeper understanding of our clients, allowing us to offer a broader range of relevant, on-demand solutions through various channels.

A key area of focus is the continued enhancement of our personalisation and data science capabilities. Over the past year, we have made significant strides in this area, particularly with strengthening of client engagement by our teams through further leveraging the capabilities of the "Next Best Action" (NBA) platform we deployed in late 2023. This platform with integration with salesforce and "Customer relationship Platform" (CRM) provides superior client insight, contextually relevant, customer-centric recommendations and enables real-time, personalised interactions between our sales teams and clients. The initial roll-out among Private Banking clients has already led to noticeable improvements in client experience scores, product uptake, and transaction volumes.

We have extended NBA tool to our broader client base, including Wealth and Investment, and Personal Banking clients, this initiative is part of our ongoing commitment to delivering value and deepening client relationships, ensuring we stay ahead in solutioning for our clients. Looking ahead, we plan to roll out richer Artificial Intelligence (AI) capabilities to further enhance our personalised client engagement and better our channels.

Engaged and Empowered People

At the core of our success in delivering exceptional service to clients is the unwavering dedication of our teams, who work tirelessly every day to meet our clients' needs. We remain committed to investing in the growth and development of our people, focusing on enhancing their expertise across key competence areas. This year, we've seen a substantial year-on-year increase in training initiatives. We are actively shaping the future of our workforce by prioritising skills in data and behavioural sciences, while also strengthening our capabilities in relationship management and overall risk management.

Ensuring a diverse workforce and enabling more "Women in Leadership" is a key priority for us because we believe it leads to improved decision-making supported from richer perspectives and ultimately enables more sustainable financial performance. Over the years we have deliberately worked towards ensuring a more diverse workforce, and more so at the PPB leadership level. It is pleasing to note that as at close of the year 48% of our leadership were female. Notably also the employee engagement scores for PPB remained very strong at +72 with strong scores across the age groups, gender and job grades.

Optimising our Business

We remain committed to simplifying and enhancing our client value propositions, while driving greater adoption of our digital services and optimising our infrastructure to deliver a seamless client experience and ensure cost efficiency. Our save-to-invest philosophy continues to underpin our ability to allocate resources effectively in support of our strategic objectives.

Our strong core banking platform is complemented by a highly skilled technology team, both locally and at the Group level, ensuring we maintain momentum on our digital transformation journey. A substantial portion of client interactions now take place through our digital channels — including *290# USSD mobile banking, Internet Banking, the Stanbic App, and Flexi-Pay. Therefore, system stability and security remain key priorities; and we continue to register solid gains on our system stability score (>99% uptime), reflecting the continued resilience and reliability of our digital infrastructure.

Sustainable Enterprise

We remain steadfast in our commitment to sustainable enterprise by maintaining a robust and continually refined risk appetite framework, ensuring that it stays aligned with evolving market conditions. Our dedication to being a growth partner for our clients continues to be at the heart of our strategy. We have made good progress in embedding sustainable business and governance practices supported by strong risk management capabilities.

As the risk of cyber-attacks and heightened fraud continue to persist as a threat both locally and globally, we have continued to make significant investments to strengthen our fraud risk management capabilities. In addition to the enhanced Internal Control unit we have invested in to improve oversight and rigor across our operations, we implemented a front-line fraud risk management capability to specifically further improve our fraud prevention and detection capacity. These interventions coupled with further investment in data driven analytical tools such as LOCSTAT are critical to improve our resilience to proactively address the heightened fraud risk in the environment. We continue to also prioritise training and awareness campaigns, reinforcing the importance of vigilance and safeguarding both our customers and the bank.

Our Performance in 2024

Our business registered a resilient performance for the year supported by strong growth in non-interest revenues, strong balance sheet growth and very well managed credit impairment. Our earnings came through at UShs 135 bn and with continued improvement in our RoE at >52%. Our performance was anchored by a clear focus on our client centered strategy and improved productivity from our channels and frontline and support teams. Enabling our clients through varied flexible low-cost financing solutions was a key driver for our growth and supported a 15% growth in our personal lending portfolio. It continues to be a priority for us to empower our customers to access required financing at the lowest rates possible and we conducted a series of impactful campaigns under a new tagline "Oli Sorted with Stanbic" to enable this. We also continued to win customers trust with their deposits with a good growth of 10%. Notably our Savings product grew by 14%. This solid growth was off the back of improved value proposition for our Private Bank and Employee scheme clients, improved account opening experience supported by launch of self-assisted on-boarding and continued strong collaboration with the CIB and BCB Business Units to solve for the individual clients in our chosen ecosystems. Supported by this strong balance sheet growth, our operating revenues increased by 6% with good growth noted on both the Net Interest Income 4% and non-interest revenues 12%.

Our Non-interest revenue growth was supported by continued focus on enabling improved convenience for our customers through our digital platforms and leveraging client data insights to extend investment, insurance, currency, short term financing and other transactional solutions.

Our credit impairment registered very strong YoY improvement despite strong loan growth supported by sound credit decisioning with a strong focus on de-risking through lending through formal and informal value chains where we have deep understanding of the client financial flows. Our collections strategy and execution were also a key factor, and we noted strong recoveries from previously written off loans off the back of this.

We continued to focus on delivering a more efficient operation and made significant investments in accelerating the improvements in our digital capabilities. Notably our cost to income (CTI) came through at 46%. We will continue to focus on improving the productivity and efficiency of our physical channels through leveraging our digital acceleration and personalisation journey and improving our frontline teams' sale effectiveness.

Looking Ahead

As we look ahead into 2025, we remain firmly committed to enabling our customers to build a better life and grow intergenerational prosperity. We will continue to drive this aspiration through delivering personalised & integrated solutions, delivered through deep relationships and superior client experience.

Our strategic direction remains clear and focused. Uganda's economy continues to show strong fundamentals, supported by increasing investment in Oil and Gas, and consistent improvements in health, education, and income levels. This has catalyzed the growth of the middle class an emerging demographic that will be a key driver of economic activity and consumption in 2025 and beyond.

We see significant opportunity in this shift and are well positioned to serve this market through a combination of our innovative financial solutions, trusted advisory teams, and expansive distribution channels. At the same time, we are scaling our efforts to support financial inclusion across the informal sector particularly among women and youth through financial literacy programs and low-cost transactional, credit, and investment offerings.

Digital adoption continues to shape customer behaviour, and we will continue to make the required investments to accelerate this transformation. We do recognise the increasing risks in the digital landscape and have intensified investments in platform security, fraud detection, and customer awareness initiatives to ensure safer, more resilient banking experiences.

We will continue to remain focused on long-term, sustainable growth and invest in areas that drive scalable impact, deliver consistent returns, and position us as the leading retail financial services provider for Ugandans.


Sbg Securities
Retire like an investor with the
Stanbic Unit Trust
Open an account with us today
Visit our website www.sbgsecurities.co.ug to get started or call 031222 6649/4587
@SbgSecuritiesug
SBG Securities Uganda

BUSINESS AND COMMERCIAL BANKING

Our large and well diversified client base encompassing players operating across the key sectors of the economy, affords us the unique opportunity to leverage deep sector insights garnered across the country, region, and continent, to support our clients on their growth journey.

Tunde Thorpe
Acting Head, Business and Commercial Banking

2024 was a year of strong recovery characterised by a deep sanitisation of our credit book and a resultant effect of 50% decrease in credit impairments, whilst delivering 52% in headline earnings growth, thus creating a strong foundation to drive sustainable growth.

In the same period we disbursed over 7800 loans worth UShs 2.3 tn to more than 1600 customers, part of which was through our SACCO value proposition, which has directly and indirectly impacted over 413,000 individuals.

This was all achieved whilst maintaining good cost disciplines resulting in a 1% reduction in our operational expenses.

Our Clients

Business and Commercial Banking (BCB) provides banking and other financial services to over 55,000 clients, most of whom are indigenous Ugandan entities across our Commercial Banking segment which caters to the relatively more established and structured corporate clients, and our Enterprise Segment which focuses more on micro, small and medium enterprises (MSMEs).

With over 1 million MSMEs in Uganda, contributing significantly to the country's GDP and driving employment for Ugandans, our vision of turning possibility into opportunity for these businesses is unwavering.

Our Solutions

We offer a wide range of products to our clients that include current accounts, savings and investment accounts, payment and collections solutions, short and long term financing, risk mitigating trade finance solutions to support working capital needs, vehicle and asset finance, and other value added services delivered through a combination of modern digital and traditional channels. We continue to review and refine our product offerings, driven by deep insights from our clients, to ensure they remain relevant to our clients, to sustain our continued partnership with them.

Beyond banking, our social, economic and environmental impact focus is yielding significant value.

Our Renewable Energy Value proposition saw us register the first carbon financing transaction across our wider BCB Africa Regions franchise within Standard Bank Group. The carbon financing of USD 273,000 will support our client reach over 500,000 people in Uganda with clean water solutions, and is very much aligned to our focus on sustainability.

Our journey to deepen financial inclusion continues through our SACCO Value proposition, through which to date, has seen us extend over UShs 173 billion in credit facilities to more than 800 SACCOs since 2022. This financing has been accessed by 413,000 SACCO members supporting their families and businesses, with a ripple effect on the broader Ugandan economy.

Our Competitive Position

Our large and well diversified client base encompassing players operating across the key sectors of the economy, affords us the unique opportunity to leverage deep sector insights garnered across the country, region, and continent, to support our clients on their growth journey. To this end we have a sector-based approach in serving our commercial clients, with keen focus on key sectors driving Uganda's economic activity and growth such as Agribusiness, Energy & Infrastructure, Consumer Sector (including manufacturers of fast-moving consumer goods & retailers), Education, Health, Public Sector, NGOs as well as Non-Banking Financial Institutions.

We do this in partnership with our Corporate & Investment Banking (CIB) franchise in a coordinated manner, to ensure that we are able to create shared value across our clients' value chains, ensuring that we thoroughly understand their needs from end to end.

Our People

At the core of our strategy execution is an engaged and committed team of 200 plus individuals, serving our clients relentlessly. Investing in our people remains critical to bolstering their skills, competence and capabilities as required by dynamic and constantly evolving environment such as ours, with keen focus on relationship and risk management capabilities, as well as future ready skills like data and analytics to ensure they remain relevant and are able to deliver exceptional service to our clients.

Our Performance in 2024

In 2024, our business demonstrated resilience, recovering strongly largely underpinned by a proactive stance towards credit risk, client-centric value propositions and above all, our clients' confidence in us to be their preferred partner for growth.

Our Net Interest income growth was primarily driven by a 6% growth in our average deposits, supported by our focus to drive convenience for our clients as we further enabled transactability. Our digital and alternate channels registered growth in activity, supporting the payments and collections journeys for our clients.

Our non-interest revenue remained relatively flat year on year. Whereas we saw an uptick in transactional volumes across our trade and cash products, this growth was unfortunately offset by increased costs associated with facilitating some of these transactions through some of our strategic partners and service providers. We continue to enhance and optimise our digital and alternate channels proposition, with intensified focus on entrenchment within our customer base to drive sustainable transactional growth, and leverage economies of scale for efficiency.

We also noted a 50% decline in debt provisions, illustrative of our efforts to drive quality credit risk origination and effective portfolio management. This was complemented by a strong recovery strategy on delinquent loans, culminating in a 52% growth in our headline earnings, and a return on equity of 35%, surpassing our target for the year.

We continue to strive to be the preferred partner of choice for clients, and this is evidenced by the growth in our customer base from 51 868 to 55 139. The strong collaboration with our CIB franchise was largely instrumental in driving acquisition of new clients and growth of the existing ones, within the key value chains.

Looking Ahead

We recognise that our clients are the reason we exist which is why our modus operandi must remain relevant to support our clients' growth journeys.

Towards the end of 2024, we embarked on a strategy refresh that saw us redefine our broad strategic pillars, incorporating the voice of our clients, people and numerous stakeholders who continue to walk this journey with us. Our focus is still fully aligned with the Group strategy and the vast growth opportunities in Uganda.

Our focus in 2025 is anchored on our vision to be the dominant player in the Commercial and Enterprise segments where we play, partnering with our clients in turning possibility into opportunities within the sectors that drive Uganda's economy. We recognise the support that Uganda's strong entrepreneurial economy requires, and we are committed to provide the relevant solutions, both financial and beyond financial, that meet their needs.

Our Customer Value Propositions will continue to be refined, taking heed of the evolving business environment, the uniqueness of client needs and the interconnectedness of the global environment.

We will continue to leverage our various strategic partnerships that support us in providing bespoke solutions such as capacity building and digitisation to key sub segments such as SACCOs, onward lending to renewable energy players and other value-add services, in recognition of the key importance of these areas to our longer term impact and sustainability agenda.

The investment in our digital capabilities, remains a priority, with a goal to enhance the experience across each stage of our clients' journeys as they access our products and services. Such investments will focus on areas including but not limited to seamless payments and collections across our clients' value chains, simplified onboarding processes as well as automation of non-complex stages of our credit processes to improve turn around time and overall client experience.

Ensuring closer and personalised customer touch to facilitate relevant client insights is essential to further improve our client interaction. Leveraging machine learning and data analytics continues to allow us to understand our clients better, thus providing our relationship management teams with data-led insights, opportunities and customised conversation guides through various tools at our disposal. We will continue to optimise our existing resources to facilitate proximity to clients, as well as effectively leverage our broader bank distribution network, whilst taking advantage of the existing digital channels for client self-service.

INSURANCE AND ASSET MANAGEMENT

As we move forward, our focus will be on growing and optimising our contribution to the group's value, actively shaping our path as a leading bancassurance provider, leading with data-driven insights to refine our offerings, and backed by a robust distribution network.

Tich Makonese
Insurance and Asset Management

How we deliver value

We position both short- and long-term insurance solutions to our customers through our various partnerships with market-leading Underwriters. Our deep knowledge of our customers enables us to meet their needs through relevant client value propositions as we continuously invest in technology to enable digital delivery of our product suite and servicing.

How we performed in 2024

I am pleased to report that 2024 was a year of resilient growth and achievement for the Insurance and Asset Management business, driven by the dedicated efforts of our people and our unwavering commitment to help our customers build and protect their businesses, lifestyle, and wealth.

In 2024 we set out to grow the business by addressing four key areas:

- **Innovation and simplification** to reduce the access barriers to insurance solutions.
- **Prioritising client experience and expectations** to drive entrenchment and retention.
- **Updating the bancassurance offering** to ensure relevance to evolving customer needs and opportunities that arise.
- **Strengthening our distribution capability** which is the critical for the long-term success of our business.

Our local market context

Bancassurance remains a viable sector in the country's financial ecosystem. As of September 2024, 12% of total insurance premiums were channelled through bancassurance underscoring the growing importance of this distribution channel.

With 20 banks licenced by end of 2024, bancassurance continues to contribute meaningfully to increasing insurance access, bridging the gap between insurers and underserved market segments, and playing a strategic role in boosting banks revenue diversification efforts. While overall insurance penetration remains modest (sub 1%), bancassurance is steadily expanding its reach supporting the industry's growth and enhancing financial inclusion. Our bancassurance agency continues to hold a commanding market share within the industry.

The global perspective

The global insurance industry experienced notable shifts in 2024, influenced by economic, technological, and environmental factors.

Our performance in this regard was marked by significant milestones:

Claim payments in excess of **UShs 5 billion**	We successfully facilitated payment of **785 claims valued at UShs 5.26 billion,** a statement of our dedication to helping our customers build resilience against financial risks and uncertainties.
Customer **growth:**	**We expanded our customer base by 16%** to close the year with 231,904 policyholders, evidencing our dedication to meet the diverse needs of our clients and enhance their financial wellbeing.
Product **innovation**	Recognising that in the Ugandan context, a bread winner's typical responsibilities often extend beyond their nuclear family, **we designed the FlexiProtect Plan to address this specific need.** Introduced in 2024, this fully digital life insurance solution allows customers to purchase a policy for as low as UShs 5000 per month and offers coverage that includes their extended family. Winning the Uganda Insurance Regulatory Award for Most Innovative Bancassurance Agency for the second year in a row was testament to our dedication to providing our customers with solutions that address their unique needs.
136 Financial Fitness Academies	Our Financial Fitness Academy (FFA) is the initiative through which we equip our customers with the necessary financial acumen to navigate the journey to multi-generational wealth creation. Through this initiative we **empowered in excess of 30,000 individuals** across the country with knowledge on critical financial topics such as building a savings/investment culture, wealth protection, as well as strategies for debt management and rehabilitation.
Financial outcome	Overall, **Headline Earnings grew by 41% on account of a 28% growth** in fees and commissions from a diversified product suite offering coverage to the traditional retail base as well as making significant strides in the Commercial/Corporate insurance space.

- Heightened market competition resulting in a global insurance premium decline of 0.9%, a first since 2017, and particularly evident in property catastrophe reinsurance. This trend, however, could be volatile should insurers absorb most of the recent losses from natural catastrophes with limited reinsurance appetite.
- The insurance sector increasingly adopted advanced technologies to enhance risk assessment and operational efficiency.
- Continued implementation of IFRS 17 which creates a pathway for the insurance sector to demonstrate value creation more transparently, enable more stable and predictable profit patterns and foster a more positive image to the public and policyholders.

What this means for our business

The global trends in the insurance sector underscore the need for differentiation in a highly competitive environment. Our focus will remain on developing innovative and bespoke solutions, in partnership with our panel of Underwriters, that cater to specific customer segments, leveraging our deep understanding of market dynamics.

The customer-centric approach to service delivery will continue to be a cornerstone of our strategy, driving retention and loyalty. In a landscape where public sentiment towards insurance is evolving, we will double down on our efforts to offer solutions that resonate with customer need for meaningful, relevant, and accessible insurance.

Technology will equally continue to be a priority as we look to drive operational efficiency, deliver seamless digitally enabled customer experiences and strengthen our risk management capabilities.

2025 and beyond

As we move forward, our focus will be on growing and optimising our contribution to the group's value, actively shaping our path as a leading bancassurance provider, leading with data-driven insights to refine our offerings, and backed by a robust distribution network.

We remain committed to continuously exploring new growth avenues while staying true to our customer promise: fostering trust and relevance in an evolving landscape, exploring new partnerships and opportunities for transformation, aligning with our strategic imperatives, and delivering value to our shareholders.

STANBIC PROPERTIES LIMITED

SPL's short- to medium-term strategy remains focused on enhancing and diversifying revenue streams while maximising value within the Stanbic Uganda ecosystem. The company continues to provide essential services, including facilities management, project management, collateral monitoring, and real estate advisory.

Spencer Sabiiti
Chief Executive, SPL

Business Overview

In 2024, SPL reported a 5.7% year-on-year growth in Profit After Tax, reaching UShs 3.2 billion revenue, a 14% increase (UShs 400 million). This strong performance was driven by an effective revenue enhancement strategy, particularly through space optimisation initiatives, redevelopments, and improved operational efficiencies. A key milestone for the year was the successful completion and full operation of the Gulu Development.

Despite these achievements, the company faced challenges, primarily due to rising operational and project costs. Additionally, regulatory uncertainties posed concerns, particularly with the new guidelines issued by the Bank of Uganda for entities under financial holding companies.

Strategy Execution

SPL's short- to medium-term strategy remains focused on enhancing and diversifying revenue streams while maximising value within the Stanbic Uganda ecosystem. The company continues to provide essential services, including facilities management, project management, collateral monitoring, and real estate advisory.

This strategy is driven by key priorities such as aligning with Group and Country objectives, strengthening the structural integrity and functionality of the property portfolio, fostering a conducive work environment, and ensuring compliance with the evolving regulations.

Outlook

Stanbic Properties Limited, in line with its primary mandate, will continue to identify and pursue opportunities to unlock greater value within the Group's existing property portfolio. The key focus will be the implementation of an investment plan, guided by the sustainability and feasibility review of its 29-property portfolio, completed in 2024. This plan prioritises revamping obsolete properties and disposing of assets deemed commercially unviable.

Additionally, SPL will progress with its third redevelopment project in Arua, which is set to deliver 2,000 sqm of lettable space upon completion in 2026.

Growth in 2024

52% year-on-year growth,

UShs 3.2 billion

STANBIC BUSINESS INCUBATOR LIMITED

Our focus on SME development yielded remarkable results, with survey feedback showing that 42% of trained businesses introduced new products and services and the same proportion formalised their operations, a key milestone to becoming bankable and competitive, and improving job conditions.

Catherine Poran
Chief Executive, SBIL

Overview of the Business

In 2024, the Stanbic Business Incubator Uganda (SBIL) continued to execute its core mandate of supporting Micro, Small, and Medium Enterprises (MSMEs) through our flagship programs—the Stanbic Accelerator and the Stanbic Supplier Development Program. These programs are designed to enhance the capacity of MSMEs, the backbone of our economy, to formalise, build resilience, grow and scale their operations, and make meaningful contributions to Uganda's economy.

I am pleased to report that we trained over 3,000 businesses, including SACCOs, women-led enterprises, youth entrepreneurs, and farmers. Our interventions focused on delivering critical skills and competences required for business success including entrepreneurial skills and mindset, Design Thinking and Innovation, strategic planning, financial management, compliance, business operations, and digital marketing. A unique aspect our approach in 2024, was the shift in emphasis from merely skilling to building practical competencies through hands-on coaching and mentorship. Additionally, SBIL played a key role in promoting digital financial inclusion, introducing FlexiPay as a payment solution for SACCOs.

Our focus on SME development yielded remarkable results, with survey feedback showing that 42% of trained businesses introduced new products and services and the same proportion formalised their operations, a key milestone to becoming bankable and competitive, and improving job conditions.

In 2024, the Business Incubator successfully enabled MSMEs to access over USD 20 million in financing facilities, a new record, with over 90% as credit from Stanbic Bank, and the rest from funding partners including the NSSF Hi-Innovator Program, United States Africa Development Fund (USADF), and the Foreign and Commonwealth Development Office (FCDO) of the UK, through the Uganda Climate Innovation Fund, implemented by Palladium.

Strategy and Outlook

Looking ahead, our priority is to champion SME growth initiatives by delivering sector-specific capacity-building programs that drive tangible business growth. We will continue to develop and deliver innovative SME capability building programs that drive Uganda's Growth and Socio-Economic Transformation agenda with a focus applying entrepreneurship and SME development as a vehicle to improve livelihoods, foster business innovation, and improve business competitiveness.

Building on the 2024 momentum, SBIL will actively pursue strategic partnerships to unlock financing opportunities for MSMEs and foster by increased access to affordable and innovative financing solutions tailored to SME needs.

Appreciation

The success of SBIL would not be possible without the valuable support of our partners, who play a crucial role in helping us deliver on our strategic objectives. I extend my sincere gratitude to NSSF, Outbox, GIZ, Palladium, USADF, the Petroleum Authority of Uganda, Uganda National Oil Company, and many others for their unwavering commitment throughout the year.

We remain committed to nurturing these partnerships as we continue executing our mission: "Uganda is our home; we drive her growth." There is no better way to fulfill this purpose than by supporting the growth of local enterprises, which are fundamental to Uganda's economic stability and development. We look forward to another year of impact and progress.

FLYHUB

We maintained an uptime of 99.95%, with no significant outages reported year-to-date, reinforcing our commitment to being always on and stable.

Joel Muhumuza
Chief Executive, FlyHub

Business Overview

For three years, Flyhub has focused on innovating and testing emerging technologies, including cloud computing and automation. This initiative has enhanced the bank's ability to generate, evaluate, and swiftly implement new technologies while incorporating valuable lessons learned during this period.

We have introduced solutions across various business units and subsidiaries within the Group. Notably, Flyhub has established itself as the cloud service provider for the SBGS wealth management platform, enabling us to assist them in achieving a 181% increase in Assets Under Management, representing the most significant shift in the Collective Investment Schemes market.

By the end of 2024, we achieved the following key highlights.

Operational Efficiency: In the past year, we accomplished seven projects, marking a 56% growth compared to the previous year, which reflects our improved capability in handling complex projects. Most of these initiatives will be applied within the bank this year. For SUHL, our Shareholder Management Platform serves to manage shareholder information and relay important updates to shareholders. This was successfully tested in conjunction with a digital platform for the Stanbic Incubator, which is set up to oversee and assess all businesses that have benefited from their programs.

Platform Stability: We maintained an uptime of 99.95%, with no significant outages reported year-to-date, reinforcing our commitment to being always on and stable.

Cybersecurity: This year, no significant security incidents were reported. The team has completed training for ISO 27001 certification, with a particular emphasis on IT security risk management.

Customer Experience: By prioritising feedback and taking an iterative approach to building solutions, we have implemented multiple service enhancements to our bank-delivered digital applications; this has resulted in a better customer experience in our solutions, increased traffic, and a client NPS satisfaction rating of over 65%, up 20% year on year, and realised revenue growth of 63% overall.

Software Development Fees (NIR): Software Development Fees (NIR) grew 229% year on year, attributed to enhanced operational efficiencies and milestone-based billing with our clients after two years of building custom software solutions within the group. This included ambitious projects to test and learn, and used our Cloud services to launch and support the SBGS unit trust product, which saw impressive growth in 2024.

Strategy Execution: Focus on enhancing customer experience with technology

In pursuit of our mission to deliver innovative digital services effectively, we have developed essential applications that meet the Group's business needs. Two of these applications utilise Cloud technology to automate, host, and support SBGS. Additionally, our other leading solution, an automated savings and collections platform, is designed to streamline how businesses can use our direct debit feature to automate the collection of dues and payments.

Our approach of investing in top talent skilled in key areas such as user experience and user design, cloud systems management, and software development means these are homegrown solutions that can be utilised across the franchise.

2025 Outlook:

As the country progresses, individuals and companies alike are seeking ways to grow their assets and secure their futures. In 2025, Flyhub plans to leverage our technological expertise and capabilities to expand the unit trust business in partnership with SBGS. By emphasising user-friendly design to enhance customer experiences and utilising cloud technologies for seamless, secure digital onboarding and account management, we aim to increase assets under management to UShs 332 billion.

We expect this year to focus on fostering wealth growth for both businesses and individuals in collaboration with SBGS. The data collected from these engagements will inform continuous improvements to the experience for clients looking to enhance their wealth through the Group.

SBG SECURITIES LIMITED

Our strategic priority is enhancing client experience supported by investments in our digital platforms. We will continue to allocate resources towards driving scale and widening our product distribution channels to bring solutions closer to clients.

Grace Semakula
Chief Executive, SBG Securities

Overview of the Business

2024 was a landmark year for SBG Securities, marked by our continued growth into the asset management industry and successful execution of an equity capital markets transaction that delivered record revenue for the business. We launched the Stanbic Unit Trust to the market during June 2024, extending our investment solutions to meet the growing demand in the country. Consolidated revenue during the year increased fivefold to UShs 7.9 billion. I would like to thank my colleagues and team for the remarkable application and client focus that delivered the strong operational and financial outcome.

Strategy Execution

We leveraged the strong franchise investment banking capabilities to deliver a successful completion of the MTN Uganda secondary market sale, delivering a 230% subscription rate for the offer. Our equities business led market share with 81.7% of the total value transacted on the Uganda Securities Exchange over the year.

The Collective Investment Scheme industry registered a 66% year-on-year growth in 2024, with sector Assets Under Management reaching UShs 3.8 trillion as of December 2024. SBG Securities Assets Under Management grew 181% year-on-year, ending the period with a 3% share of industry assets. Customers demonstrated strong trust in the brand, resulting in an over threefold growth in client numbers. To support the continued business growth and enhance service delivery to clients, we invested in additional capacity in our asset management and operations units. We will continue to make meaningful investment in the capacity of our people to meet the growing aspirations of the expanding client base.

Outlook

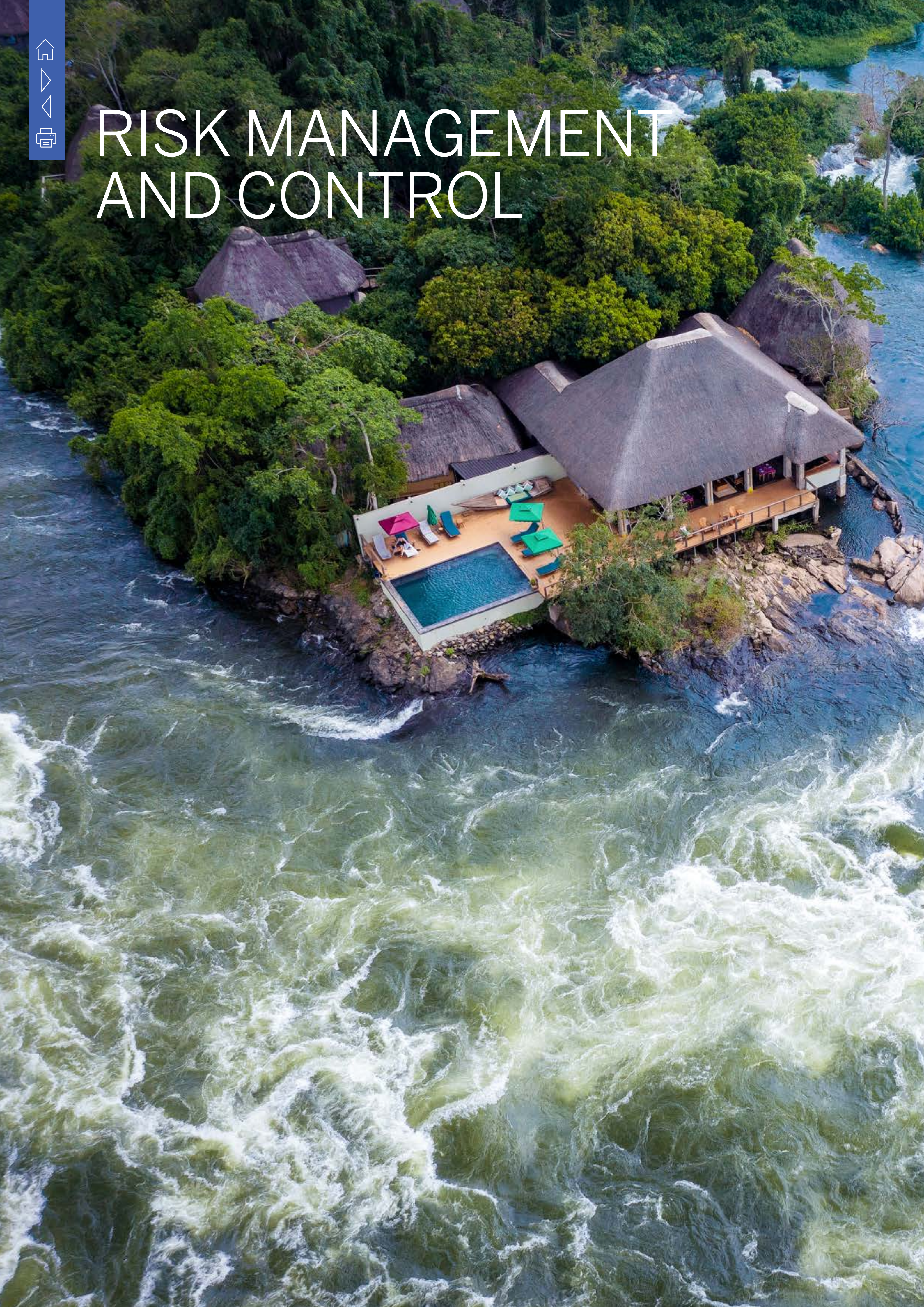
Trading activity on the domestic exchange could be weakened by geopolitical events, and global policy shifts that could negatively impact investor sentiment towards risk assets in frontier markets. On the domestic front, potential changes in Umeme's listed status following the end of the company's concession in March 2025 could soften market turnover and trading revenues. We will continue to focus our securities trading business on creating bespoke solutions for corporate and institutional investors, to deliver long-term revenue growth.

Our strategic priority is enhancing client experience supported by investments in our digital platforms. We will continue to allocate resources towards driving scale and widening our product distribution channels to bring solutions closer to clients. Additionally, we aim to expand the suite of investment management products available to corporate and retail clients. Driving entrenchment is a key pillar of our strategy, and we will focus on strengthening collaboration across the ecosystem to support the delivery of the number one Private Bank ambition.

THE COLLECTIVE INVESTMENT SCHEME INDUSTRY

Grew **66% year-on-year** in 2024, with sector Assets Under Management reaching **UShs 3.8 trillion** as of December 2024.

RISK MANAGEMENT AND CONTROL



Our risk universe and approach to risk management and control

CHIEF RISK OFFICER'S REVIEW

The risk landscape continues to evolve, becoming more interconnected as banks advance their digital agendas to meet evolving customer demands and expectations. This evolution significantly impacts our risk assessment, necessitating robust and adaptive risk management strategies.

Martin Sekaziga
Chief Risk Officer

Reflections of the Year

In 2024, the economy demonstrated resilience despite geopolitical risks and an initially weakened exchange rate due to foreign portfolio outflows. The exchange rate rebounded following Bank of Uganda (BoU) interventions and improved coffee prices. The country's GDP growth in December 2024 was 6.1% in real terms, up from 5.3% the previous year, and core inflation closed at 3.9%, well below the 5% target range. BoU forecasts that average core inflation will remain below the medium-term target of 5% over the next 12 months. Consequently, the BoU Monetary Policy Committee (MPC) reduced the Central Bank Rate (CBR) by 25 basis points to 9.75% at their meeting on October 7, 2024. This cautious easing is expected to spur economic growth aligned with socio-economic transformation, underpinned by moderate inflation reflecting stable demand conditions and contained cost pressures. However, increased reliance on domestic and non-concessional financing could potentially elevate debt service pressures, impacting economic growth.

The country was removed from the FATF grey list at the beginning of the year after complying with the action plan to address identified vulnerabilities. This removal is expected to positively impact correspondent banking relationships and facilitate smoother fund flows across jurisdictions.

The risk landscape continues to evolve, becoming more interconnected as banks advance their digital agendas to meet evolving customer demands and expectations. This evolution significantly impacts our risk assessment, necessitating robust and adaptive risk management strategies.

Geopolitical risks remain elevated globally and regionally. Globally, the Russia-Ukraine war, US-China trade tensions, and increased hostilities in Gaza threaten supply chains. Regionally, hostilities in South Sudan and the Democratic Republic of Congo are concerning. With elections scheduled for early 2026, we are conducting scenario analyses and stress testing to identify vulnerabilities and deploy appropriate mitigation strategies proactively.

BOU observed a significant increase in the use of the standing lending facility (SLF) during the latter half of the year, as commercial banks sought short-term liquidity. With customer preferences shifting towards higher-yielding assets, competition for deposits has intensified. This trend is expected to raise funding costs for banks and result in margin compression as interest rates decline.

Banks worldwide are leveraging Artificial Intelligence (AI) to offer innovative products and services. AI is being used to enhance customer experience, improve operational efficiencies and fraud prevention and detection. However, rapid AI adoption without adequate governance and controls could exacerbate existing risks. We continue to adopt AI technologies prudently, fully appreciating their benefits and risks.

We are closely monitoring the impact of the suspension of USAID funding and impending tariffs on our business portfolio. Current assessments reveal no significant vulnerabilities, but we will continue stress testing our portfolio to deploy appropriate mitigation strategies and minimise potential shocks.

We remain well-equipped to address operational challenges and continue to embrace digital innovations to maintain stability and foster growth within the sector.

Risk Culture

A strong risk culture is vital to an effective risk management framework. Conducting business ethically and responsibly is fundamental to building a sustainable franchise. We are dedicated to fostering a culture that promotes prudent risk-taking and ethical behaviour aligned with our values. Employees are responsible for operating within risk limits and risk appetite and are rewarded with consideration of their risk management behaviour including escalating issues that may impact the franchise.

We have established clear expectations for desired behaviours and continuously reinforce these through our code of conduct, training, and awareness sessions. We promote open communication channels for discussing risk-related issues, encouraging employees to report concerns and share insights without fear of retribution. Additionally, there is accountability for actions taken by employees that contradict our values.

Capital and Liquidity Risk

We consistently maintained robust capital and funding levels throughout the year in line with the board-approved risk appetite and regulatory expectations. Our strong capital and liquidity position enabled us to support strategy execution, maintain depositor and creditor confidence, and create value for shareholders.

Our risk management framework supports the measurement and management of liquidity across the different business units to ensure payment obligations are met in both normal and stressed conditions within risk appetite and regulatory limits. This is achieved through a combination of maintaining adequate liquidity buffers, to ensure that cash flow requirements can be met, and ensuring that our balance sheet is structurally sound and supportive of our strategy.

Liquidity risk management ensures that we have the appropriate amount, diversification and tenor of funding and liquidity to always support our asset base. Stress testing and scenario analysis based on hypothetical and historical events is conducted on our funding profile and liquidity positions to evaluate the impact of unlikely but plausible events on liquidity positions.

Our capital management function is designed to ensure that regulatory requirements are met at all times and that the bank is capitalised in line with our risk appetite and target ranges. It further aims to facilitate the optimised allocation and use of capital, such that it generates a return that appropriately compensates shareholders for the risks incurred. Capital adequacy is actively managed and forms a key component of our planning and forecasting processes including ICAAP testing. The capital plan is tested under a range of stress scenarios.

Fraud Risk

As banks adopt digital technologies, the fraud risk landscape continues to evolve, with external syndicates exploiting customers' vulnerabilities and trust. To manage this risk, we have implemented various capabilities, including training and awareness (internal and external), process redesign, and enhanced system controls, resulting in fraud losses that remained within our risk appetite for the year. A crucial part of our strategy involves using data analytics to proactively anticipate and detect fraud, while fostering a fraud risk management culture as we develop solutions for our customers. Additionally, we are collaborating with industry partners such as the Uganda Bankers Association to create tools that address this risk on a broader scale.

Compliance and Regulatory Risk

Regulatory bodies have intensified their scrutiny of financial institutions, particularly in areas such as anti-money laundering (AML), counter-terrorism financing (CTF), data protection, and consumer protection. In response, we have established robust compliance frameworks to meet these heightened expectations, conducting regular audits and assessments to ensure adherence to regulatory standards.

Our approach to managing compliance and regulatory risks is multifaceted, integrating governance, risk management frameworks, technology, training, continuous monitoring, and strong internal controls. This structured approach ensures we remain compliant with both local and international regulatory requirements while minimising the risks associated with non-compliance.

We manage financial crime and AML risks through a comprehensive, proactive, and technology-driven strategy.

Third-Party Risk

The organisation relies on external service providers, vendors, and partners for various functions, such as IT services, and supply chain management which poses significant operational, financial, and reputational threats if the associated risks are not properly managed. We remain focused on providing seamless customer experiences and meeting all the evolving regulatory requirements while being cognisant of the risks associated with third-party relationships.

We manage third-party and Nth-party risks by implementing a comprehensive risk management framework that includes due diligence, robust contracts, continuous monitoring, cybersecurity assessments, and contingency planning. By adopting a proactive and structured approach, we are able to minimise the potential impacts of these risks.

Climate and Environmental Risks

Our continued focus and commitment to integrate ESG principles into our operations has positioned us well to address emerging ESG risks and contribute to sustainable development in the country and we continue to actively engage with stakeholders to understand their ESG concerns and expectations. Our comprehensive sustainable strategy is well articulated in the **Report to Society.**

Our risk management framework supports the measurement and management of liquidity across the different business units to ensure payment obligations are met in both normal and stressed conditions within risk appetite and regulatory limits.

Our approach to managing compliance and regulatory risks is multifaceted, integrating governance, risk management frameworks, technology, training, continuous monitoring, and strong internal controls.

RISK GOVERNANCE AND OVERSIGHT

SUHL risk governance framework is key to the identification, measurement, monitoring and controlling of risks. Our governance structures are informed by Ugandan and South African regulatory regimes and the Group enterprise-wide risk management framework that provides a basis for the board and senior management to establish the appropriate guidelines so that risk creating activities are performed with the right mindset and are within risk appetite that's aligned to the broader strategic objectives.

It is everyone's responsibility to manage risks, with the ultimate responsibility residing with the Board. We have a strong risk culture which is embedded through clear and consistent communication and appropriate training for employees. Our risk management function is independent of the core business and provides credible challenge, appropriate oversight, and balance in risk decisions.

Our enterprise risk process involves identification of risks faced in our businesses and an analysis of the factors that influence our operating context. From this, an inventory is compiled of top and emerging risks that apply to the Franchise from all risk categories, over our tactical and strategic time horizons. These risks could have a material impact, based on their estimated severity and likelihood, and are referred to as our enterprise risks. Through a prioritisation exercise, we identify those risk themes that require additional management focus and oversight, and these become our top and emerging risks.

Board of Directors

The Board of Directors is responsible for establishing the organisation's risk appetite, approving risk-related policies, and overseeing the overall risk management framework. This includes the evaluation of key risk areas and ensuring the effective implementation of risk management processes and internal control systems. The Board has delegated specific risk oversight responsibilities to designated committees, namely: the Board Audit and Risk Committee (SUHL), and the following Bank Committees — the Board Risk Management Committee (BRMC), the Board Audit Committee (BAC), the Board Technology and Innovation Committee (BTIC), the Board Asset and Liability Committee (BALCO), and the Board Credit Committee (BCC). Each of these committees is tasked with addressing distinct dimensions of the organisation's risk management framework.

Board Audit Risk Committee – SUHL

The Committee supports the Board in fulfilling its responsibilities by ensuring that the Franchise's risk management system is robust, reliable, and continuously updated to identify emerging and principal risks. It provides independent and objective oversight of risk management and offers relevant recommendations for improvement to the Board. Additionally, the Committee reviews and assesses the integrity of risk control systems, ensuring that risk policies and strategies are effectively identified, managed, and monitored.This contributes to a disciplined and controlled environment, reducing the risks faced by the Franchise across all areas of operation

Board Risk Management Committee

The Committee supports the Board in fulfilling its responsibilities by ensuring that the Bank's risk management system is robust, reliable, and continuously updated to identify emerging and principal risks. It provides independent and objective oversight of risk management and offers relevant recommendations for improvement to the Board.

Additionally, the Committee reviews and assesses the integrity of risk control systems, ensuring that risk policies and strategies are effectively identified, managed, and monitored. This contributes to a disciplined and controlled environment, reducing the risks faced by the Bank across all areas of operation

Board Audit Committee

The Committee aids the Board in fulfilling its responsibility to develop and maintain effective internal control systems, safeguard the company's assets, and maintain adequate accounting records. It reviews the Franchise's financial position and makes recommendations to the Board on all financial matters, including internal financial controls, fraud, and IT risks related to financial reporting.

This involves assessing the integrity and effectiveness of accounting, financial compliance, and control systems. The Committee also ensures effective communication between the Board, internal auditors, external auditors, management, and regulators.

Board Technology and Innovation Committee

The committee is responsible for overseeing all matters relating to the bank's technology and Innovation functions which are comprised of Information and Technology, Enterprise Data Office, Flexipay and Salesforce.

Board Asset and Liability Committee

The Committee is responsible for independently overseeing the bank's financial resources. It sets guidelines for the bank's risk tolerance and investment expectations, including limits on capital and liquidity metrics, customer exposure, funding diversification, and maximum and minimum maturities for various asset and liability categories. Additionally, the Committee monitors the bank's policies, frameworks, standards, procedures, and portfolio holdings to ensure goals for diversification, credit quality, profitability, liquidity, pledging requirements, and regulatory compliance are met. It also implements the bank's asset/liability (funds) management policy.

Board Credit Committee

The Committee's role is to ensure that effective frameworks for credit governance are established to adequately identify, measure, monitor, and control credit risk, including country risk. It oversees all matters related to credit and loan approvals, applications, and advances made by the bank on behalf of the Board.

The Committee has the authority to approve all in-house and commercial credit applications, which are presented to the Board at quarterly meetings for noting. It reviews strategies developed to achieve the bank's credit and lending goals and makes appropriate recommendations to the Board. Additionally, the Committee reviews and approves the bank's credit policies, considering changes in applicable laws or regulations or as warranted by evolving economic and banking conditions.

Management Committees

The Executive Management is responsible for the daily oversight of all principal risks impacting the franchise and have delegated authority from either the BRMC, BCC, BALCO, BTIC or BAC to assist the subcommittees effectively fulfil their risk oversight mandates. The Risk Management Committee (RMC), Asset and Liability Committee (ALCO) and Credit Risk Management Committee (CRMC) are management committees responsible for risk management within the Franchise.

Internal Audit

Internal Audit provides independent assurance on the adequacy and effectiveness of risk management processes, governance structures, and controls.

Business Units

Business units own and manage the principal risks inherent in the activities and during their day-to-day operations and are also responsible for deploying the appropriate controls to ensure such risks are managed well within acceptable tolerances

Governance Documents

These are essential for ensuring that the organisation operates within a structured and compliant framework. They set out the requirements for identification, assessment, measurement, monitoring, management and reporting of risks for effective oversight of compliance and effective management of capital. Governance policies are approved by the relevant Board Committee.

Our risk management approach ensures consistent and effective management of risk and provides for appropriate accountability and oversight. Risk management is enterprise wide, applied to all entity levels and is a crucial element in the execution of our strategy.

Our risk universe represents the risks that are core to our financial services business. We organise these into strategic, financial and non-financial risk categories and regularly identify top and emerging risks. These top and emerging risks require focused management attention because they represent potential material implications to the strategy. We regularly scan the environment for changes to ensure that our risk universe remains relevant.

The risk universe is managed through the risk process lifecycle from identification to reporting.

Our process includes rigorous quantification of risks under normal and stressed conditions up to, and including, recovery and resolution.

The annual recovery planning process facilitates proactive consideration, by senior management and the board, of appropriate actions that could be taken in the event of severe stress. The recovery plan process enhances our ability to make timely, well-informed decisions to mitigate the risk and impact should a severely adverse scenario arise.

Risk exposures are managed through different techniques and are monitored against a risk appetite that supports our strategy. We manage and allocate capital efficiently to grow shareholder value while ensuring that regulatory capital requirements are met.

Risk information is subject to strong data and reporting controls. It is integrated into all business reporting and governance structures. Our governance structure enables oversight and accountability through appropriately mandated board and management committees. The three lines of defence model is leveraged to maintain a strong risk culture with an emphasis on doing the right business, the right way.

This is all underpinned by a control environment defined in our risk governance and management standards and policies. Through the embedding of our values and code of ethics and conduct, compliance training and whistle-blowing programmes, our employees are empowered to act with confidence, drive meaningful behavioural changes and place the client at the centre of everything they do.

COUNTRY STRATEGY

ORGANISATIONAL DESIGN

RISK MANAGEMENT PROGRAMME

Risk Governance Documents, frameworks and policies

Enterprise Risk Management Process

- Identify
- Assess and Measure
- Treat
- Monitor & Report

Board committees

- Board Risk Management Committee
- Board Technology and Innovation Committee
- Board Credit Committee
- Board Audit Committee
- Board Asset and Liability Committee

Chief Executive Officer

Executive Committee

- Risk Management Committee
- Credit Risk Management Committee
- Asset and Liability Committee

Risk universe

Non-Financial Risks

- Business disruption risks
- ESG risks
- Legal risks
- Tax risks
- Compliance risks
- Financial accounting risks
- Model risks
- Technology risks
- Conduct risks
- Financial Crime Compliance risks
- People risks
- Third party risks
- Cyber risks
- Information risks
- Physical assets, safety and security risks
- Transactional processing risks
- Fraud risks

Risk Reporting

Risks are reported and discussed in the risk governance structures and executive management committees. Risk reports are prepared for the board committees, the regulator and other stakeholders on a regular basis.

Risk Culture

Our risk culture reflects our vision, mission, conduct and ethics.The board and executive team have set a tone of doing the right business, the right way, and ensuring we earn the trust of customers and stakeholders with every decision we make.

Governance: three lines of defence

1. **Design and implement an effective risk management programme across the enterprise**	The first line of defence proactively identifies, assesses and measures applicable risk scenarios in order to arrive at decisions within our risk appetite. They manage day-to-day transaction- and portfolio-level risk decisions within the risk appetite and implement mitigation controls to reduce the adverse impact of taking risks in pursuit of strategic objectives.	Combined assurance
2. **Facilitate risk and capital management activities at an enterprise level and within different business units and entities**	The second line of defence directs the definition of the enterprise-wide risk management programme. They facilitate execution of risk lifecycle activities and provide expert advice, guidance and support to the first line of defence team. They have oversight of the implementation and effective execution of risk and returns decisions within the set risk appetite and target strategy.	
3. **Provide assurance on the adequacy and effectiveness of the risk**	The third line of defence provides independent and objective assurance to the board and senior management on the adequacy and effectiveness of the control environment and the risk management programme. They have an independent reporting line to the board to assist in discharging their risk oversight responsibilities.	

Financial Risks, Stategic Risks and Top Enterprise and Emerging Risks

- Credit risks
- Climate risks
- Country risks
- Market risks
- Insurance risks
- Funding and liquidity risks

- Strategy position risks
- Strategy execution risks
- Reputation risks

- Operational resillience
- Uncertain and challenging economic environment
- Embedding the operating model
- Changing regulatory landscape
- Financial services competition
- Sovereign debt
- Climate
- Decline in state capacity
- Geopolitics
- Artificial intelligence

Capital management

Risk appetite

Stress testing

Recovery and resolution planning

ENTERPRISE RISKS

Risk Apetite

The key to our long-term sustainable growth and profitability lies in the strong link between our risk appetite and our strategy, and the desired balance between risk and return.

Risk appetite is an expression of the amount or type of risk we are willing to take in pursuit of our financial and strategic objectives, reflecting our capacity to sustain losses and continue to meet our obligations as they fall due, under both normal and a range of stress conditions.

Our level one risk appetite Risk appetite guides strategic and operational decisions and is reviewed annually.	**Capital position** We aim to have a strong capital adequacy position measured by regulatory and economic capital adequacy ratios. We manage our capital levels to support business growth, maintain depositor and creditor confidence, create value for shareholders and ensure regulatory compliance. Each subsidiary must further comply with regulatory requirements in the countries in which we operate.
	Funding and liquidity management We maintain a prudent approach to liquidity management in accordance with the applicable laws and regulations. The competitive environment in which each subsidiary operates is also considered. Each subsidiary must manage liquidity on a self-sufficient basis
	Earnings volatility We aim to have sustainable and well-diversified earnings streams in order to minimise earnings volatility through business cycles.
	Reputation We have no appetite for compromising our legitimacy or for knowingly engaging in any business, activity or relationship which could result in foreseeable damage to our reputation or our sustainability.
	Conduct We have no tolerance for illegal, unethical or dishonest behaviour which was knowingly conducted. We aim to meet clients' expectations for fair outcomes and market integrity by doing the right business the right way. It is expected that every employee will uphold the highest level of integrity and take accountability for their actions in line with our values and code of ethics and conduct.
Our level two and three risk appetite	Level two risk appetite is cascaded into risk types. Level three risk appetite consists of portfolio limits which underlie the level one and two risk appetite limits.

Compliance Risk

Year in Brief 2024

The year saw significant developments, including Uganda's removal from the Financial Action Task Force grey list and the Capital Markets Authority's requirement for licensing dealers in Global Markets businesses. Additionally, all banks were mandated to meet a minimum paid-up capital of UShs 150 billion (approx. USD 39.6 million) by June 30, 2024, as per the Financial Institutions Revision of Minimum Capital Requirements Instrument 2022, to enhance and strengthen the sector's stability.

Regulatory changes were driven by the need to align with international standards, enhance financial stability, address technological advancements, and emphasise corporate governance for sound financial management. These changes resulted in stricter compliance requirements and sanctions for non-compliance.

Key regulatory actions in the period included the issuance of the Financial Institutions Corporate Governance)Regulations, which focus on establishing effective governance structures within financial institutions. The Bank of Uganda also issued several guidelines including the Cyber and Technology Risk Management Guidelines to strengthen cybersecurity and resilience against evolving cyber threats, and the Liquidity Risk Management Guidelines to help financial institutions enhance their Internal Liquidity Adequacy Assessment Processes and comply with the Liquidity Coverage Ratio and Net Stable Funding Ratio requirements.

In collaboration with the Uganda Bankers Association, the Bank of Uganda also launched an Environmental, Social, and Governance (ESG) Framework to promote sustainability in the banking sector. The Bank of Uganda's Draft Financial Holding Company Structure Guidelines are yet to be published.

In the AML/CFT space, the key regulatory changes included the Financial Intelligence Authority (FIA) Guidelines for Suspicious Transaction Investigation and Reporting, alongside the FIA's Guidelines on Reporting Timelines, clarifying reporting obligations under the Anti-Money Laundering (Amendment) Act, 2017.

Finally, the Competition Act, Cap. 66, aimed at promoting economic efficiency, competitive pricing, consumer choice, and equitable opportunities, also came into force.

Focus areas for 2025

Doing the Right Business, the Right Way continues to be the primary focus. Strengthening relationships with key regulators and leveraging the Uganda Bankers Association and other sector associations will be essential in driving regulatory reform in 2025. Further, enhancing the AML/CFT control framework remains a priority to mitigate the risk of regulatory sanctions.

Equally important will be the continuous upskilling of our employees, equipping them with the skills needed to support the franchise in navigating new and uncharted business areas in a prudent, sustainable, and responsible manner.

Insurance Risk

Year in Brief 2024

In 2024, the bank successfully obtained adequate cover for all insurable risks. The insurance program worked in tandem with various complementary risk mitigation functions, resulting in material recoveries when some risks crystallised.

Focus areas for 2025

In 2025, the bank aims to understand emerging trends affecting the adequacy and efficacy of its insurance program, embrace new technologies and insights for insurance policy placement, and ensure timely and accurate lodging of claims.

Market Risk

Year in Brief 2024

The Ugandan shilling remained stable with an appreciation bias in 2024, supported by sustained inflows from coffee exports, remittances, and portfolio investor inflows. Despite frequent dollar purchases by the Bank of Uganda for reserve buildup, the currency closed the year strong at 3670 levels. The Bank of Uganda gradually hiked the Central Bank Rate (CBR) by 75 basis points to 10.25% in April 2024, holding it until a cutting cycle started in August, closing the year at 9.75%. The Monetary Policy Committee aimed to balance price stability with economic growth, noting inflation remained below the target range of 5% (annual average of 3.3%).

Interbank money market rates rose, reflecting tight liquidity conditions that fed into the government securities market. Short-term interest rates adjusted higher at year-end, with the 91-day at 10.0%, 182-day at 13.0%, and 364-day at 15.0%. Long-term securities rates also rose, with the 3-year at 15.8%, 10-year at 16.5%, and 20-year at 17.5%.

The economy remained resilient with favourable conditions for growth. Expected GDP growth in the medium term is approximately 6%.

Focus areas for 2025

The Bank will continue to monitor foreign currency risk and associated hedges, manage trading and banking books, and consider factors like market volatility, monetary policy decisions, and interest rate changes affecting market risk. Strategic investments in the oil sector and ongoing digital transformation position the banking sector for expansion. The Bank remains committed to proactive risk management and leveraging Uganda's potential for sustainable growth.

Non-Financial Risk

Year in Brief 2024

The year saw significant improvements in non-financial risk environment (i.e., no material operational losses) despite headwinds related to an increase in the number of fraud incidents impacting the overall sector. As banks transition to digital business models in response to the evolving customer needs, new and sophisticated fraud scams have emerged adversely impacting customers.

The bank has responded to this evolving threat by strengthening its internal fraud risk management capabilities (e.g., systems, processes, people) and working in concert with other industry players to develop an industry-wide response to this threat.

The bank enhanced its operational resilience capabilities to ensure we continued to serve our customers with minimal disruptions to service delivery. There were no material system stability issues during the year and our third-party risk management capabilities remained resilient as we partnered with different third parties to deliver critical services to our customers.

The journey to automate manual processes that historically resulted in a high number of errors and operational losses is in advanced stages and played an instrumental role in the significant reduction in the number of material operational losses.

Focus areas for 2025

At the core of our non-financial risk strategy for 2025 will be strengthening culture and ethical conduct. This will be underpinned by leveraging data and technology to proactively anticipate risks across the franchise and deploy the right mitigation strategies.

We leverage the three lines of defence model to optimally build our combined assurance capabilities and strategically address the expanding and evolving risk landscape.

Country Risk

Year in Brief 2024

Uganda presented sound economic indicators, including forecasted GDP growth of approximately 6% in the medium term, stable monetary policy, and a favourable FX environment. The three rating agencies downgraded the sovereign during the year primarily driven by the increased borrowing costs. Geopolitical risk remains a concern given the uncertainty in the environment particularly the upcoming elections and the current hostilities in the Democratic Republic of Congo (DRC).

Focus areas for 2025

Uganda offers significant growth opportunities despite economic and political risks. Strategic investments in the oil sector and ongoing digital transformation position the banking sector for expansion. The franchise remains committed to proactive risk management and leveraging Uganda's potential for sustainable growth.

Credit Risk

Year in Brief 2024

The credit portfolio remained resilient during the year and sound portfolio management resulted in a 3.1% year-on-year (y/y) growth in the loans and advances. This growth was supported by digital adoption and a favourable risk appetite in key value chains. There was a notable improvement in the Business and Commercial Banking portfolio that has historically been under a lot of stress and resulted in elevated impairments.

Key Asset Quality Highlights:

Non-Performing Loans (NPLs) improved to 1.5% from 2.6% in 2023 and the Credit Loss Ratio (CLR) improved to 0.8% from 1.6% in 2023. Key to note is the industry NPL average was 5.6%.

Our management of credit risk throughout the year was primarily centred around prudent and selective risk appetite.

Focus areas for 2025

The outlook remains positive, supported by a clean risk profile and targeted growth strategies. The economic outlook is favourable, with positive impacts expected from ongoing oil and gas investments. We will continue to focus on digitisation and strategic partnerships to unlock economic value while ensuring portfolio diversification through targeted growth strategies. Furthermore, our focus in the short-term will continue to centre around prudent portfolio management and selective risk appetite decision-making.

ESG Risk

Year in Brief 2024

The bank updated the Environmental and Social (E&S) Risk Governance Standards and the E&S Risk policy in an effort to build a comprehensive framework to identify, manage, monitor, and control all E&S risks and embed E&S risk management into the lending processes.

Our policies and processes align with regulatory requirements, voluntary frameworks such as the UN Guiding Principles on Business and Human Rights, and applicable standards like the IFC Performance Standards, Equator Principles, and World Bank Group EHS Guidelines.

Focus areas for 2025

Developing a robust climate risk management strategy and ensuring there is clarity with respect to how we plan to meet our regulatory obligations and net zero commitments.

Capital Management Risk

Year in Brief 2024

The bank's capital position remained robust throughout the year and was managed in line with regulatory and internal risk appetite limits.

As part of the transition to the Basel II Capital Accord, the Bank of Uganda has included enhancements to the Capital Adequacy Framework in the draft Financial Institutions (Capital Adequacy Requirements) Regulations. These enhancements include:

- Revised standardised approaches for credit and operational risk.
- Introduction of the Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review Process (SREP).
- Pillar III disclosures. Definition and minimum requirements for Common Equity Tier I capital to align with Basel requirements.

Focus areas for 2025

The transition to the Basel II Capital Accord, including holding capital for non-financial risks, remains a key influence on our capital management. We will continue to support business growth within regulatory and internal risk appetite limits and adjust our capital management strategy to respond to the evolving business landscape.

Funding and Liquidity Risk

Year in Brief 2024

The bank maintained a prudent approach to liquidity management by ensuring there was an appropriate and diverse pool of liquidity to support the asset base and meet internal risk appetite metrics and regulatory requirements.

The banking sector experience increased competition for deposits as customers behaviour changed in search of higher returns for their funds. This resulted in an increase in funding costs as banks had to pay-up to retain deposits. The bank did record a breach in the Basel III liquidity coverage ratio (LCR) that resulted in a penalty from the central bank. The bank is currently in compliance with the regulatory requirement and maintains healthy buffers to cater for balance sheet and market volatility.

Focus areas for 2025

Maintaining strong liquidity position within regulatory and internal risk appetite limits. Testing our assumptions and as well as reviewing early warning indicators to ensure they are reflective of the global and domestic economic environments and market conditions. Implementing the Internal Liquidity Adequacy Assessment Process.

TOP ENTERPRISE AND EMERGING RISKS 2025

These represent top enterprise risks and threats defined by management for prioritised focus.

Risk name	Failure to innovate or meet customer needs
Strategic Pillar	Defend and Grow Our Business; Win in Our Growth Levers
Localised immediate focus areas	The rise in the number of financial service providers offering simple, efficient and affordable financial services could potentially result in loss of market share and liquidity challenges
Localised future threats	Failure to leverage advanced data analytics and AI to enhance customer experience could potentially result in loss of market share
Mitigation efforts	Strategic partnerships Leverage data to offer customised solutions for customers Fostering a culture of innovation

Risk name	Regulatory changes and scrutiny
Strategic Pillar	Defend and Grow Our Business; Enhancing Legitimacy to Operate
Localised immediate focus areas	Evolving regulatory requirements with tight deadlines resulting in increased operational costs (e.g., systems, people)
Localised future threats	Regulatory complexity and bureaucracy may increase costs and adversely impact the Franchise's competitive position by reducing the ability to innovate, lend and invest
Mitigation efforts	Proactive engagement with the regulators Compliance gap assessments Staff training and awareness

Risk name	Sovereign risk /debt distress
Strategic Pillarw	Defend and Grow Our Business
Localised immediate focus areas	Sovereign rating downgrades by the major rating agencies on account of debt sustainability
Localised future threats	Environmental shocks and tight global economic conditions could result in slow economic growth
Mitigation efforts	Diversifying earning streams to mitigate exposure to the sovereign

Risk name	Fraud
Strategic Pillar	Defend and Grow Our Business; Win in Our Growth Levers; Enhancing Legitimacy to Operate
Localised immediate focus areas	Increased digitisation not supported by a robust fraud maturity model designed to appropriately mitigate the risk could potentially result in losses
Localised future threats	Rapid advancement in the development and sophistication of new and existing technology enabled fraud tools resulting in increased scams and losses
Mitigation efforts	Enhancing fraud maturity capabilities from Evolving to Established Collaborative partnership with industry players

Risk name	Cyber-attacks
Strategic Pillar	Defend and Grow Our Business; Win in Our Growth Levers; Enhancing Legitimacy to Operate
Localised immediate focus areas	Third-party vulnerabilities adversely impacting the Franchise's IT infrastructure
Localised future threats	Use of AI powered language models and quantum computing power that increases speed and scope of cyber-attack modalities
Mitigation efforts	Enhanced cybersecurity protocols and testing Increased focus on third party due diligence

Risk name	Geopolitical rivalry and polarisation
Strategic Pillar	Defend and Grow Our Business; Win in Our Growth Levers; Enhancing Legitimacy to Operate
Localised immediate focus areas	Election cycles in the region (TZ – 2025 and UG 2026) could lead to service interruptions. Conflict in the DRC could have spillover effects The impact of policy changes by the Trump administration could adversely impact economic conditions
Localised future threats	Asset deterioration due to reduced economic growth
Mitigation efforts	Ongoing monitoring of geopolitical events Scenario planning and stress testing of potential geopolitical shocks to assess impact and respond

REPORT TO SOCIETY
(ABRIDGED VERSION)

We believe in creating a sustainable economy and to empower people to build better futures.

Our Sustainability Strategy

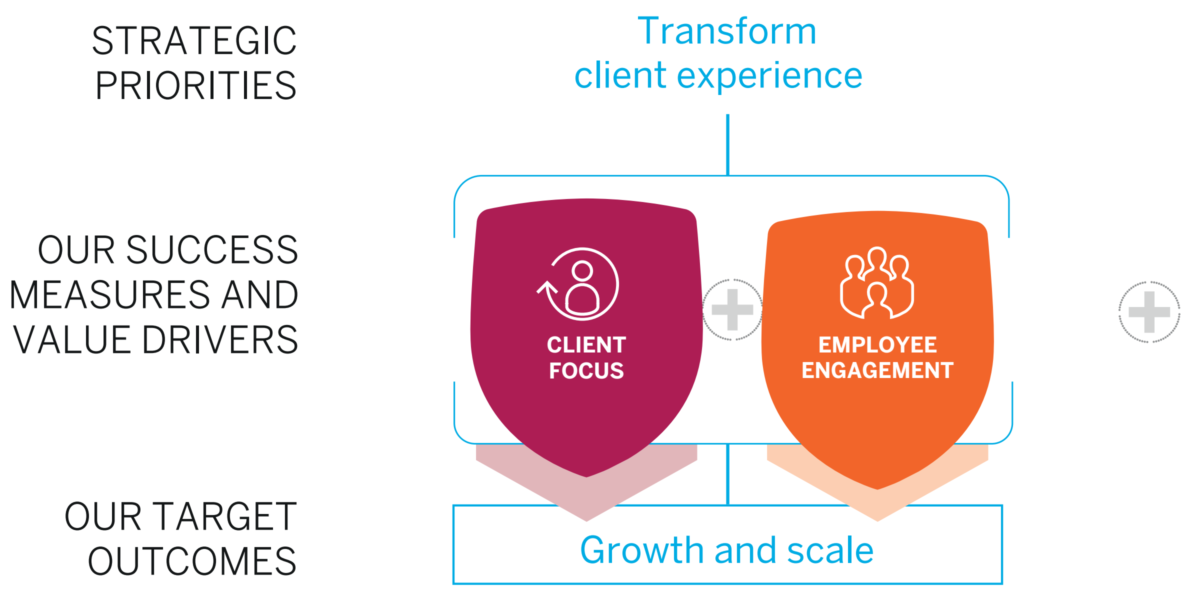
At Stanbic Uganda, sustainability is an integral part of our business strategy. Sustainability and sustainable business practices are embedded at every level of our business. We believe that our most important contribution to sustainable development is to operate an effective and profitable SUHL.

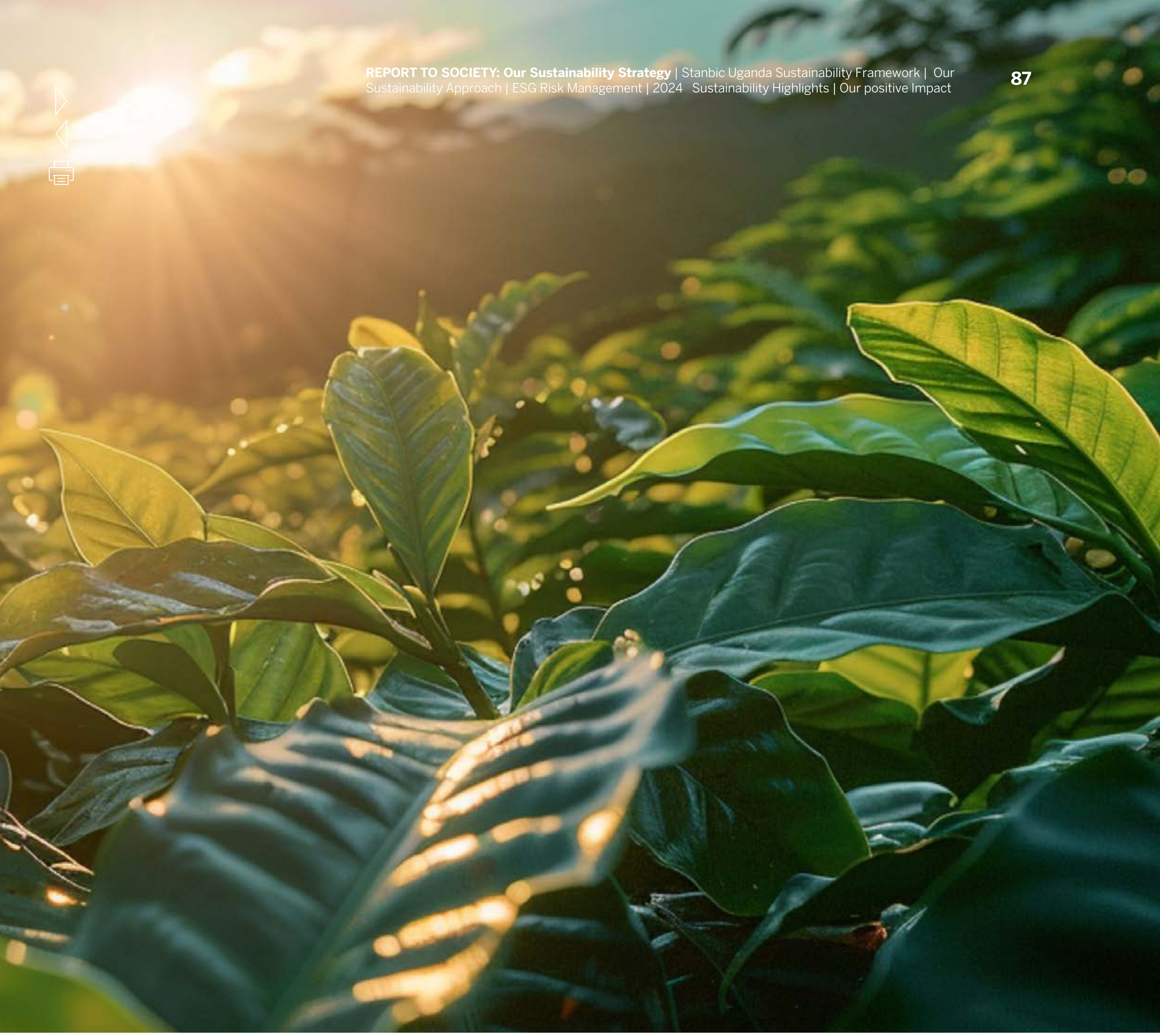
By providing access to credit, savings, and investment products, we enable individuals to improve their quality of life and enhance their financial security. By providing finance to large and small businesses we facilitate economic growth and job creation, and by financing infrastructure and the development of key sectors, we assist in resolving national challenges such as energy and food security, access to primarily health care, tourism, mining, and information communications technology.

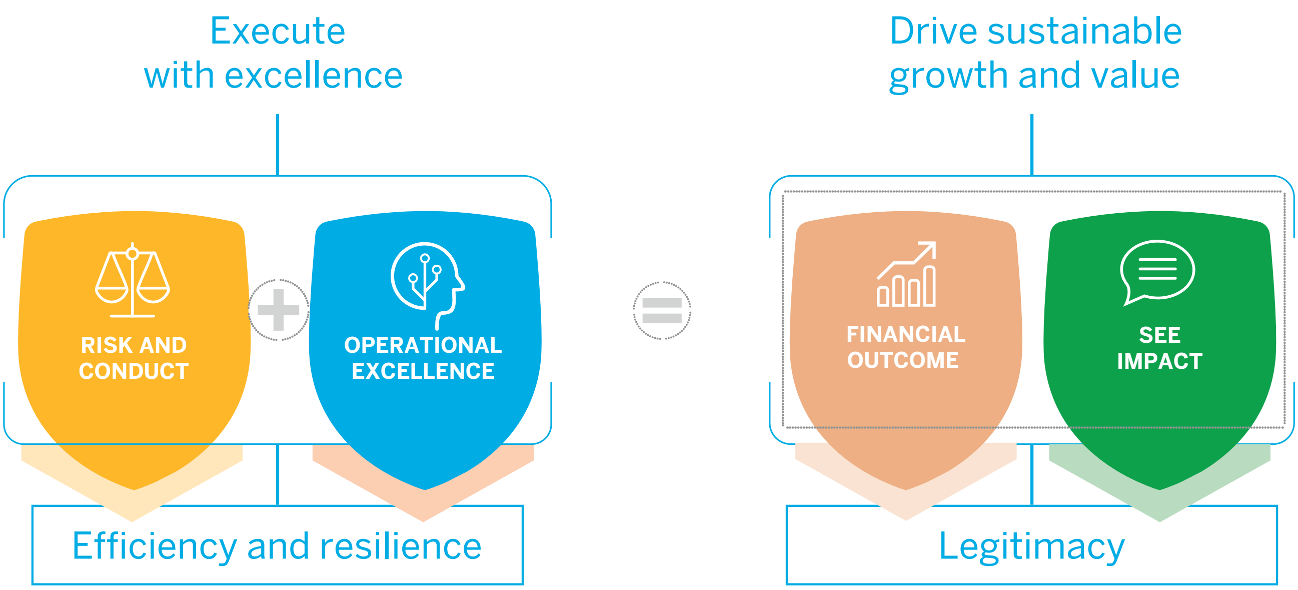
We believe in doing the right business the right way. This is our shared value that means being aware of the indirect impacts of our actions, including impacts on the societies in which we operate, and impacts on future generations. We continue to embed an approach we refer to as SEE – being very clear about the Social, Economic and Environmental impacts (SEE) of every project or transaction in which we get involved.

Our Group Value Drivers

Our purpose is: Uganda is our home, we drive her growth. We create value by living our purpose and achieving our vision through the diligent execution of our strategy. We have three strategic priorities, and six value drivers against which we assess our progress. These strategic value drivers measure our strategic progress, allowing us to focus on the value we aspire to create for all our stakeholders.






Execute
with excellence
Drive sustainable
growth and value
RISK AND CONDUCT
OPERATIONAL EXCELLENCE
FINANCIAL OUTCOME
SEE IMPACT
Efficiency and resilience
Legitimacy

Stanbic Uganda Sustainability Framework

SOCIAL

We build a healthy, inclusive society

01 Education & youth empowerment

We empower the current and future workforces

ECONOMIC

We finance economic growth and inclusion

01 Job creation & enterprise growth

We create inclusive, decent jobs and empower progressive SME growth

ENVIRONMENTAL

We protect natural resources & healthy ecosystems

01 Protection of natural resources

We use resources responsibly in our operations

These focus areas also align with Standard Bank Group's seven impact areas:

Education

Health

Job creation and enterprise growth

Over the past three years, Stanbic Uganda has implemented its comprehensive Social, Economic and Environment (SEE) impact framework and strategy that guides the entire business operations to ensure we achieve the positive social, economic and environmental impacts to create shared value.

02

Health

We contribute to a safe and healthy society

1 NO POVERTY · 3 GOOD HEALTH AND WELL-BEING

03

Responsible business

We collect and use data responsibly and comply with relevant regulations

17 PARTNERSHIPS FOR THE GOALS · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

02

Financial inclusion

We use digital solutions to deepen financial inclusion

1 NO POVERTY · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

03

Infrastructure

We finance developmental infrastructure

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

02

Green solutions

Our financing and services protect our natural resources

7 AFFORDABLE AND CLEAN ENERGY · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 11 SUSTAINABLE CITIES AND COMMUNITIES · 17 PARTNERSHIPS FOR THE GOALS

03

Environmental partnerships

We promote environmental awareness

13 CLIMATE ACTION · 17 PARTNERSHIPS FOR THE GOALS

Financial Inclusion

Infrastructure

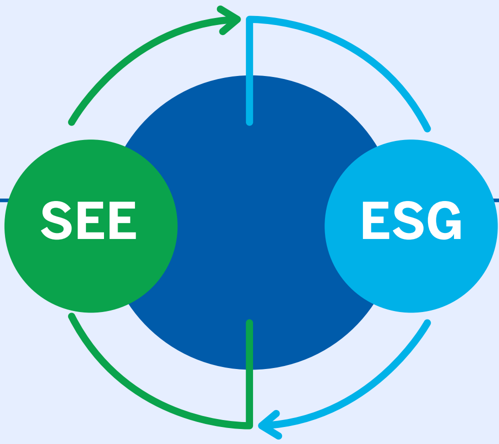
African Trade and Investment

Climate change and Sustainable Finance

Our Sustainability Approach

Our strategy focuses on interventions that support achieving positive Social, Economic and Environmental impact priorities and our approach to ESG risk management. ESG performance is one of our metrics for measuring our Sustainability impact.

SOCIAL, ECONOMIC AND ENVIRONMENTAL (SEE) IMPACTS



ESG RISK MANAGEMENT

We aim to **maximise positive Social, Economic and Environmental (SEE) impacts** of our business activities and minimise negative impact

Our **adoption of SEE as a strategic value driver** reflects the commercial opportunity to grow earnings and market share by providing products and services that meet the development needs of Africa and Africa's people

Our SEE commitments align with the **UN Principles for Responsible Banking (PRB), Paris Agreement, UN Sustainable Development Goals (SDGs), South Africa NDP, Agenda 2063, Nationally Determined Contributions** in our countries of operation

We have **robust governance frameworks and controls in place** to manage the environmental, social and governance risks associated with our business

We **recognise effective ESG risk management** as a competitive and strategic differentiator

ESG risk management helps us to **minimise and mitigate potential negative impacts** to society and the environment arising from our operations, who we do business with and what we finance

Our ESG risk management is informed by regulatory requirements in our countries of operation and voluntary frameworks such as the **UN Guiding Principles on Business and Human Rights**, and **global standards governing environmental and social (E&S) risk management** including the IFC Performance Standards and Equator Principles (EP).

MAXIMISE POSITIVE IMPACT

EFFECTIVE GOVERNANCE AND RISK MANAGEMENT

The framework and strategy are premised on the three pillars of Social, Economic and Environmental Impact and provided clear focus areas of intervention that support only our clients and communities but also aligns to Uganda's National Development Plan (NDP), the Group Seven impact areas and United Nations Sustainable Development Goals.

We recognise that as a financial institution, our mission is to help develop a sustainable economy and to empower people to build better futures. For our clients, customers and businesses to thrive, we must work to create an inclusive society founded on, Human dignity, Equality and the sustainable use of natural resources.

Focus areas:

Social: Under the framework, the business has committed to support education, youth empowerment, health, affordable basic infrastructure, employment generation and programmes designed to prevent and/or alleviate unemployment, including through SME financing and microfinance, food security and sustainable food systems, and socioeconomic advancement.

In the area of education and youth empowerment, Uganda is the second youngest nation in the world with more than three quarters (78 per cent) of its citizens below the age of 35, and this youthful population is projected to double in the next 25 years and literacy levels of just over 50%.

Stanbic has therefore been deliberate in creating interventions to support youth through education programmes and youth customer value propositions.

Health also remains an underserved sector and we continue to create appropriate solutions to improve quality health care in Uganda.

Economic: Our objectives under the economic impact pillar are to support Job creation and enterprise/SME growth, Financial Inclusion and infrastructure development.

Through our lending, our objective is to ensure we are supporting Ugandan SME's who account for 80% of the country's GDP and 90% of its private sector as well as create over 75% of employment in the country. SMEs also provide affordable and easier access to finance for every Uganda especially at the last mile and support Government in the development of critical infrastructure that will develop the economy.

Environmental: We work with our clients to develop appropriate solutions for mitigating and adapting to the effects of climate change and develop innovative financial products and services that support the green economy, reduce carbon emissions, increase climate resilience, and enhance and socioeconomic development.

We are also establishing strategic partnerships that will support climate action and further investment in green business in Uganda.

ESG Risk Management

Effective ESG risk management plays a critical role in achieving our Social, Economic and Environmental (SEE) priorities. Environmental and Social (E&S) risk refers to the threat of adverse impacts on society and the natural environment arising indirectly or directly from our business activities.

Such impacts may include, for example, the production of GHG emissions and associated impacts on climate change, waste production, resource depletion, or risks to community members' health, livelihoods and cultural heritage. E&S risk creates potential credit risk, operational risk.

ESG Principles and frameworks

The Bank's overarching Environmental and Social Management System (ESMS) comprises various risk management policies, standards, processes and tools. The ESMS seeks to guide all relevant stakeholders within the bank through the implementation of E&S risk management.

Our E&S risk governance standard sets out the E&S risk management framework, which provides for the governance, identification, measurement, management and reporting of E&S risks associated with the group's financing and investment activities.

It has been a significant year and remarkable journey for the organisation as we worked to embedded E&S risk across our credit process to ensure we are proactively managing and accessing rights through our lending.

ESG risk screening for new lending

We introduced the digital E&S risk assessment tool that is utilised by the business teams to conduct environmental and social due diligence as part of the within our credit approval processes.

The assessments enable the business to understand the level of risk arising from potential clients we finance. This therefore provides guidance on our approach to financing with the aim to ensure E&S risks are minimised to reduce on any indirect impact.

By embedding E&S risk assessment processes into lending practices at an early stage, we ensure E&S consideration and accountability in decision-making and monitoring.

- Pre-credit committees ensure E&S risks are appropriately screened at application phase.
- Screening determines whether to proceed with a transaction, whether further assessment is required and level of the assessment.
- We use three levels of assessment according to the type of financial product, the quantum and tenor of the transaction. Each level includes likely E&S risk, sector and client considerations, client's ability to manage E&S risk and historical.
- Track record. Risks are rated low, medium or high.
- The E&S risk team evaluates all project-related transactions and medium and high-risk non-project related transactions and works with business and credit teams to assess and mitigate risks.
- We use our influence with our clients to encourage them to apply the Precautionary Principle to their operations and activities where applicable.

2024 Sustainability Highlights

2024 was a great year for the bank as we kept making further strides toward achieving our main goals under the Stanbic Uganda Sustainability Strategy. Among these achievements included our work to support Ugandan SME's, empower women in business and uplift youth in communities.

It was also a fundamental year for us, as we took the necessary steps to enhance our strategy. Having rolled out the initial strategic objectives in 2022, 2024 presented the opportunity for the business to reflect on progress made and review our approach to sustainability with aim to amplify our impact in society.

Therefore, we enhanced the strategy to create more interventions supporting Women Economic Empowerment, Youth Empowerment, SME Business Growth, Agriculture and Climate Action.

Cathy Adengo
Head of Sustainability, Stanbic Bank Uganda

USHs
94.6bn

2024, we saw remarkable growth, reaching over 6,776 women in 2024 up from 4,360 in 2023 and lending over UShs 94.6 billion in 2024 – an increase of 54.5% from the previous year.

Uplifting women in business

Stanbic amplified its efforts to support Ugandan women owned businesses through the Stanbic for Her customer proposition, specially designed to provide affordable financing for women. 2024, we saw remarkable growth, reaching over 6,766 women in 2024 up from 4,360 in 2023 and lending over Ushs 94.6 billion in 2024 – an increase of 54.5% from the previous year.

To date, Stanbic has provided loans worth UShs 173 billion to women led businesses since it was launched in March 2022. This initiative provides women with affordable credit at 15.5% interest, helping them scale their businesses.

Boosting Uganda's Agriculture sector and empowering Farmers

Stanbic Uganda set up an Economic Enterprise Restart Fund (EERF) during the pandemic, a critical intervention that has provided crucial credit and capacity building support to smallholder farmers through their SACCOs at low interest rates of 10% for those in agriculture. In 2024, over UShs 96 billion was invested in nearly 7,000 SACCOs, up from Ushs 34 billion in 2023. This makes the total investment UShs 170 billion over the past three years.

Empowering Youth through Education

Youth empowerment is at the heart of Stanbic Uganda's corporate social investments and is a key pillar under our sustainability strategy. As such, Stanbic's National Schools Championship, a proud partnership with the Ministry of Education and Sport, is a programme that aims to nurture young innovators in Uganda. With an investment of UShs 1.2 billion in 2024, the programme engaged over 60,000 students from more than 100 schools across Uganda. These initiatives reflect Stanbic's commitment to equipping the next generation with skills to tackle Uganda's socioeconomic challenges.

Financing Green Businesses

We believe in supporting and providing financing for green businesses that are creating innovative solutions to tackle climate change and bring creative interventions that promote sustainable growth of Uganda's economy.

Environmental considerations will be a key focus for us going forward, social development and economic growth will also remain prioritised as they are interlinked.

Our Positive Impact

Social

Empowering communities and advancing access to quality education and health care

2024 Impact Metrics

4 QUALITY EDUCATION

480,000

No. of **Students reached** through National Schools

2023: **420,000**

3 GOOD HEALTH AND WELL-BEING

300,000

Total number of Ugandans benefited from CSI Health programme.

2023: **200,000**

17 PARTNERSHIPS FOR THE GOALS

3,866,153

Total number of **Ugandans benefited** from CSI programme.

2023: **3,532,376**

UShs **49.4**bn

Loans extended to schools and Tertiary education institutions

2023: **43.5**bn

Economic

Supporting Uganda's economic growth by providing affordable finance to Ugandan SME Businesses, women owned businesses and vulnerable groups

2024 Impact Metrics

8 DECENT WORK AN ECONOMIC GROWT

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

3,191
Number of entrepreneurs trained through Stanbic Business incubator.

2023: **2,348**

6,776 Loans worth
UShs **94.6**bn
Women Businesses and individuals financed through Stanbic for Her.

2023: 4,360 loans worth **59.3**bn

UShs **973**bn
Loans to Ugandan SME businesses

2023: **299**bn

UShs **96**bn
Disbursed to 189 SACCOs/VSLAs.

2023: **34**bn

UShs **427.8**bn
Taxes paid by Stanbic Uganda.

2023: **356**bn

Environmental

Supporting Green Businesses and addressing climate change

2024 Impact Metrics

UShs **35**bn

Financing providing to Green Businesses

2023: UShs **14**bn

KGS **32,460**

Paper collected and recycled for two cycles

2023: **15,184 kgs**

1,974

Number of clients screened for Environmental and Social risk assessments.

2023: **2,086**

Our Contribution and Payments into the Economy and Stakeholders

As the largest bank in the market, we continue to honour our commitment to drive Uganda's growth. Through our financing activities, we support financial inclusion and promote the growth of critical sectors of the economy in line with Government's national development plan.

Below, the numbers highlighted demonstrated our social, economic and environment impact in all areas that touch and influence our clients, government, shareholders, employees, and communities:

1. Value Added Statement

Value added statement for year ended 31st December 2024	2024	% of wealth created	2023	% of wealth created	2022	% of wealth created
Value added	**UShs '000**		**UShs '000**		**UShs '000**	
Interest Income	847,956,737	88%	781,926,437	94%	635,024,818	88%
Commission fee income	216,329,940	22%	204,050,335	25%	176,874,385	24%
Other revenues	321,226,464	33%	281,200,458	34%	271,611,706	38%
Interest paid to depositors	(88,153,511)	-9%	(73,033,033)	-9%	(45,612,036)	-6%
Other operating expenses & impairments	(328,387,782)	-34%	(364,140,162)	-44%	(315,190,279)	-44%
Wealth Created	**968,971,848**	**100%**	**830,004,035**	**100%**	**722,708,594**	**100%**
Distribution of wealth						
Employees	281,114,461	29%	252,911,564	30%	212,397,514	29%
Government	206,574,263	21%	161,410,569	19%	148,777,820	21%
Ordinary shareholders - (Dividends)	128,000,000	13%	124,000,000	15%	148,000,000	20%
Non-Controlling Interests	32,000,000	3%	31,000,000	4%	37,000,000	5%
Corporate Social Investment (CSI) spend	3,185,680	0%	4,150,798	1%	4,152,352	1%
Retentions to support future business growth	318,097,444	33%	256,531,104	31%	172,380,908	24%
Wealth Distributed	**968,971,848**	**100%**	**830,004,035**	**100%**	**722,708,594**	**100%**

Segment Disbursements

	2024	2023	2022	2021
	UShs	UShs	UShs	UShs
Corporate and Investment Banking	1,528,396,269,772	2,267,185,913,792	1,767,551,089,806	1,613,128,094,465
Business banking	2,050,916,886,136	1,961,663,196,561	1,657,342,856,905	539,579,403,046
Personal banking	569,812,407,063	483,600,288,430	550,641,994,373	248,597,129,396
Total	**4,149,125,562,971**	**4,712,449,398,783**	**3,975,535,941,084**	**2,401,304,626,907**

Staff loans

	2024		2023		2022		2021	
	No of Loans	**UShs**	**No of Loans**	**UShs**	**No of Loans**	**UShs**	**No of Loans**	**UShs**
Staff Home Loans	78	12,550,462,070	53	8,678,544,097	83	9,108,324,837	35	8,872,554,218
Staff Personal Loans	2468	36,249,040,282	2,504	34,707,848,907	3,479	29,664,036,189	1,025	18,806,910,954
Total	**2546**	**48,799,502,352**	**2,557**	**43,386,393,004**	**3,562**	**38,772,361,026**	**1,060**	**27,679,465,172**

Gross Loan Balances per Sector

Loan Balances per Sector	2024	2023	2022	2021
Economic Sector	UShs "000"	UShs '000	UShs '000	UShs '000
Agriculture, Fishing & Forestry	398,118,043	446,296,650	437,507,114	467,077,303
Mining and Quarrying	-	10,377	11,652	3,528
Manufacturing	391,718,627	354,603,490	365,202,060	434,937,299
Trade	807,140,891	638,711,712	663,004,206	482,955,167
Transport and Communication	441,191,241	553,574,756	417,180,956	301,297,043
Electricity and Water	59,314,210	106,146,874	136,146,627	125,581,718
Building, Mortgage, Construction and Real Estate	641,702,930	622,047,364	572,895,483	506,712,319
Business Services	105,519,457	74,780,174	112,402,857	81,192,158
Community, Social & Other Services	382,072,326	420,738,687	490,474,158	534,364,777
Personal Loans and Household Loans	1,278,262,057	1,153,707,552	1,043,829,230	962,523,742
TOTAL*	**4,505,039,782**	**4,370,617,636**	**4,238,654,344**	**3,896,645,056**

CORPORATE GOVERNANCE

Our leadership and how we approach value creation in relation to good governance practices.

BOARD OF DIRECTORS

Board Chairman SUHL

Baker Magunda[59]

Academic Qualifications
- Diploma In Advanced Management -IESE Business School-Spain
- BSc-Economics-Makerere University-Uganda

Primary Strengths and Skills
- Seasoned Business and Executive Leader
- Strategy Advisory
- Corporate Governance and Culture
- Brand, Marketing and Communication

Year of Appointment
- 2023

Board Committee
- Nomination and Remuneration (Chair)

Previous Roles
- Managing Director-Guinness Nigeria PLC
- Managing Director-Diageo Ethiopia Hub and Indian Ocean Markets

External Directorships
- Chairman-Namasagali College

Board Chairman SBUL

Damoni Kitabire[66]

Academic Qualifications
- MSc-Finance-Strathclyde University-Glasgow-United Kingdom
- Diploma-National Economic Planning-Central School of Planning Warsaw-Poland
- BA-Economics- Makerere University-Uganda

Primary Strengths and Skills
- Macroeconomics, Finance and Accounting
- Regional and Continental Trade Development
- Public Policy

Year of Appointment
- 2022

Board Committee
- None

Previous Roles
- Country Manager-African Development Bank-Zimbabwe

NED, SUHL

Yinka Sanni[58]

Academic Qualifications
- Executives Program-MIT-Massachusetts
- Global CEO Program-CEIBS-Wharton-IESE Business School-Spain
- Advanced Management Program - Harvard Business School-Boston
- MBA-Obafemi Awolowo University-ILE-IFE-Nigeria

Primary Strengths and Skills
- Corporate and Investment Banking
- Asset and Pension Management
- Stock Brokerage

Year of Appointment
- 2023

Board Committee
- Nomination and Remuneration

Current Employment
- Group Executive-Standard Bank Group

External Directorships
- NED on Various Boards within Standard Bank Group
- Advisory Board Member-ANAP Foundation
- Member of the Board of Trustees-Redeemer's University Ede Osun State

NED, SBUL

Patrick Mweheire[54]

Academic Qualifications
- MBA-Harvard University-Massachusetts
- BSc in Economics-Daemen College-New York

Primary Strengths and Skills
- Corporate and Investment Banking
- Global Financial markets
- Strategy Development and Execution

Year of Appointment
- 2021

Board Committee
- Credit
- Risk
- People and Culture

Current Employment
- Regional Chief Executive- East Africa Region, Standard Bank Group

External Directorships
- NED on various Boards within Standard Bank Group
- Member of Board of Trustees-Uganda Chamber of Mines and Petroleum

INED, SUHL & SBGS

Agnes A. Konde[52]

Academic Qualifications
- Fellow of the Chartered Institute of Marketing
- Global CEO Program-Strathmore Business School-Kenya
- MBA-University of Liverpool-England
- Bachelor of Social Science-Makerere University-Uganda

Primary Strengths and Skills
- Strategy Planning and Execution
- Brand, Marketing and Communication
- Stakeholder Management

Year of Appointment
- 2020

Board Committee
- Audit and Risk-SUHL
- Nomination and Remuneration-SUHL

Current Employment
- Director Communications, Innovation, External Engagement and Advocacy-Alliance for Green Revolution in Africa

External Directorships
- INED-Doctors' Choice Limited
- INED-Medassi Investment Limited

INED, SUHL SBGS & SPL

Mona M. Ssebuliba[43]

Academic Qualifications
- MBA-Edinburgh Business School-Heriot-Watt University-Scotland
- BBA-Finance-Makerere University-Uganda

Primary Strengths and Skills
- Financial and Capital Markets
- Investment Banking and Analysis
- Agribusiness Financing

Year of Appointment
- 2023

Board Committee
- Audit and Risk-SUHL

Current Employment
- Chief Executive-aBi Finance Limited

External Directorships
- Board Chair-Renewable Energy Business Incubator
- Board Member-Women's Leadership Development
- Board Member-CEO Summit Uganda

INED, SUHL

Norbert Kagoro [51]

Academic Qualifications
- MBA-Leadership and Sustainability- University of Cumbria-England
- Member of the Institute of Certified Public Accountants Uganda (ICPAU)
- Fellow of the Institute of Certified Public Accountants of Rwanda
- Fellow of the Association of Chartered Certified

  Accountants (ACCA), United Kingdom
- Diploma in Business Studies and Administration-Makerere University Business School-Uganda

Primary Strengths and Skills
- Audit, Accounting and Finance
- Risk Management and Control

Year of Appointment
- 2024

Board Committee
- Audit and Risk (Chair)

Current Employment
- Managing Director-Imbogo Safari Lodge

Previous Roles
- Audit Partner-Deloitte & Touche Uganda
- Partner -Whiteknights Partners

External Directorship
- Director-Homeofmel Residences Limited
- Director-Grant Thornton Uganda

INED, SBUL

Eva Grace Kavuma[62]

Academic Qualifications
- MBA-International Management-Thunderbird-Arizona
- Bachelor of Business Administration and Management-Ithaca College-New York

Primary Strengths and Skills
- People and Culture
- Organisational Transformation and Development
- Project and Stakeholder Management

Year of Appointment
- 2016

Board Committee
- People and Culture (Chair)
- Audit

Current Employment
- Interim Group Director General-ARC Group-South Africa and Chief Operations Officer-ARC Agency-South Africa

INED, SBUL

Josepha T. Ndamira 44

Academic Qualifications
- MBA- Edinburgh Business School-Heriot-Watt University-Scotland
- Fellow of the Association of Chartered Certified Accountants, FCCA
- BCom in Accounting-Makerere University-Uganda

Primary Strengths and Skills
- Audit, Accounting and Finance
- Risk Management and Controls
- Corporate Governance and Regulatory Compliance

Year of Appointment
- 2019

Board Committee
- Audit (Chair)
- Risk
- People and Culture

Current Employment
- Senior Director-Corporate Resources, TradeMark Africa

External Directorships
- Audit Committee-Busitema University

INED, SBUL

Kim Kamarebe 40

Academic Qualifications
- MBA-Harvard Business School- Massachusetts
- BSc-Financial Engineering-Princeton University-New Jersey

Primary Strengths and Skills
- Business Transformation, Innovation and Advisory
- Financial and Global Markets
- Capital and Asset Management

Year of Appointment
- 2022

Board Committee
- Credit (Chair)
- Asset and Liability (Chair)
- Technology and Innovation

Current Employment
- Chief Executive & Founder INUA Capital Limited

External Directorships
- Director-Damascus Capital Limited
- INED-aBi Finance Limited

INED, SBUL

Kenneth Patrick Ogwang 44

Academic Qualifications
- MBA-Strategic Management -United States of International University-Kenya
- BSc (Stat)-Computing -Makerere University-Uganda

Primary Strengths and Skills
- Digital Transformation and Innovation
- Risk and Compliance
- Project Management

Year of Appointment
- 2023

Board Committee
- Technology and Innovation (Chair)
- Risk (Chair)
- Audit

Current Employment
- Head, Digital and Technology-East and South Africa-Diageo (Manufacturing)

NED, SBUL

Guido Andre Haller59

Academic Qualifications
- MSc-Technological Economics-University of Stirling-Scotland
- BA- Biology - University of Stirling-Scotland

Primary Strengths and Skills
- Global Financial Markets
- Corporate and Investment Banking
- Capital and Asset Management

Year of Appointment
- 2024

Board Committee
- Credit
- Asset and Liability

Current Employment
- Head CIB International-Standard Bank Group

NED, SBIL

Pauline Mbayah[59]

Academic Qualifications
- MBA – Double Major in Strategy and International Business-University of Nairobi-Kenya
- Bachelor of Business Education Arts Degree -Kenyatta University-Kenya
- Diploma in Marketing-London Chamber of Commerce and Industry-London

Primary Strengths and Skills
- Managing Philanthropic Institutions and Large-Scale Development Programmes Sustainably
- Solid Understanding of International Development
- Fund Design, Management, and Grant Administration

Year of Appointment
- 2023

Current Employment
- Head Foundation-Stanbic Bank Kenya

External Directorship
- Director-Ace Turbo Technologies and Ventures Limited

INED, SPL

John Muhumuza Kakitahi[52]

Academic Qualifications
- PhD-Construction Management-Lund University-Sweden
- MEng-Civil Engineering-Makerere University-Uganda
- BSc. (Honours)-Quantity Surveying-University of Witwatersrand-South Africa

Primary Strengths and Skills
- Civil Engineering
- Real Estate Planning
- Project Management

Year of Appointment
- 2024

Board Committee
- None

Current Employment
- Partner at CCELAM NK and Associates-Kampala

External Leaderships
- Director-Y-Save Real Estate Sector
- Board Member-Education, Training and Research African Association of Quantity Surveyors
- Director-Kaktus Limited

NED, FlyHub

Haruna Mawanda Juuko[49]

Academic Qualifications
- PhD - IT and Computer Science-Capella University-Minneapolis-USA
- MSc- Information Science-Capella University-Minneapolis-USA
- Member of the Certified Information Systems Auditor

Primary Strengths and Skills
- Software Development and Programming
- Digital Strategy, Innovation and Information Technology
- Project Management

Year of Appointment
- 2024

Chief Executive, SUHL & NED (SPL, SBGS, SBIL, FlyHub)

Francis Karuhanga 50

Academic Qualifications

- Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom
- Certified Financial Services Auditor (CFSA)
- MSc-Accounting and Finance-Makerere University-Uganda
- BCom in Accounting-Makerere University-Uganda

Primary Strengths and Skills

- Audit, Accounting and Finance
- Strategy Development and Execution
- Risk Management and Controls

Year of Appointment

- 2024

Board Committee

- None

Current Employment

- Chief Executive-Stanbic Uganda Holdings Limited

Chief Executive SBUL

Mumba Kenneth Kalifungwa 51

Academic Qualifications

- MBA- Herriot Watt University, Scotland
- Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom
- Fellow of the Chartered Institute of Management Accountants (CIMA), United Kingdom
- Association of Accounting Technicians (AAT), United Kingdom

Primary Strengths and Skills

- Leadership and people management skills
- Audit, Accounting and Finance-Strategy Development and Execution
- Risk Management and Controls

Year of Appointment

- 2025

Board Committee

- None

Current Employment

- Chief Executive-Stanbic Bank Uganda Limited

ED, SBUL

Samuel Fredrick Mwogeza 43

Academic Qualifications

- MBA- Herriot Watt University, Scotland
- Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom
- Member of the Institute of Certified Public Accountants of Uganda (ICPAU)
- BCom in Accounting-Makerere University-Uganda

Primary Strengths and Skills

- Audit, Accounting and Finance
- Retail Banking
- Strategy Development and Execution

Year of Appointment

- 2024

Board Committee

- Technology and Innovation
- Asset and Liability

Current Employment

- Head Personal and Private Banking-Stanbic Bank Uganda Limited

External Directorships

- NED-Uganda Securities Exchange

ED, SBUL

Paul Muganwa 41

Academic Qualifications

- MSc in Econometrics-University of Manchester (On-ongoing)-England
- BCom in Economics, Finance and Accounting -University of Kwa-Zulu Natal-Durban-South Africa

Primary Strengths and Skills

- Corporate and Investment Banking
- Global Financial Markets
- Accounting and Finance

Year of Appointment

- 2025

Board Committee

- None

Current Employment

- Head Corporate Investment Banking-Stanbic Bank Uganda Limited

Chief Executive, SPL

Spencer Sabiiti[40]

Academic Qualifications
- MBA-Edinburgh Business School-Scotland
- Professional Member of the International Organisation of Health and Safety-United Kingdom
- PGD-Construction Project Management -Makerere University-Uganda
- BSc-Quantity Survey-Makerere University-Uganda

Primary Strengths and Skills
- Valuation and Surveying
- Real Estate Management
- Project Management and Development

Year of Appointment
- 2020

Current Employment
- Chief Executive-Stanbic Properties Limited

Chief Executive, FlyHub

Joel Muhumuza[39]

Academic Qualifications
- MBA-Southern University and A&M College- Louisiana
- BCOM-Finance General-Makerere University-Uganda

Primary Strengths and Skills
- Digital Transformation, Strategy and Innovation
- Digital Financial Services
- Project Management Development

Year of Appointment
- 2021

Current Employment
- Chief Executive-FlyHub Uganda Limited

Chief Executive, SBGS

Grace Semakula[42]

Academic Qualifications
- MBA-University of Warwick-United Kingdom
- Corporate Finance and Strategy-The London School of Economics and Political Science-England
- Chartered Financial Analyst
- BSc-Statistics, Mathematics-Makerere University-Uganda

Primary Strengths and Skills
- Financial Analyst
- Capital and Asset Management
- Stakeholder Relations

Year of Appointment
- 2024

Current Employment
- Chief Executive-SBG Securities Uganda Limited

Chief Executive, SBIL

Catherine Poran[54]

Academic Qualifications
- MBA-Heriot-Watt University Edinburgh-Scotland
- PGD-Business Management-Makerere University Business School-Uganda
- Master of Laws (LL.M.)-Buckingham University-England

Primary Strengths and Skills
- Corporate and Investment Banking
- Strategy Development and Execution
- Legal

Year of Appointment
- 2024

Current Employment
- Chief Executive-Stanbic Business Incubator Limited

SUHL EXECUTIVE COMMITTEE

Francis Karuhanga
Chief Executive SUHL
Joined SUHL: 2024
Joined EXCO: 2024

Rita Kabatunzi
Company Secretary
Joined SUHL: 2020
Joined Exco: 2020

Sophie Achak
Investor Relations and Strategic Projects
Joined SUHL: 2020
Resigned: 2024

Lilian Atwine
Head Finance & Value Management
Joined SUHL: 2023
Joined EXCO: 2023

Spencer Sabiiti
Chief Executive Stanbic Properties Limited
Joined SPL: 2020
Joined EXCO: 2020

Joel Muhumuza
Chief Executive Flyhub Uganda
Joined Flyhub: 2021
Joined Exco: 2021

Catherine Poran
Chief Executive Stanbic Business Incubator
Joined SBIL: 2024
Joined EXCO: 2024

Grace Semakula
Chief Executive SBG Securities Limited
Joined SBGS: 2024
Joined Exco: 2024

Judith Kibuuka
Head Shared Services
Joined SHUL: 2024
Joined Exco: 2024

Elijah Kitaka
Head Strategy
Joined SHUL: 2024
Joined EXCO: 2024

SBUL EXECUTIVE COMMITTEE

Mumba Kenneth Kalifungwa
Chief Executive
Joined the Bank: 2025
Joined EXCO: 2025

Kenneth Kamurasi
Head Internal Audit
Joined the Bank: 2021
Joined Exco: 2021

Samuel Fredrick Mwogeza
Head Personal & Private Banking (PPB)
Joined the Bank: 2010
Joined Exco: 2015

Paul Muganwa
Head Corporate and Investment Banking(CIB)
Joined the Bank: 2014
Joined EXCO: 2021

Sylvia Mulomi
Head, People and Culture (P&C)
Joined the Bank: 2024
Joined EXCO: 2024

Candy Wekesa Okoboi
Head, Legal
Joined the Bank: 2016
Joined Exco: 2016

Gladys Muchae
Country Head, Credit & CIB Uganda
Joined the Bank: 2012
Joined EXCO: 2017
Resigned: 2024

Martin Sekaziga
Chief Risk Officer
Joined the Bank: 2019
Joined Exco: 2019

Barbara Dokoria
Head, Compliance
Joined the Bank: 2003
Joined Exco: 2018

Miriam Naigembe
Head Operations
Joined the Bank: 2013
Joined EXCO: 2014

Ronald Makata
Chief Finance & Value Management Officer
Joined the Bank: 2013
Joined EXCO: 2021

Rita Kabatunzi
Company Secretary
Joined the Bank: 2018
Joined EXCO: 2018

CORPORATE GOVERNANCE STATEMENT

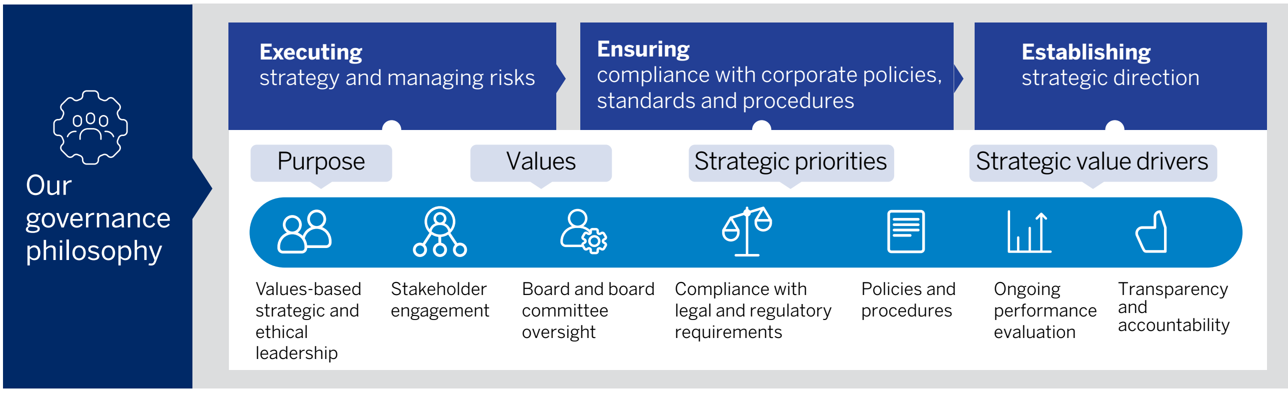
In 2024, the corporate governance landscape continued to evolve with an increased focus on accountability, transparency, and sustainability. In this context, our corporate governance practices remained a cornerstone of board decision-making, fostering a culture of responsible leadership to ensure sustainability and long-term value creation for our stakeholders.

The Corporate Governance Statement outlines the governance framework adopted by Stanbic Uganda Holdings Limited, encompassing Stanbic Bank Uganda Limited—its largest subsidiary—and other beyond-banking subsidiaries, collectively referred to as Stanbic Uganda. Details of the organisational structure are shown on **page 10.** The framework ensures that Stanbic Uganda operates sustainably to the benefit of all stakeholders in line with our purpose, vision and values highlighted on **page 9.** The statement also illustrates how the key principles of good governance were applied throughout the 2024 financial year.

Corporate Governance Approach

Our corporate governance approach emphasises transparency, accountability, and risk management, which are guided by established regulatory and governance frameworks. The Board, therefore, plays a critical role in aligning the organisational goals with stakeholder interests while mitigating risks and ensuring compliance with regulatory standards.

The regulatory and corporate governance frameworks, outlined in the diagram below, shape our approach to governance and ensure the consistent application of best practices across SUHL and its subsidiaries. This is reflected in the numerous accolades and recognitions for outstanding governance at the company and individual non-executive director levels.



Regulatory landscape

In 2024, Uganda's regulatory landscape underwent notable reforms aimed at promoting fair competition, reinforcing the financial sector, enhancing corporate governance, and aligning with international standards.

Key developments included the Financial Institutions (Corporate Governance) Regulations, 2024, which strengthen governance frameworks within financial institutions; the Competition Act, 2023, which seeks to curb anti-competitive behaviour; the Cyber and Technology Risk Management Guidelines, 2024, designed to address emerging digital risks and the Bank of Uganda (BOU) Liquidity Risk Management Guidelines aimed at further enhancing the regulatory oversight and risk resilience across the banking sector. The Capital Markets Authority issued Corporate Governance and Business Conduct Regulations at the end of 2024.

Additionally, the Bank of Uganda issued a draft of the Financial Holding Company Guidelines, which, once adopted, will extend the Bank's regulatory oversight to holding company structures and may necessitate a review of the current operating model. The Board actively participated in consultative meetings with the Bank of Uganda regarding these guidelines and, through Management, will continue to engage constructively to ensure a favourable outcome.

Our ability to anticipate and respond effectively to regulatory changes reflects the agility and strength of our governance framework and structures. The Board remained committed to its oversight role, working collaboratively with Management to implement the necessary systems and procedures to comply fully with applicable legal and regulatory standards.

Regulatory Framework

Insurance Regulatory Authority of Uganda
Uganda Securities Exchange
cma Capital Markets Authority
NITA Uganda
South African Reserve Bank

Our ability to anticipate and respond effectively to regulatory changes reflects the agility and strength of our governance framework and structures.

Subsidiary Governance Framework and Policy Framework

The Standard Bank Group (SBG/Group) has established a Subsidiary Governance Framework designed to provide a consistent approach to governance across all its subsidiaries. The framework is a collective system of practices and guidelines drawn from the corporate governance codes across the jurisdictions in which the Group operates and developed with participation from all subsidiaries.

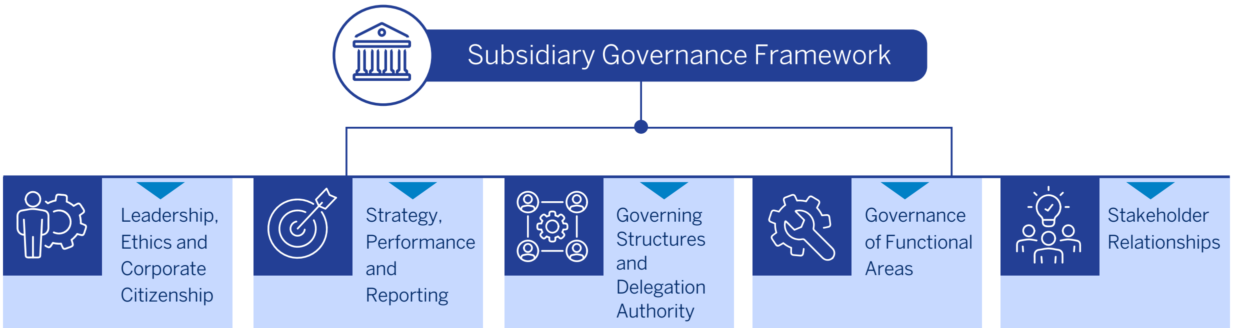
The Subsidiary Governance Framework, aligned with the broader regulatory environment, adopts a principles-based approach to governance by prescribing practices that support its effective embedment across entities. It guides the development of board mandates for each subsidiary—tailored to reflect industry-specific dynamics, organisational maturity, and minimum compliance requirements. The framework also informs the Delegation of Authority framework for Chief Executives, outlining thresholds for capital expenditure, investments, and key strategic decisions.

In defining the appropriate level of oversight and control, the Board remains mindful of maintaining a balance between effective monitoring and enabling business agility. Roles and responsibilities are clearly defined to uphold the separation between governance and management functions.

The embedment of the Subsidiary Governance Framework remained a key focus for the Board in 2024, with particular emphasis placed on strengthening engagement between the majority shareholder and subsidiary boards. This was achieved by convening a Shareholder's Compact, which included in-person engagements between Group leadership—led by the Group Chairman—and the Stanbic Uganda Board. Additionally, SBG hosted the Chairmen's Roundtable in Johannesburg, South Africa, providing an important platform for board chairpersons across the Group to engage on critical matters impacting the broader SBG franchise.

The governance framework is supported by a policy framework comprised of policies adopted by the subsidiaries as relevant and applied according to the articles of association of the respective subsidiaries.

As part of ensuring standard governance practices across all subsidiaries, a governance health dashboard was developed in 2024, which incorporates corporate governance metrics and assesses the overall health of the governance of all subsidiaries, which feeds into the overall country risk rating.



Evolving Role of the Board

The Board plays a pivotal role in upholding strong corporate governance and remains ultimately responsible for its effectiveness, maintaining oversight through the established governance framework. It sets the strategic tone from the top, championing the organisation's core values of integrity, customer centricity, proactive leadership, and a relentless drive for excellence—values equally embraced by management.

In today's rapidly evolving and complex environment, the Board faces an expanded mandate beyond traditional governance. It is increasingly required to navigate diverse and emerging issues such as macroeconomic volatility, the growing significance of ESG and sustainability, the transformative potential of artificial intelligence—particularly generative AI—and accelerating digitalisation.

In response, the Board has adopted a future-focused mindset, recognising that impactful governance is a strategic differentiator. By harnessing diverse skills, insights, and perspectives, the Board aims to convert its collective capabilities into long-term value for the organisation and its stakeholders.

Key Board Considerations During 2024

Strategy Oversight

Throughout 2024, the Board remained steadfast in its role of guiding the organisation with clarity of vision and forward-thinking leadership, helping to navigate a complex operating environment and laying the groundwork for sustainable success. With a clear commitment to being a high-impact, value-creating Board, it offered strategic counsel that aligns with the organisation's competitive priorities. The Board played a critical role in shaping transformation initiatives, supporting management in making agile strategic shifts, and identifying emerging opportunities for growth and innovation.

Board and Executive Management Succession Planning

In 2024, the Board placed strong emphasis on succession planning at both the board and executive leadership levels. This commitment was reflected in the appointment of additional Independent Non-Executive Directors and a Chief Executive and Executive Directors at the banking subsidiary.

To ensure continued effectiveness, the Board conducted a thorough review of its composition, evaluating the relevance of its collective skills, experience, tenure, and diversity. Additionally, a robust succession plan for executive management was established to address current priorities and future leadership needs, ensuring continuity and sustained performance.

Corporate Governance Audit

In 2024, Internal Audit conducted a corporate governance review of the banking subsidiary. The Board closely monitored the remediation of identified areas for improvement, with a strong focus on ensuring effective embedment to prevent recurrence.

By the first quarter of 2025, 85% of the findings had been fully addressed, with the remaining actions progressing well and expected to be completed within the agreed timelines.

Board Effectiveness

The Board conducted an internal evaluation of its board effectiveness in 2024. The results of the effectiveness review indicate that the overall board performance and that of its committees were considered effective. The Board is satisfied that the insights gained from the evaluation process continue to reflect a maturing trajectory in the performance and effectiveness of the Board.

A summary of the findings from the review can be found on **page 117.**

Sustainability Oversight

ESG matters continued to receive significant attention at the board level in 2024, with an emphasis on ethics and conduct and climate-related risks and opportunities. The Board continued to develop and enhance its oversight capabilities and members' skills to remain in a strong position to oversee the sustainability journey.

Read more on our sustainability approach on **page 90.**

The Board, in performing its role, was guided by and reviewed management's performance against the agreed strategic value drivers and key performance indicators highlighted on **page 54.** These ensured adequate tracking and corrective action. The details of the strategic focus for the year are articulated in the Chief Executive's Statement on **page 18.**

The traditional vital responsibilities of the Board remained as follows:

1. Setting the strategic direction and providing entrepreneurial leadership.
2. Approval of budgets and financial statements considering best practices on integrity and accuracy.
3. Setting the organisational values to drive culture and ethics and oversee the implementation of the company vision, mission, strategic objectives and corporate values.
4. Review and approval of policies for appropriateness to the business.
5. Appointment and setting the remuneration for executive management.
6. Ensuring an effective risk management system and a robust internal control environment.
7. Ensuring requisite financial and human resources are in place for the company to meet it's obligations.
8. Recommendations to the shareholders director appointments and remuneration.
9. Monitoring the implementation of strategy and tracks performance against agreed strategic value driver.

Board Composition

With extensive collective experience across various industries and disciplines, our board members offer invaluable insights, critical analysis and innovative perspectives.

To effectively oversee strategic execution, the Board in 2024 prioritised appointing directors with skills and experience in international and core banking, digital transformation, and audit at the holding company and banking subsidiary. Additional attributes considered in the director recruitment included independent judgement, critical thinking, emotional intelligence, and a collaborative spirit, qualities crucial for stimulating constructive challenge, enabling informed decision-making, and ensuring strong and balanced oversight.

The composition of the Board is reviewed annually to assess the appropriateness of members' skills, experience, tenure, independence, and diversity. This ensures that each Board within Stanbic Uganda functions effectively. A majority of directors on the holding company, Bank & SBG Securities boards, are independent, and all subsidiaries comply with the requirement for boards to be predominantly composed of non-executive directors. The size of each Board is appropriately structured to support the effective execution of responsibilities, including those at the committee level.

GENDER DIVERSITY

30%

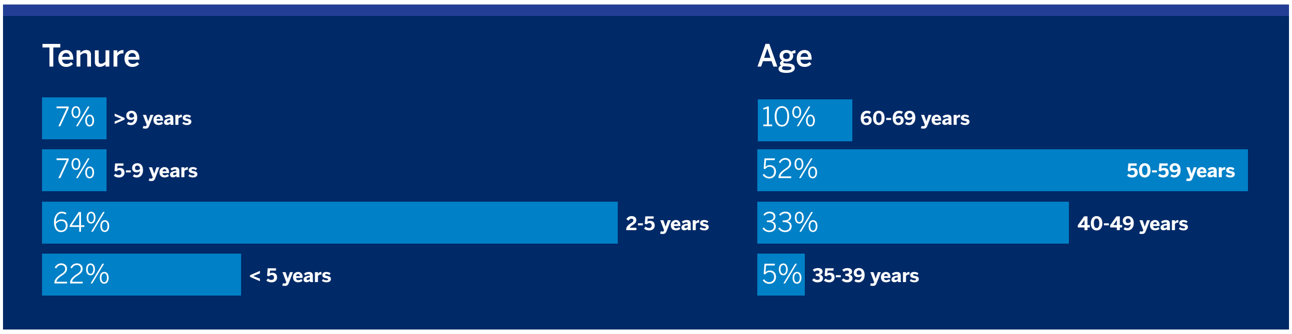
The Board exemplified gender diversity, featuring a remarkable representation of women.

This composition ensures a balanced distribution of authority, preventing any individual or Group from dominating discussions or decision-making processes.

The Board demonstrates gender diversity with 30% female representation. This, along with a broad range of skills, has contributed to strategic innovation and the development of sustainable solutions for the organisation.

The Board's collective experience reflects a balanced mix of skills, demographics, gender, nationalities, and tenure—enabling it to effectively and objectively fulfil its governance responsibilities. The board size is considered appropriate and takes into account succession planning, including anticipated retirements and the strategic replacement of skills.

Using the board skills matrix as a guide, a proactive approach is taken to onboard critical technical competencies, ensuring committees and leadership roles are adequately equipped.



The Board of Directors posed for a group photo with members of Management during a farewell dinner held in honour of the outgoing Director, Mr. Robert Busuulwa. The occasion marked a moment of appreciation for Mr. Busuulwa's dedicated service and valuable contributions to the Board over the years.

Board Changes

In accordance with our Articles of Association and corporate governance best practices, the Board has implemented a staggered rotation approach. This strategy enhances board effectiveness by introducing fresh expertise and perspectives while preserving institutional knowledge, experience, and continuity. Each year, one-third of the non-executive directors are subject to retirement or rotation, with the possibility of re-election by shareholders.

The director recruitment and succession policy guide the selection process when board vacancies arise. Candidate identification is informed by the director skills matrix, ensuring alignment with the Board's current and future needs. Shortlisted candidates undergo interviews and are recommended for approval by the Board through the Board Nomination Committee. Final appointments are confirmed at the Annual General Meeting.

In compliance with the Financial Institutions Act, all nominees for appointment to the Bank's Board are subject to regulatory 'fit and proper checks,' which was updated in 2022. This assessment ensures that candidates possess the necessary competence and capacity to carry out their responsibilities effectively.

The succession policy, skills matrix, and board rotation schedule guided several key Board changes during the year. Mr. Robert Busuulwa, who was due for rotation, opted not to stand for re-election. Consequently, Mr. Norbert Kagoro was appointed to the holding company board as the Board Audit Committee Chairman. Mrs. Elizabeth K. Ntege also resigned from the banking subsidiary board to focus on other commitments.

At the executive director level, the Board appointed Mr. Mumba Kalifungwa as the Bank's Chief Executive in place of Ms. Anne Juuko. Furthermore, Mr. Samuel F. Mwogeza and Mr. Paul Muganwa were appointed Executive Directors. Ms. Emma Mugisha resigned from her role to pursue opportunities outside the Group.

Within the beyond banking subsidiaries, Dr. John Muhumuza Kakitahi was appointed to the Board of Stanbic Properties Limited and currently serves as Board Chairman. Ms. Catherine Poran assumed the role of Chief Executive at Stanbic Business Incubator, succeeding Mr. Tony Otoa, who resigned to pursue external opportunities. Mr. Hasan Khan stepped down from the Board of Flyhub Uganda Limited to focus on other responsibilities within the Group.

The holding company board continues to actively oversee succession planning across the organisation, making appropriate appointment recommendations to subsidiary boards to the extent applicable. The Board remains committed to promoting diversity and inclusion within its succession strategy. This includes initiatives to develop and support emerging women leaders, attract directors from younger demographics, and strengthen the executive talent pipeline. Ongoing development efforts aim to enhance leadership quality and prepare the next generation of leaders across the Group.

Continuous Board Development and Director Induction

The Board remains committed to being a learning-oriented body, continuously enriching its perspectives and decision-making through knowledge gained from both internal and external sources. This commitment to ongoing learning ensures that the Board stays well-informed and responsive to the evolving business environment.

At Stanbic, board development is viewed as a strategic enabler to achieving our goals rather than a compliance-driven exercise. A blended approach has been adopted—combining learning from local and international experts to enhance effective oversight expertise within board committees aligned to specific mandates and emerging areas such as artificial intelligence, sustainability, climate risk and geopolitical and economic outlook.

A practical, hands-on learning approach—drawing on insights from subject matter external and internal experts—has proven particularly valuable. This direct engagement enriches boardroom discussions by incorporating the perspectives of key stakeholders, including customers and regulators. As a result, board conversations have become more insightful, debates more robust, and decision-making more informed and impactful.

While formal Board meetings remain central to governance, the Board also recognises the value of engagement beyond the boardroom. Informal sessions and focused deep dives into specific issues are leveraged to foster collaboration between Board members and management. These sessions enable the Board to apply its collective expertise to address emerging risks, build capabilities in core areas, and support organisational growth. The Board maintains a clear understanding of its oversight role, adhering to the "eyes-in, hands-out" governance principle.

Ongoing development initiatives have enhanced board awareness of key trends, sharpened relevant skills, and provided the insight necessary for effective oversight. The 2024 development program was informed by director feedback during the external board evaluation, input shared in board discussions and individual director development needs.

During the year, the Board appointed Mr. Kalifungwa Mumba Kenneth as the Bank Chief Executive.

Topics covered during the year included, among others

Global Markets Economic Forum	The Financial Fraud Forum	Environmental, Social & Governance (ESG), Climate Risk & Sustainable Financing	Enabling Agility and Digital Transformation
Governance, Business Resilience & the Regulatory Landscape	Boardroom Masterclass: Talent Acquisition, Retention & Separation	Financial Intelligence Authority workshop on Anti-Money Laundering and Counter-Terrorism Financing	Non-Executive Directors Board Series on the Rising Tax Burden
Masterclass on Digital Transformation & Maximising value	Standard Bank Group Climate Summit: Africa's Transition to Net-Zero	Bank of Uganda Corporate Governance and Anti-Money Laundering Workshop	Strategy and the Role of the Board

In addition to participating in various workshops and seminars, the directors undertook internationally accredited online courses offered by the Corporate Governance Institute (UK). These courses covered a range of pertinent topics, including the role of the Board in shaping organisational culture, ESG responsibilities for directors, corporate governance architecture, digital transformation, cybersecurity, and fundamentals of risk management, among others.

The Board also continued to engage in joint regional development sessions alongside directors from Stanbic Kenya, Tanzania, and Malawi. These collaborative sessions enabled peer-to-peer learning and the exchange of insights, enhancing the Board's understanding of cross-border governance matters and deepening regional perspectives on emerging trends and shared challenges.

Newly appointed directors participated in a comprehensive induction programme designed to familiarise them with the organisation's operations and governance environment. The programme included site visits, stakeholder engagements with customers, shareholders, employees, and regulators, and one-on-one meetings with fellow Board members and executive management.

Each new director also received a detailed induction pack containing key governance materials such as the memorandum and articles of association, governance framework, Board and Committee charters, organisational structure, significant reports, and relevant legislation and policies. The remaining components of the induction programme were tailored to meet each director's specific needs, ensuring a well-rounded and relevant onboarding experience.

Board Evaluation

The Board ensures that the evaluation of its performance—along with that of its committees, the Chair, and individual members—serves as a tool for continuous improvement, strengthening overall effectiveness and governance outcomes.

The annual Board evaluation exercise is an important mechanism for fostering accountability and transparency within the Board. It provides a structured opportunity to assess the Board's effectiveness in fulfilling its governance responsibilities. In line with its mandate, the Board is required to undertake an external evaluation at least once every three years to ensure objectivity and independence in the review of its performance—covering the Board as a whole, its committees, and individual directors. Accordingly, the 2023 Board evaluation was facilitated by an external corporate governance expert, while the 2024 evaluation was internally facilitated.

Key areas in the 2024 review included:

- Strategy focus, priorities and overall effectiveness.
- Board structure and composition
- Board role and responsibilities
- Key Board functions and processes
- Board dynamics
- Effectiveness of the Board committees and individual Directors.

The results of the 2024 Board evaluation showed that the overall performance of the Board and its committees was effective. The Board demonstrated a strong understanding of its governance responsibilities and clarity on the key issues that may impact its effectiveness. The findings and recommendations from the evaluation informed a 2025 board evaluation action plan, which is reviewed quarterly to monitor progress and ensure timely resolution of identified areas for improvement.

Notably, several key areas identified in the previous evaluation were successfully addressed in 2024. This included strengthening succession planning for both the Board and executive management, deepening engagement with key stakeholders, enhancing strategic board reporting, and developing more tailored Board development sessions to meet the evolving needs.

Summary of the Board and Committee Evaluation Process:

Board Meetings

Board meetings are central to enabling board effectiveness by serving as a strategic platform for forward-looking engagement. While retrospective analysis during the meetings supports accountability and learning, the Board's ability to anticipate, adapt, and guide the organisation's direction truly defines its impact. To this end, the structure and content of board meetings are deliberately designed to prioritise future-oriented discussions—ensuring that agendas, reports, and deliberations provide strategic foresight and enable timely, informed decision-making. Through this approach, the Board reinforces its commitment to proactive governance and its role in shaping the organisation's long-term success.

Reports and discussions during the board meetings are expected to offer insights into evolving trends within the business, industry, risk landscape, and emerging opportunities central to providing effective oversight and strategic guidance to Management. Board decisions are made through consensus, following robust discussion and debate. Where additional input or clarification is required, decisions may be deferred to allow Management to conduct further consultation. An action log is maintained and regularly updated to ensure accountability, with progress reviewed at each Board meeting.

The Board while remaining actively engaged, is mindful of its governance role and consciously avoids involvement in day-to-day operations. This balance supports strategic focus while allowing Management the autonomy to execute effectively.

Key standing items on the Board agenda included updates on implementing the corporate strategy, succession planning, talent management, regulatory developments, sustainability initiatives, geopolitical and macro-economic trends, and developments in digital transformation.

The Board continued to adopt a predominantly in-person model for its meetings while accommodating virtual attendance where necessary. This flexible approach enabled directors to participate in the majority of meetings, as reflected in Tables 1 and 2 below. The Board maintained a clear focus on strategic and governance matters requiring its attention. Agendas for both Board and committee meetings were reviewed quarterly to ensure sustained attention on long-term priorities with potential impact on the company's performance and sustainability.

To support effective preparation and engagement, management reports are circulated electronically at least five days prior to each meeting. In addition, deliberate efforts are made to equip Board and Committee Chairpersons with the insights they need to lead meetings effectively. Following the circulation of Board papers, Chairpersons hold preparatory sessions with the relevant reporting managers to explore key matters and identify areas requiring deeper deliberation. These sessions enhance the Chairpersons' ability to guide focused and productive discussions, helping elevate important issues during meetings.

The board meeting agenda also includes closed-door sessions for Non-Executive Directors led by the Board Chairman. These sessions offer a confidential forum for peer-to-peer dialogue and an opportunity to raise sensitive matters not suitable for discussion in the presence of executive management. Feedback from these sessions is shared with the Chief Executive by the Board Chairman, helping to ensure alignment and continued improvement in governance practices.

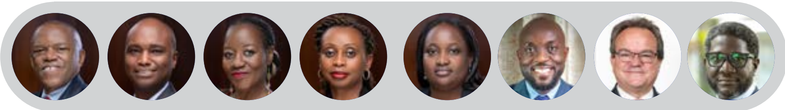
Table 1: Stanbic Uganda Holdings Limited Board and Committee Meetings and Attendance in 2024

1. 2. 3. 4. 5. 6.

	Q1			Q2			Q3			Q4			Strategy Retreat
	February 28th & 29th			May 29th & 30th			August 14th & 15th			October 30th & 31st			7 December
Name Of Director	**BARC**	**BNRC**	**Board**	**BARC**	**BNRC**	**Board**	**BARC**	**BNRC**	**Board**	**BARC**	**BNRC**	**Board**	**Board**
1. Baker Magunda	NA	√	√	NA	√	√	NA	√	√	NA	√	√	√
2. Yinka Sanni	NA	√	√	NA	√	√	NA	√	√	NA	√	√	√
3. Agnes Asiimwe Konde	√	√	√	√	√	√	√	√	√	√	√	√	√
4. Mona Muguma Ssebuliba	√	NA	√	A	NA	A	√	NA	√	√	NA	√	√
5. Norbert Kagoro	NA	NA	NA	NA	NA	NA	√	NA	√	√	NA	√	√
6. Francis Karuhanga	NA	√	√	NA	NA	√	NA	NA	√	NA	NA	√	√

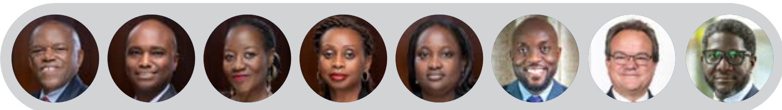
√=Attendance **A**=Absent with Apology **NA**=Not Applicable **BARC**-Board Audit and Risk Committee, **BNRC**-Board Nomination and Remuneration Committee

Table 2: Stanbic Bank Uganda Limited Board and Committee Meetings and Attendance in 2024



1. 2. 3. 4. 5. 6. 7. 8.

	Q1							Q2						
	February 26th & 28th							May 15th & 29th						
Name of Director	**BPCC**	**BAC**	**BCC**	**BRMC**	**BALCO**	**BTIC**	**BOARD**	**BPCC**	**BAC**	**BCC**	**BRMC**	**BALCO**	**BEIC**	**BOARD**
1. Damoni Kitabire	NA	NA	NA	NA	NA	NA	√	NA	NA	NA	NA	NA	NA	√
2. Patrick Mweheire	√	NA	√	√	NA	NA	√	A	NA	√	√	NA	NA	√
3. Eva G. Kavuma	√	A	NA	NA	NA	NA	√	√	√	NA	NA	NA	√	√
4. Josepha T. Ndamira	NA	√	NA	√	NA	NA	A	NA	√	√	√	NA	NA	√
5. Kim Kamarebe	NA	NA	√	NA	√	√	√	NA	NA	NA	NA	√	A	A
6. Kenneth P. Ogwang	NA	√	NA	√	NA	√	√	√	√	NA	√	NA	√	√
7. Guido Haller	NA	NA	√	√	√	NA	√	NA	NA	√	√	√	NA	√
8. Samuel F. Mwogeza	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	√



1. 2. 3. 4. 5. 6. 7. 8.

	Q3							Q4							Strategy Retreat
	August 12th & 14th							October 27th & 30th							7 December
Name of Director	**BPCC**	**BAC**	**BCC**	**BRMC**	**BALCO**	**BTIC**	**BOARD**	**BPCC**	**BAC**	**BCC**	**BRMC**	**BALCO**	**BTIC**	**BOARD**	**BOARD**
1. Damoni Kitabire	NA	NA	NA	NA	NA	NA	√	NA	NA	NA	NA	NA	NA	√	√
2. Patrick Mweheire	√	NA	√	√	NA	NA	√	√	NA	√	√	NA	NA	√	√
3. Eva G. Kavuma	√	√	NA	NA	NA	NA	√	√	√	NA	NA	NA	NA	√	√
4. Josepha T. Ndamira	√	√	NA	√	NA	NA	√	√	√	NA	√	NA	NA	√	√
5. Kim Kamarebe	NA	NA	√	NA	√	√	√	NA	NA	√	NA	√	√	√	√
6. Kenneth P. Ogwang	NA	√	NA	√	NA	√	√	NA	√	NA	√	NA	√	√	√
7. Guido Haller	NA	NA	√	√	√	NA	√	NA	NA	√	√	√	NA	√	√
8. Samuel F. Mwogeza	NA	NA	NA	NA	√	√	√	NA	NA	NA	NA	√	√	√	√

√=Attendance, **A**=Apology **NA**=Not Applicable **BAC**-Board Audit Committee **BRMC**-Board Risk Management Committee **BPCC**-Board People and Culture **BCC**-Board Credit Committee **BALCO**-Board Asset and Liability Management Committee **BTIC**-Board Technology and Innovation Committee

Stakeholder centricity

Creating value for stakeholders is not only the right thing to do but also good business. It builds societal capital, and enhances our legitimacy to operate. Our stakeholders are central to our ability to deliver on our strategic priorities and our overarching purpose of driving Uganda's growth.

2024 AGM

300 shareholders

1000 participants

The Board has embraced a long-term view of the business, acknowledging that while profitability remains important, the ultimate objective is sustainable and inclusive success. This perspective underpins our stakeholder engagement strategy, which is elaborated in the Our Stakeholders and Material Issues section on **page 28.**

Throughout the year, the Board remained actively engaged with stakeholders, reinforcing our commitment to creating shared value and fostering inclusive development. Notable initiatives included our flagship Corporate Social Investment programme—the Stanbic National Schools Championship, which equips youth with essential life and business skills—and a strategic collaboration with the Ministry of Health through the Safe Motherhood Initiative, which involved the donation of critical maternal health equipment to facilities across the country.

Below are pictorial highlights of some of the stakeholder engagements attended by Board members during the year:

1

2

3

4

1. Stanbic Bank Board Chairman, Mr. Damoni Kitabire, Executive Director, Mr. Samuel F. Mwogeza, and staff members donated maternal health equipment to Adjumani Hospital as part of the Bank's Safe Motherhood Initiative. This initiative has positively impacted over 43 health facilities nationwide, reinforcing Stanbic's commitment to improving maternal healthcare in Uganda.

2. Members of the Board of SBG Securities led by the Chairperson, Mrs. Agnes A. Konde (extreme right), joined in a celebratory toast during the launch of the Stanbic Unit Trust, marking a significant milestone in expanding the Group's investment solutions boosting financial inclusion in the Ugandan market.

3. Members of the Board, Management, and staff pose for a photo with customers, local political and religious leaders, and security representatives during the re-opening of the Stanbic Bank Gulu Branch following its redevelopment by Stanbic Properties Limited. The upgraded branch underscores Stanbic's commitment to enhancing customer experience and supporting regional growth.

4. The Board Chairman of Stanbic Uganda Holdings Limited and Stanbic Bank Uganda Limited joined outgoing and newly appointed members of Executive Management, along with Middle Management, in cutting a cake to celebrate their outstanding service and contributions to the organisation.

Relationship with shareholders

The Board of Directors oversees the business on behalf of shareholders and ultimately remains accountable to them; therefore, fostering meaningful shareholder engagement is a critical priority.

An integral aspect of governing stakeholder relationships is ensuring that shareholder voices are heard, acknowledged, and factored into decision-making. Constructive engagement with our shareholders enhances the organisation's reputation and reinforces confidence in the Board's governance and strategic oversight.

The Annual General Meeting (AGM) serves as a key platform for the Board to engage directly with shareholders and demonstrate accountability. The 2024 AGM was held in a hybrid format, attracting over 300 shareholders in person and more than 1,000 participants online. This forum provided an invaluable opportunity for shareholders to interact with Board members and executive management, both formally during the meeting and informally over a luncheon that followed—further strengthening trust and transparency in our leadership.

Shareholders who opted to attend the AGM virtually were able to participate fully in viewing proceedings, asking questions, and voting in real-time via the AGM platform. The Chairman of the meeting, members of the Board, the Chief Executives, the Chief Finance and Value Management Officer, and executive management were all present to respond to shareholder queries. The AGM provided an essential forum for shareholders to exercise their rights and make key decisions that support the company's governance, management, and continued operational effectiveness.

In preparation for the Annual General Meeting, Stanbic Uganda Holdings Limited undertook a proactive shareholder data validation and clean-up exercise. This initiative aimed to enhance shareholder participation by ensuring accurate records, resolving outstanding dividend claims, and promoting the immobilisation of shares in accordance with guidelines from the Uganda Securities Exchange.

To further strengthen engagement, the company hosted a series of investor briefings following the release of the audited financial statements. These sessions, led by the Chief Executive and senior management, provided shareholders with a detailed review of the Group's financial performance and strategic direction for the upcoming year. Shareholders were encouraged to share their views on the company's performance and outlook.

As part of its commitment to strengthening relationships with its majority shareholder, the Board of Directors hosted the leadership of Standard Bank Group (SBG)—led by the Group Chairman, Ms. Nonkululeko Nyembezi—for a strategic engagement referred to as the Shareholder Compact. This initiative was designed to enhance alignment and deepen engagement between the Group and the Stanbic Uganda Board.

This engagement was followed by the SBG Chairmen's Roundtable held in Johannesburg, South Africa, which brought together board chairpersons across Africa. The forum provided a valuable platform to discuss key issues affecting the broader Standard Bank Group franchise, fostering collaboration and shared perspectives on strategic and governance priorities.

The various engagement efforts reflect the Board's ongoing commitment to transparency, accountability, and inclusive communication, ensuring that shareholders remain informed and actively involved in the company's governance.

The Stanbic Uganda Board of Directors successfully convened the 2024 Annual General Meeting (AGM), with strong attendance from retail shareholders.

The Board of Directors engagement with the Standard Bank Group Leadership team led by the Group Board Chairman, Ms. Nonkululeko Nyembezi (seated in the center), Group Chief Executive, Mr. Sim Tshabalala (seated, third on the left,) and the Africa Regions Chief Executive Mr. Yinka Sanni (seated, second on the right) Also in attendance were the Board Chairperson and Chief Executive for Stanbic Bank, Democratic Republic of Congo.

Stanbic Uganda Holdings Limited Chief Executive, Mr. Francis Karuhanga (first on the left) and Stanbic Bank Board Chairman, Mr. Damoni Kitabire (middle), welcome the Head Commercial Banking, Bank of Uganda, Mr. Hannington Wasswa, to the 2023 Stanbic Uganda Holdings annual results release. The event marked a significant moment of high-level stakeholder engagement and transparency in sharing the Group's performance and outlook.

Members of the Board, Management and Shareholders share a light moment at the 2024 annual general meeting.

Dividend

In recognition of the commendable performance in 2024—and aligned with our commitment to creating value and delivering sustainable, superior returns—Stanbic Uganda Holdings Limited declared a 7.1% dividend increase, amounting to UShs 300 billion for the fiscal year. This included an interim dividend of UShs 140 billion, which was paid to shareholders earlier in the year.

As a final dividend, the Board has recommended the payment of UShs 3.13 per share, amounting to UShs 160 billion, for the financial year ending 31 December 2024. This recommendation will be presented to shareholders for approval at the Annual General Meeting (AGM) scheduled for 30 May 2025. Subject to shareholder approval, the final dividend will be paid in accordance with the timelines communicated by the company.

Further details on our financial performance and the upcoming AGM are on **pages 146 to 247** and **page 251** respectively.

Shareholders with unclaimed dividend payments are encouraged to contact the company's share registrars, C&R Group, via email or telephone. Contact details can be found in the Company Information section on **page 260.** In addition, shareholders who still hold shares in physical certificate form are urged to migrate to the electronic system managed by the Uganda Securities Exchange (USE). To do so, they may contact a licensed stockbroker or C&R Group for guidance and support with the dematerialisation process.

Ethics and Organisational Integrity

In today's corporate landscape, which is marked by increasing scrutiny, modern boards are called upon to prioritise the monitoring of organisational culture. This oversight must be approached through a behavioural/people and culture lens and risk management perspective. Culture plays a pivotal role in shaping strategy, driving performance, influencing long-term success, strengthening brand equity, and building stakeholder trust.

How we relate with **clients, partners, regulators, and broader society.**

Recognising the critical importance of ethics and integrity, the Board has elevated its focus on cultural oversight across all entities within the Group. This emphasis has become particularly pertinent in light of the rising incidences of fraud within the financial services industry, underscoring the need for innovative, proactive, and multi-dimensional approaches to monitoring and shaping culture.

The Board and executive management set the tone from the top by fostering a culture rooted in ethics and integrity. This includes treating customers fairly, delivering positive client outcomes, acting responsibly, and consistently doing the right business the right way. Robust governance structures are in place to ensure effective Board oversight of organisational conduct and culture.

In 2024, the Board reviewed and approved the revised code of ethics adopted across Standard Bank Group, with particular emphasis on strengthening adherence to our values, code of ethics, and standards of conduct—areas overseen by the Board People and Culture Committee.

Our code of ethics is designed to empower employees at all levels to make sound decisions guided by clearly defined ethical principles. It reinforces our commitment to responsible business practices as a leading player in the financial services sector, shaping how we interact with clients, partners, regulators, and broader society. The code elaborates on the Standard Bank Group's values, provides practical, values-based decision-making guidance, and is fully aligned with internal policies, applicable laws, and industry regulations.

The code of ethics clearly outlines acceptable and unacceptable behaviours, making ethical breaches easier to identify while promoting awareness and sensitivity to ethical considerations across the organisation. It underscores every employee's responsibility to uphold an ethical culture, including the duty to report misconduct, assurance of protection for whistleblowers, and access to confidential reporting channels. These provisions are actively communicated through the intranet and internal compliance communications.

Ethics and conduct training are embedded in induction programmes and ongoing staff development. Employees are periodically assessed on their understanding of ethical standards, with additional training required for those who do not meet the minimum threshold.

Ethical incidents may be reported through multiple channels, including the dedicated ethics and fraud hotlines, line managers, the People and Culture department, and the Risk and Compliance teams. During the reporting period, most fraud-related incidents and people-related concerns were effectively managed as part of the broader risk management framework. In response, the company reviewed and strengthened its conduct-related policies and disciplinary protocols to prevent recurrence. Oversight and implementation of these efforts ultimately rest with the Chief Executive.

Conflict of interest

The subsidiary governance framework and Board mandate provide clear and detailed procedures for managing directors' conflicts of interest. These include a standing agenda item at all Board and committee meetings for the disclosure of any actual or potential conflicts, mandatory declarations prior to appointment, ongoing disclosures as conflicts arise, and an annual declaration of interests.

All declared interests are recorded in a register maintained by the Company Secretary. Directors are expected to avoid situations that could compromise their objectivity or hinder them from acting in the best interests of Stanbic Uganda. Where a conflict exists, directors are recused from participating in related discussions or decisions.

In exceptional cases—where a conflicted director possesses unique expertise relevant to the matter under consideration—the Board may permit them to provide input solely for informational purposes. However, they will not take part in the deliberation or decision-making process.

Conflicts of interest may include direct and indirect interests, such as external directorships, fiduciary roles, or shareholdings in other entities. If a conflict is deemed to significantly impair a director's ability to fulfil their fiduciary duties or risks reputational harm to Stanbic Uganda, the director may be required to step down from their role.

Dealing in Securities

The Personal Account and Insider Trading policies are regularly reviewed to ensure robust controls are in place to prevent improper trading activity. These policies strictly prohibit employees and directors from trading in company securities during designated closed periods—specifically from 1 June until the publication of interim results and from 1 December until the publication of full-year results.

Additional closed periods may be imposed at any time when employees or directors are in possession of price-sensitive information. Ongoing compliance with these policies is actively monitored to uphold market integrity and protect stakeholder trust.

Going Concern

The Directors have sufficient reason to believe that the company has adequate resources to continue operating as a going concern.

Company Secretary

The Governance function, led by the Company Secretary, operates as a shared service across the holding company and all its subsidiaries. This structure has strengthened information flow, harmonised corporate governance practices, and streamlined processes in alignment with the subsidiary governance framework.

The Company Secretary plays a pivotal role in supporting the Boards, ensuring they remain fully aware of their fiduciary duties and responsibilities. Beyond guiding the Board in fulfilling its mandate, the Company Secretary keeps directors informed of developments in governance best practices and relevant legislative changes. All directors have unrestricted access to the services and support of the Company Secretary to ensure they are equipped with timely and accurate information for effective decision-making.

Delegation of Authority (DOA)

From a shareholder perspective, the primary role of the Board of Directors is to represent shareholders' interests and ensure the company is managed in a way that delivers sustainable value. To effectively fulfil this mandate, the Board operates within a clearly defined Delegation of Authority Framework, through which it delegates certain responsibilities to management while retaining overall oversight. This delegation is governed by specific terms of reference and supported by structured accountability mechanisms, including quarterly reports to the Board and regular updates through digital channels between meetings.

Recognising the different maturity levels of the businesses within the Group, the Holding Company Board retains authority over critical matters concerning the "beyond banking" subsidiaries. These include the recruitment and appointment of executives and the approval of key strategic decisions and capital investments.

In line with standard holding company governance practices, the Board allocates its time and attention based on the relative contribution of each subsidiary to the Group's overall performance. The Bank subsidiary operates under a ring-fenced governance structure, in full compliance with Bank of Uganda regulations, with decision-making authority vested in its dedicated Board.

The day-to-day operations and affairs of the company are delegated to the Chief Executive, who further cascades authority as appropriate to ensure a balance between effective control and agile, flat structures that support swift decision-making. The Delegation of Authority (DOA) Framework guides management in the exercise of these powers, providing clearly defined thresholds for decision-making across different levels. This framework is reviewed annually to ensure its relevance and alignment with the company's evolving needs. An Executive Committee Mandate supports compliance with the DOA and ensures operations are conducted within the defined boundaries.

Oversight of adherence to authority limits is jointly managed by the Head Finance and Value Management and and the Company Secretary. The Chief Executive remains ultimately accountable to the Board for the effective implementation of the DOA.

Delegation of authority at both the Board Committee and management levels has enabled the strategic deployment of expertise across key functions. This ensures that critical areas are well-resourced and led by competent professionals, allowing the Board to focus on matters reserved for its decision-making. Furthermore, this structure has strengthened succession planning by affording Executive Management opportunities to develop essential technical competencies and leadership experience.

Board Committees

In alignment with regulatory requirements and corporate governance best practices, the Board operates through a structured system of committees. This framework enhances the Board's overall effectiveness by enabling a deeper, more focused approach to key technical and strategic areas of the business.

The committee structure allows the full Board to prioritise high-level oversight and strategic decision-making while ensuring that complex, technical matters are thoroughly considered by directors with the appropriate expertise and experience. Each Board committee convenes at least once every quarter to review, discuss, and evaluate management reports and other key matters within its remit. Following these meetings, committee chairpersons present comprehensive reports to the full Board, highlighting significant deliberations and submitting recommendations for Board consideration and approval, as appropriate.

A. Stanbic Uganda Holdings Limited

In alignment with the Capital Markets Authority Corporate Governance Guidelines and owing to the holding company's non-operating nature, the Board maintains only two committees, namely the Board Audit and Risk Committee and the Board Nomination and Remuneration Committee

Board Audit & Risk Committee	**Committee Purpose** Ensures that Management has established appropriate, robust internal control and risk management systems, processes and procedures.
Board Nomination & Remuneration Committee	**Committee Purpose** Responsible for proposing new nominees to the Board, reviewing the board composition and recommending to the Board for approval the remuneration of non-executive directors and executive/ senior management

BOARD AUDIT AND RISK COMMITTEE

Committee Composition	• Chaired by an independent non-executive director • Comprised of only independent non-executive directors • Chief Executive and Members of Management are invitees
Skills & Experience	• Audit and Accounting • Financial analysis and reporting • Risk Management and Controls • Corporate Governance and Regulation

The Committee is composed exclusively of independent Non-Executive Directors. To preserve its objectivity, the Audit and Risk Committee Chairperson does not serve on any other Board committee.

The Committee supports the Board in fulfilling its oversight responsibilities relating to developing and maintaining effective internal control systems, safeguarding company assets, and the integrity of financial reporting. It reviews the company's financial position and recommends key financial matters, internal controls, and risk management specific to the holding company to the Board. Its responsibilities also include evaluating the effectiveness and integrity of the company's accounting, financial compliance, and control systems.

The BARC convened quarterly to oversee audit and risk-related matters across Stanbic Uganda Holdings Limited and its beyond-banking subsidiaries. In response to an increased inherent risk profile, the Committee reviewed internal audit findings and risk management reports, with particular focus on the effectiveness of mitigation measures and the resilience of the internal financial control environment amid a challenging operating landscape.

As part of its oversight role, the BARC recommended the Board's approval of the Risk Appetite Statement. This ensured that the risks the organisation is willing to undertake are clearly defined, aligned with strategic objectives, and consistent with the Board's fiduciary responsibilities to all stakeholders—promoting transparency and consistency in risk governance.

From a financial reporting perspective, the Committee reviewed quarterly reports highlighting key financial accounting and external reporting matters that could significantly impact the organisation. It assessed their implications on financial statements and disclosures and received periodic updates on developments in International Financial Reporting Standards (IFRS) to ensure continued compliance and best practice.

The Committee also reviewed the quality and integrity of the interim and annual financial statements. It was satisfied that the appropriate accounting principles had been applied in accordance with International Financial Reporting Standards (IFRS) and that the disclosures were clear, comprehensive, and well-contextualised, in compliance with the Financial Institutions Act and the Uganda Securities Exchange Limited requirements. Following this review, the Committee recommended the financial results to the Board for approval, including proposals for the payment of the 2024 interim and final dividends.

In addition, the Committee oversees the relationship between the external auditor and the company. Its responsibilities include providing annual reports to the Board, making recommendations on the appointment or reappointment of external auditors, and annually assessing and reporting to the Board on the auditors' qualifications, expertise, and independence. The Committee also evaluates the effectiveness of the external audit process and advises the Board on whether to propose the reappointment of the external auditors to the shareholders.

Development sessions completed in 2024 to support the Committee's effectiveness included Key Strategies for the Success of Board Audit Committees and Corporate Culture, participation in the Annual National Institute of Internal Auditors Board Audit Committee Workshop, a focused session on Fraud and Conduct Risk Management, as well as roundtable discussions with Board Audit Committee Chairpersons from other East African countries within the Group.

NOMINATION AND REMUNERATION COMMITTEE

Committee Composition	• Chaired by an independent non-executive director • Comprised of only independent non-executive directors • Chief Executive & Members of Management are invitees	This Committee is composed primarily of independent Non-Executive Directors and is chaired by the Board Chairperson. It is responsible for proposing new Board nominees, reviewing Board composition, and recommending the remuneration of Non-Executive Directors and executive and senior management for Board approval. Its mandate extends to Stanbic Uganda Holdings Limited and all its subsidiaries, subject to alignment with any subsidiary-specific regulatory or statutory requirements. In discharging its responsibilities, the Committee focused on several key areas during the year under review. These included interviewing and recommending to the Board for approval the appointment of the Chief Executives for SBG Securities and Stanbic Business Incubator, as well as the nomination of Independent Non-Executive Directors to the Boards of Stanbic Uganda Holdings Limited and Stanbic Properties. Additionally, the Committee reviewed the revised operating model, the Board and management remuneration proposals, performance evaluations, and succession plans.
Skills & Experience	• Corporate Governance & Regulation • Culture/ Conduct /Ethics • Remuneration/ Reward	

B. Stanbic Bank

During the reporting year, the Bank operated with six standing committees: Audit, Risk Management, Credit, People and Culture, Asset and Liability, and Technology and Innovation. Following board changes during the year, the composition of these committees was reviewed to ensure alignment with the skills and expertise of the respective directors. The information presented on each Committee reflects their composition and activities during the year under review.

BOARD COMMITTEES

BOARD AUDIT COMMITTEE	**Board Audit Committee** Ensures that Management has created and mantained an effective control environment in the organisation that demonstrates and stimulates the necessary structure amongst all parties.
BOARD RISK MANAGEMENT COMMITTEE	**Board Risk Management Committee** Reviews and assesses the integrity of the risk control systems and ensures that risk policies and strategies are effectively identified, managed and monitored in order to contribute to a climate of discipline and control.
BOARD CREDIT COMMITTEE	**Board Credit Committee** Ensures that effective credit governance is in place to provide for the adequate management, measurement, monitoring and control of credit risk.
BOARD ASSET and LIABILITY COMMITTEE	**Board Asset & Liability Committee** Oversees all matters relating to liquidity and capital management of the Bank including establishing guidelines on the Banks tolerance for risk and investment expectations.
BOARD TECHNOLOGY and INNOVATION COMMITTEE	**Board Technology & Innovation Committee** Oversees all matters relating to the Bank's technology function which is comprised of Information and Technology, Innovation, Operations, and the Enterprise Data Office.
BOARD PEOPLE and CULTURE COMMITTEE	**Board People & Culture Committee** Reviews and provides oversight on the implementation of effective and efficient People and Culture matters, including but not limited to: Employee talent acquisition and management, succession planning, reward management, performance management, learning and talent development, employee engagement and employee wellness and Well-being.

BOARD AUDIT COMMITTEE

Committee Composition	• Chaired by an independent non-executive director • Comprised of only independent non-executive directors • Chief Executive and Members of Management are invitees	The Committee is composed exclusively of Independent Non-Executive Directors. To preserve independence, the Audit Committee Chairperson does not chair any other board committee. However, she serves as a member of both the Board Risk Management Committee and the Board People and Culture Committee to gain a comprehensive understanding of the various risks faced by the Bank—an essential aspect in ensuring effective oversight of the control environment.
Skills & Experience	• Audit and Accounting • Financial analysis and reporting • Risk Management and Controls • Corporate Governance and Regulation	The Committee assists the Board in fulfilling its responsibility to establish and maintain effective internal control systems, safeguard the Bank's assets, and ensure the maintenance of adequate accounting records. It reviews the Bank's financial position and provides recommendations to the Board on financial matters, internal financial controls, fraud, and IT risks related to financial reporting. This includes assessing the integrity and effectiveness of the Bank's accounting practices, financial compliance, and control systems.

In discharging its responsibilities as outlined in the Committee's terms of reference, the Committee's activities in 2024 extended beyond its core areas of oversight to include a continued emphasis on the timely resolution of overdue audit findings. Where necessary, the respective heads of departments were invited to attend meetings and provide updates on the status and closure of these outstanding issues.

The Committee reviewed and approved the internal audit plan and assessed the adequacy of measures implemented to ensure the resilience of the internal financial control environment. Combined assurance reports were presented quarterly, aimed at enhancing oversight of business process risks and controls. Additionally, the Committee reviewed internal audit reports covering both satisfactory and unsatisfactory outcomes, along with management responses from the respective business units outlining the remedial actions to be undertaken.

The Committee facilitates effective communication and coordination between the Board, internal and external auditors, management, and regulators. It maintains a constructive relationship with the Head of Internal Audit, who reports directly to the Committee, thereby preserving the independence of the Internal Audit function. The Head of Internal Audit submits quarterly reports highlighting control gaps and weaknesses, including those related to financial controls.

In accordance with the Financial Institutions Act, the Committee recommends the appointment of external auditors to the Board, taking into consideration the audit firm's profile and the depth of its expertise in the organisation's core business areas. It also oversees the external auditors' engagement with shareholders, particularly in relation to annual financial reporting.

The Committee is tasked with evaluating the robustness of the Bank's internal financial and operational controls, including controls over financial reporting, to ensure the integrity of both qualitative and quantitative financial information. The Chief Finance and Value Management Officer is ultimately responsible for implementing and maintaining these controls. The Board relies on the Committee to confirm the accuracy and reliability of financial information, including the annual and half-year unaudited financial accounts.

Development sessions completed in 2024 to support the Committee's effectiveness included Key Strategies for the Success of Board Audit Committees and Corporate Culture, participation in the Annual National Institute of Internal Auditors Board Audit Committee Workshop, a focused session on Fraud and Conduct Risk Management, as well as roundtable discussions with Board Audit Committee Chairpersons from other East African countries within the Group.

The Head of Internal Audit, the Chief Finance and Value Management Officer, the Chief Executive, and the External Auditors regularly attend the Audit Committee meetings. Other Executive and Non-Executive Directors, as well as members of executive management, attend by invitation as needed.

During the year under review, the Audit Committee complied with its mandate and met all its legal and regulatory obligations. Key responsibilities fulfilled included the assessment and recommendation to the Board for the appointment of Ernst & Young as External Auditors, along with the negotiation of audit fees. The Committee also reviewed and recommended for Board approval the interim unaudited and final audited financial statements, in line with the requirements of the Financial Institutions Act. Four scheduled meetings were held during the year, with full attendance by all committee members.

Board Audit Committee

The Committee reviewed and approved the internal audit plan and assessed the adequacy of measures implemented to ensure the resilience of the internal financial control environment. Combined assurance reports were presented quarterly, aimed at enhancing oversight of business process risks and controls.

BOARD RISK AND MANAGEMENT COMMITTEE

Committee Composition

- Chaired by a non-executive director
- Comprised of majority non-executive directors with at least 2 INEDs.
- At least 1 member is a NED sitting on the Board Audit Committee

Skills and Experience

- Risk Management and Controls
- Business strategy and management
- Banking/Financial services

The Board retains ultimate responsibility for risk management. To support this, the Board Risk Management Committee (BRMC) assists the Board in discharging its duties by ensuring that the Bank's risk management framework remains robust, reliable, and responsive to emerging and principal risks.

The BRMC provides independent and objective risk management oversight and submits relevant recommendations to the Board for continuous improvement. The Committee regularly reviews and evaluates the integrity of the Bank's risk control systems and ensures that risk policies and strategies are effectively identified, implemented, and monitored. In doing so, it fosters a culture of discipline and control, reducing risk exposure across all areas of the Bank's operations.

In line with these principles, the Committee played a critical role in assessing the impact of both existing and emerging local and global risks on the Bank's financial and non-financial risk profile. The Committee considered a broad range of key risk categories, including strategic, operational, credit, liquidity, cybersecurity, and reputational risks. An integrated approach to risk reporting was consistently applied, enabling the Committee to satisfy itself with the adequacy, robustness, and resilience of the Bank's risk management frameworks and business continuity plans.

The Committee continued to oversee the identification, assessment, and management of risks arising from an evolving operating environment, including strategic, operational, financial, regulatory, and reputational risks. It ensured that the Bank's risk management processes remained robust and responsive to emerging threats and opportunities. More information on the risk management and control initiatives can be found on **page 70.**

In discharging its responsibilities as outlined in its terms of reference, the Committee's 2024 activities extended beyond traditional areas of focus to include emerging risks associated with artificial intelligence, ESG, geopolitical developments, and macroeconomic trends. The Brilliant Basics program remained a key area of focus year-on-year, reinforcing the commitment to doing the right business the right way by elevating the organisation's risk awareness and accountability.

In 2024, the Board participated in several development sessions aimed at strengthening its governance, strategic oversight, and risk management capabilities in line with emerging trends and regulatory expectations. The sessions covered a wide range of critical topics, including Fraud and Conduct Risk Management; Artificial Intelligence – Opportunities, Risks and Cybersecurity Readiness; ESG Disclosure and Reporting; Directors' Responsibilities; Climate Risk and Greenwashing; Anti-Money Laundering, AML/CFT/CPF training facilitated by the Financial Intelligence Authority; as well as a refresher on Risk Data Aggregation and Risk Reporting. These sessions were instrumental in equipping the Board with the knowledge required to provide effective oversight in an evolving business and regulatory landscape.

The Board Risk Management and Audit Committees operate in partnership with clearly defined yet occasionally overlapping responsibilities; however, to maintain efficiency and clarity, the respective committee chairpersons work closely to prevent duplication of efforts. Both Committees rely on the three lines of defence model to ensure effective risk management and control. The first line, consisting of front-line functions, identifies and evaluates the impact of risks on clients, operational processes, strategies, and potential vulnerabilities. The second line, comprised of risk and compliance functions, ensures that appropriate policies, procedures, and standards are in place to meet regulatory requirements and support the effective execution of controls. The third line, made up of internal and external auditors, independently assesses the effectiveness of the first and second lines in managing and mitigating risk.

In 2024, the BRMC recommended the Board's approval of the risk appetite statement, affirming that the level of risk the Bank is prepared to accept remains aligned with its overall strategy and fiduciary obligations to stakeholders, thereby promoting consistency and transparency in risk-taking decisions.

The Committee complied with its mandate for the year under review and its legal and regulatory responsibilities. A comprehensive risk management report on **page 72.** outlines the risk and capital management framework.

BOARD CREDIT COMMITTEE

Committee Composition

- Chaired by a non-executive director
- Comprised of majority non-executive directors.
- Chief Executive is a member

Skills & Experience

- Credit Risk Management
- Financial Services /Banking
- Business Strategy

The Credit Committee plays a critical role in ensuring that effective frameworks for credit governance are established and maintained to support the comprehensive management, measurement, monitoring, and control of credit risk, including country risk.

Acting on behalf of the Board, the Committee oversees all matters related to the Bank's credit and loan approvals, applications, and advances. It holds the authority to approve all credit applications involving directors, senior management, and commercial loans within the Bank's approved lending limits. For credit applications exceeding the stipulated limits, the Committee presents them to the full Board for approval.

Additionally, the Committee is responsible for reviewing the strategies developed to achieve the Bank's credit and lending objectives and approving credit policies with due consideration of relevant regulatory changes and evolving economic or banking conditions.

In discharging its responsibilities as outlined in its terms of reference, the Committee's activities in 2024 centred on closely monitoring credit performance across various sectors in alignment with the Board-approved credit risk appetite. This proactive approach enabled the identification of areas of potential distress and implementing mitigation measures to address emerging credit risks. The Committee also undertook forward-looking assessments of the macroeconomic outlook, carefully evaluating the implications of both global and local challenges and their potential impact on the quality and resilience of the credit book.

Credit-related development sessions held in 2024 included the SBG Risk Governance Workshop for Credit & Risk Committee Chairpersons, the Economic Insights Symposium themed Global Crossroads: Reimagining Business, and a deep dive session focused on Credit Risk Appetite. These sessions were instrumental in enhancing the Committee's understanding and oversight of credit risk in a dynamic environment. Further details on the management of credit risk are set out in the comprehensive risk management report or **page 72.**

The Committee complied with its mandate for the year under review and its legal and regulatory responsibilities.

BOARD PEOPLE AND CULTURE COMMITTEE

Committee Composition

- Chaired by an independent non-executive directors
- Comprised of only non-executive directors
- Chief Executive & Members of Management are invitees

Skills & Experience

- Human Capital Management/ Strategy
- Culture/Conduct/Ethics
- Remuneration/Reward

The Committee is responsible for the people and culture function and related policies. The Committee ensures that the people and culture strategy aligns with the overall strategy by ensuring that talent management and succession planning strategies are robust and current.

The Committee oversees the recruitment and compensation of executive and senior management and other key personnel to ensure that compensation is consistent with the company's culture, objectives, strategy, and control environment. The Committee also ensures that the company develops and maintains compensation policies that will attract and retain the highest quality executives and senior managers and reward them for their progress and enhancement of shareholder value.

Additionally, the Committee ensures the development and maintenance of compensation policies designed to attract and retain high-quality executives and senior managers while rewarding performance that contributes to sustainable value creation and enhancing shareholder interests.

The People and Culture Committee has adopted an employee-centric approach in discharging its mandate, with a key focus on talent management, executive management succession planning, and oversight of change management initiatives arising from the leadership and organisational changes aligned to the new operating model.

The Committee remained cognisant of the critical role a highly engaged and motivated workforce plays in delivering customer satisfaction and creating shareholder value. As such, it proactively reviewed talent acquisition and retention strategies to ensure alignment with the organisation's evolving needs. The Committee also continued to monitor the implementation of the Brilliant Basics programme as a key initiative to embed the desired culture across the organisation.

Management provided regular updates on measures undertaken to balance reward and discipline and promote a sound risk culture across all levels of the business. The Board's committee structure further enhanced this oversight, with shared membership between the People and Culture Committee and the Board Risk Management Committee facilitating seamless information flow and improved alignment on people-related risks.

Development sessions undertaken by the Committee members during the year included key areas critical to their oversight responsibilities. These sessions covered Fraud & Conduct Risk Management, Corporate Governance – High Performing Boards, Succession Planning & Talent Management Philosophy, and The Board's Role in Organisational Culture. These learning initiatives strengthened the Committee's ability to effectively oversee people, culture, and governance matters.

The Committee complied with its mandate for the year under review and its legal and regulatory responsibilities. Four scheduled board calendar meetings were held during the year. Further details on the people and cultural practices are contained in the sustainability report or **pages 84 to 101.**

BOARD ASSET LIABILITY MANAGEMENT COMMITTEE

Committee Composition

- Chaired by a non-executive directors
- Comprised of at least 2 non-executive directors
- Chief Executive & Executive Director are members

Skills & Experience

- Capital, Asset and liquidity Management
- Risk Management & Controls
- Fin. services/Banking

The Asset and Liability Committee (ALCO) is responsible for overseeing all matters related to the Bank's asset and liability management. The Committee establishes key guidelines for the Bank's risk tolerance and investment expectations, including setting limits on the loan-to-deposit ratio, capital adequacy ratio, and the permissible range of maturities for newly acquired and existing asset categories. It also reviews and approves the Bank's policies, procedures, and portfolio composition to ensure alignment with strategic goals for diversification, credit quality, profitability, liquidity, community investment, pledging obligations, and regulatory compliance.

Furthermore, the Committee is tasked with setting guidelines on the Bank's capital position and evaluating capital management plans to ensure that capital levels are adequate in line with the approved risk appetite, business strategy, and applicable regulatory requirements.

In 2024, the Asset and Liability Committee (ALCO) focused its activities on ensuring compliance with liquidity and capital-related regulatory requirements while also providing oversight of the strategies aimed at growing customer assets and the potential impact of the emerging geopolitical and macroeconomic trends. The Committee met quarterly to monitor and evaluate the Bank's liquidity and capital adequacy positions using scenario-based forecasting. This proactive approach enabled the Committee to assess the Bank's resilience under varying market conditions and ensure continued compliance with both internal benchmarks and regulatory thresholds. Where necessary, the Committee made appropriate recommendations to the Board to support sound financial positioning and strategic decision-making.

The Committee also reviewed and recommended to the Board for approval the payment of the 2024 interim and final dividend.

Development sessions undertaken by the Committee members during the year included a deep dive into Risk Appetite, Anti-Money Laundering/Combating the Financing of Terrorism/Countering the Proliferation of Financing (AML/CFT/CPF) training for the Board of Directors, and participation in the Economic Insights Symposium titled Global Crossroads – Reimagining Business. These sessions were instrumental in enhancing the members' knowledge and oversight capabilities in alignment with evolving regulatory expectations and the dynamic economic environment.

The Committee complied with its mandate for the year under review and its legal and regulatory responsibilities. Four meetings were held during the year.

BOARD TECHNOLOGY AND INNOVATION COMMITTEE

Committee Composition	• Chaired by an independent non-executive director • Comprised of only non-executive directors
Skills & Experience	• Digital/technology, innovation, • Business and risk management skills

The Board Technology and Innovation Committee continued to support the Board in providing strategic oversight of the Bank's digital innovation agenda and future-ready transformation strategy. In line with its mandate, the Committee provided oversight on key matters relating to Information and Technology and innovation.

During the reporting period, the Committee reviewed and monitored updates on the progress of major technology-related projects, system stability and resilience, digital transformation initiatives, innovation pipelines, and enhancements in data and analytics capabilities.

The Committee's oversight ensured that all technology and innovation initiatives remained aligned with the Bank's strategic objectives and effectively positioned the Bank to navigate an increasingly dynamic technological landscape. To enhance their effectiveness in this role, Committee members participated in development sessions, including Artificial Intelligence Opportunities, Risks & Cybersecurity Readiness and Digital Transformation for Directors. These sessions deepened the Committee's understanding of emerging technologies and their associated risks and opportunities, thereby strengthening the quality of oversight and strategic direction provided in support of the Bank's future-ready transformation agenda.

The Committee complied with its mandate for the year under review and its legal and regulatory responsibilities.

REMUNERATION REPORT

Stanbic Uganda Holdings Limited and its subsidiaries are dedicated to attracting and retaining top-tier talent. We are committed to cultivating a highly skilled and resilient workforce with the depth, agility, and expertise required to drive sustainable growth.

Remuneration Philosophy and Policy

Stanbic Uganda Holdings Limited and its subsidiaries are committed to fostering an inclusive and empowering environment, equipping individuals at all levels with the tools and opportunities to become the best version of themselves. We recognise that specific critical skills and capabilities are essential to transitioning into a future-ready organisation. These capabilities are closely tracked, and deliberate, targeted actions are implemented to ensure we maintain a strong pipeline of talent equipped with these competencies.

At the core of our purpose—to drive Uganda's growth—is our belief in the value of our people. As such, the effective management and fair remuneration of talent remain a key organisational strength. To this end, the Board consistently reviews remuneration philosophies, structures, and practices to ensure they support the attraction, motivation, and retention of top-tier talent.

In determining employee remuneration, the Board considers market benchmarks, competitiveness, company performance against financial objectives, and individual contributions. A significant advancement during the year was the collaboration between the Committee and Management to obtain benchmarking insights from the Group and Global Remuneration Services. Additionally, functional support from specialist departments, such as People and Culture and Finance, plays a vital role in informing Board decisions on remuneration and talent matters.

	Components	Application
Structure of Remuneration for Executives and General Employees	**Terms of Service**	The terms and conditions of employment of all managers and general employees are guided by local legislation and are aligned to Standard Bank Group practices. Notice periods are stipulated by legislation.
Structure of the Remuneration	**Fixed pay**	Fixed pay is intended to attract and retain employees by ensuring competitive positioning in the local market and in some instances, globally. Fixed pay is normally reviewed annually, in the first quarter of the year, and market data is used for benchmarking this.
Benefits	**Annual Incentive**	Benefits are provided in line with market practice and regulatory requirements. The company provides medical cover and death benefits for staff and dependents. In addition, retirement benefits are provided on a deferred contribution basis linked to fixed pay.
Deferral Schemes	**Deferred Bonus Scheme (DBS)**	The company has implemented a DBS to compulsorily defer a portion of incentives over a minimum threshold for some senior managers and executives. This improves the alignment of shareholder and management interests and enables clawback under certain conditions, supporting risk management. All employees who are awarded an incentive over a certain threshold are subject to a mandatory deferral of a certain percentage of their bonus into the DBS for up to 42 months. To enhance the retention component of the scheme, additional increments of the deferred bonus become payable at vesting and one year thereafter.
Long Term Incentives	**Share Incentive Schemes**	The Standard Bank Group (parent company) runs a Standard Bank Equity Growth Scheme (EGS) and Group Share Incentive Scheme (GSIS) to which certain employees are eligible to participate. Participation rights under the EGS and share options under the GSIS are granted to qualifying employees. Grants of rights or options are typically made annually as part of the annual reward.
Terms of Employment	**Retention agreements**	Retention agreements are only entered into in exceptional circumstances, and retention payments have to be repaid should the individual concerned leave within a stipulated period.
	Severance payments	Severance payments are determined by legislation, market practice and, where applicable, agreement with recognised trade unions to employee forums. It is not our practice to make substantial severance awards.
	Restrictive Covenants	Some executive employment contracts include restrictive covenants on the poaching of employees or customers. No other restrictions are included in contracts at present.
	Sign on Payments	In attracting key employees, it may be necessary to compensate for the loss of unvested awards with their prior employer. In such cases, we would consider compensating such new employees in the appropriate share incentive scheme or in certain situations; a cash sign-on payment may be made on joining, subject to repayment should the employee leave the company within a certain period.
	Executive Directors' Remuneration	The remuneration packages and long-term incentives for Executive Directors are determined along with other employees on the same basis and using the same qualifying criteria. The compensation of the Chief Executive is subject to an annual review process that includes the Board.
	Non-Executive Directors Remuneration	Non-Executive Directors receive a retainer fee for their service on the Board and a meeting attendance fee for Board committee meetings. Fees are paid quarterly in arrears. There are no contractual arrangements for compensation for loss of office. Non- Executive Directors do not receive shortterm incentives, nor do they participate in any long-term incentive schemes. The Board Nomination and Remuneration Committee reviews the fees paid to Non-Executive Directors annually and makes recommendations to the Board for consideration. In determining the remuneration of the Non-Executive Directors, the Board considers the extent and nature of their responsibilities and reviews of comparative remuneration offered by other similar companies in Uganda.

DIRECTORS EMOLUMENT 2024

	Services as Directors	Board committee fees	Cash portion of package	Performance incentives *	Other benefits	Pension contributions	Total
	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000
Executive,directors	-	-	4,802,973	1,467,523	94,082	1,096,104	7,460,683
Non-executive,directors	701,676	429,124	-	-	-	-	1,130,799
Former,non-executive,directors	56,346	47,058	-	-	-	-	103,405
Total	758,022	476,182	4,802,973	1,467,523	94,082	1,096,104	8,694,887

DIRECTORS EMOLUMENT 2023

	Services as Directors	Board committee fees	Cash portion of package	Performance incentives *	Other benefits	Pension contributions	Total
	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000
Executive directors	-	-	6,006,174	2,175,771	2,824,294	944,839	11,951,078
Non-executive directors	500,888	304,397	-	-	-	-	805,285
Former non-executive directors	196,832	83,597	-	-	-	-	280,430
Total	697,720	387,994	6,006,174	2,175,771	2,824,294	944,839	13,036,793

DIRECTORS' REPORT

The Directors submit their report together with the audited consolidated and separate financial statements (''financial statements'') for the year ended 31 December 2024, which disclose the state of affairs of Stanbic Uganda Holdings Limited ("the Company" or "SUHL") and its subsidiaries (together "the Group").

Principal Activities

SBU is a financial institution regulated by the Bank of Uganda (BOU) and licensed under the Financial Institutions Act, 2004, (as amended) to conduct commercial banking business. SPL primarily holds and manages the real estate portfolio of the Group and offers other services such as facilities management, property consultancy and execution of real estate projects. SBIL is a licensed Non-Governmental Organisation (NGO) under the NGO Act, set up to support the sustainability of Small and Medium Enterprises in Uganda through capacity building and development programs. Flyhub is a software development company that provides digital integration and innovative services as part of the Group's digital transformation journey. SBGS is an investment company licensed by the Capital Markets Authority to provide stock brokerage and asset management services. SBGS is also a member of the Uganda Securities Exchange.

Results

The Group's consolidated profit for the year of UShs 478 billion (2023: UShs 412 billion) has been added to retained earnings.

Dividends

During the year, an interim dividend of UShs 140 billion was paid (2023: UShs 125 billion). The directors recommend the approval of a final dividend for the year ended 31 December 2024 of UShs 160 billion (2023: UShs 155 billion). The total dividend for the year, therefore, is UShs 300 billion (2023: UShs 280 billion).

Share Capital

The total number of issued ordinary shares as at 31 December 2024 was 51,188,669,700 ordinary shares of UShs 1 each (2023: 51,188,669,700 shares of UShs 1 each).

Directors and Company Secretary

The Directors and Company Secretary who held office during the year and to the date of this report are as shown under Corporate Information.

Directors' Interest in Shares

The following director as of 31 December 2024, held direct interest in SUHL's ordinary issued share capital as reflected below:

Director Number of Shares

Josepha T. Ndamira 30,000

Auditor

The Group's auditor, Ernst & Young Certified Public Accountants, was reappointed during the financial year ended 31 December 2024 and has expressed willingness to continue in office in accordance with Section 167(2) of the Companies Act of Uganda.

Insurance

Directors' and Officers' liability insurance was maintained during the year.

Management by Third Parties

None of the Group's business was managed by a third person or an entity in which a director had any interest during the year.

By Order of the Board

Rita Kabatunzi
Company Secretary
20 March 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act of Uganda requires the Directors to prepare consolidated and separate financial statements for each financial year that give a true and fair view of the state of financial affairs of the Group and Company as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group. They are also responsible for safeguarding the assets of the Group.

The Directors accept responsibility for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act of Uganda.

The Directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Group and Company and of its profit in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and have been prepared in the manner required by the Companies Act of Uganda.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated and separate financial statements and for such internal control as they determine are necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors have assessed the Group's and Company's ability to continue as going concerns. The Directors hereby report that nothing has come to their attention to indicate that the Group or the Company will not remain a going concern for the foreseeable future from the date of this statement.

Approval of the consolidated and separate financial statements

The consolidated and separate financial statements of Stanbic Uganda Holdings Limited were approved by the Board of Directors on 20 March 2025 and were signed on its behalf by:

....

Baker Magunda
Board Chairman
20 March 2025

....

Francis Karuhanga
Chief Executive
20 March 2025

Preparation of the consolidated and separate financial statements

The consolidated and separate financial statements for Stanbic Uganda Holdings Limited for the year ended 31 December 2024 have been prepared by CPA Ronald Makata (FM2257).

Ronald Makata
Chief Finance And Value Management Officer

REPORT OF THE BOARD AUDIT AND RISK COMMITTEE

This report is provided by the Board Audit and Risk Committee (the "Committee") in respect of the 2024 financial year of the Group. The Committee's operation is guided by a Board Committee Mandate (the "mandate"), which is informed by the Companies Act and Financial Institutions Act, 2004, (as amended) of Uganda, impacting the banking subsidiary, the Uganda Securities Exchange (USE) Listing Rules 2021 and is approved by the Board. The Committee composition is annually reviewed by the Board.

Execution of Functions

The Committee has executed its duties and responsibilities during the financial year in accordance with its mandate as it relates to the Group's accounting, internal auditing, internal control and financial reporting practices. During the year under review, the Committee, among other matters, considered the following:

In respect of the External Auditor and the External Audit:

- Considered and recommended to the Board for the reappointment of Ernst & Young Certified Public Accountants (EY) as external auditor for the financial year ended 31 December 2024, in accordance with the applicable legal requirements.
- Approved the external auditor's terms of engagement, the audit plan and budgeted audit fees.
- Assessed and obtained assurance from the external auditor that their independence was not impaired.
- Approved proposed contracts with the external auditor for the provision of non-audit services and pre-approved proposed contracts with the external auditor for the provision of non-audit services above an agreed threshold amount.
- Considered the nature and extent of all non-audit services provided by the external auditor.
- Confirmed that no reportable irregularities were identified and reported by the external auditor.

In respect of internal control and internal audit:

- Reviewed and approved the internal audit charter and audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter.
- Considered reports of the internal and external auditors on the Group's systems of internal control, including internal financial controls, and maintenance of effective internal control systems.
- Reviewed significant issues raised by the internal audit processes and the adequacy of corrective action taken in response to such findings.
- Assessed whether there were any significant differences of opinion between the internal audit function and management and found none.
- Assessed the independence and effectiveness of the Group Chief Audit Officer, the internal audit function and adequacy of the available internal audit resources and found them to be satisfactory.
- Considered the outcome of the Group's external auditor's annual assessment of internal audit against the requirements of International Standards on Auditing (ISA) 601, which confirmed that the external auditors could place reliance on internal audit's work for the purpose of external audit engagements.
- Reviewed the internal audit annual report which summarised the results and themes observed as part of internal audit's activities for the prior year as well as internal audit's assurance statement that the control environment was effective to ensure that the degree of risk taken by the Group was at an acceptable level and that internal financial controls were adequate and effective in ensuring the integrity of material financial information.
- Based on the above, the committee formed the opinion that, at the date of this report, there were no material breakdowns in internal control, including internal financial controls, resulting in any material loss to the Group.
- Over the course of the year, met with the Group's Chief Audit Officer, Chief Compliance Officer, Head of Anti-financial Crime, Chief Finance and Value Management Officer, management, and the external auditors.
- Considered quarterly reports from the Group's Internal Financial Control Committee.

In respect of the consolidated and separate financial statements:

- Confirmed applicability of the going concern principle as the basis of preparation of the annual financial statements.
- Examined and reviewed the interim and annual financial statements prior to submission and approval by the Board.
- Reviewed reports on the adequacy of the provisions for loans and advances and other financial assets, and the methodology applied by the Group in determining charges for and levels of impairment thereof.
- Ensured that the annual financial statements fairly present the financial position of the Group, as at the end of the financial year and the results of it's operations and it's cash flows for the financial year.
- Ensured that the annual financial statements are prepared in accordance with IFRS and in the manner required by the Companies Act of Uganda.
- Considered accounting treatments, significant unusual transactions, and accounting judgements.
- Considered the appropriateness of the accounting policies adopted.
- Reviewed any significant legal and tax matters that could have a material impact on the financial statements.
- Reviewed and discussed the external auditor's report.
- Noted that there were no material reports or complaints received concerning accounting practices, internal audit, internal financial controls, the content of the financial statements, internal controls and related matters.

In respect of risk management and information technology:

- Considered risks as they pertained to the control environment, financial reporting and the going concern assessment.
- Considered updates on key internal and external audit findings in relation to the Information Technology (IT) control environment, significant IT programmes and IT intangible assets.
- In respect of financial accounting and reporting developments, reviewed management's process and progress with respect to new financial accounting and reporting developments.

In respect of the coordination of assurance activities, the committee:

- Reviewed the plans and work outputs of the external and internal auditor as well as compliance and financial crime control and concluded that these were adequate to address all significant financial risks facing the business of the Group, and
- Considered the expertise, resources and experience of the finance function and the senior members of management responsible for this function and concluded that these were appropriate.

In respect of the Annual Report:

- Recommended the annual report to the Board for approval.
- Evaluated management's judgements and reporting decisions in relation to the annual report and ensured that all material disclosures are included.
- Reviewed forward-looking statements, financial and sustainability information in respect of internal control, internal audit and financial crime control.
- Reviewed and approved the annual internal audit charter and audit plan and evaluated the independence, effectiveness and performance of the Internal Audit department and compliance with its charter.
- Considered reports of the internal and external auditors on the Group's internal control systems, including internal financial controls and maintenance of effective internal control systems.
- Reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to such findings.
- Noted that there were no significant differences of opinion between the internal audit function and management.
- Assessed the adequacy of the performance of the internal audit function and adequacy of the available internal audit resources and found them to be satisfactory.
- Received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal.
- Based on the above, the Committee formed the opinion that there were no material breakdowns in internal control at the date of this report, including internal financial controls, resulting in any material loss to the Group.
- Reviewed and approved the mandate of the financial crimes as an independent risk function.
- Discussed significant financial crime matters and control weaknesses identified.
- Considered quarterly reports from the Group's internal financial controls committee.
- Considered the independent assessment of the effectiveness of the internal audit function.

In respect of legal, regulatory and compliance requirements.

- Reviewed, with management, matters that could have a material impact on the Group.
- Monitored compliance with the Companies Act, Financial Institutions Act, 2004, (as amended) and the Financial Institutions Regulations of Uganda, all other applicable legislation and governance codes and reviewed reports from internal audit, external audit, and compliance relevant to their monitoring.
- Noted that no complaints were received through the Group's ethics and fraud hotline concerning accounting matters, internal audit, internal financial controls, contents of financial statements, potential violations of the law and questionable accounting or auditing matters.
- Reviewed and approved the annual compliance mandate and compliance plan. In respect of risk management, it considered and reviewed reports from management on risk management, including fraud and its risks pertaining to financial reporting and the going concern assessment.
- In respect of the coordination of assurance activities, the committee reviewed the plans and work outputs of the external and internal auditors as well as compliance and financial crime control and concluded that these were adequate to address all significant financial risks facing the business.
- Considered the expertise, resources and experience of the finance function and the senior members of management responsible for this function and concluded that these were appropriate.

Independence of the External Auditor

The Committee is satisfied that EY is independent of the Group. This conclusion was arrived at, inter alia, after taking into account the following factors:

- The representations made by EY to the Committee in relation to their independence as external auditor.
- The auditor does not, except as external auditor or in rendering permitted non- audit services, receive any remuneration or other benefits from the Group.
- The auditor's independence was not impaired by any consultancy, advisory or other work undertaken by them.
- The auditor's independence was not prejudiced as a result of any previous appointment as auditor.

In conclusion, the Board Audit and Risk Committee has complied with its legal, regulatory and governance responsibilities as set out in its mandate.

Board Audit and Risk Committee

20 March 2025

Ernst & Young
Certified Public Accountants
Ernst & Young House
Plot 18, Clement Hill Road
Shimoni Office Village,
P.O. Box 7215
Kampala, Uganda

The firm is licensed and regulated by ICPAU; NO: AF 0010
Tel: +256 414 343520/4
Fax: +256 414 251736
Email: info.uganda@ug.ey.com
www.ey.com

Independent Auditor's Report

TO THE SHAREHOLDERS OF STANBIC UGANDA HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Stanbic Uganda Holdings Limited ('the Company') and its subsidiaries ('the Group') and Company set out on **pages 146 to 247**, which comprise of the consolidated and separate statements of financial position as at 31 December 2024, and the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 31 December 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of Uganda.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and Company and in Uganda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in Uganda. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter only applies to the audit of the consolidated financial statements.

EY
Shape the future with confidence

Key Audit Matter	How the matter was addressed in the audit

As disclosed in Note 21 to the consolidated and separate financial statements, as at 31 December 2024, the Group had an allowance for expected credit losses of UShs 131 billion (2023: UShs 145 billion) charged on gross loans and advances to customers of UShs 4,505 billion (2023: UShs 4,371 billion). The related charge for the year to the income statement was UShs 61.6 billion (2023: UShs 109.9 billion) as disclosed in Note 11 to the consolidated and separate financial statements. The expected credit losses are based on a forward-looking approach that recognises impairment loss allowances in accordance with IFRS 9 Financial Instruments. The estimation of expected credit losses requires the Group to make significant judgements in the consideration of the following variables:
 	
• Allocation of loans to stages 1, 2 and 3 in accordance with IFRS 9 based on:
  - Credit exposures for which there has been a significant increase in credit risk since initial recognition, and for which a loss allowance is recognised over the remaining life of the exposure (lifetime ECL); and
  - Credit exposures for which there has been no significant increase in credit risk, and for which a loss allowance is recognised for default events that are possible within the next 12-months (12-month ECL).
• Stratification of the loans and advances to customers under different credit portfolios on the basis of the associated credit risk.
• Assessment of the Probability of Default (PD) and the Loss Given Default (LGD).
• The application of historical and forward-looking information, including macro-economic factors in the assessment of the PD.
• Assessment and forecasting of expected future cash flows from impaired (stage 3) loans and advances to customers including assessing the financial condition of the counterparty, estimating recoverability of the cash flows and collateral realisation.
• Consideration of the impact on default rates of correlated forward looking macroeconomic factors.
• Expected utilisation of overdraft and other lending commitments over the lifetime of the commitments.
• Application of additional overlay adjustments to reflect factors that are not considered in the applied expected credit loss model.
 	
Due to the significance of the amounts, and the significant judgements and related estimation uncertainty involved, the assessment of ECLs on loans and advances to customers has been considered a key audit matter. The complexity of these estimates requires management to prepare financial statement disclosures explaining the key judgements and the key inputs into the ECL computations.
 	
The disclosures in Notes 2.3, 2.4(b) and 3(c) to the consolidated and separate financial statements provide information about the Group's ECL models and the related accounting policies, key assumptions and judgements.
	Our audit procedures included, but were not limited to:
	
	• Obtaining an understanding of management's process and controls over credit origination, credit monitoring, credit remediation and expected credit loss modelling. This included understanding the governance over the credit models and related management overlay adjustments and evaluating that the ECL models were in accordance with the IFRS 9 principles.
	• For non-performing loans (NPLs or Stage 3) ECL models:
	  - We tested the completeness of the NPLs identified by management by inspecting the loan register that all loans meeting the NPL criteria are included in the schedule of NPLs. For credit classifications based on subjective criteria, we evaluated the appropriateness of the factors considered by management.
	  - We understood the ECL models and the key inputs and selected a sample for testing, taking into consideration both quantitative and qualitative factors. The quantitative factors were primarily based on our performance materiality while the qualitative factors considered aspects such as facilities watch-listed by management and the regulator, nonperforming borrowers known from publicly available information and borrowers in sectors that are not performing as expected.
	  - For the selected sample of NPLs, we inspected the related loan files and evaluated that the inputs in the ECL models agreed to the supporting documentation in the files. Inputs considered included interest rates which are used as the discount factors, outstanding loan balances which are the basis for determining the LGD, value of the collateral held which is the basis for expected cash flows from loans to be recovered through foreclosure.
	  - We evaluated whether the basis for determining the expected net cash flows from the loans was reasonable in the circumstances. This included evaluating that expected cash flows based on foreclosure are based on the collateral Forced Sale Values as determined by the external valuer and as adjusted by appropriate haircuts, or as otherwise justified by management, including reflecting available supportable information which reflects borrower specific and/or current market conditions. For cash flows expected from repayments by the borrowers, we evaluated that they were supported by enforceable commitments and evidence of source of cash to be used by the borrower to repay the loans.
	  - We evaluated whether the expected timing of the cash flows was reasonably supported considering the information available to the Group without undue cost and effort. This included considering past experience of the time it takes to complete a foreclosure including factors such as the time required to complete relevant legal processes as adjusted for changes in the business environment.
	  - We evaluated whether necessary adjustments to the expected cash flows were considered including a reasonable estimate of the costs expected to be incurred to recover the expected cash flows.
	• For Stage 1 and 2 ECL models, the ECL balances determined by management were evaluated by assessing whether they were within the range of estimates recomputed using available inputs and validated information produced by the Group. This included evaluating that inputs into the ECL models like the loan balances used agreed to the general ledger and that there were no duplicated or omitted loan facilities and management overlay adjustments like technical arrears were in line with the Group's policy.
	• Assessed whether disclosures made in the consolidated and separate financial statements agreed to the audited balances and information, and whether they were in accordance with IFRS 9.

Shape the future with confidence

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Annual Integrated Report, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of Uganda, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Shape the future with confidence

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2012 of Uganda, we report to you, based on our audit, that:

i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit;

ii. In our opinion, proper books of account have been kept by the Group and Company, so far as appears from our examination of those books; and

iii. The consolidated and separate statements of financial position, consolidated and separate income statements and consolidated and separate statements of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Julius Rwajekare – P0307.

Ernst & Young

....

Ernst & Young
Certified Public Accountants
Kampala, Uganda
24 March 2025

....

Julius Rwajekare
Partner

FINANCIAL STATEMENTS

Consolidated and separate income statement
For the year ended 31 December 2024

	Notes	GROUP 2024 UShs' 000	GROUP 2023 UShs' 000	COMPANY 2024 UShs' 000	COMPANY 2023 UShs' 000
Interest revenue calculated using the effective interest method	5	**847,956,737**	781,926,437	**6,540,394**	1,782,775
Interest expense calculated using the effective interest method	6	**(86,106,828)**	(71,000,136)	**-**	-
Other interest and similar expense	6	**(2,046,683)**	(2,032,897)	**(62,400)**	(19,780)
Net interest income		**759,803,226**	708,893,404	**6,477,994**	1,762,995
Fee and commission income	7	**235,708,359**	221,166,962	**-**	-
Fee and commission expenses	7	**(19,378,419)**	(17,116,627)	**-**	-
Net fees and commission income		**216,329,940**	204,050,335	**-**	-
Net trading income	8	**304,287,307**	270,116,145	**-**	-
Other gains on financial instruments	9	**6,306,324**	-	**-**	-
Other income	10	**10,632,833**	11,084,313	**520,000,000**	320,000,000
Non-interest revenue		**537,556,404**	485,250,793	**520,000,000**	320,000,000
Total income before credit impairment charge		**1,297,359,630**	1,194,144,197	**526,477,994**	321,762,995
Impairment charge for credit losses	11	**(34,012,819)**	(69,453,662)	**-**	-
Total income after credit impairment charge		**1,263,346,811**	1,124,690,535	**526,477,994**	321,762,995
Employee benefits expense	12	**(281,114,461)**	(252,911,564)	**(7,659,545)**	(8,567,493)
Amortisation	24	**(15,549,440)**	(15,252,032)	**-**	-
Depreciation	25	**(31,487,431)**	(32,306,644)	**(858,911)**	(655,533)
Other operating expenses	13	**(284,125,867)**	(283,273,568)	**(4,088,613)**	(3,002,523)
Profit before income tax		**651,069,612**	540,946,727	**513,870,925**	309,537,446
Income tax (expense)/credit	14	**(172,972,168)**	(129,415,623)	**(4,869,063)**	3,026,696
Profit for the year attributable to the equity holders of the Group		**478,097,444**	411,531,104	**509,001,862**	312,564,142
Earnings per share for profit attributable to the equity holders of the Group during the year (expressed In UShs per share):					
Basic and diluted	15	**9.34**	8.04	**9.94**	6.11

The notes set out on **pages 152 to 247** form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of comprehensive income
For the year ended 31 december 2024

		GROUP		COMPANY	
		2024	2023	2024	2023
	Notes	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Profit for the year		**478,097,444**	411,531,104	**509,001,862**	312,564,142
Other comprehensive income for the year after tax:					
Items that may be subsequently reclassified to profit and loss					
Net change in fair value reserve on financial investments measured at fair value through other comprehensive income (OCI), net of tax	27	**(9,508,424)**	(2,903,169)	**-**	-
Total comprehensive income for the year, net of tax		**468,589,020**	408,627,935	**509,001,862**	312,564,142

Income tax relating to other comprehensive income is disclosed in Note 27.
The notes set out on **pages 152 to 247** form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of financial position As at 31 December 2024

	Notes	GROUP 2024 UShs' 000	GROUP 2023 UShs' 000	COMPANY 2024 UShs' 000	COMPANY 2023 UShs' 000
Assets					
Cash and balances with Bank of Uganda	16	**1,211,168,332**	1,079,035,695	**-**	-
Derivative assets	29	**99,818,442**	99,208,570	**-**	-
Trading assets	18	**1,411,507,272**	1,778,937,821	**-**	-
Pledged assets	19	**55,380,467**	4,661,138	**-**	-
Financial investments	17	**1,119,893,564**	1,221,181,033	**22,386,226**	20,306,639
Current income tax recoverable	14	**-**	-	**6,222,267**	5,850,516
Loans and advances to banks	20	**376,592,468**	240,585,250	**-**	-
Loans and advances to customers	21	**4,373,754,036**	4,225,122,489	**-**	-
Amounts due from group companies	38	**1,173,660,878**	330,064,839	**245,538,652**	25,356,747
Investment in subsidiaries	40	**-**	-	**904,127,489**	903,127,489
Other assets	23	**376,973,573**	128,773,542	**99,890**	93,558
Property, equipment and right of use assets	25	**82,433,590**	83,682,517	**1,721,930**	735,384
Deferred tax assets	22	**69,730,655**	59,370,617	**4,586,214**	9,455,277
Goodwill and other intangible assets	24	**42,887,563**	52,775,000	**-**	-
Total assets		**10,393,800,840**	9,303,398,511	**1,184,682,668**	964,925,610
Shareholders' equity and liabilities					
Shareholders' equity					
Ordinary share capital	26	**51,188,670**	51,188,670	**51,188,670**	51,188,670
Fair value reserve on financial investments FVOCI	27	**(2,282,465)**	7,225,959	**-**	-
Retained earnings	43	**1,846,085,809**	1,667,988,365	**938,980,447**	729,978,585
Proposed dividends	35	**160,000,000**	155,000,000	**160,000,000**	155,000,000
Total shareholders' equity		**2,054,992,014**	1,881,402,994	**1,150,169,117**	936,167,255
Liabilities					
Derivative liabilities	29	**132,889,663**	135,159,501	**-**	-
Current income tax payable	14	**12,763,014**	21,988,995	**-**	-
Deposits from customers	30	**7,106,871,603**	6,332,851,589	**-**	-
Deposits from banks	31	**263,640,570**	96,704,725	**-**	-
Amounts due to group companies	38	**230,416,933**	243,593,384	**200,591**	1,078,135
Borrowed funds	32	**61,882,497**	16,627,259	**-**	-
Subordinated debt	34	**75,433,169**	77,641,462	**-**	-
Provisions and other liabilities	33	**454,911,377**	497,428,602	**34,312,960**	27,680,220
Total liabilities		**8,338,808,826**	7,421,995,517	**34,513,551**	28,758,355
Total equity and liabilities		**10,393,800,840**	9,303,398,511	**1,184,682,668**	964,925,610

The consolidated and separate financial statements on **pages 146 to 247** were approved for issue by the Board of Directors on 20 March 2025 and signed on its behalf by:

.... **Chairman**

.... **Chief Executive**

.... **Director**

.... **Company Secretary**

The notes set out on **pages 152 to 247** form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of changes in equity For the year ended 31 December 2024

GROUP	Notes	Share capital USh's' 000	Fair value through OCI reserve UShs' 000	Statutory credit risk reserve UShs' 000	Proposed dividends UShs' 000	Retained earnings UShs' 000	Total UShs' 000
Balance at 1 January 2024		**51,188,670**	**7,225,959**	**-**	**155,000,000**	**1,667,988,365**	**1,881,402,994**
Profit for the year		-	-	-	-	**478,097,444**	**478,097,444**
Other comprehensive loss for the year, net of tax	27	-	**(9,508,424)**	-	-	-	**(9,508,424)**
Total comprehensive income, net of tax		-	**(9,508,424)**	-	-	**478,097,444**	**468,589,020**
Transactions with owners recorded directly in equity							
Dividends paid	35	-	-	-	**(155,000,000)**	-	**(155,000,000)**
Interim dividends paid	35	-	-	-	-	**(140,000,000)**	**(140,000,000)**
Transfer from statutory credit risk reserve	28	-	-	-	-	-	-
Proposed dividends	35	-	-		**160,000,000**	**(160,000,000)**	-
Balance at 31 December 2024		**51,188,670**	**(2,282,465)**	**-**	**160,000,000**	**1,846,085,809**	**2,054,992,014**

GROUP	Notes	Share capital USh's' 000	Fair value through OCI reserve UShs' 000	Statutory credit risk reserve UShs' 000	Proposed dividends UShs' 000	Retained earnings UShs' 000	Total UShs' 000
Balance at 1 January 2023		51,188,670	10,129,128	-	185,000,000	1,536,457,261	1,782,775,059
Profit for the year		-	-	-	-	411,531,104	411,531,104
Other comprehensive loss for the year, net of tax	27	-	(2,903,169)	-	-	-	(2,903,169)
Total comprehensive income, net of tax		-	(2,903,169)	-	-	411,531,104	408,627,935
Transactions with owners recorded directly in equity							
Dividends paid	35	-	-	-	(185,000,000)	-	(185,000,000)
Interim dividends paid	35	-	-	-	-	(125,000,000)	(125,000,000)
Transfer from statutory credit risk reserve	28	-	-	-	-	-	-
Proposed dividends	35	-	-	-	155,000,000	(155,000,000)	-
Balance at 31 December 2023		51,188,670	7,225,959	-	155,000,000	1,667,988,365	1,881,402,994

The notes set out on **pages 152 to 247** form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of changes in equity For the year ended 31 December 2024

COMPANY	Notes	Share capital UShs' 000	Fair value through OCI reserve UShs' 000	Proposed dividends UShs' 000	Retained earnings UShs' 000	Total UShs' 000
Balance at 1 January 2024		51,188,670	-	155,000,000	729,978,585	936,167,255
Profit for the year		-	-	-	509,001,862	509,001,862
Other comprehensive income for the year, net of tax		-	-	-	-	-
Total comprehensive income for the year, net of tax		-	-	-	509,001,862	509,001,862
Transactions with owners recorded directly in equity						
Dividends paid	35	-	-	(155,000,000)	-	(155,000,000)
Interim dividends paid	35	-	-	-	(140,000,000)	(140,000,000)
roposed dividends	35	-	-	160,000,000	(160,000,000)	-
Balance at 31 December 2024		51,188,670	-	160,000,000	938,980,447	1,150,169,117

COMPANY	Notes	Share capital UShs' 000	Fair value through OCI reserve UShs' 000	Proposed dividends UShs' 000	Retained earnings UShs' 000	Total UShs' 000
Balance at 1 January 2023		51,188,670	-	185,000,000	697,414,443	933,603,113
Profit for the year		-	-	-	312,564,142	312,564,142
Other comprehensive income for the year, net of tax		-	-	-	-	-
Total comprehensive income for the year, net of tax		-	-	-	312,564,142	312,564,142
Transactions with owners recorded directly in equity						
Dividends paid	35	-	-	(185,000,000)	-	(185,000,000)
Interim dividends paid	35	-	-	-	(125,000,000)	(125,000,000)
Proposed dividends	35	-	-	155,000,000	(155,000,000)	-
Balance at 31 December 2023		51,188,670	-	155,000,000	729,978,585	936,167,255

The notes set out on **pages 152 to 247** form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of cash flows For the year ended 31 December 2024

		GROUP		COMPANY	
	Notes	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Cash flows from operating activities					
Interest received		860,936,697	793,044,452	6,614,176	1,567,139
Interest paid		(85,558,964)	(79,799,780)	(666,407)	212,211
Net fees and commissions received		217,133,023	201,479,336	520,000,000	320,000,000
Net trading and other Income/recoveries		348,931,734	326,216,554	-	-
Cash payment to employees and suppliers		(529,118,159)	(553,361,238)	(12,026,251)	(12,170,582)
Cash flows from operating activities before changes in operating assets and Liabilities		812,324,331	687,579,324	513,921,518	309,608,768
Changes in operating assets and liabilities					
Income tax (paid)/refund	14	(188,577,225)	(130,359,298)	(371,751)	5,744,292
(Increase)/decrease in derivative assets		(609,872)	12,116,446	-	-
(Increase)/decrease in financial investments		(184,058,047)	492,479,618	(2,153,369)	(10,014,744)
Decrease/(increase) in trading assets		368,449,114	(189,699,874)	-	-
Increase in cash reserve requirement	37	(92,990,000)	(14,480,000)	-	-
Increase in loans and advances to customers and banks		(211,047,865)	(242,358,649)	-	-
Increase in other assets		(249,003,114)	78,046,542	(6,332)	8,992
Increase in customer deposits		776,819,185	207,513,391	-	-
Increase/(decrease) in deposits due to other banks		171,244,803	(45,239,781)	-	-
(Decrease)/increase in amounts to group companies		(13,176,451)	23,513,423	(877,544)	502,350
Decrease in derivative liabilities		(2,269,838)	(13,922,857)	-	-
Increase in other liabilities		(78,060,280)	8,062,562	6,910,833	7,083,342
Net cash from operating activities		1,109,044,741	873,250,847	517,423,355	312,933,000
Cash flows related to investing activities					
Purchase of property and equipment		(21,155,741)	(26,457,650)	(213,361)	(225,754)
Purchase of computer software	24	(5,662,003)	(598,448)	-	-
Proceeds from sale of property and equipment		181,857	485,373	-	-
Net cash used in investing activities		(26,635,887)	(26,570,725)	(213,361)	(225,754)
Cash flows from financing activities					
Principal lease payments	33	(20,156,479)	(16,286,876)	(1,028,089)	351,689
Dividends paid to shareholders	35	(295,000,000)	(310,000,000)	(295,000,000)	(310,000,000)
Investment in subsidiaries	40	-	-	(1,000,000)	(6,623,000)
Increase/(decrease) in borrowed funds	32	45,255,238	(20,697,388)	-	-
(Decrease)/increase in subordinated debt		(2,250,394)	2,088,627	-	-
Net cash used financing activities		(272,151,635)	(344,895,637)	(297,028,089)	(316,974,689)
Net increase/(decrease) in cash and cash equivalents		810,257,219	501,784,485	220,181,905	(4,267,443)
Cash and cash equivalents at beginning of the year		1,586,221,686	1,084,437,201	25,356,747	29,624,190
Cash and cash equivalents at end of the year	37	2,396,478,905	1,586,221,686	245,538,652	25,356,747

The notes set out on pages 152 to 247 form an integral part of these consolidated and separate financial statements.

Notes to the consolidated and separate financial statements

1. General information

Stanbic Uganda Holdings Limited (the "Company") is a limited liability company, incorporated and domiciled in Uganda. The address of its registered office is Plot 17 Hannington Road 11th floor Short Tower - Crested Towers, P. O. Box 7395, Kampala, Uganda.

The Company's shares are listed on the Uganda Securities Exchange (USE) and the Company has five subsidiaries which are: Stanbic Bank Uganda Limited, FLYHUB Uganda Limited, Stanbic Properties Limited, Stanbic Business Incubator Limited and SBG Securities Uganda Limited.

For purposes of reporting under the Companies Act of Uganda, the balance sheet is represented by the statement of financial position and the profit or loss account is represented by the income statement in these financial statements.

2. Accounting policy elections

(i) Summary of material accounting policies

The principal accounting policies applied in the preparation of the group and company's financial statements are set out below. These policies have been consistently applied to all years presented for both group and company, unless otherwise stated.

2.1 Basis of preparation

The annual financial statements are prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (''IFRS'') and in the manner required by the Companies Act of Uganda. The financial statements are presented in the functional currency, Uganda Shillings (UShs), rounded to the nearest thousand (UShs'000), and prepared under the historical cost convention except where otherwise stated below:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The following principal accounting policy elections in terms of IFRS have been made, with reference to the indicated material accounting policies:

- Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected (Note 2.3).
- Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 2.3.
- Purchases and sales of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned are recognised and derecognised using trade date accounting (accounting policy 2.4a).
- Intangible assets, property, equipment and right-of-use assets are accounted for at cost less accumulated amortisation/depreciation and impairment (accounting policy 2.4d).
- The portfolio exception is applied to measure the fair value of certain groups of financial assets and financial liabilities on a net basis (accounting policy 2.4b).

2.2 Changes in accounting policies

The accounting applied policies are consistent with those of the prior year. The new and amended standards and interpretations which were effective during the year did not have a significant impact on the Group's financial statements and the Group did not early adopt any new and amended standards and interpretations issued but not yet effective during the current reporting period.

New and amended standards and interpretations effective during the reporting period

IAS 1 Presentation of Financial Statements (amendments) clarified how to classify debt and other liabilities as current or non-current and introduced a requirement to classify debt as non-current only if an entity can avoid settling the debt in the 12 months after the reporting period. The amendments specified that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements. The amendments had no material impact on the consolidated and separate financial statements.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (amendments) added requirements for an entity to provide additional disclosures about its supplier finance arrangements. The new requirements provide users of financial statements with information to assess how supplier finance arrangements affect an entity's liabilities, cash flows, the effect thereof on its exposure to liquidity risk and how an entity might be affected if the arrangements were no longer available to it. The amendments were retrospectively applied and had no material impact on the consolidated and separate financial statements.

IFRS 16 Leases (IFRS 16) (narrow scope amendments) added requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. The amendments added to the existing sale and leaseback requirements in IFRS 16 and did not change the accounting for leases, other than those arising in a sale and leaseback transaction. The amendments were retrospectively applied and had no material impact on the consolidated and separate financial statements.

New and amended standards and interpretations not yet effective

The following new and amendment pronouncements are not yet effective for the current year and have not been applied in preparing these annual consolidated and separate financial statements.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)

Effective date: deferred the effective date for these amendments indefinitely.

The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the consolidated and separate financial statements.

IAS 21 Exchange Rates (amendments)

Effective date: 1 January 2025

The International Accounting Standards Board (IASB) issued 'Lack of Exchangeability' to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. These amendments will assist companies and investors by addressing a matter not previously covered in the accounting requirements for the effects of changes in foreign exchange rates. The amendments will be applied retrospectively. The impact on the annual financial statements is currently being assessed but is not expected to have a material impact on the Group's consolidated and separate financial statements.

IFRS 9 Financial Instruments (IFRS 9) and IFRS 7 Financial Instruments: Disclosure (amendments)

Effective date: 1 January 2026

The IASB issued amendments to the classification and measurement requirements of financial instruments in response to feedback received as part of the post implementation review of IFRS 9. The amendments include a new requirement to permit an entity to deem a financial liability that is settled using an electronic payment system to be discharged before the settlement date if specified criteria are met; and provide clarifications regarding assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features, financial assets with non-recourse features and investments in contractually linked instruments. The IASB also amended the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs. The amendments will be applied prospectively.

In December 2024, the IASB issued Contracts Referencing Nature-dependent Electricity. The amendments include clarifying the application of the 'own use' requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on a Company's financial performance and cash flows. The clarifications regarding the 'own use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application.

The impact of the above amendments is currently being assessed but is not expected to have a material impact on the consolidated and separate financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

Effective date: 1 January 2026

The IASB has issued various amendments and clarifications to existing IFRS, none of which is expected to have a material impact on the consolidated and separate financial statements.

IFRS 18 Presentation and Disclosures in Financial Statements (IFRS 18)

Effective date: 1 January 2027

In April 2024, the IASB issued a new IFRS Accounting Standard to improve reporting of financial performance by requiring defined subtotals in the statement of profit or loss, requiring disclosure about management-defined performance measures, and adding new principles for aggregation and disaggregation of information. IFRS 18 replaces IAS 1 Presentation of Financial Statements. IFRS 18 is effective from 1 January 2027 with earlier application permitted. IFRS 18 will be retrospectively applied. The Group is in the planning phase of determining the impact on the consolidated and separate financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosure (IFRS 19)

Effective date: 1 January 2027

In May 2024, the IASB issued IFRS 19 that permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. When a parent company prepares consolidated financial statements that comply with IFRS Accounting Standards, its subsidiaries are required to report to the parent using IFRS Accounting Standards. However, for their own financial statements, subsidiaries are permitted to use IFRS Accounting Standards, the IFRS for SMEs Accounting Standard or national accounting standards. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability, and their parent company applies IFRS Accounting Standards in their consolidated financial statements. A subsidiary does not have public accountability if it does not have equities or debt listed on a stock exchange and does not hold assets in a fiduciary capacity for a broad group of outsiders. The Group is in the planning phase of determining the impact on the financial statements of its subsidiaries which do not have public accountability.

2.3 Key management judgements and assumptions

In preparing the financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. While models have been enhanced, no material changes to assumptions have occurred during current or prior reporting periods apart from those mentioned below. The following represents the most material key management assumptions applied in preparing these financial statements.

Expected credit losses (ECL)

During the current reporting period, models for measurement of ECL have been enhanced but no material changes to assumptions have occurred. As such the below significant increase in credit risk (SICR) and default assumptions, thresholds and/or triggers were not amended.

ECL on financial assets – drivers

For the purpose of determining the ECL:

- The home services, vehicle and asset finance (VAF), card, personal, business lending and other products portfolios are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio. The impairment provision calculation excludes post-write off recoveries (PWOR) from the loss given default (LGD). These LGD parameters are aligned to market practice.
- Corporate, sovereign and bank exposures are calculated separately based on rating models for each of the asset classes.

ECL measurement period

- The ECL measurement period for stage 1 exposures is 12 months (or the remaining tenor of the financial asset relating to corporate, sovereign and bank exposures, including certain home services, VAF, card, personal, business lending and other product exposures, if the remaining lifetime is less than 12 months).
- A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument or financial asset has increased significantly since initial recognition (stage 2).
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- Lifetime includes consideration for multiple default events, i.e., where defaulted exposures cure and then subsequently re-default. Financial assets must be assessed for significant increase in credit risk (SICR) compared to when the loan was first originated, prior to the loan reaching 30 days past due arrear status. This consideration increases the lifetime and potential ECL.
- The measurement period for unutilised loan commitments utilises the same approach as on-balance sheet exposures.

Significant increase in credit risk and low credit risk (SICR)

Home services, vehicle and asset finance, card, personal, business and other lending products

All exposures are assessed to determine whether there has been SICR at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. SICR thresholds, which are behaviour score based, are derived for each portfolio vintage of exposures with similar credit risk and are calibrated over time to determine which exposures reflect deterioration relative to the originated population and consequently reflect an increase in credit risk.

Behaviour scorecards are based on a combination of factors which include the information relating to customers, transactions and delinquency behaviour (including the backstop when contractual payments are more than 30 days past due) to provide a quantitative assessment (score), and more specifically, a ranking of customer creditworthiness. The creditworthiness of a customer is summarised by a score, with high scores corresponding to low-risk customers, and conversely, low scores corresponding to high-risk customers. These scores are often considered in determining the probability of default (PD) including relative changes in PD. Credit risk has increased since initial recognition when these criteria are met.

The Group applied the 30-day period for identifying the significant increase in credit risk, except for corporate customers and Business Banking customers above USD 2 million in exposure. In addition, the Group applies override to the 30-day rule presumed higher for significant increase in credit risk on the personal banking government portfolio based on the fact that arrears position at a point in time are only technical in nature and not a reflection of actual account performance.

The Group determines the SICR threshold by utilising an appropriate transfer rate of exposures that are less than 30 days past due (DPD) to stage 2. This transfer rate is such that the proportion of the 0-29 DPD book transferred into stage 2 is no less than the observed 12-month roll rate of 0-29 days accounts into 30 or more days in arrears. The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage and to consequently facilitate appropriate impairment coverage.

Where behaviour scores are not available, historical levels of delinquency are applied in determining whether there has been SICR. For all exposures, the rebuttable presumption of 30 days past due as well as exposures classified as either debt review or as 'watch-list' are used to classify exposures within stage 2.

Corporate, sovereign and bank lending products (including certain business banking exposures)

The Group uses a 25-point master rating scale to quantify the credit risk for each exposure. On origination, each client is assigned a credit risk grade within the group's 25-point master rating scale. Ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data for the applicable portfolio. These credit ratings are evaluated at least annually or more frequently as appropriate.

Corporate exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre- defined ratings' migration thresholds or, when a contractual payment becomes more than 30 days overdue (IFRS 9's rebuttable presumption), the exposure is classified within stage 2. These pre-defined ratings' migration thresholds have been determined based on historic default experience which indicate that higher rated risk exposures are more sensitive to SICR than lower risk exposures. Based on an analysis of historic default experience, exposures that are classified by the Group's master rating scale as investment grade are assessed for SICR at each reporting date but are considered to be of a low credit risk. To determine whether a client's credit risk has increased significantly since origination, the Group determines the extent of the change in credit risk using the table below.

Group Master rating scale band	SICR trigger (from origination)
SB 1 - 12	Low credit risk
SB 13 - 20	Change of 3 rating or more
SB 21 - 25	Change of 1 rating or more

Incorporation of forward-looking information (FLI) in ECL measurement

The Group determines the macroeconomic outlook, over a planning horizon of at least three years, based on the Group's global outlook and its global view of commodities.

For home services, VAF, card, personal, business lending and other products these forward-looking economic expectations are included in the ECL where adjustments are made based on the Group's macro- economic outlook, using models that correlate these parameters with macro-economic variables. Where modelled correlations are not viable or predictive, adjustments are based on expert judgement to predict the outcomes based on the Group's macro- economic outlook expectations. In addition to forward-looking macroeconomic information, other types of FLI such as specific event risk, have been taken into account in ECL estimates when required, through the application of out-of-model adjustment. These out-of-model adjustments are subject to Group credit governance committee oversight.

The Group's macroeconomic outlooks are incorporated in corporate, sovereign and bank products' clients rating and include specific forward-looking economic considerations for the individual client. The client rating thus reflects the expected client risk for the Group's expectation of future economic and business conditions. Further adjustments, based on point-in-time market data, are made to the PDs assigned to each risk grade to produce PDs and ECL representative of existing market conditions.

Default

The definition of default, which triggers the credit impaired classification (stage 3), is based on the Group's internal credit risk management approach and definitions. While the specific determination of default varies according to the nature of the product, it is compliant to the IFRS definition of default, and generally determined as occurring at the earlier of:

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security, this includes the classification of distressed restructures (including debt review exposure accounts) as default for a minimum of 6 months, while observing payment behaviour; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Group has not rebutted the 90 days past due rebuttable presumption.

Write-off policy

An impaired loan is written off once all reasonable attempts at collection have been made and there is no material economic benefit expected from attempting to recover the balance outstanding (i.e., no reasonable expectation of recovery). This assessment considers both qualitative and quantitative information, such as past performance, behaviour and recoveries.

The Group assesses whether there is a reasonable expectation of recovery at an exposure level. As such once the following criteria are met at an exposure level, the exposure is written off:

- the financial asset has been in default for the period defined for the specific product (i.e., vehicle and asset finance, home services, etc.) which is deemed sufficient to determine whether the Group is able to receive any further economic benefit from the impaired loan. The period defined for unsecured home services, VAF, card, personal, business lending and other products are determined with reference to post-default payment behaviour such as cumulative delinquency, as well as an analysis of post write-off recoveries. Factors that are within the Group's control are assessed and considered in the determination of the period defined for each product. The post-default payment period is generally once the rehabilitation probability (repayment of arrear instalments) is considered low to zero, and the period between 180 to 360 days in arrears and at the point of write-off, the financial asset is fully impaired (i.e., 100% ECL allowance) with no reasonable expectation of recovery of the asset, or a portion thereof.

As an exception to the above requirements:

- where the exposure is secured (or for collateralised structures), the impaired exposure can only be written off once the collateral has been realised. Post- realisation of the collateral, the shortfall amount can be written off if it meets the requirement listed above.
- For corporate, sovereign and bank products, write-off are assessed on a case-by-case basis and approved by the CIB credit governance committee based on the individual facts and circumstances.

For unsecured exposures, post write-off collection and enforcement activities include outsourcing to external debt collection agents as well as, collection/settlement arrangements to assist clients to settle their outstanding debt. The Group continuously monitors and reviews when exposures are written off, the levels of post write-off recoveries as well as the key factors influencing post write-off recoveries, which ensure that the Group's point of write-off remains appropriate and that post write-off recoveries are within expectable levels over time.

As per the BOU guidelines, a financial asset will be written-off 90 days after being identified as loss.

Curing

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e., stage 3) still exist. Distressed restructured financial assets (including debt review exposures) that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e., an average of six full consecutive monthly payments per the terms and conditions). In addition, distressed restructured financial assets that no longer qualify as credit impaired remain under observation within stage 3 for a minimum of 12 months to comply with FIA.

In the case of financial assets with quarterly or longer dated repayment terms, the classification of a financial asset out of stage 3 may be made subsequent to an evaluation by the Group's corporate and investment banking or home services, VAF, card, personal, business lending and other products credit governance committees (as appropriate), such evaluation will take into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and with existing financial asset terms and conditions.

Where it has been determined that a financial asset no longer meets the criteria for significant increase in credit risk, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively.

Stanbic Uganda Holdings Limited forward-looking economic expectations applied in the determination of the ECL at the reporting date

A range of base, bullish and bearish forward-looking economic expectations are determined at year-end for inclusion in the Group's forward-looking process and ECL calculation.

Ugandan economic expectations

The base case, which is the most likely scenario, is assigned a 50% probability. In this scenario, Uganda's economy is projected to grow at 6.2 in FY2024/25 with the potential to surpass 6.4-7.0 in the following years driven primarily by the burgeoning oil sector. However, the fiscal outlook faces challenges as the deficit for FY2023/24 is slightly higher than plan due to underperformance in revenue collection. This fiscal gap is anticipated to widen further to 5.8 in FY2024/25 mainly due to increased interest payments on domestic debt. Despite these fiscal pressures, Uganda's public debt remains sustainable with a moderate risk of debt distress. Debt as a share of GDP is expected to stabilise around 50 over the medium term and key external debt indicators are expected to stay within safe limits. While the fiscal situation remains under scrutiny, the potential for improved credit ratings exists provided debt management is effectively handled and external financing challenges are addressed. The current account deficit is projected to remain elevated in the short term largely due to high import bills and ongoing oil project-related expenditures. However, this deficit is expected to gradually narrow once oil exports commence likely after FY2025/26 offering a potential boost to the country's external balance. Despite this, access to external funding is expected to remain constrained as Uganda faces challenges in securing multilateral support due to unmet targets under the IMF's Extended Credit Facility. As of November 2024, Uganda's foreign exchange reserves stood at approximately USD 3.4 billion equivalent to 3.1 months of import cover a decline from USD 3.81 billion 3.6 months in the same period of 2023. This decline in reserves highlights the increasing pressures on Uganda's external financing. The UShs has shown relative stability appreciating slightly against the USD driven by increased export revenues from commodities like coffee and is expected to maintain this trend unless external shocks disrupt the market. Inflation which is currently low at 3.0 is anticipated to rise gradually driven by weather-related shocks including a La Nina-induced drought. BOU's cautious approach to monetary policy is likely to result in a stable Central Bank Rate (CBR) of about 9.75. However, with inflation remaining manageable there may be room for rate cuts in increments of 50 bps. On the credit side, Uganda is witnessing a pickup in credit growth fuelled by improved economic activity and the availability of loanable funds which is a positive sign for the economy. The current cash reserve requirement remains stable supporting liquidity in the banking sector. The NPL ratio is expected to remain manageable with current NPLs at around 5.4.

In the bear case scenario, which shows the pessimistic view and is assigned a 35% probability, geopolitical tensions and adverse climate conditions could hinder growth resulting in GDP growth falling below 6.0. A widening fiscal deficit due to higher than expected spending and lower revenues could push the deficit above 5 of GDP. Rising debt levels combined with external pressures could increase the risk of debt distress particularly If growth slows. Continued under performance in fiscal and economic targets could lead to a negative outlook or downgrade in credit ratings. A persistent current account deficit could exacerbate external vulnerabilities especially if oil production is delayed. Constraints in securing external funding may persist if fiscal issues remain unresolved leading to funding gaps. A decline in reserves due to higher external debt service and low capital inflows could lead to vulnerabilities. Exchange rate pressures could intensify leading to a depreciation of the UShs against the USD. Inflation could rise sharply due to external shocks necessitating tighter monetary policy which could constrain growth. Credit growth could stall if Groups become risk averse due to rising interest rates and economic uncertainty. An increase in reserve requirements may be enforced to manage liquidity risks further constraining credit availability. Rising NPLs could become a concern if economic conditions deteriorate and borrowers' default on loans.

The bull case shows an optimistic trend and is assigned a 15% probability. In this scenario, if oil production begins as scheduled with large spill over impact and global economic conditions improve than assumed under the base case, Uganda's GDP growth could accelerate to 7.0 or higher driven by increased investment in the extractive sector and higher agricultural productivity. With improved revenue collection and more efficient spending, the fiscal deficit could fall below 4 of GDP paving the way for more sustainable fiscal policies. Stronger economic growth and enhanced revenue generation would support better debt sustainability potentially lowering the debt-to-GDP ratio below current projections. This positive fiscal momentum coupled with robust economic performance could lead to an upgrade in Uganda's credit rating boosting investor confidence. A sharp increase in oil exports could bring about a surplus in the current account strengthening the overall balance of payments position. Successful negotiations with the IMF and other international partners could unlock additional external funding par. Higher export revenues would also significantly bolster Uganda's foreign exchange reserves improving import cover to levels above 3.5 months. A stronger economy could support a more resilient UShs against the USD enhancing Uganda's competitiveness. Inflation would likely remain subdued providing room for further reductions in the CBR which would in turn stimulate economic activity. With improved business confidence and higher investment levels, credit growth especially in the private sector, could become more robust. To support lending, the cash reserve requirement (CRR) may be adjusted downward if liquidity conditions remain favourable. Additionally, as economic conditions improve, non-performing loans NPLs could decline stabilising loan performance and reducing financial sector stress.

Main macroeconomic factors

The following table shows the main macroeconomic factors used to estimate the forward-looking impact on the ECL provision on financial assets. Each scenario, namely base, bear and bull, is presented for each identified time period.

	Base scenario		Bearish scenario		Bullish scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
2024						
Uganda						
Inflation (%)	**3.8**	**3.2**	**5.3**	**4.8**	**1.9**	**1.9**
Real GDP1 (%)	**6.2**	**6.6**	**3.4**	**4.6**	**8.0**	**8.7**
Policy Rate (%)	**9.5**	**9.9**	**10.0**	**10.4**	**9.0**	**9.4**
91-Day T-Bill (%)	**10.3**	**10.9**	**13.7**	**15.2**	**8.9**	**7.9**
Exchange rate USD/UShs	**3,689**	**3,790**	**3,780**	**4,177**	**3,631**	**3,631**
Prime lending rate (%)	**19.3**	**19.3**	**20.8**	**20.8**	**17.0**	**17.0**
2023						
Uganda						
Inflation (%)	2.9	2.8	3.9	4.2	1.9	1.5
Real GDP1 (%)	6.4	7.1	5.1	5.7	8.5	8.3
Policy Rate (%)	9.1	7.4	9.5	8.0	8.3	6.8
91-Day T-Bill (%)	7.8	7.4	10.4	11.2	6.7	5.0
Exchange rate USD/UShs	3,796	3,902	3,852	4,096	3,684	3,645
Prime lending rate (%)	17.0	15.5	19.0	18.5	17.0	17.0

1 Gross domestic product
2 The remaining forecast period is 2026 to 2027
3 Next 12 months following 31 December 2024 is 1 January 2025 to 31 December 2025
4 2024 - The scenario weighted average is: Base at 50%, Bear at 35%, Bull at 15%
5 2023 - The scenario weighted average is: Base at 50%, Bear at 35%, Bull at 15%

Sensitivity analysis of the forward-looking impact on the total ECL provision on all financial instruments relating to corporate, sovereign and bank products

The expected credit loss methodology for corporate, sovereign and bank products is based primarily on client specific risk metrics, as such the forward-looking macroeconomic information is one of the components and/or driver of the total reported expected credit loss. Rating reviews of each client are performed at least annually and entails credit analysts completing a credit scorecard and incorporating forward-looking information at a client level. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting expected credit loss for the individual client.

Therefore, the impact of forward-looking economic conditions is embedded into the total expected credit loss for each client and cannot be stressed or separated out of the overall expected credit loss provision.

Sensitivity analysis of the forward-looking impact on the total ECL provision

During 2024, higher forward-looking ECL provisioning was raised due to significant uncertainty on the impact linked to macro-economic outlook and the forecast underlying the bear macro-economic scenarios.

The following table shows a comparison of the forward-looking impact on the provision as at 31 December 2024, based on the probability weightings of the above three scenarios resulting from recalculating each of the scenarios using a 100% weighting of the above scenarios.

	2024		2023	
Allowances for credit losses	Forward looking component of ECL provision UShs' 000	Income statement (release)/charge UShs' 000	Forward looking component of ECL provision UShs' 000	Income statement (release)/charge UShs' 000
Actual excluding overlays	**3,729,691**	**1,682,685**	2,047,006	(3,272,140)
Scenarios				
100% Base	**24,109,560**	**22,062,554**	1,668,400	(3,650,747)
100% Bear	**24,121,992**	**22,074,986**	3,293,456	(2,025,691)
100% Bull	**24,109,560**	**22,062,554**	579,294	(4,739,853)

Refer to Note 21 for the carrying amounts of the loans and advances to customers and Note 3(c) for more disclosures in relation to the Group's credit risk.

BCB and PPB IFRS 9 Impairment Model Overlays:

The portfolio model

The Group applies an enhanced SICR rule that includes downgrading customers that are identified to have relatively lower turnovers. These transfers are done in addition to the other SICR components of historical delinquency and any qualitative factors. As at 31 December 2024, total transfers resulted in additional provisions of UShs 6.1 billion (2023: UShs nil). Expert judgement is used on products that do not have sufficient historical data to model the loss given default (LGD). Underlying assumptions to these overlays are discussed and approved by the Credit Risk Management Committee.

The corporate model

Counterparty specific review of the population was undertaken to determine counterparties with indicators of elevated risk. To these counterparties, we applied downgrades, thus the linked Probability of Default (PD) and higher impairments for any counterparties with elevated risk. The overlay was applied to identified increased credit risk leading to transfer of accounts from Stage 1 to Stage 2. The overlay proactively resulted into transfer of counterparties to Stage 2 on account of additional stress. The provisions are therefore accounted for under this stage 2 resulting into additional provisions of UShs 7.4 billion (2023: UShs 2.3 billion). This amount is derived by comparing the total ECL position after including these transfers and the total ECL position without these transfers.

The forward-looking model

The forward-looking model is based on statistical measurements to determine the impact of macro-economic factors on the loan portfolio and as a result a forward-looking impairment is calculated. The statistical model build-up and application was based on macro-economic forecasts, base ECL model drivers and scalar starting points. Scalars were calculated from August 2023 as a base refence and then 3-years forecast. This was done in line with the updated drivers to the August 2024 runs.

As at 31 December 2024, the forward-looking result based on the statistical model was a release of UShs 3.72 billion. However, an override of UShs 14.8 billion was recommended given the anticipated volatility of both the model output, industry and sector specific emerging risk and macro-economic outlook. This will be reviewed in the next model driver update in 2025.

Approach to stage 3 impairment

Overlays are applied on inputs to the provisions of loans under stage 3 counterparties in terms of the timing of the cash flows expected to be realised from the recovery and rehabilitation.

Fair value

Financial instruments

In terms of IFRS, the Group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value, being the price that would be received to sell an asset or paid to transfer a liability, respectively, in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities. Fair value is a market- based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value, it is presumed that the Group is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. Information obtained from the valuation of financial instruments is used to assess the performance of the Group and, in particular, provides assurance that the risk and return measures that the Group has taken are accurate and complete.

Fair valuation process

The Group's valuation control framework governs internal control standards, methodologies and procedures over its valuation processes, which include:

Prices quoted in an active market: The existence of quoted prices in an active market represents the best evidence of fair value. Where such prices exist, they are used in determining the fair value of financial assets and financial liabilities.

Valuation techniques: Where quoted market prices are unavailable, the Group establishes fair value using valuation techniques that incorporate observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices, for such assets and liabilities. Parameter inputs are obtained directly from the market, consensus pricing services or recent transactions in active markets, whenever possible. Where such inputs are not available, the Group makes use of theoretical inputs in establishing fair value (unobservable inputs). Such inputs are based on other relevant input sources of information and incorporate assumptions that include prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustments to reflect the terms of the actual instrument being valued and current market conditions.

Changes in these assumptions may affect the reported fair values of these financial instruments. Valuation techniques used for financial instruments include the use of financial models that are populated using market parameters that are corroborated by reference to independent market data, where possible, or alternative sources, such as, third-party quotes, recent transaction prices or suitable proxies. The fair value of certain financial instruments is determined using industry standard models such as, discounted cash flow analysis and standard option pricing models. These models are generally used to estimate future cash flows and discount these back to the valuation date. For complex or unique instruments, more sophisticated modelling techniques may be required, which require assumptions or more complex parameters such as correlations, prepayment spreads, default rates and loss severity.

Valuation adjustments: Valuation adjustments are an integral part of the valuation process. Adjustments include, but are not limited to:

- implied volatilities on thinly traded instruments
- correlation between risk factors

In making appropriate valuation adjustments, the Group applies methodologies that consider factors such as bid-offer spreads, liquidity, counterparty, and own credit risk. Exposure to such illiquid risk drivers is typically managed by:

- using bid-offer spreads that are due to the relatively low liquidity of the underlying risk driver.
- raising day one profit or loss provisions in accordance with IFRS
- quantifying and reporting the sensitivity to each risk driver
- limiting exposure to such risk drivers and analysing exposure on a regular basis.

Validation and control: All financial instruments carried at fair value, regardless of classification, and for which there are no quoted market prices for that instrument, are fair valued using models that conform to international best practice and established financial theory. These models are validated independently by the Group's model validation unit. This control applies to both off-the-shelf models, as well as those developed internally by the Group. Further, all inputs into the valuation models are subject to independent price validation procedures carried out by the Group's market risk unit. Such price validation is performed on at least a monthly basis, but daily where possible given the availability of the underlying price inputs. Valuation comparisons are also performed, and any significant variances noted are appropriately investigated.

Portfolio exception: The Group, has on meeting certain qualifying criteria, elected the portfolio exception which allows an entity to measure the fair value of certain groups of financial liabilities on a net basis similar to how market participants would price the net risk exposure at the measurement date..

Refer to note 3 (h) for assets and liabilities at fair value disclosures.

Computer software intangible assets

The Group reviews its assets under construction and assets brought into use for impairment at each reporting date and tests the carrying value for impairment whenever events or changes in circumstances indicate that the carrying amount (or components of the carrying amount) may not be recoverable. These circumstances include, but are not limited to, new technological developments, obsolescence, changes in the manner in which the software is used or is expected to be used, changes in discount rates, significant changes in macroeconomic circumstances or changes in estimates of related future cash benefits. The impairment tests are performed by comparing an asset's recoverable amount to its carrying amount. The review and testing of assets for impairment inherently requires significant management judgement as it requires management to derive the estimates of the identified assets' future cash flows in order to derive the asset's recoverable amount.

As at 31 December 2024, there were no indicators that the Group's computer software assets' recoverable values could be lowers than their carrying values and therefore the assets were not impaired (2023: No impairment indicators).

Refer to note 24 for goodwill and intangibles disclosures.

Current and deferred income tax

The Group is subject to direct and indirect taxation requirements which are determined with reference to transactions and calculations for which the ultimate tax determination has an element of uncertainty in the ordinary course of business. The Group recognises provisions for tax based on objective estimates of the amount of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax positions and related contingencies, disclosed in note 14, note 21 and note 35, respectively, in the period in which such determination is made. Uncertain tax positions are provided for in accordance with the criteria defined within IAS 12 Income Taxes (IAS 12) and IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23).

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the Group in order to utilise the deferred tax assets.

The Group is subject to direct and indirect taxation requirements which are determined with reference to transactions and calculations for which the ultimate tax determination has an element of uncertainty in the ordinary course of business. The Group recognises provisions for tax based on reasonable judgement of the amount of taxes that may be due.

Refer to Note 14, Note 22 and Note 36 for disclosures on current tax, deferred tax and related contingent liabilities.

Provisions

The principal assumptions taken into account in determining the value at which provisions are recorded, include determining whether there is an obligation, as well as assumptions about the probability of the outflow of resources and the estimate of the amount and timing for the settlement of the obligation. For legal provisions, management assesses the probability of the outflow of resources by taking into account historical data and the status of the claim in consultation with the Group's legal counsel.

In determining the amount and timing of the obligation once it has been assessed to exist, management exercises its judgement by taking into account all available information, including that arising after the reporting date up to the date of the approval of the financial results.

Refer to note 36 for disclosures on off- balance sheet financial instruments, contingent liabilities and commitments, Note 33 for other liabilities, and Notes 33.4 and 33.5 for obligations and provisions.

IFRS 16 leases

Determination of lease term for lease contracts with the renewal and termination options

The Group leases various buildings for offices, branches and ATMs. Rental contracts are typically made for fixed average periods of between three to ten years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Estimation of the incremental borrowing rate for a leases

The interest rate implicit in the lease is defined as the rate of interest that causes the present value of:

(a) the lease payments and

(b) the unguaranteed residual value to equal:

2.4 Material accounting policy information

The principal accounting policies applied in the preparation of the Group's financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of consolidation

Subsidiaries

Separate financial statements

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired to the higher of the investment's fair value less costs to sell or value in use.

Consolidated financial statements.

The accounting policies of subsidiaries that are consolidated by the Group conform to the Group's accounting policies. Intragroup transactions, balances, and unrealised gains/(losses) are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. The proportion of comprehensive income and changes in equity allocated to the group and non-controlling interest are determined on the basis of the group's present ownership interest in the subsidiary. Subsidiaries are consolidated from the date on which the Group obtains control up to the date that control is lost. Control is assessed on a continuous basis. The acquisition method of accounting is used to account for business combinations by the Group.

Changes in ownership interests

When the group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss.

Common control transactions

Common control transactions, in which the company is the ultimate parent entity both before and after the transaction, are accounted for at book value

(b) Financial instruments

Financial assets
- Amortised cost
- Fair value through OCI
- Held-for-trading
- Designated at fair value through profit or loss
- Fair value through profit or loss - default

Financial liabilities
- Held-for-trading
- Designated at fair value through profit or loss
- Amortised cost

Financial guarantee contracts and loan commitments below market interest rate

Derivatives and embedded derivatives

Other
- Sale and repurchase agreements and lending of securities (including commodities)
- Offsetting
- Statutory credit risk reserve

Initial measurement

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss for which such transaction costs and fees are immediately recognised in profit or loss. Financial instruments are recognised (derecognised) on the date the Group commits to purchase (sell) the instruments (trade date accounting).

Financial assets

Nature

Amortised cost	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered the minimal and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.
Fair value through OCI	Includes: A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • Held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered the minimal and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default. Equity financial assets which are not held-for-trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.
Held-for-trading	Those financial assets acquired principally for the purpose of selling in the near term (Including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial assets are designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch that would otherwise arise.
Fair value through profit or loss – default	Financial assets that are not classified into one of the above mentioned financial asset categories.

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Fair value through OCI	**Debt instrument:** Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Expected credit impairments losses are recognised as part of credit impairment charges. However, for these FVOCI debt instruments the expected credit loss is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss.. **Equity instrument:** Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained earnings. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.
Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on the financial asset recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Fair value through profit or loss – default	**Debt instruments**: Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue. **Equity instruments:** Fair value gains and losses on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.

Impairment

ECL is recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are not measured at fair value through profit or loss nor are used to provide loans at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a SICR at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability- weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3 (credit impaired assets)	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: • default • significant financial difficulty of borrower and/or modification • probability of bankruptcy or financial reorganisation • disappearance of an active market due to financial difficulties.

The key components of the impairment methodology are described as follows:

Significant increase in credit risk (SICR)	At each reporting date the Group assesses whether the credit risk of its exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset. Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.
Low credit risk	Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil its contractual obligations.
Default	The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or group of financial assets: • significant financial difficulty of borrower and/or modification (i.e.,, known cash flow difficulties experienced by the borrower) • a breach of contract, such as default or delinquency in interest and/or principal payments • disappearance of active market due to financial difficulties • it becomes probable that the borrower will enter bankruptcy or other financial reorganisation • where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider. • Exposures which are overdue for more than 90 days are also considered to be in default.
Forward-looking information	Forward-looking information is incorporated into the Group's impairment methodology calculations and in the Group's assessment of SICR. The Group includes all forward-looking information which is reasonable and available without undue cost or effort. The information will typically include expected macro-economic conditions and factors that are expected to impact portfolios or individual counterparty exposures.
Write-off	Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within other liabilities.
Financial assets measured at fair value through OCI	Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.

Cash and balances with the central bank

Cash and balances with the central bank comprise coins and bank notes and balances with the central bank (BOU). Included in balances with central bank are balances that primarily comprise of reserving requirements held with the central bank which are available for use by the Group, subject to certain restrictions and limitations levied by the central bank but are subject to an insignificant risk of changes in value.

Coins and bank notes and balances with central banks comprising reserving requirements are measured at fair value through profit or loss – default.

Cash and cash equivalents

Cash and cash equivalents, for the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and nonrestricted balances with BOU, treasury bills and other eligible bills, loans and advances to banks and amounts due from other banks.

Reclassification

Reclassifications of debt financial assets are permitted when, and only when, the Group changes its business model for managing its financial assets, in which case all affected financial assets are reclassified. Reclassifications are accounted for prospectively from the date of reclassification as follows: :

- Financial assets that are reclassified from amortised cost to fair value are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in other gains and losses on financial instruments.
- The fair value of a financial asset that is reclassified from fair value to amortised cost becomes the financial asset's new carrying value.
- Financial assets that are reclassified from amortised cost to fair value through OCI are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in OCI.
- The fair value of a financial asset that is reclassified from fair value through OCI to amortised cost becomes the financial asset's new carrying value with the cumulative fair value adjustment recognised in OCI being recognised against the new carrying value.
- The carrying value of financial assets that are reclassified from fair value through profit or loss to fair value through OCI remains at fair value.
- The carrying value of financial assets that are reclassified from fair value through OCI to fair value through profit or loss remains at fair value, with the cumulative fair value adjustment in OCI being recognised in the income statement at the date of reclassification.

Financial liabilities

Nature

Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term (including all derivative financial liabilities) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances: • to eliminate or significantly reduce an accounting mismatch that would otherwise arise where the financial liabilities are managed, and their performance evaluated and reported on a fair value basis. • where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.
Amortised cost	All other financial liabilities not included in the above categories.

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value, with gains and losses arising from changes in fair value (including interest and dividends but excluding fair value gains and losses attributable to own credit risk) are recognised in the other gains and losses on financial instruments as part of non-interest revenue. Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes
Amortised cost	Amortised cost using the effective interest method recognised in interest expense.

Derecognition and modification of financial assets and liabilities

Financial assets and liabilities are derecognised or modified in the following instances:

	Derecognition	Modification
Financial asset	Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group enters into transactions whereby it transfers assets, recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements. When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction, similar to repurchase transactions. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.	In determining whether a modification is substantial, for financial asset qualitative factors are considered and for a financial liability, both qualitative and quantitative factors are considered. Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes. If the terms are not substantially different for financial assets or financial liabilities, the Group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).
Financial liabilities	Financial liabilities are derecognised when the Group's obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.	

Financial guarantee contracts or loan commitment below market rate

A financial guarantee contract is a contract that requires the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee.

A loan commitment is a firm commitment to provide credit under specified terms and conditions. It is a binding promise from a lender that a specified amount of loan or line of credit will be made available to the named borrower at a certain interest rate, during a certain period and, usually, for a certain purpose. Loan commitments at a below market interest rate are initially recognised when the Group become party to the irrevocable commitment at fair value.

Financial guarantee contracts (that are not designated at fair value through profit or loss) and loan commitments at a below market interest rate, are subsequently measured at the higher of the:

- ECL calculated for the financial guarantee or loan commitments; or
- unamortised premium

Derivatives and embedded derivatives

In the normal course of business, the Group enters into a variety of derivative transactions for both trading and economic hedging purposes. Derivative financial instruments are entered into for benefit of the Group and its customers and for hedging foreign exchange, interest rate, inflation, credit, commodity and equity exposures. Derivative instruments used by the Group in both trading and hedging activities include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, credit risk, inflation risk, interest rates and the prices of commodities and equities.

Derivatives are initially recognised at fair value. Derivatives that are not designated in a qualifying hedge accounting relationship are classified as held-for-trading with all changes in fair value being recognised within trading revenue. These include forward contracts to purchase or sell commodities, where net settlement occurs or where physical delivery occurs, and the commodities are held to settle another derivative contract. All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Embedded derivatives included in hybrid instruments, where the host is a financial asset, is assessed in terms of the accounting policy on financial assets. In all other instances (being non-financial host contracts and financial liabilities), the embedded derivatives are treated and disclosed as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the terms of the embedded derivative are the same as those of a stand- alone derivative and the combined contract is not measured at fair value through profit or loss. The host contract is accounted for and measured applying the relevant Group accounting policy.

The method of recognising fair value gains and losses on derivatives designated as a hedging instrument depends on the nature of the hedge relationship.

Hedge accounting

The Group continues to apply IAS 39 to its portfolio interest rate risk fair value hedges and applies IFRS 9 to all its other hedges.

Derivatives, whether accounted for under IAS 39 or IFRS 9, are designated by the Group into the following relationships:

Type of hedge	Nature	Treatment
Fair value hedges	Hedges of the fair value of recognised financial assets, liabilities, or firm commitments.	Where a hedging relationship is designated as a fair value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Gains or losses on the remeasurement of both the derivative and the hedged item are recognised in profit or loss. Fair value adjustments relating to the hedging instrument are allocated to the same line item in profit or loss as the related hedged item. Any hedge ineffectiveness is recognised in profit or loss. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for fair value hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The adjustment to the carrying amount of a hedged item measured at amortised cost, for which the effective interest method is used, is amortised to profit or loss as part of the hedged item's recalculated effective interest rate over the period to maturity.
Cash flow hedges	Hedges of highly probable future cash flows attributable to a recognised asset or liability, a forecasted transaction, or a highly probable forecast intragroup transaction.	The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve. The ineffective part of any changes in fair value is recognised in profit or loss. Amounts recognised in OCI are transferred to profit or loss in the periods in which the hedged forecast cash flows affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the cumulative gains or losses recognised previously in OCI are transferred and included in the initial measurement of the cost of the asset or liability. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for cash flow hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The cumulative gains or losses recognised in OCI remain in OCI until the forecast transaction is recognised in the case of a non-financial asset or a non-financial liability, or until the forecast transaction affects profit or loss in the case of a financial asset or a financial liability. If the forecast transaction is no longer expected to occur, the cumulative gains and losses recognised in OCI are immediately reclassified to profit or loss.

Hedge accounting risk management strategy

Hedge accounting is applied when the hedging relationship meets the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument.
- the effect of credit risk does not dominate the value changes that result from that economic relationship and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

Where the above criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instruments (hedged item). All qualifying hedging relationships are designated as either fair value or cash flow hedges for recognised financial assets or liabilities, and highly probable forecast transactions. For hedge relationships, where the critical terms of the hedged item and hedging instrument match, a qualitative method is considered appropriate for hedge effectiveness testing. Where the characteristics between the hedged item and hedging instrument are insufficiently correlated, judgement is applied and if required a qualitative and quantitative method is used for hedge effectiveness testing.

The Group applies hedge accounting in respect of the following risk categories:

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk and translation risk. Foreign exchange risk arises from recognised assets and liabilities and future highly probable forecast commercial transactions denominated in a currency that is not the functional currency of the Group. The risk is evaluated by measuring and monitoring the net foreign monetary asset value and the forecast highly probable foreign currency income and expenditures of the Group for each respective currency. Foreign currency risk is hedged with the objective of minimising the earnings volatility associated with assets, liabilities, income and expenditure denominated in a foreign currency.

Translation risk arises on consolidation from recognised assets and liabilities denominated in a currency that is not the reporting currency of the Group. The risk is evaluated by measuring and monitoring the net foreign non-monetary asset value of the Group for each respective currency.

The Group uses a combination of currency forwards, swaps and foreign denominated cash balances to mitigate the risk of changes in the future cash flows and functional currency value on its foreign-denominated exposures. Under the Group's policy, the critical terms of these instruments must align with the foreign currency risk of the hedged item and is hedged on a 1:1 hedge ratio or where currency is managed on a portfolio basis the weighted expected foreign cash flows are aligned.

The Group elects for each foreign currency hedging relationship, using either foreign currency forwards and swaps, to either include or exclude the currency forward points (basis) contained in the derivative instrument from the hedging relationship. This election is based on the currency pair involved, the shape of the yield-curve and the direction of the foreign currency hedged risk. Basis is determined using the differential between the contracted forward rate and the spot market exchange rate and is discounted, where material. Where the basis is excluded in the hedging relationship this is recognised as a cost of the hedge and deferred in other comprehensive income (as a separate reserve).

Where the hedged item subsequently results in the recognition of a non-financial asset or liability, or a firm commitment for a non-financial asset or liability the Group removes the amount from equity and includes it directly in the initial cost or other carrying amount of the asset or the liability and amortises it to profit or loss on a systematic basis (where applicable). In all other cases, the amount is reclassified to profit or loss.

Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists. For hedges of foreign currency risk, the Group enters hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness. In hedges of foreign currency risk of highly probable forecast commercial transactions, ineffectiveness may arise if the amount of the forecast transaction changes from what was originally estimated.

Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness.

Interest rate risk

Banking book-related market risk exposure principally involves managing the potential adverse effect of IRRBB (net interest income and banking book mark-to-market profit or loss) and the economic value of equity. The Group's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the Group operates. The Group's treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of Group ALCO. The Group's interest rate risk management is predominantly controlled by a central treasury department under approved policies. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

In adherence to policies regarding interest rate risk management the Group applies fair value hedge accounting in respect of the interest rate risk element only, present within the following exposures:

- Specifically identified long-term fixed interest rate Loans and advances and Deposits and debt funding. To manage the risk associated with such risk exposures the Group uses one or more cash collateralised fixed for floating interest rate swaps that matches the critical terms or that exhibits the same duration as the underlying risk exposure.

- Specifically identified long-term interest rate basis risk (CPI vs. JIBAR) inherent in loans and advances. To manage the basis risk associated with such risk exposures the Group uses one or more cash collateralised floating for floating basis interest rate swaps that matches the critical terms or that exhibits the same duration as the of the underlying risk exposure; and

- Portfolio interest rate risk present within a designated portfolio of loans and advances and deposits and debt funding. Portfolio interest rate risk hedging is conducted on an aggregate asset and liability portfolio basis. The hedge ratio and rebalancing frequency of portfolio hedges is determined using a dynamic approach reflecting the duration of portfolio exposure in accordance with an exposure bucketing approach. The hedge ratio is monitored daily and where necessary the portfolio is rebalanced using a dynamic approach.

The Bank also applies cash flow hedge accounting in respect of the interest rate risk element only, present within the following exposures:

- The Group manages interest rate volatility borne from rate insensitive liabilities and equity through a managed interest rate hedge. The hedge is accounted for on a cash flow basis using identified term floating interest rate loans and advances. To manage the risk associated with such risk exposures the Group uses one or more cash collateralised floating for fixed interest rate swaps that aligns to the Group governed risk appetite tenors.

- The Group observes interest rate risk in respect of these exposures using an unfunded cash collateralised interest rate derivatives discount curve. Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists using regression analysis between the hedged items and the hedging instruments for sensitivity of changes to changes in interest rate risk only. The Group and company use a combination of interest rate swaps and interest rate basis swaps to mitigate against the risk of changes in market value of hedged items for changes in interest rates. The Group elects for each fair value interest rate risk hedging relationship, using swaps, to include forward points (basis) contained in the derivative instrument in the hedging relationship. Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness. The extent of hedge ineffectiveness as a result of fair value interest rate risk hedges is disclosed in note 28.4.

Others

Sale and repurchase agreements and lending of securities

Securities sold subject to linked repurchase agreements (repurchase agreements) are reclassified in the statement of financial position as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The liability to the counterparty is included under deposits and current accounts or trading liabilities, as appropriate.

Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate.

For repurchase and reverse repurchase agreements measured at amortised cost, the difference between the purchase and sales price is treated as interest and amortised over the expected life using the effective interest method.

Securities lent to counterparties are retained in the annual financial statements. Securities borrowed are not recognised in the annual financial statements unless sold to third parties. In these cases, the obligation to return the securities borrowed is recorded at fair value as a trading liability. Income and expenses arising from the securities borrowing and lending business are recognised over the period of the transactions.

Offsetting

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparties to the transaction. Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

Statutory credit risk reserve

In addition to the measurement of impairment losses on loans and advances in accordance with the IFRS as set out above, the Group is required by the Financial Institutions Act, 2004, (as amended) (FIA) to establish minimum provisions for losses on loans and advances as follows:

i) A specific provision for those loans and advances considered to be non- performing based on criteria and classification of such loans and advances established by Bank of Uganda, as;

   a) Substandard assets being facilities in arrears between 90 and 179 days – 20%.

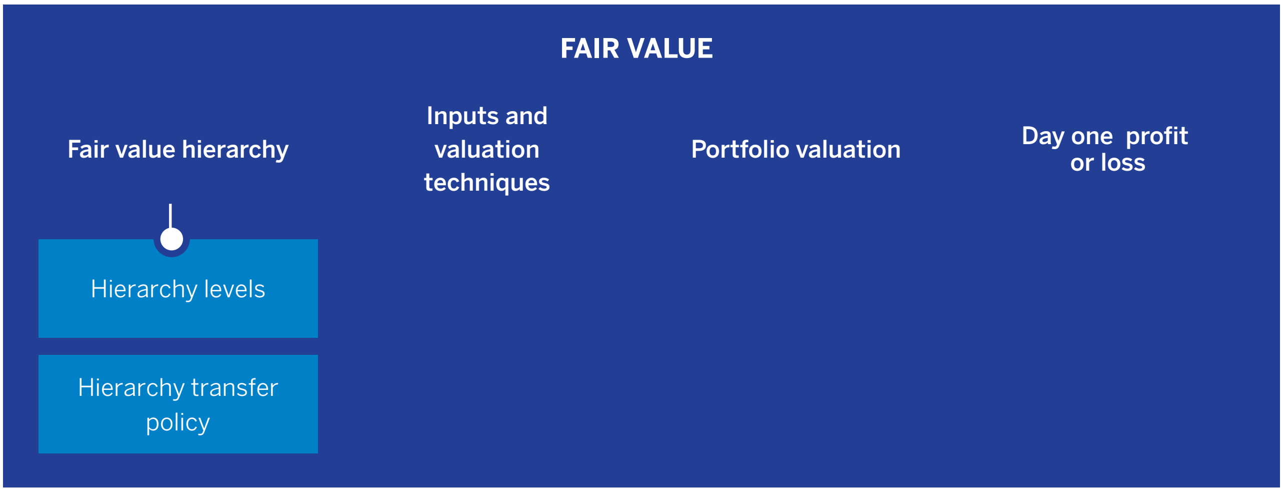
   b) Doubtful assets being facilities in arrears between 180 days and 364 days – 50%.

   c) Loss assets being facilities in arrears between over 364 days – 100%.

ii) A general provision of at least 1% of their total outstanding credit facilities net of specific provisions and interest in suspense.

Where provisions for impairment of loans and advances determined in accordance with the Financial Institutions Regulations exceed amounts determined in accordance with IFRS, the excess is taken to the statutory credit risk reserve as an appropriation of retained earnings. Otherwise, no further accounting entries are made.

(c) Fair value



In terms of IFRS, the Group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value, it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Fair value hierarchy

The Group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Hierarchy levels

The levels have been defined as follows:

Level 1

Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3

Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Hierarchy transfer policy

Transfers of financial assets and financial liabilities between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Inputs and valuation techniques

Fair value is measured based on quoted market prices or dealer price quotations for identical assets and liabilities that are traded in active markets, which can be accessed at the measurement date, and where those quoted prices represent fair value. If the market for an asset or liability is not active or the instrument is not quoted in an active market, the fair value is determined using other applicable valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market-related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

The fair value of items included in cash and cash equivalents is the same as the amortised cost value, as amortised cost items are initially measured at fair value. The fair value of cash and cash equivalents does not change, as there are no adjustments made to these items subsequent to initial recognition. These items are included in level 1 of the fair value hierarchy.

The Group's valuation control framework governs internal control standards, methodologies, and procedures over its valuation processes, which include the following valuation techniques and main inputs and assumptions per type of instrument.

Item and description	Valuation technique	Main inputs and assumptions
Derivative financial instruments Derivative financial instruments comprise foreign exchange, interest rate, commodity, credit and equity derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: • discounted cash flow model • Black-Scholes model • combination technique models.	For level 2 and 3 fair value hierarchy items: • discount rate* • spot prices of the underlying • correlation factors • volatilities • dividend yields • earnings yield • valuation multiples.
Trading assets and trading liabilities Trading assets and liabilities comprise instruments which are part of the Group's underlying trading activities. These instruments primarily include sovereign and corporate debt, commodities, collateral, collateralised lending agreements and equity securities	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial asset being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	
Pledged assets Pledged assets comprise instruments that may be sold or repledged by a Group's counterparty in the absence of default by the Group. Pledged assets include sovereign and corporate debt, equities, commodities pledged in terms of repurchase agreements and commodities that have been leased to third parties.		
Financial investments Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, listed and unlisted equity instruments, investments in debentures issued by the Bank of Uganda, investments in mutual fund investments and unit-linked investments.		

Item and description	Valuation technique	Main inputs and assumptions
Loans and advances to banks and customers **Loans and advances comprise:** • Mortgage lending • Vehicle and asset finance • Card and payments • Personal unsecured lending • Business lending and other • Corporate and sovereign • Bank	For certain loans fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	For level 2 and 3 fair value hierarchy items: • ■discount rate*
Deposits and debt funding Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the Group's credit risk relevant to that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	For level 2 and 3 fair value hierarchy items: • ■discount rate*

*** Discount rates, where applicable, include the risk-free rate, risk premiums, liquidity spreads, credit risk (own and counterparty as appropriate), timing of settlement, storage/ service costs, prepayment and surrender risk assumptions and recovery rates/ loss given default.**

Portfolio valuations

The Group has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits the group of financial assets and financial liabilities to be measured at fair value on a net basis, with the net fair value being allocated to the financial assets and financial liabilities.

Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred (and recognised together with the instrument it relates to) where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models that utilise non-observable market data as inputs. The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs or realised through settlement.

(d) Employee benefits

(i) Retirement benefit obligations

The Group operates a defined contribution pension scheme for its employees. The defined contribution plan is a pension plan under which the Group pays fixed contributions into a fund managed by a board of trustees and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

In addition, all employees are obliged to be members of the National Social Security Fund, a state managed defined contribution pension scheme. The Group contributes to the scheme in line with the requirements of the National Social Security Fund Act. The regular contributions by the Group and employees constitute net periodic costs for the year in which they are due and as such are included in employee benefit expenses. The Group's contributions to the defined contribution schemes are charged to the income statement in the year to which they relate.

(ii) Short-term benefits

Short-term benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

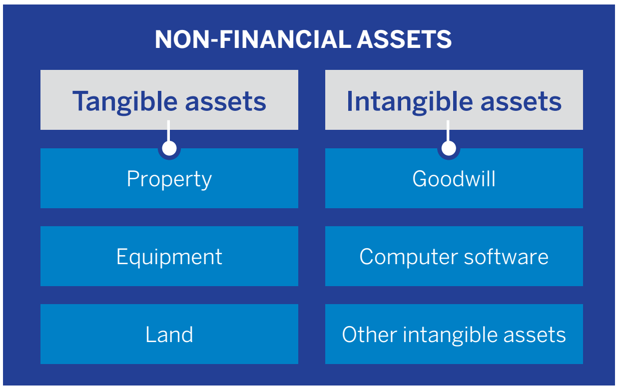
(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be reliably estimated. A liability is recognised to the best estimate of the amount to settle the obligation.

(iv) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

(e) Non- financial assets



Type, initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
Tangible assets (property, equipment and land) IItems of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Items of property and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognised net within other income in profit or loss. **Subsequent costs** The cost of replacing a part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.	Depreciation is recognised in profit or loss on straight -line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows: **Leasehold premises and buildings**: 50 years or over the shorter period of lease **Furniture and fittings**: 5 years **Motor vehicles**: 5 years **Other computer equipment**: 5 years **Laptops and personal computers**: 4 years **Office equipment**: 8 years The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.	These assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes. in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in non-trading and capital related items for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest cash generating units (CGUs). Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. The carrying amount of these other assets may, however, not be reduced below the higher of the CGU's fair value less costs to sell and its value in use. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through non-trading and capital related items only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Type and initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
Goodwill Goodwill arises on business combinations and represents the excess of the consideration transferred over the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non–controlling interest in the acquiree. Goodwill on acquisitions is reported in the statement of financial position as an intangible asset	Not applicable	The accounting treatment is generally the same as that for tangible assets except as noted below. • Goodwill is tested annually for • impairment and additionally when an indicator of impairment exists. • An impairment loss in respect of goodwill • is not reversed.
Computer software Costs associated with maintaining computer software programmes are recognised as an expense as incurred on a straight-line basis at rates appropriate to the expected lives of the assets (2 to 15 years) from the date that the asset is available for use. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met: • It is technically feasible to complete the software product so that it will be available for use. • management intends to complete the software product and use or sell it. • there is an ability to use or sell the software product. • it can be demonstrated how the software product will generate probable future economic benefits. • adequate technical, financial and other resources to complete the development and to use or sell the software product are available. • the expenditure attributable to the software product during its development can be reliably measured. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.	Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed fifteen years. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives	Intangible assets that have an indefinite useful life are tested annually for impairment and additionally when an indicator of impairment exists. The accounting treatment for computer software and other intangible assets is otherwise the same as for tangible assets
Derecognition Non-financial assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset.		

(f) Equity-linked transactions

The group operates equity-based compensation plans comprised of equity settled and cash settled schemes as follows.

EQUITY COMPENSATION PLANS

Tangible assets	Intangible assets
Equity-settled share-based payments	Cash-settled share-based payments

Equity-settled share-based payments

The fair value of the equity-settled share-based payments are determined on grant date and accounted for within operating expenses (staff costs) over the vesting period with a corresponding increase in the Group's share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against operating expenses and share-based payment reserve over the remaining vesting period.

On vesting of the equity-settled share-based payments, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of the equity-settled share-based payment, any proceeds received are credited to share capital and premium.

Cash-settled share-based payments

Cash-settled share-based payments are accounted for as liabilities at fair value until the date of settlement. The liability is recognised over the vesting period and is revalued at every reporting date up to and including the date of settlement. All changes in the fair value of the liability is recognised in operating expenses (staff costs). The awards vest over the specified period of service and/or once the performance conditions are met.

Further details of the Group's equity compensation plans are disclosed in note 39.

Item and description	Valuation technique	Main inputs and assumptions
Derivative financial instruments Derivative financial instruments comprise foreign exchange, interest rate, commodity, credit and equity derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: • discounted cash flow model • Black-Scholes model • combination technique models.	For level 2 and 3 fair value hierarchy items: • discount rate* • spot prices of the underlying • correlation factors • volatilities • dividend yields • earnings yield • valuation multiples.
Trading assets and trading liabilities Trading assets and liabilities comprise instruments which are part of the Group's underlying trading activities. These instruments primarily include sovereign and corporate debt, commodities, collateral, collateralised lending agreements and equity securities	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial asset being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	
Pledged assets Pledged assets comprise instruments that may be sold or repledged by a Group's counterparty in the absence of default by the Group. Pledged assets include sovereign and corporate debt, equities, commodities pledged in terms of repurchase agreements and commodities that have been leased to third parties.		
Financial investments Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, listed and unlisted equity instruments, investments in debentures issued by the Bank of Uganda, investments in mutual fund investments and unit-linked investments.		

(g) Accounting for leases

Type and description Lessee Accounting policies	Statement of financial position	Income statement
Single lessee accounting model All leases are accounted for by recognising a right-of use asset and a lease liability except for leases of low value assets; and leases with a duration of twelve months or less..	**Lease liabilities:** Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the Group) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. The Group's standardised funding transfer pricing rate is the base on which the incremental borrowing rate is calculated. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes: • Amounts expected to be payable under any residual value guarantee. • The exercise price of any purchase option granted in favor of the Group, should it be reasonably certain that this option will be exercised. • Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised.	**Interest expense on lease liabilities:** A lease finance cost, determined with reference to the interest rate implicit in the lease or the Group's incremental borrowing rate, is recognised within interest expense over the lease period.
	Right-of-use assets: Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: • lease payments made at or before commencement of the lease; • initial direct costs incurred; and • the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset. The Group applies the cost model subsequent to the initial measurement of the right-of-use assets.	**Depreciation on right-of-use assets:** Subsequent to initial measurement, the right- of-use assets are depreciated on a straight- line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the Group at the end of the lease term, whereby the right- of- use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of depreciation and amortisation.
	Termination of leases: When the Group or lessor terminates or cancels a lease, the right-of-use asset and lease liability are derecognised.	**Termination of leases:** On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancelation costs in profit or loss

Type and description Lessee Accounting policies continued	Statement of financial position	Income statement
All leases that meet the criteria as either a lease of a low value asset or a short-term lease are accounted for on a straight-line basis over the lease term.	Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense are recognised.	Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.
Reassessment and modification of leases	**Reassessment of lease terms and lease modifications that are not accounted for as a separate lease:** When the Group reassesses the terms of any lease (i.e.,, it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability, is recognised in profit or loss. For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.	
	Lease modifications that are accounted for as a separate lease: When the Group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the Group accounts for these modification as a separate new lease. This accounting treatment equally applies to leases which the Bank elected the short-term lease exemption and the lease term is subsequently modified.	
Separating components of a lease contract	The group has elected to apply the practical expedient to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. The practical expedient is applied to each class of underlying asset.	

Type and description	Statement of financial position	Income statement
Lessor Accounting policies		
Finance leases **Leases, where the group transfers substantially all the risk and rewards incidental to ownership, are classified as finance leases.**	Finance lease receivable, including initial direct costs and fees, are primarily accounted for as financing transactions in banking activities, with rentals and instalments receivable, less unearned finance charges.	Finance charges earned within interest income are computed using the effective interest method, which reflects a constant periodic rate of return on the investment in the finance lease. The tax benefits arising from investment allowances on assets leased to clients are accounted for within direct taxation.
Operating leases **All leases that do not meet the criteria of a financial lease are classified as operating leases.**	The asset underlying the lease continues to be recognised and accounted for in terms of the relevant group accounting policies. Accruals for outstanding lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease income are recognised. At the end of the lease term, these assets are reclassified from tangible assets to other assets and measured the lower of cost and net realisable value.	Operating lease income net of any incentives given to lessees, is recognised on the straight-line basis, or a more representative basis where applicable, over the lease term and is recognised in operating income. When an operating lease is terminated before the lease period has expired, any payment received/(paid) by the group by way of a penalty is recognised as income/(expense) in the period in which termination takes place.
Lessor lease modifications		
Finance leases	When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the group accounts for these modifications as a separate new lease. All other lease modifications that are not accounted for as a separate lease are accounted for in terms of IFRS 9, unless the classification of the lease would have been accounted for as an operating lease had the modification been in effect at inception of the lease. These lease modifications are accounted for as a separate new lease from the effective date of the modification and the net investment in the lease becomes the carrying amount of the underlying asset.	
Operating leases	Modifications are accounted for as a new lease from the effective date of the modification.	

(g) Equity

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Ordinary shares are classified as equity.

Share issue costs.

Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.

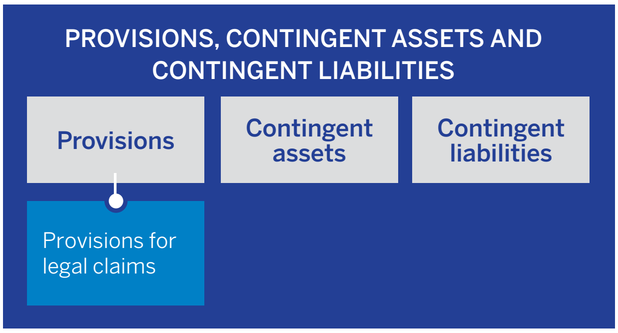
Dividends on ordinary shares

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are reported as a component of equity at the year end.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(h) Provisions, contingent assets and contingent liabilities



Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions for legal claims

Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received.

Contingent assets

Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are considered remote.

Contingent liabilities

Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are considered remote.

(i) Income tax

Income tax expense is the aggregate of the charge to the income statement in respect of current income tax and deferred income tax. Current tax is determined for current period transactions and events and deferred tax is determined for future tax consequences.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Ugandan Income Tax Act. The rates used are based on laws enacted or substantially enacted at the reporting date.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised or for items recognised in OCI and equity.

Deferred tax is recognised in direct taxation except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI. Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of goodwill
- the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses.
- investments in subsidiaries, associates and jointly controlled arrangements (excluding mutual funds) where the Group controls the timing of the reversal of temporary differences, and it is probable that these differences will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates unless there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using tax rates currently enacted.

(j) Interest income and expense

Interest income and expense are recognised in the profit or loss using the effective interest method for all interest-bearing financial instruments, except for those classified at fair value through profit or loss.

The 'Effective interest rate' is the rate that exactly discounts estimated future payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financials liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument but not ECL. For purchased or originated credit- impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received between parties of the contract that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the income statement relates to interest on financial assets and financial liabilities measured at amortised cost and financial assets at FVOCI.

When loans and advances become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the original effective interest rate that is used to discount future cash flows for the purpose of measuring the recoverable amount.

Fair value gains and losses on realised debt financial instruments, including amounts reclassified from OCI in respect of financial investments financial assets, and excluding those classified as trading assets, are included in net interest income.

(k) Net fees and commission

Fee and commission revenue, including transactional fees, account servicing fees, investment management fees, sales commissions and placement fees are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period.

Loan syndication fees, where the Group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised to the income statement as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract.

Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is recognised as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.

Performance obligation and revenue recognition policies

TYPE OF SERVICE	DESCRIPTION OF THE SERVICE	REVENUE RECOGNITION
Transactional and service related	These are service and transactional fee-based revenue that mainly comprise of but are not limited to commissions on cheques cashed, bank statement charges, auxiliary charges, management fees, advisory fees, payments and collection related fees.	Revenue from account service fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.
Trade related	These are origination and processing fees relating to issuance of guarantees, performance bonds and letters of credit.	Revenue related to trade fees is recognised at the point in time when the transaction takes place.
Credit related	These fees include mainly loan arrangement fees, search fees, loan processing fees on short-term facilities, commitment fees which are amortised over the period of the loan using the EIR model.	Revenue from credit related fees is recognised over time as the services are provided.

(m) Net trading revenue

Net trading revenue comprises gains or losses related to trading assets and liabilities, and include all realised and unrealised fair value changes, interest and foreign exchange differences.

(m) Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are reflected as a component of other operating income based on the underlying classification of the equity investment.

(n) Other gains/losses on financial instruments

Includes:

- Fair value gains and losses on financial assets that are classified at fair value through profit or loss (designated and default)
- The gain or loss on the derecognition of a debt financial asset classified as at fair value through OCI.
- Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost.
- Gains and losses arising from the reclassification of a financial asset from amortised cost to fair value.
- Gains and losses arising from the modification of a financial asset (which is not distressed) and financial liability as at amortised cost.
- Fair value gains and losses on designated financial liabilities
- Fair value gains and losses on private equity or venture capital investment designated at fair value through profit or loss.

(o) Other revenue

Other revenue comprises of revenue that is not included in any of the categories mentioned above. This could include dividends on equity financial assets, underwriting profit from the Group's short-term insurance operations and related insurance activities and remeasurement gains and losses from contingent consideration on disposals and purchases.

(p) Segment reporting

An operating segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments and whose operating results are reviewed to assess its performance and for which discrete financial information is available. The Group's primary business segmentation is based on the Group's internal reporting about components of the Group as regularly reviewed by the Board and executive management committees. Segment results include items directly attributable to a segment as well as those that are allocated on a reasonable basis. Business segments are the only segments presented since the Group operates in a single geographical segment, Uganda.

(q) Non-trading and capital related items

Non-trading and capital related items primarily include the following:

- Gains and losses on disposal of subsidiaries, joint ventures and associates (including foreign exchange translation gains and losses)

- Gains and losses on the disposal of property and equipment and intangible assets
- Impairment and reversals of impairments of joint ventures and associates
- Impairment of investments in subsidiaries, property and equipment, and intangible assets
- Other items of a capital related nature.

(r) Foreign currency translation

Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the Group operates, Uganda Shillings; UShs ("the functional currency"). The financial statements are presented in UShs and figures are stated in thousands of UShs (UShs'000) unless otherwise stated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition: non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year- end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Changes in the fair value of monetary assets denominated in foreign currency classified as fair value through OCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

3. Financial Risk Management

3(a) Strategy in using financial instruments.

By their nature, the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers at both fixed and floating rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. Risk management is carried out centrally under policies approved by the Board of Directors. The Global Markets team identifies, evaluates, and hedges financial risks in close co-operation with the Group's operating units.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

The Group also seeks to raise its interest margins by obtaining above-average margins, net of allowances, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just on-statement of financial position loans and advances, the Group also enters into guarantees and other commitments such as letters of credit and performance, and other bonds. The Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments to take advantage of short-term market movements in bonds, currency, and interest rate. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions.

Foreign exchange and interest rate exposures associated derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

(b) Capital management

The Group's objectives when managing capital, which is a broader concept than the equity on the face of the statement of financial position, are:

- In the context of Stanbic Bank Uganda Limited, to comply with the capital requirements of the regulator, Bank of Uganda, that are enshrined in the Financial Institutions Act, 2004, (as amended) and related Financial Institutions (Capital Adequacy Requirements) Regulations.
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

These ratios measure capital adequacy by comparing the Bank's eligible capital with its statement of financial position assets, off-balance sheet commitments at weighted amounts to reflect their relative risk.

The Bank's eligible capital consists of Core capital (Tier 1) and Tier 2 capital. Tier 1 capital is shareholders' equity comprising of paid-up share capital, share premium and retained earnings less intangible assets, deferred tax asset and investments in financial companies, not consolidated. Tier 2 capital includes the Bank's eligible long-term loans, and general provisions. Tier 2 capital is limited to 50% of Tier 1 capital.

In the computation of the total risk adjusted assets, statement of financial position assets are weighted according to the Standardised Approach supported by external credit risk ratings. In this approach, the Bank applies prescribed risk-weights to both on-balance sheet and off-balance sheet exposures. Loans and advances to customers are stated net of provisions as determined in accordance with the Financial Institutions Act, 2004, (as amended) and related regulations. These are risk weighted at 100% except for sovereign loan and advances which are risk weighted at zero and loans with cash collateral which are risk weighted at zero.

Off-balance sheet credit related commitments and forwards are considered by applying different categories of credit conversion factors, designed to convert these items into statement of financial position equivalents.

The Bank is required at all times to maintain Core capital (Tier 1) of not less than 10% of total risk adjusted assets plus risk adjusted off the statement of financial position items and Total capital (Tier 1 + Tier 2) of not less than 12% of the total risk adjusted assets plus risk adjusted off the statement of financial position items.

The Financial Institutions (Capital Buffers and Leverage Ratio) Regulations, 2020 introduced a Capital Conservation buffer of 2.5%, a Systemic Risk Buffer for Domestic Systemically Important Banks ranging from 0% to 3.5% and a Countercyclical Buffer ranging from 0% to 2.5%. The buffers are calculated as a percentage of total risk adjusted assets plus risk adjusted off balance sheet items. The buffers are added to the Tier 1 capital and Total capital ratios.

The regulations also introduced a minimum Leverage Ratio of 6%. This is calculated as the Core capital divided by the total balance sheet plus off-balance sheet exposure.

Stanbic Bank Uganda Limited is required to maintain Core capital of not less than 10%, Total capital of not less than 12%, a Capital Conservation buffer of 2.5% and a prescribed Systemic Risk Buffer for Domestic Systemically Important Banks of 1%. As of 31 December 2024, the Bank's capital adequacy ratio of 19.7% and 21.3% for Core capital and Total capital, respectively, and the Leverage Ratio of 11.8% were above the regulatory requirements.

In 2022, Bank of Uganda issued The Financial Institutions (Revision of Minimum Capital Requirements) Instrument 2022 which increased the minimum paid-up capital requirement for Tier 1 banks from UShs 25 billion to UShs 150 billion. As of 31 December 2024, the Bank was compliant with this requirement as it had issued share capital not impaired by losses of UShs 154 billion.

(i) The table below summarises a composition of regulatory capital

	2024 UShs' 000	2023 UShs' 000
Core capital (Tier 1)		
Shareholders' equity	**153,566,009**	153,566,009
Share premium	**725,964,739**	725,964,739
Retained earnings	**908,527,702**	771,701,466
Less: Deductions determined by Bank of Uganda	**(116,433,949)**	(121,358,708)
Total core capital	**1,671,624,501**	1,529,873,506
Supplementary capital (Tier 2)		
Unencumbered general provisions for losses	**66,279,649**	64,437,649
Subordinated term debt	**75,433,169**	77,641,462
Total supplementary capital	**141,712,818**	142,079,111
Total capital (core and supplementary)	**1,813,337,319**	1,671,952,617

(ii) Breakdown of deductions determined by the Financial Institutions Act, 2004, (as amended) 2004, as amended.

	2024 UShs' 000	2023 UShs' 000
Good will and other intangible assets	**42,620,077**	52,477,565
Unrealised gains on government securities and derivatives	**6,396,288**	19,190,772
Deferred tax asset	**65,135,119**	49,690,371
Fairvalue through OCI reserve–loss (note 27)	**2,282,465**	-
	116,433,949	121,358,708

(iii) The table below summarises the risk weighted asset.

	Notes	Risk Weight	Regulatory financial position nominal balance		Risk weighted balance	
			2024 UShs'000	2023 UShs'000	2024 UShs'000	2023 UShs'000
Statement of financial position						
Cash and balances with Bank of Uganda	16	0%	**1,209,350,188**	1,082,100,361	**-**	-
Financial investments*1	17	0%	**1,086,698,537**	1,191,662,666	**-**	-
Equity investments	17	100%	**467,476**	187,053	**467,476**	187,053
Trading assets	18	0%	**1,411,507,272**	1,778,937,821	**-**	-
Pledged assets	17	0%	**55,380,467**	4,661,138	**-**	-
Placements with local banks*2	19	20%	**48,517,722**	189,157,599	**9,703,544**	37,831,520
Placements with foreign banks*2	19		**324,462,119**	45,244,796	**168,429,217**	30,492,596
Amounts due from group companies		100%	**1,170,928,557**	329,588,643	**1,170,928,557**	329,588,643
Loans and advances to customers-regulatory basis	Noteb (vii)		**4,523,516,664**	4,343,041,105	**4,224,833,721**	3,948,072,518
Other assets*3		100%	**333,059,170**	94,262,376	**333,059,168**	94,262,376
Derivative assets	28	100%	**99,818,442**	99,208,570	**99,818,442**	99,208,570
Deferred tax asset	21	0%	**65,135,119**	49,690,371	**-**	-
Goodwill	23	0%	**1,901,592**	1,901,592	**-**	-
Other intangible assets	23	0%	**40,718,485**	50,575,973	**-**	-
Property, equipment and right of use asset	24	100%	**76,774,057**	77,629,479	**76,774,057**	77,629,479
			10,448,235,867	9,337,849,543	**6,084,014,182**	4,617,272,755
Off-balance sheet items						
Contingencies secured by cash collateral		0%	**24,712,877**	55,710,714	**-**	-
Guarantees and acceptances		100%	**27,308,087**	18,639,434	**27,308,087**	18,639,434
Performance bonds		50%	**1,956,199,767**	1,793,437,560	**978,099,884**	896,718,780
Trade related and self-liquidating credits		20%	**96,227,550**	232,936,109	**19,245,510**	46,587,222
Total contingent assets	35		**2,104,448,281**	2,100,723,817		
Other commitments	35	50%	**1,725,657,428**	1,863,438,384	**862,828,714**	931,719,192
			3,830,105,709	3,964,162,201	**1,887,482,195**	1,893,664,628
Counterparty Risk					**21,487,735**	25,960,521
Market Risk					**487,525,689**	226,287,933
Total risk weighted assets					**8,480,509,801**	6,763,185,837

1 Includes only the Bank's financial investments and as per the regulatory requirements, IFRS expected credit loss (ECL) provision of UShs 71 million (2023: UShs 202 million) as reported in Note 17 are not considered.

2 Placements with local banks and placements with foreign banks are split to align to the regulatory requirements regarding the different risk weights for local and foreign banks and exclude Visa and Mastercard electronic balances at the reporting date of UShs 3.8 billion (2023: UShs 6.4 billion). The amounts considered do not include the IFRS ECL in line with regulatory requirements.

3 Other assets are exclusive of staff loans fair value day 1 adjustments of UShs 45.7 billion (2023: UShs 39.3 billion) and include Visa and Mastercard electronic balances of UShs 3.8 billion (2023: UShs 6.4 billion) reported as loans to banks in the financial statements, net impact UShs 41.9 billion (2023: UShs 32.9 billion).

4 Includes only the Bank's assets.

The risk weight for local banks is 20% and for balances with Bank of Uganda is 0%.

Foreign banks are rated based off the risk ratings from international rating agencies. These are categorised as below;

Category	Risk Weight
Rated AAA to AA (-)	20%
Rated A (+) to A (-)	50%
Rated A (-) to non-rated	100%

(iv) Risk weights applied to placements with foreign banks.

Category	Risk Weight	Financial position nominal balance		Risk weighted balance	
		2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Rated AAA to AA (-)	20%	**-**	-	**-**	-
Rated A (+) to A (-)	50%	**312,065,866**	29,504,401	**156,032,933**	14,752,201
Rated A (-) to non-rated	100%	**12,396,253**	15,740,395	**12,396,284**	15,740,395
Total		**324,462,119**	45,244,796	**168,429,217**	30,492,596

(v) Tier 1 and Tier 2 capital

	Capital		Bank ratio		FIA minimum ratio		Minimum buffered capital ratio	
	2024	2023	2024	2023	2024	2023	2024	2023
	UShs' 000	UShs' 000	%	%	%	%	%	%
Tier 1 capital	**1,671,624,501**	1,526,873,506	**19.7%**	22.6%	**10%**	10%	**13.5%**	13.5%
Tier 1 + Tier 2 capital	**1,813,337,319**	1,671,952,617	**21.4%**	24.7%	**12%**	12%	**15.5%**	15.5%

(vi) Leverage Ratio

	2024 UShs' 000	2023 UShs' 000
Total core capital (a)	**1,671,624,501**	1,529,873,506
Total assets (b)	**10,448,235,867**	9,337,849,543
Acceptances and letters of credit (note 36)	**98,648,670**	253,159,330
Guarantees and performance bonds (note 36)	**2,005,799,611**	1,847,564,487
Commitments to extend credit (note 36)	**1,725,657,428**	1,863,438,384
Total off balance sheet items (c)	**3,830,105,709**	3,964,162,201
Total assets plus off-balance sheet items [d = (b)+(c)]	**14,278,341,576**	13,302,011,744
Leverage Ratio [(a)/(d)*100]	**11.7%**	11.5%

(vii) Loans and advances to customers for regulatory capital purposes

	2024			203		
	Loans UShs'000	Risk weighting %	Risk weighted balance UShs'000	Loans UShs'000	Risk weighting %	Risk weighted balance UShs'000
Gross loan and advances to customers – Regulatory purposes	**4,265,330,232**			4,021,642,050		-
Specific provisions – regulatory (note 27)	**(35,560,025)**			(73,161,140)		-
Interest in suspense (regulatory)	**(5,126,002)**			(7,732,704)		-
Net loans and advances to customers	**4,224,644,205**	**100%**	**4,224,644,205**	3,940,748,206	100%	3,940,748,206
Loans and advances to Government of Uganda	**295,228,604**	**0%**	**-**	393,774,954	0%	-
Loans and advances to other financial institutions	**3,643,855**	**100%**	**3,643,855**	8,517,945	100%	8,517,945
	4,523,516,664		**4,228,288,060**	4,343,041,105		3,949,266,151
Less:						
Cash cover on loans and advances	**-**		**(3,454,339)**	-		(1,193,633)
	4,523,516,664		**4,224,833,721**	4,343,041,105		3,948,072,518

(viii) Reconciliation of loans and advances to customers between IFRS and FIA

	2024 UShs'000	2023 UShs'000
Gross loans and advances - IFRS purposes (note 20)	**4,505,039,782**	4,370,617,636
Loans and advances to other financial institutions	**(3,643,855)**	(8,517,945)
Written off facilities according to FIA, 2004 as amended	**(578,025)**	-
Staff loans fair value adjustment	**45,720,934**	39,281,752
Modification losses	**1,758,149**	2,360,942
Effective interest rate adjustment	**12,261,851**	11,674,619
Gross loans and advances for regulatory purposes	**4,560,558,836**	4,415,417,004
Less		
Loans and advances to Government of Uganda	**(295,228,604)**	(393,774,954)
Gross loans and advances to customers – Regulatory purposes	**4,265,330,232**	4,021,642,050

The Bank holds loans and advances for which it is required to write-off in accordance with the Financial Institutions Act, 2004, (as amended). However, these loans are not yet due for write-off in accordance with IFRS. These facilities are adjusted out of the loan book when preparing capital ratios.

Adjustments are made for other IFRS requirements to arrive at the loans and advances amount required by the Financial Institutions Act, 2004, (as amended).

Loans and advances to customers include a loan to Government of Uganda totalling to UShs 295,229 million (2023: UShs 393,775 million) risk weighted at zero.

(c) Credit risk

Definition

Credit risk is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk (including borrowers and trading counterparties), concentration risk and country risk.

Approach to managing and measuring credit risk

The Group's credit risk is a function of its business model and arises from wholesale and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk arising from derivative and securities financing contracts entered into with our customers and trading counterparties. The management of credit risk is aligned to the Bank's three lines of defence framework. The business functions own the credit risk assumed by the Bank and as the first line of defence they are primarily responsible for its management, control and optimisation in the course of business generation.

The credit function acts as the second line of defence and is responsible for providing independent and objective approval and oversight for the credit risk-taking activities of business, to ensure the process of procuring revenue, while assuming optimal risk, is undertaken with integrity. Further second line oversight is provided by the Bank risk function through independent credit risk assurance.

The third line of defence is provided by the Bank's internal audit, under its mandate from the Bank audit committee.

Credit risk is managed through:

- maintaining a culture of responsible lending and a robust risk policy and control framework
- identifying, assessing and measuring credit risk across the Bank, from an individual facility level through to an aggregate portfolio level
- defining, implementing and continually re- evaluating risk appetite under actual and stressed conditions
- monitoring the Bank's credit risk exposure relative to approved limits
- ensuring that there is expert scrutiny and approval of credit risk and its mitigation independently of the business functions.

A credit portfolio limit framework has been defined to monitor and control the credit risk profile within the Bank's approved risk appetite. All primary lending credit limits are set and exposures measured on the basis of risk weighting in order to best estimate exposure at default (EAD). Pre-settlement counterparty credit risk counterparty credit risk (CCR) inherent in trading book exposures is measured on a potential future exposure (PFE) basis, modelled at a defined level of confidence, using approved methodologies and models, and controlled within explicit approved limits for the counterparties concerned.

Credit risk mitigation

Wherever warranted, the Group will attempt to mitigate credit risk, including counterparty credit risk (CCR) to any counterparty, transaction, sector, or geographic region, so as to achieve the optimal balance between risk, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support, and the distribution of risk.

Collateral, parental guarantees, credit derivatives and on- and off- balance sheet netting are widely used to mitigate credit risk.

Credit risk mitigation policies and procedures ensure that risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used. In the case of collateral where the Group has an unassailable legal title, the Group's policy is such that collateral is required to meet certain criteria for recognition in loss given default (LGD) modelling, including:

- is readily marketable and liquid
- is legally perfected and enforceable
- has a low valuation volatility
- is readily realisable at minimum expense
- has no material correlation to the obligor credit quality
- has an active secondary market for resale.

The main types of collateral obtained by the Group for its banking book exposures include:

- mortgage bonds over residential, commercial and industrial properties
- cession of book debts
- bonds over plant and equipment
- the underlying movable assets financed under leases and
- instalment sales.

Reverse repurchase agreements and commodity leases to customers are collateralised by the underlying assets.

Guarantees and related legal contracts are often required, particularly in support of credit extension to groups of companies and weaker obligors. Guarantors include banks, parent companies, shareholders and associated obligors. Creditworthiness is established for the guarantor as for other obligor credit approvals.

For trading and derivatives transactions where collateral support is considered necessary, the Group typically uses internationally recognised and enforceable International Swaps and Derivatives Association (ISDA) agreements, with a credit support annexure (CSA). Netting agreements, such as collateral under the CSA of an ISDA agreement, are only obtained where the Group firstly, has a legally enforceable right to offset credit risk by way of such an agreement, and secondly, where the Group has the intention of utilising such agreement to settle on a net basis.

Other credit protection terms may be stipulated, such as limitations on the amount of unsecured credit exposure acceptable, collateralisation if the mark-to-market credit exposure exceeds acceptable limits, and termination of the contract if certain credit events occur, for example, downgrade of the counterparty's public credit rating.

ECL is provided even if the exposure is fully covered by collateral.

Wrong-way risk arises in transactions where the likelihood of default (i.e., the probability of default (PD) by a counterparty and the size of credit exposure (as measured by EAD) to that counterparty tend to increase at the same time. This risk is managed both at an individual counterparty level and at an aggregate portfolio level by limiting exposure to such transactions, taking adverse correlation into account in the measurement and mitigation of credit exposure and increasing oversight and approval levels.

The Group has no appetite for wrong-way risk arising where the correlation between EAD and PD is due to a legal, economic, strategic or similar relationship (i.e., specific wrong-way risk). General wrong-way risk, which arises when the correlation between EAD and PD for the counterparty, due mainly to macro factors, is closely managed within existing risk frameworks.

To manage actual or potential portfolio risk concentrations in areas of higher credit risk and credit portfolio growth, the Group implements hedging and other strategies from time-to-time. This is done at individual counterparty, sub-portfolio and portfolio levels through the use of syndication, distribution and sale of assets, asset and portfolio limit management, credit derivatives and credit protection.

Credit portfolio characteristics and metrics

Maximum exposure to credit risk

Debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure subject to an ECL are analysed and categorised based on credit quality using the Group's master rating scale. Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of the Group's master rating scale. Exposures that are not within 1 to 25 are considered to be in default.

Default

Debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure subject to an ECL are analysed and categorised based on credit quality using the Group's master rating scale. Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of the Group's master rating scale. Exposures that are not within 1 to 25 are considered to be in default.

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Group has not rebutted IFRS 9's 90 days past due rebuttable presumption. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of borrower and/or modification (i.e., known cash flow difficulties experienced by the borrower)
- a breach of contract, such as default or delinquency in interest and/or principal payments
- disappearance of active market due to financial difficulties
- it becomes probable that the borrower will enter bankruptcy or another financial reorganisation.
- where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider.

Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties
- Charges over business assets such as premises, inventory, and accounts receivable
- Charges over financial instruments such as debt securities and equities

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit losses, the Group may seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments..

Derivatives

The Group maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e., assets where their fair value is positive), which in relation to derivatives is a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

ECL coverage

The table below shows composition of loans between stage 1, 2 and 3 and the percentage of provisions under each stage.

	2024		2023	
	Loans & advances %	Coverage ratio	Loans & advances %	Coverage ratio
Stage 1	**92.4**	**0.8**	93.3	0.7
Stage 2	**6.2**	**15.1**	4.1	16.2
Stage 3	**1.4**	**72.5**	2.6	72.6
	100.0		100.0	

The following table provides information regarding credit risk exposures relating to assets included on the statement of financial position:

	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Balances with Bank of Uganda	**781,038,338**	629,013,039	**-**	-
Loans and advances to banks and related parties	**1,542,364,011**	548,034,555	**242,228,576**	23,928,038
Investment securities				
Treasury bonds -FVOCI	**586,048,224**	664,484,826	**-**	-
Treasury bonds - Amortised cost	**51,158,732**	113,196,730	**-**	-
Treasury bills - FVOCI	**449,946,416**	414,305,699	**-**	-
Treasury bills - Amortised cost	**32,272,716**	29,006,725	**22,386,226**	20,306,639
Pledged assets	**3,099,477**	4,661,138	**-**	-
Loans and advances to customers				
Mortgage lending	**363,580,522**	340,532,636	**-**	-
Vehicle and asset finance	**115,226,587**	110,474,195	**-**	-
Card and payments	**4,590,717**	3,852,669	**-**	-
Personal unsecured lending	**1,259,778,554**	1,123,175,201	**-**	-
Business and other lending	**604,550,510**	538,379,759	**-**	-
Corporate lending	**1,732,599,316**	1,718,084,809	**-**	-
Sovereign lending	**293,427,830**	390,623,220	**-**	-
Trading assets				
Treasury bonds	**939,175,018**	814,930,215	**-**	-
Treasury bills	**472,332,254**	964,007,606	**-**	-
Pledged assets	**52,280,990**	-	**-**	-
Derivative assets	**99,818,442**	99,208,570	**-**	-
Other financial assets	**322,674,626**	94,427,516	**3,317,914**	1,429,696
Total on-balance sheet credit exposure	**9,705,963,280**	8,600,399,108	**267,932,716**	45,664,373

Credit risk exposures relating to assets not on the statement of financial position are as follows:

	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Acceptance and letters of credit	**98,574,949**	252,912,052	**-**	-
Financial guarantees	**2,002,477,684**	1,845,239,598	**-**	-
Commitments to extend credit	**1,725,657,428**	1,863,438,384	**-**	-
Total on and off-balance sheet exposure	**3,826,710,061**	3,961,590,034	**-**	-
Total on and off-balance sheet exposure	**13,532,673,341**	12,561,989,142	**268,024,768**	45,756,944

*Prepayments are excluded as they are not financial assets.

The above table represents a worst-case scenario of credit risk exposure to the Group at 31 December 2024 and 2023, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

The table below shows unsecured loans and the collateral for the secured loans as at 31 December.

As at 31 December 2024 GROUP	Customer loans USh' 000	Netting off agreements USh' 000	Exposure after netting off USh' 000	Collateral coverage 0-50% USh' 000	51-100% USh' 000	Over 100% USh' 000	Total USh' 000
Secured loans	1,423,860,317	3,454,339	1,420,405,978	485,073,781	464,058,051	471,274,146	1,420,405,978
Unsecured loans	2,949,893,719	-	2,949,893,719	-	-	-	-
	4,373,754,036	3,454,339	4,370,299,697	485,073,781	464,058,051	471,274,146	1,420,405,978

As at 31 December 2023 GROUP	Customer loans USh' 000	Netting off agreements USh' 000	Exposure after netting off USh' 000	Collateral coverage 0-50% USh' 000	51-100% USh' 000	Over 100% USh' 000	Total USh' 000
Secured loans	1,424,546,409	1,193,633	1,423,352,776	562,140,117	368,872,410	492,340,249	1,423,352,776
Unsecured loans	2,800,576,080	-	2,800,576,080	-	-	-	-
	4,225,122,489	1,193,633	4,223,928,856	562,140,117	368,872,410	492,340,249	1,423,352,776

Management remains confident in its ability to continue to control the exposure of credit risk to the Bank resulting from both its loan and advances portfolio and debt securities based on the following:

- 92.4% and 6.2% of the loans and advances portfolio are categorised in stage 1 and stage 2, respectively (2023: 93.4% stage 1 and 4.1% stage 2).
- Mortgage loans are backed by collateral.
- All investment securities and trading assets held by the Group are issued by the Bank of Uganda on behalf of the Government of Uganda.

Collateral

The table below shows the financial effect that collateral has on the Group's maximum exposure to credit risk. The table is presented according to Basel asset categories and includes collateral that may not be eligible for recognition under Basel, but that management takes into consideration in the management of the Group's exposures to credit risk. All on- and off-balance sheet exposures that are exposed to credit risk, including NPL, have been included.

Collateral includes:

- securities that have a tradable market, such as shares and other securities
- physical items, such as property, plant and equipment
- financial guarantees, suretyships and intangible assets.

Netting agreements, which do not qualify for offset under IFRS but which are nevertheless enforceable, are included as part of the Group's collateral for risk management purposes.

All exposures are presented before the effect of any impairment provisions.

For the year ended 31 December 2024	Total exposure USh' 000	Secured exposure USh' 000	Netting agreements USh' 000	Secured exposure after netting USh' 000
Corporate	6,344,925,275	495,340,349	-	495,340,349
Sovereign	2,881,542,431	-	-	-
Bank	376,777,407	-	-	-
Retail	2,467,364,823	999,800,410	3,454,339	996,346,071
Retail mortgage	392,704,684	392,704,684	-	392,704,684
Other retail	2,074,660,139	607,095,726	3,454,339	603,641,387
Total	12,070,609,936	1,495,140,759	3,454,339	1,491,686,420
Add: Financial assets not exposed to credit risk	2,269,484,508			
Less: Impairment for loans and advances to banks and customers	(131,470,685)			
Less: Unrecognised off-balance sheet items	(4,502,660,479)			
Total exposure	9,705,963,280			
Balances with Bank of Uganda	781,038,338			
Derivative assets	99,818,442			
Trading assets	1,411,507,272			
Pledged assets	55,380,467			
Financial investments	1,119,426,088			
Loans and advances to banks	376,592,468			
Loans and advances to customers	4,373,754,036			
Amounts due from group companies	1,173,660,878			
Other financial assets	314,785,291			
Total exposure	9,705,963,280			

2023	Total exposure UShs' 000	Secured exposure UShs' 000	Netting agreements UShs' 000	Secured exposure after netting UShs' 000
Corporate	6,943,514,837	487,960,728	-	487,960,728
Sovereign	3,398,180,840	-	-	-
Bank	240,797,041	-	-	-
Retail	2,250,917,867	1,027,797,934	1,193,633	1,026,604,301
Retail mortgage	357,286,250	357,286,250	-	357,286,250
Other retail	1,893,631,617	670,511,684	1,193,633	669,318,051
Total	12,833,410,585	1,515,758,662	1,193,633	1,514,565,029
Add: Financial assets not exposed to credit risk	1,030,889,860			
Less: Impairments for loans and advances	(145,706,938)			
Less: Unrecognised off balance sheet items	(5,118,194,399)			
Total exposure	8,600,399,108			
Balances with Bank of Uganda	629,013,039			
Derivative assets	99,208,570			
Trading assets	1,778,937,821			
Pledged assets	4,661,138			
Financial investments	1,220,993,980			
Loans and advances to banks	240,585,250			
Loans and advances to customers	4,225,122,489			
Amounts due from group companies	330,064,839			
Other financial assets	71,811,982			
Total exposure	8,600,399,108			

Loans and advances are summarised as follows:

	2024		2023	
GROUP	Loans and advances to customers UShs'000	Loans and advances to banks UShs'000	Loans and advances to customers UShs'000	Loans and advances to banks UShs'000
Stage 1	**4,132,735,813**	**376,777,407**	4,067,310,307	240,686,436
Stage 2	**302,521,546**	**-**	189,641,732	110,605
Stage 3	**69,782,423**	**-**	113,665,597	-
Gross loans and advances	**4,505,039,782**	**376,777,407**	4,370,617,636	240,797,041
Allowances for impairment	**(131,285,746)**	**(184,939)**	(145,495,147)	(211,791)
	4,373,754,036	**376,592,468**	4,225,122,489	240,585,250

The allowance for impairment are summarised per segment as follows:

	31 December 2024		31 December 2023	
GROUP	Loans and advances to customers UShs'000	Loans and advances to banks UShs'000	Loans and advances to customers UShs'000	Loans and advances to banks UShs'000
PPB and BCB loans				
Mortgage lending	**30,490,664**	**-**	14,452,233	-
Instalment sales and finance Leases	**6,525,719**	**-**	13,605,007	-
Card debtors	**784,677**	**-**	1,514,819	-
Other loans and advances	**81,838,537**	**-**	105,116,551	-
Corporate and Investment Banking				
Corporate lending	**11,646,149**	**184,939**	10,806,537	211,791
	131,285,746	**184,939**	145,495,147	211,791

The total impairment provision for loans and advances to customers is UShs 131,286 million (2023: UShs 145,495 million) of which UShs 50,602 million is stage 3 impairment (2023: UShs 82,484 million). Further information on the impairment allowance for loans and advances to banks and to customers is provided in Notes 20 and 21.

The table below illustrates the credit risk for debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure as per the Group's master rating scale.

		SB 1-12	SB 13 - 20		SB 21- 25		Default						
For the year ended 31 December 2024	Total Gross Carrying Amounts UShs'000	Stage 1 UShs'000	Stage 1 UShs'000	Stage 2 UShs'000	Stage 1 UShs'000	Stage 2 UShs'000	Stage 3 UShs'000	Total gross carrying amount of default exposures UShs'000	Securities and expected recoveries on default exposures UShs'000	Interest in suspense on default exposures UShs'000	Balance sheet impairments for non performing specifically impaired loans (Stage 3 and purchased or originated credit impaired) UShs'000	Gross specific impairment coverage %	Non-performing exposures (%)
Loans and advances at amortised cost													
PBB													
Mortgage loans	389,121,058	-	222,425,022	-	-	160,299,249	6,396,787	6,396,787	2,621,201	244,778	3,530,808	59%	2%
Vehicle and asset finance	121,752,306	-	111,283,165	-	-	3,383,977	7,085,164	7,085,164	2,680,367	199,266	4,205,531	62%	6%
Card debtors	5,375,396	-	3,422,806	-	-	1,677,369	275,221	275,221	-	-	275,221	100%	5%
Other loans and advances	1,951,117,727	-	1,809,762,880	-	-	85,329,596	56,025,251	56,025,251	13,877,885	1,653,061	40,494,305	75%	3%
Personal unsecured lending	1,297,815,535	-	1,213,867,902	-	-	53,848,217	30,099,416	30,099,416	9,658,041	297,517	20,143,858	68%	2%
Business lending and other	653,302,192	-	595,894,978	-	-	31,481,379	25,925,835	25,925,835	4,219,844	1,355,544	20,350,447	84%	4%
CIB								-				-	-
Corporate	1,742,444,691	567,995,477	1,122,617,859	51,831,355	-	-	-	-	-	-	-	0%	0%
Sovereign	295,228,604	-	295,228,604	-	-	-	-	-	-	-	-	-	-
Bank	376,777,407	-	376,777,407	-	-	-	-	-	-	-	-	-	-
Other service								-	-			-	-
Gross carrying amount	4,881,817,189	567,995,477	3,941,517,743	51,831,355	-	250,690,191	69,782,423	69,782,423	19,179,453	2,097,105	48,505,865	73%	1%
Less: Total expected credit losses for loans and advances	(131,470,685)												
Net carrying amount of loans and advances measured at amortised cost	4,750,346,504	567,995,477	3,941,517,743	51,831,355	-	250,690,191	69,782,423	69,782,423	19,179,453	2,097,105	48,505,865	73%	1%
Financial investments at amortised cost													
Sovereign	83,502,498	83,502,498											
Gross carrying amount	83,502,498	83,502,498											
Less: ECL for financial investments measured at amortised cost	(71,050)	(71,050)											
Net carrying amount of financial investments measured at amortised cost	83,431,448	83,431,448											
Debt financial investments at fair value through OCI													
Sovereign	1,032,566,980	1,032,566,980											
Gross carrying amount	1,032,566,980	1,032,566,980											
Add: Fair value reserve ralating to fair value adjustments (before the ECL balance)	3,427,660	3,427,660											
Total financial investment at fair value through OCI	1,035,994,640	1,035,994,640											
Off-balance sheet exposures													
Letters of credit and banker's acceptances	98,648,670	6,179,777	92,468,893	-	-	-	-						
Guarantees	2,005,799,611	1,313,292,283	687,217,074	3,234,957	2,055,297	-	-						
Irrevocable unutilised facilities	1,725,657,428	1,725,657,428	-	-	-	-	-						
Total exposure to off-balance sheet credit risk	3,830,105,709	3,045,129,488	779,685,967	3,234,957	2,055,297	-	-						
Expected credit losses for off-balance sheet exposures	(3,395,648)												
Net carrying amount of off-balance sheet exposures	3,826,710,061	3,045,129,488	779,685,967	3,234,957	2,055,297	-	-						
Total exposure to credit risk on financial assets subject to an expected credit loss	9,696,482,653	4,732,551,053	4,721,203,710	55,066,312	2,055,297	250,690,191	69,782,423	69,782,423	19,179,453	2,097,105	48,505,865	73%	1%
Add the following other banking activities exposures:													
Cash and balances with the central bank	781,038,338	781,038,338											
Derivative assets	99,818,442	99,818,442											
Trading assets	1,411,507,272	1,411,507,272											
Pledged assets	55,380,467	55,380,467											
Due from group companies	1,173,660,878	1,173,660,878											
Other financial assets	314,785,291	314,785,291											
Total exposure to credit risk	13,532,673,341	8,513,361,274	4,721,203,710	55,066,312	2,055,297	250,690,191	69,782,423	69,782,423	19,179,453	2,097,105	48,505,865	73%	1%

1 The ECL on unutilised facilities is included in the ECL for loans and advances.
2 Balances with the central bank are classified as FVTPL. These balances are subject to the rigorous regulatory requirements of these transactions and its link to the underlying entity's ability to operate as a bank.
3 Due to the short-term nature of these assets and historical experience, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

The table below illustrates the credit risk for debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure as per the Group's master rating scale (continued)

		SB 1-12	SB 13 - 20		SB 21- 25		Default						
For the year ended 31 December 2023	Total Gross Carrying Amounts USh's'000	Stage 1 USh's'000	Stage 1 USh's'000	Stage 2 USh's'000	Stage 1 USh's'000	Stage 2 USh's'000	Stage 3 USh's'000	Total gross carrying amount of default exposures USh's'000	Securities and expected recoveries on default exposures USh's'000	Interest in suspense on default exposures USh's'000	Balance sheet expected credit loss on default exposures USh's'000	Gross default coverage (%)	Non-performing exposures (%)
Loans and advances at amortised cost													
PBB													
Mortgage loans	350,034,744	-	325,193,665	-	-	18,196,059	6,645,020	6,645,020	2,958,227	-	3,686,793	55%	2%
Vehicle and asset finance	124,079,202	-	97,882,469	-	-	14,341,646	11,855,087	11,855,087	2,129,758	-	9,725,329	82%	10%
Card debtors	5,367,489	-	2,277,320	-	-	2,857,239	232,930	232,930	-	-	232,930	100%	4%
Other loans and advances	1,771,621,638	-	1,527,773,041	-	-	148,916,037	94,932,560	94,932,560	26,093,425	1,797,874	67,041,261	73%	5%
Personal unsecured lending	1,127,666,017	-	1,040,653,655	-	-	68,280,300	18,732,062	18,732,062	17,251,575	1,439,312	41,175	8%	2%
Business lending and other	643,955,621	-	487,119,386	-	-	80,635,737	76,200,498	76,200,498	8,841,850	358,562	67,000,086	88%	12%
CIB								-				-	-
Corporate	1,725,739,609	579,223,219	1,137,191,522	5,330,751	3,994,117	-	-	-	(2)	-	2	0%	0%
Sovereign	393,774,954	-	393,774,954	-	-	-	-	-	-	-	-	-	-
Bank	240,797,041	120,040,240	120,646,196	110,605	-	-	-	-	-	-	-	-	-
Other service								-	-			-	-
Gross carrying amount	4,611,414,677	699,263,459	3,604,739,167	5,441,356	3,994,117	184,310,981	113,665,597	113,665,597	31,181,408	1,797,874	80,686,315	73%	2%
Less: Total expected credit losses for loans and advances	(145,706,938)												
Net carrying amount of loans and advances measured at amortised cost	4,465,707,739	699,263,459	3,604,739,167	5,441,356	3,994,117	184,310,981	113,665,597	113,665,597	31,181,408	1,797,874	80,686,315	73%	3%
Financial investments at amortised cost													
Sovereign	142,405,687	142,405,687											
Gross carrying amount	142,405,687	142,405,687											
Less: ECL for financial investments measured at amortised cost	(202,232)	(202,232)											
Net carrying amount of financial investments measured at amortised cost	142,203,455	142,203,455											
Financial investments at fair value through OCI													
Sovereign	1,084,651,776	1,084,651,776											
Gross carrying amount	1,084,651,776	1,084,651,776											
Add: Fair value reserve ralating to fair value adjustments (before the ECL balance)	(5,861,251)	(5,861,251)											
Total financial investment at fair value through OCI	1,078,790,525	1,078,790,525											
Off-balance sheet exposures													
Letters of credit and banker's acceptances	253,159,330	211,899,435	41,259,895	-	-	-	-						
Guarantees	1,847,564,487	1,579,960,679	246,382,952	21,220,856	-	-	-						
Irrevocable unutilised facilities	1,863,438,384	1,863,438,384	-	-	-	-	-						
Total exposure to off-balance sheet credit risk	3,964,162,201	3,655,298,498	287,642,847	21,220,856	-	-	-						
Expected credit losses for off-balance sheet exposures	(2,595,111)												
Net carrying amount of off-balance sheet exposures	3,961,567,090	3,655,298,498	287,642,847	21,220,856	-	-	-						
Total exposure to credit risk on financial assets subject to an expected credit loss	9,648,268,809	5,575,555,937	3,892,382,014	26,662,212	3,994,117	184,310,981	113,665,597	113,665,597	31,181,408	1,797,874	80,686,315	73%	3%
Add the following other banking activities exposures:													
Cash and balances with the central bank	629,013,039	629,013,039											
Derivative assets	99,208,570	99,208,570											
Trading assets	1,778,937,821	1,778,937,821											
Pledged assets	4,684,082	4,684,082											
Due from group companies	330,064,839	330,064,839											
Other financial assets	71,811,982	71,811,982											
Total exposure to credit risk	12,561,989,142	8,484,592,188	3,892,382,014	26,662,212	3,994,117	184,310,981	113,665,597	113,665,597	31,181,408	1,797,874	80,686,315	73%	1%

1 The ECL on unutilised facilities is included in the ECL for loans and advances.
2 Balances with the central bank are classified as FVTPL. These balances are subject to the rigorous regulatory requirements of these transactions and its link to the underlying entity's ability to operate as a bank.
3 Due to the short-term nature of these assets and historical experience, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

Loans and advances to banks

The total gross amount of stage 3 loans and advances to banks as at 31 December 2024 was Nil (2023: nil). No collateral is held by the Group against loans and advances to banks.

Other financial assets

There are no other financial assets in stage 3 (2023: nil). No collateral is held by the Group against other financial assets.

Concentrations of risk of financial assets with credit risk exposure

Concentration risk is the risk of loss arising from an excessive concentration of exposure to a single counterparty, an industry, a product, a geography, maturity, or collateral. The Group's credit risk portfolio is well-diversified. The Group's management approach relies on the reporting of concentration risk along key dimensions, the setting of portfolio limits and stress testing. The Group's credit risk portfolio is concentrated within Uganda.

The Group's credit concentration

As at 31 December 2024 the Group had no customer with an aggregate amount exceeding twenty five percent of the Group's core capital extended to a single person or group of related persons on balance sheet exposures (2023: Nil).

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by the industry sectors of our counterparties.Concentrations of risk of government securities and loans and advances to banks and customers.

As at 31 December 2024	Sovereign	Financial institutions USh's' 000	Manufacturing USh's' 000	Agriculture USh's' 000	Transport USh's' 000	Individuals USh's' 000	Others USh's' 000	Total USh's' 000
Financial investments - FVOCI (note 17)	**1,035,994,640**	**-**	**-**	**-**	**-**	**-**	**-**	**1,035,994,640**
Financial investments - amortised cost (note 17)	**83,431,448**	**-**	**-**	**-**	**-**	**-**	**-**	**83,431,448**
Pledged assets (Note 19)	**55,380,467**	**-**	**-**	**-**	**-**	**-**	**-**	**55,380,467**
Loans and advances to banks (Note 20)	**-**	**376,592,468**	**-**	**-**	**-**	**-**	**-**	**376,592,468**
Loans and advances to customers (Note 21)	**293,427,830**	**922,669,401**	**371,450,860**	**385,503,036**	**78,186,940**	**1,256,521,001**	**1,065,994,968**	**4,373,754,036**
	1,468,234,385	**1,299,261,869**	**371,450,860**	**385,503,036**	**78,186,940**	**1,256,521,001**	**1,065,994,968**	**5,925,153,059**
As at 31 December 2023								
Financial investments - FVOCI (note 17)	1,078,790,525	-	-	-	-	-	-	1,078,790,525
Financial investments - amortised cost (note 17)	142,203,455	-	-	-	-	-	-	142,203,455
Pledged assets (Note 19)	4,661,138	-	-	-	-	-	-	4,661,138
Loans and advances to banks (Note 20)	-	240,585,250	-	-	-	-	-	240,585,250
Loans and advances to customers (Note 21)	390,623,220	632,563,601	352,788,520	432,192,717	55,199,780	1,080,134,734	1,281,619,917	4,225,122,489
	1,616,278,338	873,148,851	352,788,520	432,192,717	55,199,780	1,080,134,734	1,281,619,917	5,691,362,857

(d) Market Risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency, and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Market risk measurement techniques:

Trading book market risk

Definition

Trading book market risk is represented by financial instruments, including commodities, held in the trading book, arising out of normal global markets' trading activity.

Approach to managing market risk in the trading book.

The Group's policy is that all trading activities are undertaken within the Group's global markets operations. The market risk functions are independent of the Group's trading operations and are accountable to the relevant legal entity Asset-Liability Committees (ALCOs). ALCOs have a reporting line into Group ALCO, a subcommittee of Group Leadership Council. All VaR and SVaR limits require prior approval from the respective entity ALCOs. The market risk functions have the authority to set these limits at a lower level. Market risk teams are responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in the market risk governance standard. Exposures and excesses are monitored and reported daily.

Where breaches in limits and triggers occur, actions are taken by market risk functions to bring exposures back in line with approved market risk appetite, with such breaches being reported to management and entity ALCOs.

As part of the management of market risk, the Group's major measurement techniques used to measure and control market risk is Value at Risk and Pv01 (present value at one). The Group applies 'value at risk' methodology (VaR) to its trading and Grouping portfolio, to estimate the market risk of foreign exchange positions held and the maximum losses expected. Management applies Pv01 methodology to it's trading and non-trading portfolios to estimate the market interest rate risk of positions held and the maximum losses that could arise.

The estimates are based upon a number of assumptions for various changes in market conditions. The ALCO sets limits on both the value of risk and Pv01 that may be acceptable for the Group. These are monitored on a daily basis by the Risk Management department.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Group might lose, but only to a lower level of confidence (98%). There is therefore a specified statistical probability (2%) that actual loss could be greater than the VAR estimate. Pv01 is the present value impact of a one basis point move in an interest rate.

The use of these approaches does not prevent losses outside of these limits in the event of more significant market movements. As VaR and Pv01 constitute an integral part of the Group's market risk control regime, limits are established Management annually for all trading and non-trading portfolios. Actual exposure against limits, together with a consolidated Group-wide VaR, is reviewed daily by the Group's risk unit.

The quality of the VaR model is continuously monitored by back- testing the VaR results for trading books. All back-testing exceptions and any exceptional revenues on the profit side of the VaR distribution are investigated.

Market risk measurement techniques

	12 months to 31 December 2024			
12 months to 31 December 2024	**Average USh' 000**	**Maximum USh' 000**	**Minimum USh' 000**	**31 December 2024 USh' 000**
Interest rate book - Trading	1,194,737	2,076,599	902,626	902, 624
Interest rate book - FVOCI	630,018	740,132	452,440	740,132
Foreign exchange trading book VAR	744,715	1,479,583	286,134	1,136,519

	12 months to 31 December 2023			
12 months to 31 December 2023	**Average USh' 000**	**Maximum USh' 000**	**Minimum USh' 000**	**31 December 2023 USh' 000**
Interest rate book - Trading	1,136,096	1,486,628	900,302	1,007,211
Interest rate book - Available for sale	1,071,667	1,816,282	426,083	426,083
Foreign exchange risk VAR	791,621	1,623,537	200,368	1,080,250

The UShs traded stable with an appreciation bias in 2024 largely due to sustained inflows from coffee exports, remittances and portfolio investor inflows, which adequately matched demand for foreign currency and consequently capped pressures on the exchange rate. While BOU was a frequent buyer of dollars for reserve build up, the currency closed the year strong at 3670 level despite pickup in dollar demand from oil marketing, telecommunication and manufacturing companies ahead of the new year.

In the interest rate risk environment, BOU gradually hiked the Central Bank Rate (CBR) by 75Bps to 10.25% in April 2024 from 9.5%, holding it until a cutting cycle started in August of 50bps, and saw the CBR close the year at 9.75%. BOU Monetary Policy Committee (MPC) cited that their policy stance was aimed to balance price stability with economic growth by encouraging lower lending rates among commercial Groups. The MPC acknowledged the potential impact of global economic uncertainties on the UShs, while also noting that inflation remained below the inflation target range of 5% (annual average of 3.3%) with a balanced overall risk assessment.

Interbank money market rates rose with a significant rise in the utilisation of BOU's Standing Lending Facility (SLF), reflecting tight liquidity conditions that fed into the government securities market. Short end interest rates adjusted higher at year end with the 91-day at 10.0%, 182-day at 13.0% and the 364-day 15.0%. Interest rates for long term securities also rose across all tenors in the primary market with the 3Y at 15.8%, the 10Y at 16.5% and the 20Y at 17.5% levels at the end of the year.

Average normal VaR utilisation for the year on the Interest Rate Trading desk was UShs 1.2 billion representing an increase from 2023 (UShs 1.1 billion) due to increase in government securities investments. On the Forex Trading book, average normal VaR utilisation was UShs 745 million (2023: UShs 791 million) due to drop in foreign exchange flow trading transactions during the year.

Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The ALCO sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The Group has the following significant foreign currency exposure positions (all amounts in millions of Uganda Shillings)

	USD UShs'm	Euro UShs'm	Other UShs'm	Total UShs'm
As at 31 December 2024				
Assets				
Cash and balances with Bank of Uganda	174,387	13,607	7,398	195,392
Loans and advances to banks	285,232	45,825	19,493	350,550
Amounts due from group companies	949,038	192,622	25,707	1,167,367
Loans and advances to customers	841,812	270,141	3,293	1,115,246
Derivative assets	50,835	-	-	50,835
Other assets	2,473	545	29	3,047
Total Assets	2,303,777	522,740	55,920	2,882,437
Liabilities:				
Customer deposits	2,548,962	129,240	27,067	2,705,269
Amounts due to banks	145,464	12,541	3,789	161,794
Amounts due to group companies	92,112	96,391	23,741	212,244
Derivative liabilities	101,523	-	-	101,523
Subordinated bonds/debt	75,433	-	-	75,433
Other liabilities	81,778	1,789	3,606	87,173
Total liabilities	3,045,272	239,961	58,203	3,343,436
Net statement of financial position	(741,495)	282,779	(2,283)	(460,999)
			-	
Net currency forward contracts	(272,993)	-	-	(272,993)
Options, swaps/swap options, securitisations and other derivatives	(399,562)	-	-	(399,562)
Commitments to extend credit	(1,069,434)	-	-	(1,069,434)
Net mismatch	(2,483,484)	282,779	(2,283)	(2,202,988)

The Group has the following significant foreign currency exposure positions (all amounts in millions of Uganda Shillings) (continued)

	USD UShs'm	Euro UShs'm	Other UShs'm	Total UShs'm
As at 31 December 2023				
Assets				
Cash and balances with Bank of Uganda	149,384	10,249	5,566	165,199
Loans and advances to banks	33,859	11,725	14,968	60,552
Amounts due from group companies	270,055	94,654	19,661	384,370
Loans and advances to customers	842,261	406,817	-	1,249,078
Derivatives	57,458	-	-	57,458
Other assets	3,983	261	28	4,272
Total Assets	1,357,000	523,706	40,223	1,920,929
Liabilities:				
Customer deposits	2,213,252	187,954	24,360	2,425,566
Amounts due to banks	193,457	13,207	4	206,668
Amounts due to group companies	52,910	147,666	15,869	216,445
Derivative liabilities	57,450	-	-	57,450
Subordinated bonds/debt	77,641	-	-	77,641
Other liabilities	262,453	2,610	3,143	268,206
Total Liabilities	2,857,163	351,437	43,376	3,251,976
Net statement of financial position	(1,500,163)	172,269	(3,153)	(1,331,047)
Net currency forward contracts	(512,962)	-	-	(512,962)
Options, swaps/swap options, securitisations, and other derivatives	(641,070)	-	-	(641,070)
Commitments to extend credit	(1,307,116)	-	-	(1,307,116)
Net mismatch	(3,961,311)	172,269	(3,153)	(3,792,195)

Foreign currency risk sensitivity UShs equivalent

		USD		EUR	
		2024	2023	**2024**	2023
Total net long/(short) position	millions	**(2,483,484)**	(3,961,311)	**282,779**	172,269
Sensitivity (UShs depreciation)	%	**3**	3	**3**	3
Impact on OCI	millions	**-**	-	**-**	-
Impact on profit or loss	millions	**14,229**	11,258	**1,696**	1,062
Impact on Equity	millions	**9,960**	7,881	**1,187**	743

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies.

Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The ALCO sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily.

The table that follows summarises the Group's exposure to interest rate risk. Included in the table are the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Group does not bear interest rate risk on items not on the statement of financial position.

Interest Rate Risk

	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Non interest bearing UShs'm	Total UShs'm
At 31 December 2024						
Financial asset:						
Cash and balances with Bank of Uganda	-	-	-	-	1,211,168	1,211,168
Financial investments - FVOCI	97,143	270,817	255,180	412,855	-	1,035,995
Other financial investments	-	-	-	-	467	467
Financial investments - amortised cost	-	-	-	-	83,431	83,431
Pledged assets	-	55,380	-	-	-	55,380
Trading assets	84,420	673,335	318,934	334,818	-	1,411,507
Deposits and balances due from other banks	376,592	-	-	-	-	376,592
Amounts due from group companies	1,165,772	-	-	-	7,889	1,173,661
Loans and advances to customers	780,019	738,981	657,892	2,196,862	-	4,373,754
Derivative assets	-	-	-	-	99,819	99,819
Other financial assets	-	-	-	-	314,785	314,785
Total financial assets	2,503,946	1,738,513	1,232,006	2,944,535	1,717,559	10,136,559
Financial liabilities and shareholders' funds:						
Customer deposits	2,802,330	341,745	112,681	10,106	3,840,010	7,106,872
Deposits due to other banks	263,641	-	-	-	-	263,641
Borrowed funds	25,383	1,014	986	34,499	-	61,882
Amounts due to group companies	183,783	-	-	-	46,634	230,417
Derivative liabilities	-	-	-	-	132,890	132,890
Other financial liabilities	-	-	-	-	362,653	362,653
Subordinated bonds / debts	-	-	-	75,433	-	75,433
Total financial liabilities	3,275,137	342,759	113,667	120,038	4,382,187	8,233,788
Shareholders' equity	-		-	-	2,054,992	2,054,992
Total interest repricing gap	(771,191)	1,395,754	1,118,339	2,824,497		

Interest Rate Risk continued

	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Non interest bearing UShs'm	Total UShs'm
At 31 December 2023						
Financial asset:						
Cash and balances with Bank of Uganda	-	-	-	-	1,079,036	1,079,036
Financial investments - FVOCI	198,925	312,623	263,177	304,066	-	1,078,791
Other financial investments	-	-	-	-	187	187
Financial investments - amortised cost	-	-	-	-	142,203	142,203
Pledged assets	-	4,661	-	-	-	4,661
Trading assets	53,169	770,765	659,710	295,294	-	1,778,938
Deposits and balances due from other banks	240,585	-	-	-	-	240,585
Amounts due from group companies	307,449	-	-	-	22,616	330,065
Loans and advances to customers	737,289	706,764	642,121	2,138,948	-	4,225,122
Derivative assets	-	-	-	-	99,209	99,209
Other financial assets	-	-	-	-	71,812	71,812
Total financial assets	1,537,417	1,794,813	1,565,008	2,738,308	1,415,063	9,050,609
Financial liabilities and shareholders' funds:						
Customer deposits	2,101,630	372,032	44,115	4,653	3,810,422	6,332,852
Deposits due to other banks	96,705	-	-	-	-	96,705
Borrowed funds	13,544	-	1,033	2,050	-	16,627
Amounts due to group companies	215,001	-	-	-	28,592	243,593
Derivative liabilities	-	-	-	-	135,160	135,160
Other financial liabilities	-	-	-	-	419,263	419,263
Subordinated bonds / debts	-	-	-	77,641	-	77,641
Total financial liabilities	2,426,880	372,032	45,148	84,344	4,393,437	7,321,841
Shareholders' equity	-	-	-	-	1,881,403	1,881,403
Total interest repricing gap	(889,463)	1,422,781	1,519,860	2,653,964		

Included in other assets and liabilities are non interest bearing assets and liabilities coupled with government securities measured at amortised cost that do not bear interest rate risk.

The Group monitors the sensitivity of net interest income to changes in interest rates.

The sensitivity of net interest income to changes in interest rates for LCY (UShs) is as follows:

	31st December 2024			31st December 2023		
	Change in net interest Income UShs'000	% of net interest income	Impact on Equity UShs'000	Change in net interest Income UShs'000	% of net interest income	Impact on Equity UShs'000
100bps Increase in interest rates	**22,291,147**	**3.3%**	**15,603,803**	20,618,438	3.2%	14,432,907
100bps decrease in interest rates	**(28,516,193)**	**-4.2%**	**(19,961,335)**	(24,206,955)	-3.8%	(16,944,869)

Net Interest Income sensitivity in for FCY(USD) is as follows:

	31st December 2024			31st December 2023		
	Change in net interest Income UShs'000	% of net interest income	Impact on Equity UShs'000	Change in net interest Income UShs'000	% of net interest income	Impact on Equity UShs'000
100bps Increase in interest rates	**4,706,395**	**13.5%**	**3,294,477**	4,478,006	10.1%	3,134,604
100bps decrease in interest rates	**(4,876,820)**	**-14.0%**	**(3,413,774)**	(5,505,228)	-12.4%	(3,853,660)

Interest Rate Risk continued

COMAPNY	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Non interest bearing UShs'm	Total UShs'm
At 31 December 2024						
Financial assets						
Financial investments - amortised cost	-	-	22,386	-	-	22,386
Amounts due from group companies	245,539	-	-	-	-	245,539
Other financial assets	-	-	-	-	7,838	7,838
Total financial assets	245,539	-	22,386	-	7,838	275,763
Financial liabilities						
Amounts due to group companies	201	-	-	-	-	201
Other financial liabilities	-	-	-	-	24,490	24,490
Total financial liabilities	201	-	-	-	24,490	24,691
Shareholders' equity	-	-	-	-	1,150,169	1,150,169
Total interest repricing gap	245,338	-	22,386	-		

COMAPNY	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Non interest bearing UShs'm	Total UShs'm
At 31 December 2023						
Financial assets						
Financial investments - amortised cost	-	-	20,307	-	-	20,307
Amounts due from group companies	25,357	-	-	-	-	25,357
Other financial assets	-	-	-	-	1	1
Total financial assets	25,357	-	20,307	-	1	45,665
Financial liabilities						
Amounts due to group companies	1,078	-	-	-	-	1,078
Other financial liabilities	-	-	-	-	24,490	24,490
Total financial liabilities	1,078	-	-	-	24,490	25,568
Shareholders' equity					936,167	936,167
Total interest repricing gap	24,279	-	20,307	-		

(e) Liquidity risk

Definition

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are overdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Approach to managing liquidity risk.

The Group is exposed to daily call on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The Asset and Liability Committee (ALCO) team sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Group's liquidity management process, as carried out within the Group and monitored by the Treasury and Capital Management (TCM) team includes:

- Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements; and managing the concentration and profile of debt maturities.
- Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.
- The ALM team within TCM also monitors unmatched medium-term assets, the level and type of un-drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

	2024 UShs'000	2023 UShs'000
Liquid assets to deposit ratio		
Total deposits (regulatory)	**7,529,820,569**	6,332,851,589
Total liquid assets (regulatory)	**5,236,101,519**	3,219,408,904
Liquidity ratio	**69.5%**	50.8%
Regulatory requirement	**20.0%**	20.0%

Internal Liquidity Adequacy Assessment Process, Net Stable Funding Ratio and Liquidity Coverage Ratio.

The new guidelines for Internal Liquidity Adequacy Assessment Process (ILAAP) and the Net Stable Funding Ratio (NSFR), as well as the revised Guideline for the Liquidity Coverage Ratio (LCR), were completed and shared for implementation effective 1st December 2024 under the Financial (Liquidity) Regulations 2023. The prudential weekly liquidity risk return was also revised to incorporate the changes in the guidelines with its implementation effective 1st December 2024. The guidelines are to ensure, the liquidity risk management of financial institutions always facilitate the fulfilment of their payment obligations, even under adverse conditions. The Internal Liquidity Adequacy Assessment Process (ILAAP) would play a key role in the risk management of financial institutions.

Sound, effective and comprehensive ILAAPs comprise a clear assessment of the risks to liquidity and have well-structured risk governance and risk escalation processes based on a well-thought out and thorough risk strategy that is translated into an effective risk limit system. In addition, the Basel Committee on Banking Supervision (BCBS) issued the Basel III rules on liquidity risk measurement, standards, and monitoring on December 16, 2010, which included the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR), the maturity mismatch gap and concentration analysis. These liquidity risk measurement tools ensure that a financial institution has adequate liquidity to meet their payment obligations even in periods of liquidity stress. Accordingly, the Bank of Uganda (BOU), through the Financial Institutions (Liquidity) Regulations 2023, has adopted these Basel III Liquidity Standards with the view to further strengthen liquidity risk management and align with international best practices.

The Group's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) were as follows:

	2024 %	2023 %
Liquid coverage ratio		
Local currency	**176%**	125%
Foreign currency	**309%**	112%
Total currency	**193%**	141%
Regulatory requirement	**100%**	100%
NSFR		
Total currency	**160%**	249%
Regulatory requirement	**100%**	100%

The bank is compliant with the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and maintains sufficient high quality liquid assets to meet its obligations as they fall due. The bank also maintains sufficient stable funding for its investments.

(i) The table that follows presents the undiscounted cash flows payable by the Group under financial liabilities by remaining contractual maturities at the balance sheet date and from financial assets by expected maturity dates. All figures are in millions of Uganda Shillings.

Group	Carrying Amount USh's' m	Gross nominal in/ out flow UShs' m	Up to 1 month UShs' m	2-6 Months UShs' m	7-12 Months UShs' m	1-5 Years UShs' m	Over 5 Years UShs' m
At 31 December 2024							
Liabilities							
Deposits from customers	(7,106,872)	(7,126,462)	(6,616,572)	-	-	(509,890)	-
Deposits from other banks	(263,641)	(263,759)	(211,478)	-	(52,281)	-	-
Amounts due to group companies	(230,417)	(250,290)	(92,258)	-	-	(157,918)	(114)
Derivative liabilities	(132,890)	(132,890)	(479)	(1,318)	(4,433)	(77,536)	(49,124)
Borrowed funds	(61,882)	(63,239)	(1,096)	(1,014)	(986)	(60,143)	-
Subordinated debt	(75,433)	(119,169)	-	(3,499)	(3,499)	(27,994)	(84,177)
Other financial liabilities	(362,653)	(369,614)	(334,952)	(330)	(866)	(31,700)	(1,766)
Total financial liabilities (contractual maturity dates)	(8,233,788)	(8,325,423)	(7,256,835)	(6,161)	(62,065)	(865,181)	(135,181)
Assets							
Cash and bank balances with Bank of Uganda	1,211,168	1,211,168	1,211,168	-	-	-	-
Financial investments - FVOCI	1,035,995	1,168,830	100,000	279,716	280,000	509,114	-
Other financial investments	467	467	-	-	-	-	467
Financial investments - amortised cost	83,431	89,000	32,273	10,572	-	46,155	-
Pledged assets	55,380	60,160	-	3,160	57,000	-	-
Trading assets	1,411,507	1,718,588	86,093	710,282	390,366	390,614	141,233
Loans and advances to banks	376,592	581,439	581,439	-	-	-	-
Amounts due from group companies	1,173,661	1,372,569	610,694	558,366	-	203,509	
Loans and advances to customers	4,373,754	8,596,637	433,574	1,287,923	455,291	2,515,901	3,903,948
Derivative Assets	99,818	99,818	205	15,524	3,772	31,454	48,863
Other financial assets	314,785	314,921	314,921	-	-	-	-
Total financial assets (expected maturity dates)	10,136,558	15,213,597	3,370,367	2,865,543	1,186,429	3,696,747	4,094,511
Liquidity gap	1,902,771	6,888,174	(3,886,468)	2,859,382	1,124,364	2,831,566	3,959,330
Cumulative Liquidity Gap	1,902,771	6,888,174	(3,886,468)	2,859,382	1,124,364	2,831,566	3,959,330
Off-Balance Sheet							
Guarantees	(2,005,800)	(2,005,800)	(114,649)	(396,797)	(478,507)	(1,015,847)	-
Accepted letters of credit	(98,649)	(98,649)	(20,133)	(78,516)	-	-	-
Commitments to extend credit	(1,725,657)	(1,725,657)	(1,725,657)	-	-	-	-
Currency forwards, options and swaps	(672,555)	(672,555)	(341,429)	(138,424)	(206,917)	14,215	-
Total Off-Balance Sheet	(4,502,661)	(4,502,661)	(2,201,868)	(613,737)	(685,424)	(1,001,632)	-
Liquidity gap	(2,599,989)	2,385,513	(6,088,336)	2,245,645	438,940	1,829,934	3,959,330
Cumulative Liquidity Gap		2,385,513	(6,088,336)	(3,842,691)	(3,403,751)	(1,573,817)	2,385,513

The table that follows presents the undiscounted cash flows payable by the Group under financial liabilities by remaining contractual maturities at the balance sheet date and from financial assets by expected maturity dates

Group	Carrying Amount UShs' m	Gross nominal in/ out flow UShs' m	Up to 1 month UShs' m	2-6 Months UShs' m	7-12 Months UShs' m	1-5 Years UShs' m	Over 5 Years UShs' m
At 31 December 2023							
Liabilities							
Deposits from customers	(6,332,852)	(6,368,192)	(5,793,166)	(24)	(687)	(574,315)	-
Deposits from other banks	(96,705)	(96,715)	(96,715)	-	-	-	-
Amounts due to group companies	(243,593)	(244,194)	(67,386)	-	-	(176,808)	-
Derivative liabilities	(135,160)	(135,160)	(344)	(2,445)	(4,726)	(71,858)	(55,787)
Borrowed Funds	(16,627)	(17,514)	(1,708)	-	(1,033)	(14,373)	(400)
Subordinated debt	(77,641)	(111,368)	-	(2,325)	(2,325)	(18,602)	(88,116)
Other financial liabilities	(419,263)	(432,548)	(390,056)	(508)	(2,515)	(34,045)	(5,424)
Total financial liabilities (contractual maturity dates)	(7,321,841)	(7,405,691)	(6,349,375)	(5,302)	(11,286)	(890,001)	(149,727)
Assets							
Cash and bank balances with Bank of Uganda	1,079,036	1,079,036	1,079,036	-	-	-	-
Financial investments - FVOCI	1,078,791	1,441,067	105,000	352,374	587,967	395,726	-
Other financial investments	187	187	-	-	-	-	187
Financial investments - amortised cost	142,203	209,358	-	-	-	140,891	68,467
Pledged assets	4,661	4,777	-	4,777	-	-	-
Trading assets	1,778,938	2,005,315	52,994	809,505	725,148	354,367	63,301
Loans and advances to banks	240,585	240,637	240,637	-	-	-	-
Amounts due from group companies	330,065	337,795	329,905	3,798	-	-	4,092
Loans and advances to customers	4,225,122	6,659,237	291,724	1,367,672	401,456	3,084,748	1,513,637
Derivative Assets	99,209	99,209	343	2,181	3,645	37,464	55,576
Other financial assets	71,812	71,812	71,812	-	-	-	-
Total financial assets (expected maturity dates)	9,050,609	12,148,430	2,171,451	2,540,307	1,718,216	4,013,196	1,705,260
Liquidity gap	1,728,768	4,742,739	(4,177,924)	2,535,005	1,706,930	3,123,195	1,555,533
Cumulative Liquidity Gap	1,728,768	4,742,739	(4,177,924)	(1,642,919)	64,012	3,187,207	4,742,739
Off-Balance Sheet							
Guarantees	(1,847,564)	(1,847,564)	(86,172)	(399,132)	(540,043)	(822,217)	-
Accepted letters of credit	(253,159)	(253,159)	(33,488)	(133,687)	(7,125)	(78,859)	-
Commitments to extend credit	(1,863,438)	(1,863,438)	(1,863,438)	-	-	-	-
Currency forwards, options and swaps	(1,154,032)	(1,154,032)	(192,995)	(135,871)	(645,918)	(179,248)	-
Total Off-Balance Sheet	(5,118,193)	(5,118,193)	(2,176,093)	(668,690)	(1,193,086)	(1,080,324)	-
Liquidity gap	(3,389,425)	(375,454)	(6,354,017)	1,866,315	513,844	2,042,871	1,555,533
Cumulative Liquidity Gap		(375,454)	(6,354,017)	(4,487,702)	(3,973,857)	(1,930,986)	(375,454)

Assets available to meet the liabilities and to cover outstanding loan commitments include cash, balances with Bank of Uganda, items in the course of collection, loans and advances to banks, and loans and advances to customers. The Group would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

The table below analyses the Company's non-derivative financial assets and liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

COMPANY	Carrying Amount UShs' m	Gross norminal In/ out flow UShs' m	Up to 1 month UShs' m	2-6 Months UShs' m	7-12 Months UShs' m	1-5 Years UShs' m	Over 5 Years UShs' m
At 31 December 2024							
Liabilities							
Amounts due to group companies	(201)	(201)	(201)	-	-	-	-
Other financial liabilities	(30,577)	(31,203)	(29,979)	-	-	(1,224)	-
Total financial liabilities (contractual maturity dates)	(30,778)	(31,404)	(30,180)	-	-	(1,224)	-
Assets							
Financial investments - amortised cost	22,386	22,386	22,386	-	-	-	-
Amounts due from group companies	245,539	252,558	145,539	107,019	-	-	-
Other financial assets	8	8	8	-	-	-	-
Total financial assets (expected maturity dates)	267,933	274,952	167,933	107,019	-	-	-
Liquidity gap	237,155	243,548	137,753	107,019	-	(1,224)	-
Cumulative Liquidity Gap	237,155	243,548	137,753	244,772	244,772	243,548	243,548

COMPANY	Carrying Amount UShs' m	Gross norminal In/ out flow UShs' m	Up to 1 month UShs' m	2-6 Months UShs' m	7-12 Months UShs' m	1-5 Years UShs' m	Over 5 Years UShs' m
At 31 December 2023							
Liabilities							
Amounts due to group companies	(1,078)	(1,078)	(1,078)	-	-	-	-
Other liabilities	(24,490)	(24,490)	(24,490)	-	-	-	-
Total financial liabilities (contractual maturity dates)	(25,568)	(25,568)	(25,568)	-	-	-	-
Assets							
Financial investments - amortised cost	20,307	20,307	20,307	-	-	-	-
Amounts due from group companies	25,357	25,357	25,357	-	-	-	-
Other Assets	1	1	1	-	-	-	-
Total financial assets (expected maturity dates)	45,665	45,665	45,665	-	-	-	-
Liquidity gap	20,097	20,097	20,097	-	-	-	-
Cumulative Liquidity Gap	20,097	20,097	20,097	20,097	20,097	20,097	20,097

(ii) Maturity analysis

The Group assesses the maturity of assets and liabilities which provides an indication of the remaining contractual life of these assets at that point in time. The following is the maturity analysis for the Group's assets and liabilities as at year-end:

GROUP At 31 December 2024	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1-year UShs'm	Total UShs'm
Asset:					
Cash and balances with Bank of Uganda	1,211,168	-	-	-	1,211,168
Financial investments - FVOCI	97,143	270,817	255,180	412,856	1,035,996
Other financial investments	-	-	-	467	467
Financial investments - amortised cost	-	42,301	-	41,130	83,431
Pledged assets	-	55,380	-	-	55,380
Trading assets	84,420	673,335	318,934	334,818	1,411,507
Deposits and balances due from other banks	376,592	-	-	-	376,592
Amounts due from group companies	1,173,661	-	-	-	1,173,661
Loans and advances to customers	780,019	738,981	657,892	2,196,862	4,373,754
Derivative assets	19,512	31,454	48,852	-	99,818
Deferred tax asset	-	-	-	69,731	69,731
Other assets	311,612	6	43	65,313	376,974
Good will and intangible asset	-	-	-	42,888	42,888
Property, equipment, and right-of-use assets	-	-	-	82,434	82,434
Total assets	4,054,127	1,812,274	1,280,901	3,246,499	10,393,801
Liabilities:					
Customer deposits	6,642,340	341,745	112,681	10,106	7,106,872
Deposits due to other banks	263,641	-	-	-	263,641
Borrowed funds	25,383	1,014	986	34,499	61,882
Amounts due to group companies	230,417	-	-	-	230,417
Derivative liabilities	495	120	5,615	126,660	132,890
Other liabilities	320,560	23,899	9,186	101,266	454,911
Subordinated debt	-	-	-	75,433	75,433
Current tax liabilities	12,763	-	-	-	12,763
Total liabilities	7,495,599	366,778	128,468	347,964	8,338,809
Net liquidity gap	(3,441,472)	1,445,496	1,152,433	2,898,535	2,054,992
Cumulative liquidity gap	(3,441,472)	(1,995,976)	(843,543)	2,054,992	-
Off-balance sheet					
Guarantees	114,649	396,797	478,507	1,015,847	2,005,800
Acceptances and letters of credit	20,133	78,516	-	-	98,649
Commitments to extend credit	1,725,657	-	-	-	1,725,657
Currency forwards, options and swaps	341,429	138,424	206,917	(14,215)	672,555
Total off-balance sheet	2,201,868	613,737	685,424	1,001,632	4,502,661
Net liquidity gap	(5,643,340)	(2,609,713)	(1,528,967)	1,053,360	(8,728,660)
Net cumulative liquidity gap	(5,643,340)	(8,253,053)	(9,782,020)	(8,728,660)	-

Maturity analysis (continued)

GROUP	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1-year UShs'm	Total UShs'm
At 31 December 2023					
Asset:					
Cash and balances with Bank of Uganda	1,079,036	-	-	-	1,079,036
Financial investments - FVOCI	198,925	312,623	263,177	304,066	1,078,791
Other financial investments	-	-	-	187	187
Financial investments - amortised cost	-	29,007	-	113,196	142,203
Pledged assets	-	4,661	-	-	4,661
Trading assets	53,169	770,765	659,710	295,294	1,778,938
Loans and advances to other banks	240,585	-	-	-	240,585
Amounts due from group companies	330,065	-	-	-	330,065
Loans and advances to customers	737,289	706,764	642,121	2,138,948	4,225,122
Derivative assets	6,289	37,464	55,456	-	99,209
Deferred tax asset	-	-	-	59,371	59,371
Other assets	2,976	-	86,186	39,611	128,773
Goodwill and intangible assets	-	-	-	52,775	52,775
Property and equipment	-	-	-	83,683	83,683
Total assets	2,648,334	1,861,284	1,706,650	3,087,131	9,303,399
Liabilities:					
Customer deposits	5,912,052	372,032	44,115	4,653	6,332,852
Deposits from other banks	96,705	-	-	-	96,705
Borrowed funds	13,544	-	1,033	2,050	16,627
Amounts due to group companies	243,593	-	-	-	243,593
Derivative liabilities	279	668	6,378	127,835	135,160
Other liabilities	137,641	-	198,049	161,739	497,429
Subordinated debt	-	-	-	77,641	77,641
Current tax liabilities	21,989	-	-	-	21,989
Total liabilities	6,425,803	372,700	249,575	373,918	7,421,996
Net liquidity gap	(3,777,469)	1,488,584	1,457,075	2,713,213	1,881,403
Cumulative liquidity gap	(3,777,469)	(2,288,885)	(831,810)	1,881,403	-
Off-balance sheet					
Guarantees and performance bonds	86,172	399,132	540,043	822,217	1,847,564
Acceptances and letters of credit	33,488	133,687	7,125	78,859	253,159
Commitments to extend credit	1,863,438	-	-	-	1,863,438
Currency forwards, options and swaps	192,994	135,871	645,918	179,249	1,154,032
Total off-balance sheet	2,176,092	668,690	1,193,086	1,080,325	5,118,193
Net liquidity gap	(5,953,561)	(2,957,575)	(2,024,896)	801,078	(10,134,954)
Net cumulative liquidity gap	(5,953,561)	(8,911,136)	(10,936,032)	(10,134,954)	-

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for Groups ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

(ii) Maturity analysis continued

COMPANY	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1-year UShs'm	Total UShs'm
At 31 December 2024					
Asset:					
Financial investments - amortised cost	-	-	22,386	-	22,386
Amounts due from group companies	245,539	-	-	-	245,539
Investment in subsidiaries	-	-	-	904,127	904,127
Other assets	-	-	-	100	100
Current income tax recoverable	-	-	-	6,222	6,222
Deferred tax assets	-	-	-	4,586	4,586
Property and equipment	-	-	-	1,722	1,722
Total assets	245,539	-	22,386	916,757	1,184,682
Liabilities:					
Amounts due to group companies	201	-	-	-	201
Other liabilities	29,874	-	4,439	-	34,313
Total liabilities	30,075	-	4,439	-	34,514
Net liquidity gap	215,464	-	17,947	916,757	1,150,168
Cumulative liquidity gap	215,464	215,464	233,411	1,150,168	-

COMPANY	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1-year UShs'm	Total UShs'm
At 31 December 2023					
Asset:					
Financial investments - amortised cost	-	-	20,307	-	20,307
Amounts due from group companies	25,357	-	-	-	25,357
Investment in subsidiaries	-	-	-	903,127	903,127
Other assets	-	-	-	94	94
Current income tax recoverable	-	-	-	5,851	5,851
Deferred tax assets	-	-	-	9,455	9,455
Property and equipment	-	-	-	735	735
Total assets	25,357	-	20,307	919,262	964,926
Liabilities:					
Amounts due to group companies	1,078	-	-	-	1,078
Other liabilities	24,403	-	3,277	-	27,680
Total liabilities	25,481	-	3,277	-	28,758
Net liquidity gap	(124)	-	17,030	919,262	936,168
Cumulative liquidity gap	(124)	(124)	16,906	936,168	-

Maturity of discounted contractual cash flows for lease liabilities

At 31 December 2024 GROUP	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Total UShs'm
Buildings	249	84	3,809	6,937	11,079
Branches	-	293	887	9,277	10,457
ATM Spaces and others	534	213	219	5,469	6,435
Total	783	590	4,915	21,683	27,971

At 31 December 2023 GROUP	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Total UShs'm
Buildings	929	310	796	15,411	17,446
Branches	886	1,088	360	10,236	12,570
ATM Spaces and others	911	851	354	1,601	3,717
Total	**2,726**	**2,249**	**1,510**	**27,248**	**33,733**

Maturity of discounted contractual cash flows for lease liabilities (continued)

At 31 December 2024 COMPANY	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Total UShs'm
Buildings	-	-	-	598	598
Branches	-	-	-	-	-
ATM Spaces and others	-	-	-	-	-
Total	-	-	-	598	598

At 31 December 2023 COMPANY	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Total UShs'm
Buildings	-	-	-	-	-
Branches	-	-	-	-	-
ATM Spaces and others	-	-	-	-	-
Total	-	-	-	-	-

(f) Off balance sheet

(i) Loan commitments

The maturity of the Bank's off-balance sheet items that commit it to extend credit to customers and other facilities (Note 36), are summarised in the table below.

(ii) Other financial facilities

Other commitments (Note 36) are also included below based on the earliest contractual maturity timing.

GROUP	Not later than 1 year UShs'000	1 to 5 years UShs'000	Total UShs'000
As at 31 December 2024			
Acceptances and letters of credit	98,648,670	-	98,648,670
Guarantees and performance bonds	989,952,998	1,015,846,613	2,005,799,611
Commitments to extend credit	1,725,657,428	-	1,725,657,428
Currency forwards, options and swaps	672,554,770	-	672,554,770
	3,486,813,866	1,015,846,613	4,502,660,479
As at 31 December 2023			
Acceptances and letters of credit	174,300,173	78,859,157	253,159,330
Guarantees and performance bonds	1,025,347,435	822,217,052	1,847,564,487
Commitments to extend credit	1,863,438,384	-	1,863,438,384
Currency forwards, options and swaps	1,154,032,198	-	1,154,032,198
	4,217,118,190	901,076,209	5,118,194,399

(g) Fair value of financial assets and liabilities

The table below summarises the carrying amounts and fair values of financial assets and liabilities.

	Carrying Value		Fair Value	
	2024	2023	2024	2023
GROUP	UShs'000	UShs'000	UShs'000	UShs'000
Financial assets				
Cash and Balances with Bank of Uganda	**1,211,168,332**	1,079,035,695	**1,211,168,332**	1,079,035,695
Derivative assets	**99,818,442**	99,208,570	**99,818,442**	99,208,570
Trading assets	**1,411,507,272**	1,778,937,821	**1,411,507,272**	1,778,937,821
Pledged assets	**55,380,467**	4,661,138	**55,380,467**	4,661,138
Financial investments-FVOCI and FVPL	**1,036,462,116**	1,078,977,578	**1,036,462,116**	1,078,977,578
Financial investments -amortised cost	**83,431,448**	142,203,455	**83,431,448**	142,203,455
Loans and advances to banks	**376,592,468**	240,585,250	**376,592,468**	240,585,250
Amounts due from group companies	**1,173,660,878**	330,064,839	**1,173,660,878**	330,064,839
Loans and advances to customers	**4,373,754,036**	4,225,122,489	**4,373,754,036**	4,225,122,489
Other financial assets	**314,785,291**	71,811,982	**314,785,291**	71,811,982
Financial liabilities				
Customer deposits	**7,106,871,603**	6,332,851,589	**7,106,871,603**	6,332,851,589
Amounts due to other banks	**263,640,570**	96,704,725	**263,640,570**	96,704,725
Borrowed funds	**61,882,497**	16,627,259	**61,882,497**	16,627,259
Amounts due to group companies	**230,416,933**	243,593,384	**230,416,933**	243,593,384
Subordinated debt	**75,433,169**	77,641,462	**75,433,169**	77,641,462
Derivative liabilities	**132,889,663**	135,159,501	**132,889,663**	135,159,501
Other financial liabilities	**362,652,647**	419,263,273	**362,652,647**	419,263,273

	Carrying Value		Fair Value	
	2024	2023	2024	2023
COMPANY	UShs'000	UShs'000	UShs'000	UShs'000
Financial assets				
Financial investments - Amortised cost	**22,386,226**	20,306,639	**22,386,226**	20,306,639
Amounts due from group companies	**245,538,652**	25,356,747	**245,538,652**	25,356,747
Other financial assets	**7,838**	987	**7,838**	987
Financial liabilities				
Amounts due to group companies	**200,591**	1,078,135	**200,591**	1,078,135
Other financial liabilities	**30,576,910**	24,489,724	**30,576,910**	24,489,724

(h) Fair value hierarchy

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below shows the classification of financial instruments held at fair value into the valuation hierarchy as at 31 December 2024 and 2023.

GROUP 31 December 2024	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Coin and bank notes	430,129,994	-	-	430,129,994
Bank of Uganda cash reserve requirement	781,038,338	-	-	781,038,338
Derivative assets	-	99,818,442	-	99,818,442
Trading assets	-	1,411,507,272	-	1,411,507,272
Pledged assets	-	55,380,467	-	55,380,467
Financial investments - FVOCI	-	1,035,994,640	-	1,035,994,640
Other financial investments	-	-	467,476	467,476
Total financial assets	1,211,168,332	2,602,700,821	467,476	3,814,336,629
Financial liabilities				
Derivative liabilities	-	132,889,663	-	132,889,663
Total financial liabilities	-	132,889,663	-	132,889,663

GROUP 31 December 2023	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Coin and bank notes	450,022,656	-	-	450,022,656
Bank of Uganda cash reserve requirement	629,013,039	-	-	629,013,039
Derivative assets	-	99,208,570	-	99,208,570
Trading assets	-	1,778,937,821	-	1,778,937,821
Pledged assets	-	4,661,138	-	4,661,138
Financial investments - FVOCI	-	1,078,790,525	-	1,078,790,525
Other financial investments	-	-	187,053	187,053
Total financial assets	1,079,035,695	2,961,598,054	187,053	4,040,820,802
Financial liabilities				
Derivative liabilities	-	135,159,501	-	135,159,501
Total financial liabilities	-	135,159,501	-	135,159,501

The balances with Bank of Uganda excluding the cash reserve requirement are classified as financial assets at amortised cost. Coins and bank notes have been classified at fair value through profit or loss - default as the contractual terms do not give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

Sensitivity and interrelationships of inputs

The behaviour of the unobservable parameters used to fair value level 3 assets and liabilities is not necessarily independent and may often hold a relationship with other observable and unobservable market parameters. Where material and possible, such relationships are captured in the valuation by way of correlation factors, though these factors are, themselves, frequently unobservable. In such instances, the range of possible and reasonable fair value estimates is taken into account when determining appropriate model adjustments. Reconciliation of level 3 financial assets measured at fair value

The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 3):

GROUP	2024 UShs' 000	2023 UShs' 000
Opening balance	187,053	176,547
New Share allocation	297,825	-
Gains and losses recognised in profit or loss	(17,402)	10,506
Closing balance	467,476	187,053
Total losses for the period included in profit or loss under other gains/(losses)	(17,402)	10,506

The movement in the other financial investments measured at fair valued (Note 17) is as follows:

31 December 2024 GROUP	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Financial investments - amortised cost	-	83,431,448	-	83,431,448
Loans and advances to banks	-	-	376,592,468	376,592,468
Amounts due from group companies	-	-	1,173,660,878	1,173,660,878
Loans and advances to customers	-	-	4,373,754,036	4,373,754,036
Other financial assets	-	-	314,785,291	314,785,291
Total assets		83,431,448	6,238,792,673	6,322,224,121
Financial liabilities	-	-		
Customer deposits	-	-	7,106,871,603	7,106,871,603
Amounts due to other banks	-	-	263,640,570	263,640,570
Borrowed funds	-	-	61,882,497	61,882,497
Subordinated debt	-	-	75,433,169	75,433,169
Amounts due to group companies	-	-	230,416,933	230,416,933
Other financial liabilities	-	-	362,652,647	362,652,647
Total liabilities	-	-	8,100,897,419	8,100,897,419

31 December 2023 GROUP	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Financial investments - amortised cost	-	142,203,455	-	142,203,455
Loans and advances to banks	-	-	240,585,250	240,585,250
Amounts due from group companies	-	-	330,064,839	330,064,839
Loans and advances to customers	-	-	4,225,122,489	4,225,122,489
Other financial assets	-	-	71,811,982	71,811,982
Total assets	-	142,203,455	4,867,584,560	5,009,788,015
Financial liabilities				
Customer deposits	-	-	6,332,851,589	6,332,851,589
Amounts due to other banks	-	-	96,704,725	96,704,725
Borrowed funds	-	-	16,627,259	16,627,259
Subordinated debt	-	-	77,641,462	77,641,462
Amounts due to group companies	-	-	243,593,384	243,593,384
Other financial liabilities	-	-	419,263,273	419,263,273
Total liabilities	-	-	853,830,103	7,186,681,692

The table below shows items not measured at fair value for which fair value is disclosed.

COMPANY 31 December 2024	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Financial investments - amortised cost	-	22,386,226	-	22,386,226
Amounts due from group companies	-	-	245,538,652	245,538,652
Other financial assets	-	-	7,838	7,838
Total assets	-	22,386,226	245,546,490	267,932,716
Financial liabilities				
Amounts due to group companies	-	-	200,591	200,591
Other financial liabilities	-	-	30,576,910	30,576,910
Total liabilities	-	-	30,777,501	30,777,501

COMPANY 31 December 2023	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Financial investments - amortised cost	-	20,306,639	-	20,306,639
Amounts due from group companies	-	-	25,356,747	25,356,747
Other financial liabilities	-	-	987	987
Total assets	-	20,306,639	25,357,734	45,664,373
Financial liabilities				
Amounts due to group companies	-	-	1,078,135	1,078,135
Other financial liabilities	-	-	24,489,724	24,489,724
Total liabilities	-	-	25,567,859	25,567,859

(i) Classification of financial assets and liabilities

The table below sets out the classification of the Group's assets and liabilities:

GROUP At 31 December 2024	FVTPL Held-for-trading UShs' m	FVTPL Default UShs' m	FVOCI Debt instruments UShs' m	FVOCI Equity instruments UShs' m	Amortised cost UShs' m	Other assets/ liabilities UShs' m	Total carrying amount UShs' m
Assets							
Cash and balances with central banks	-	1,172,550	-	-	38,618	-	1,211,168
Derivative assets	99,818	-	-	-	-	-	99,818
Financial investments	-	467	1,035,996	-	83,431	-	1,119,894
Trading assets	1,411,507	-	-	-	-	-	1,411,507
Pledged assets	-	-	55,380	-	-	-	55,380
Loans and advances to banks	-	-	-	-	376,592	-	376,592
Loans and advances to customers	-	-	-	-	4,373,754	-	4,373,754
Amounts due from group companies	-	-	-	-	1,173,661	-	1,173,661
Other financial assets	-	-	-	-	314,785	-	314,785
Other non-financial assets	-	-	-	-	-	257,242	257,242
	1,511,325	1,173,017	1,091,376	-	6,360,841	257,242	10,393,801
Liabilities							
Derivative liabilities	132,890	-	-	-	-	-	132,890
Deposits from banks	-	-	-	-	263,641	-	263,641
Deposits from customers	-	-	-	-	7,106,872	-	7,106,872
Subordinated debt	-	-	-	-	75,433	-	75,433
Amounts due to group companies	-	-	-	-	230,417	-	230,417
Borrowed funds	-	-	-	-	61,882	-	61,882
Other financial liabilities	-	-	-	-	362,653	-	362,653
Other non-financial liabilities	-	-	-	-	-	105,021	105,021
	132,890	-	-	-	8,100,898	105,021	8,338,809
2023							
Assets							
Cash and balances with central banks	-	1,079,036	-	-	-	-	1,079,036
Derivative assets	99,209	-	-	-	-	-	99,209
Financial investments	-	187	1,078,791	-	142,203	-	1,221,181
Trading assets	1,778,938	-	-	-	-	-	1,778,938
Pledged assets	-	-	4,661	-	-	-	4,661
Loans and advances to banks	-	-	-	-	240,585	-	240,585
Loans and advances to customers	-	-	-	-	4,225,122	-	4,225,122
Amounts due from group companies	-	-	-	-	330,065	-	330,065
Other financial assets	-	-	-	-	71,812	-	71,812
Other non-financial assets	-	-	-	-	-	252,790	252,790
	1,878,147	1,079,223	1,083,452	-	5,009,787	252,790	9,303,399
Liabilities							
Derivative liabilities	135,160	-	-	-	-	-	135,160
Deposits from banks	-	-	-	-	96,705	-	96,705
Deposits from customers	-	-	-	-	6,332,852	-	6,332,852
Subordinated debt	-	-	-	-	77,641	-	77,641
Amounts due to group companies	-	-	-	-	243,593	-	243,593
Borrowed funds	-	-	-	-	16,627	-	16,627
Other financial liabilities	-	-	-	-	419,263	-	419,263
Other non-financial liabilities	-	-	-	-	-	100,155	100,155
	135,160	-	-	-	7,186,681	100,155	7,421,996

The table below sets out the classification of the Company's assets and liabilities:

COMPANY	FVTPL Held-for-trading USHs' m	FVTPL Default USHs' m	FVOCI Debt instruments USHs' m	FVOCI Equity instruments USHs' m	Amortised cost USHs' m	Other assets/ liabilities USHs' m	Total carrying amount USHs' m
2024							
Assets							
Financial investments	-	-	-	-	22,386	-	22,386
Amounts due from group companies	-	-	-	-	245,539	-	245,539
Other financial assets	-	-	-	-	8	-	8
Other non-financial assets	-	-	-	-	-	916,750	916,750
	-	-	-	-	267,933	916,750	1,184,683
Liabilities							
Amounts due to group companies	-	-	-	-	201	-	201
Other financial liabilities	-	-	-	-	30,577	-	30,577
Other non financial liabilities	-	-	-	-	-	3,736	3,736
	-	-	-	-	30,778	3,736	34,514
2023							
Assets							
Financial investments	-	-	-	-	20,307	-	20,307
Amounts due from group companies	-	-	-	-	25,357	-	25,357
Other financial assets	-	-	-	-	1	-	1
Other non-financial assets	-	-	-	-	-	919,261	919,261
	-	-	-	-	45,665	919,261	964,926
Liabilities							
Amounts due to group companies	-	-	-	-	1,078	-	1,078
Other financial liabilities	-	-	-	-	24,490	-	24,490
Other non financial liabilities	-	-	-	-	-	3,190	3,190
	-	-	-	-	25,568	3,190	28,758

4. Segment information

The chief operating decision maker for purposes of segment reporting is the Chief Executive of the Company.

The Bank's operating model is client led and structured around business units, namely: Personal and Private Banking (PPB), Business and Commercial Banking (BCB) and Corporate and Investment Banking (CIB). The business units are responsible for designing and executing the client value proposition. Business units own the client relationship and create multi-product client experiences distributed through the Bank's client engagement platforms. Business unit reporting reflects the reporting responsibility for individual cost centres and divisions across the Bank.

Treasury and Capital Management (TCM) houses unallocated capital, liquidity earnings and central costs and handles the Group's liquidity management.

Personal and Private Banking (PPB)

The PPB business unit offers tailored and comprehensive banking and beyond financial services solutions. The unit serves individual clients across Uganda ranging from wealth and investment to private and personal banking markets by enabling their daily lives throughout their life journeys.

Business and Commercial Banking (BCB)

The BCC segment provides broad based client solutions for a wide spectrum of small- and medium- sized businesses as well as large commercial enterprises. The BCC client coverage support extends across a wide range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by clients to enable their growth.

Corporate and Investment Banking (CIB)

The CIB business unit serves large companies (multinational, regional and domestic), governments, parastatals, and institutional clients across Africa and internationally. The CIB clients leverage the Bank's in-depth sector and regional expertise, specialist capabilities, and access to global capital markets for advisory, transactional, trading and funding support.

Income statement

	Business and Commercial Banking USh s' 000	Personal and Private Banking UShs' 000	Corporate and Investment Banking UShs' 000	Treasury and Capital Management Shs' 000	Other Subsidiaries Shs' 000	Total UShs' 000
Year ended 31 December 2024						
Net Interest income	225,521,116	257,587,439	317,983,142	46,384,921	7,403,186	854,879,804
Fee and commission income	55,885,348	95,952,352	42,447,945	6,217,026	7,549,767	208,052,438
Net trading income	31,110,157	14,271,110	170,135,845	(59)	-	215,517,053
Other income	602,083	11,547,761	-	802,744	2,782,986	15,735,574
Total operating income	313,118,704	379,358,662	530,566,932	53,404,632	17,735,939	1,294,184,869
Impairment losses	(26,780,692)	(9,276,072)	1,979,008	64,937	-	(34,012,819)
Other operating expenses	(188,913,009)	(173,903,859)	(191,157,041)	(1,608,939)	(19,917,495)	(575,500,343)
Profit before tax	97,425,003	196,178,731	341,388,899	51,860,630	(2,181,556)	684,671,707
Income tax expense	(30,333,896)	(61,259,767)	(90,476,393)	(17,956,971)	(6,547,236)	(206,574,263)
Profit after tax	67,091,107	134,918,964	250,912,506	33,903,659	(8,728,792)	478,097,444
Year ended 31 December 2023						
Net Interest income	220,434,431	247,931,384	285,912,403	45,939,950	2,711,122	802,929,290
Fee and commission income	56,332,539	88,618,747	48,187,833	4,785,513	1,360,418	199,285,050
Net trading income	31,654,769	11,078,268	176,143,014	(42,795,792)	-	176,080,259
Other income	162,084	9,089,556	8	3,928,218	1,273,949	14,453,815
Total operating income	308,583,823	356,717,955	510,243,258	11,857,889	5,345,489	1,192,748,414
Impairment losses	(53,707,674)	(16,893,943)	1,699,885	(551,930)	-	(69,453,662)
Other operating expenses	(195,303,945)	(168,458,117)	(235,865,702)	35,270,690	(17,990,952)	(582,348,026)
Profit before tax	59,572,204	171,365,895	276,077,441	46,576,649	(12,645,463)	540,946,726
Income tax expense	(15,159,452)	(41,154,585)	(64,900,587)	(10,940,887)	2,739,889	(129,415,622)
Profit after tax	44,412,752	130,211,310	211,176,854	35,635,762	(9,905,574)	411,531,104

The segmental information in the table above includes transactions made between different segments within the Group that give rise to a cost in one segment and income to another segment. These transactions have no net impact on the Group's financial results as a whole. In 2024 these transactions had net interest income of UShs 95.08 billion (2023: UShs 94.04 billion) and net trading costs of UShs 95.08 billion (2023: UShs 94.04 billion).

There were no changes in segments during the year.

Other segment items included in the income statement.

Year ended 31 December 2024 **Income statement**	Business and Commercial Banking UShs' 000	Personal and Private Banking UShs' 000	Corporate and Investment Banking UShs' 000	Treasury and Capital Management Shs' 000	Other Subsidiaries Shs' 000	Total UShs' 000
Other segment items included in the income statement						
Depreciation	(1,483,282)	(22,559,285)	(1,209,434)	(6,084,180)	(151,250)	(31,487,431)
Amortisation of intangible assets	-	(11,971,055)	(3,310,899)	-	(267,486)	(15,549,440)
Other segment items included in the income statement. Year ended 31 December 2023						
Depreciation	(1,245,739)	(15,515,925)	(1,061,833)	(14,542,958)	59,811	(32,306,644)
Amortisation of intangible assets	-	(2,295,674)	-	(12,956,358)	-	(15,252,032)

Statement of financial position

Statement of financial position	Business and Commercial Banking UShs' 000	Personal and Private Banking UShs' 000	Corporate and Investment Banking UShs' 000	Treasury and Capital Management UShs' 000	Other Subsidiaries UShs' 000	Total UShs' 000
As at 31 December 2024						
Net Loans and advances to banks	**2,654,503**	**4,795,226**	**1,140,280,924**	**189,549,078**	**-**	**1,337,279,731**
Net loans and advances to customers	**908,090,474**	**1,439,587,331**	**2,026,027,146**	**49,085**	**-**	**4,373,754,036**
Other assets	**25,499,778**	**565,592,165**	**3,744,197,565**	**297,614,913**	**49,862,652**	**4,682,767,073**
Total assets	**936,244,755**	**2,009,974,722**	**6,910,505,635**	**487,213,076**	**49,862,652**	**10,393,800,840**
Deposits from banks	**56,885,231**	**-**	**497,704,634**	**(122,272,252)**	**-**	**432,317,613**
Deposits and current accounts from customers	**2,029,586,485**	**1,876,297,118**	**3,472,102,635**	**(358,649,938)**	**-**	**7,019,336,300**
Elimination of inter division funding/ lending	**(1,469,438,736)**	**(339,224,604)**	**1,795,938,160**	**12,725,180**	**-**	**-**
Other liabilities	**111,547,046**	**183,333,214**	**319,983,487**	**491,644,543**	**(219,353,377)**	**887,154,913**
Total liabilities	**728,580,026**	**1,720,405,728**	**6,085,728,916**	**23,447,533**	**(219,353,377)**	**8,338,808,826**
Equity	**207,664,729**	**289,568,994**	**824,776,719**	**463,765,543**	**269,216,029**	**2,054,992,014**
As at 31 December 2023						
Net Loans and advances to banks	4,400,124	1,992,372	441,313,343	1,816	-	447,707,655
Net loans and advances to customers	873,263,714	1,242,964,198	2,108,708,029	186,548	-	4,225,122,489
Other assets	245,160,277	350,305,042	3,359,808,462	630,694,730	44,599,856	4,630,568,367
Total assets	1,122,824,115	1,595,261,612	5,909,829,834	630,883,094	44,599,856	9,303,398,511
Deposits from banks	23,936,510	-	365,081,094	-	-	389,017,604
Deposits and current accounts from customers	1,877,162,477	1,696,458,535	2,554,304,707	2,203	-	6,127,927,922
Elimination of inter division funding/ lending	(1,178,948,051)	(568,287,043)	1,623,907,651	123,327,443	-	-
Other liabilities	141,967,271	183,220,480	567,719,184	20,488,021	(8,344,965)	905,049,991
Total liabilities	864,118,207	1,311,391,972	5,111,012,636	143,817,667	(8,344,965)	7,421,995,517
Equity	258,705,908	283,869,640	798,817,198	487,065,427	52,944,821	1,881,402,994

5. Interest income

	GROUP		COMPANY	
	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Financial Investments -FVOCI	**138,161,773**	146,688,862	**-**	-
Financial Investments -Amortised cost	**16,151,619**	19,125,808	**6,540,394**	1,782,775
Loans and advances to customers-amortised cost	**642,605,293**	593,466,644	**-**	-
Loans and advances to banks- amortised cost	**12,728,790**	14,511,210	**-**	-
Placements with group companies- amortised cost	**36,325,897**	4,535,775	**-**	-
Interest income on credit impaired financial assets	**1,983,365**	3,598,138	**-**	-
Interest revenue calculated using the effective interest method	**847,956,737**	781,926,437	**6,540,394**	1,782,775

All the amounts reported above comprise interest income calculated using the effective interest method. Interest income is recognised over a period of time.

6 Interest expense

	GROUP		COMPANY	
	2024 USh's' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Current accounts	38,038,495	27,234,445	-	-
Savings and deposit accounts	28,083,428	16,709,758	-	-
Subordinated debt	7,837,724	7,554,748	-	-
Deposits and borrowings from banks	85,430	3,064,856	-	-
Amounts due to group companies	10,343,256	12,155,083	-	-
Interest paid on other money market borrowings	1,718,495	4,281,246	-	-
Interest expense calculated using the effective interest method	86,106,828	71,000,136	-	-
Interest expense on lease liabilities	2,046,683	2,032,897	62,400	19,780
	88,153,511	73,033,033	62,400	19,780

All interest expense relates to financial liabilities at amortised cost and calculated using the effective interest method except for interest expense on lease liabilities.

7 Net fee and commission income

Fee and commission income from contracts with customers is disaggregated by major type of services as follows.

GROUP	2024 UShs' 000	2023 UShs' 000
Fee and commission income		
Transactional fees and commission income	214,543,588	214,392,306
Trade fees and commission income	2,707,942	3,263,785
Others	18,456,829	3,510,871
	235,708,359	221,166,962
Fee and commission expense		
Transactional fees and commission expenses	(19,378,419)	(17,116,627)
Net fee and commission income	216,329,940	204,050,335

Others primarily comprises of fee and commission revenue earned on sundry services such as arrangement, agency and asset management fees as well as guarantee and commitment commissions.

All fee and commission revenue reported above relates to financial assets or liabilities not carried at FVTPL.

8. Net trading income

GROUP	2024 UShs' 000	2023 UShs' 000
Foreign exchange trading gains - realised	101,008,579	40,823,518
Foreign exchange trading gains - unrealised gains	6,396,288	19,190,772
Trading gains on financial instruments	194,244,878	220,750,883
Unrealised losses on financial instruments	(1,515,255)	(8,333,559)
Trading income / (losses) - other	4,152,817	(2,315,469)
	304,287,307	270,116,145

Included in trading gains on financial instruments are realised gains and losses from buying and selling debt securities coupled with the impact of changes in the fair value of government securities. Included in foreign exchange gains are realised and unrealised gains and losses from spot and forward contracts and other currency derivatives.

9. Other gains on financial instruments

GROUP	2024 UShs' 000	2023 UShs' 000
Foreign exchange trading gains - realised	6,306,324	-
	6,306,324	-

10. Other income

(a) Dividend income

	COMPANY	
	2024 UShs' 000	2023 UShs' 000
Dividend income	520,000,000	320,000,000
	520,000,000	320,000,000

(b) Other operating income

Other Operating Income:	GROUP		COMPANY	
	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Gains on disposal of property and equipment	165,608	382,770	-	-
Other income	10,467,225	10,701,543	-	-
	10,632,833	11,084,313	-	-

Other income includes profit share in relation to bancassurance fees of UShs 7.4 billion (2023: UShs 7.98 billion) resulting from joint arrangement with Liberty General Insurance Uganda Limited and Liberty Life Assurance Uganda Limited.

11. Impairment charge for credit losses

GROUP	2024 UShs' 000	2023 UShs' 000
Net expected credit losses raised and released		
Loans and advances to customers (Note 21)	(61,550,491)	(109,861,914)
Loans and advances to banks (Note 20)	(2,122,351)	1,836,347
Financial investments - FVOCI (Note 17e)	219,511	(979,580)
Financial investments - amortised cost (Note 17d)	131,182	(159,706)
Off-balance sheet items (Note 33.1)	(817,777)	20,981
Net increase in expected credit losses	(64,139,926)	(109,143,872)
Recoveries on loans and advances previously written off	28,889,443	35,317,080
Interest in suspense released on cured loans and advances	1,237,664	1,739,577
Modification (losses)/gains	-	2,633,553
	(34,012,819)	(69,453,662)

The expected credit losses on loans and advances to banks is all stage 1

12. Employee benefits expense

	GROUP		COMPANY	
	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Salaries and wages	163,213,443	152,308,742	5,191,820	4,552,393
Contributions to statutory and other defined contribution plans	32,250,940	29,104,397	1,232,976	931,496
Other employee benefits	85,650,078	71,498,425	1,234,749	3,083,604
	281,114,461	252,911,564	7,659,545	8,567,493

Included in other employee benefits are the staff bonus costs, staff insurance costs and other staff sundry expenses.

13. Other operating expenses

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Premises costs	**11,837,296**	10,965,851	**678,040**	186,951
Office expenses	**3,112,467**	4,814,574	**-**	-
Auditors' remuneration	**1,314,741**	1,093,978	**47,711**	49,117
Professional fees	**8,958,283**	8,588,880	**834,358**	(252,896)
IT expenses	**78,509,914**	64,006,687	**89,060**	11,462
Travel and entertainment	**13,327,046**	13,733,289	**383,113**	682,885
Marketing and advertising	**13,866,661**	16,566,199	**529,163**	362,597
Insurance	**4,083,258**	3,229,250	**-**	-
Deposit Protection Scheme Contribution	**14,218,957**	12,233,706	**-**	-
Security expenses	**8,775,135**	9,099,698	**41,387**	9,840
Franchise fees	**38,288,500**	35,610,605	**-**	-
Directors' fees and expenses	**1,461,634**	1,248,719	**508,186**	458,160
Training costs	**4,621,653**	4,672,312	**119,712**	155,298
Operational (recoveries)/losses	**(1,371,470)**	9,779,802	**81,783**	529,210
Indirect taxes (VAT)	**33,602,095**	31,994,946	**-**	-
Bank charges	**2,844,254**	2,049,027	**250,264**	182,668
Commission paid	**25,674,188**	25,825,618	**-**	-
Communication	**11,851,546**	8,531,981		
Credit bureau expenses	**3,174,762**	1,395,785	**-**	-
Other operating expenses	**5,974,947**	17,832,661	**525,836**	627,231
	284,125,867	283,273,568	**4,088,613**	3,002,523

Included in the IT costs are costs relating to Salesforce and Flexipay (support costs and annual licenses) and other peripheral systems that support the day-to-day operations of the Bank. The commission costs include commissions due to bank agents.

The VAT exclusive fees for the 2024 audit services are UShs 1,019 million (2023: UShs 1,049 million) while the VAT exclusive fees for audit related services provided by the statutory external auditor included in professional fees are UShs 90 million (2023: UShs 202 million).

GROUP	2024 UShs' 000	2023 UShs' 000
Administration and membership fees	**1,512,019**	1,218,036
Donations: non-tax allowable	**3,185,680**	2,208,304
Conference expenses (non-training)	**744,807**	607,630
Other operating costs	**532,441**	13,798,691
	5,974,947	17,832,661

14. Income tax expense

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs'000	UShs'000	UShs'000	UShs'000
Current income tax	**179,351,244**	141,058,706	**-**	-
Deferred income tax (see note 22)	**(6,379,076)**	(11,643,083)	**4,869,063**	(3,026,696)
	172,972,168	129,415,623	**4,869,063**	(3,026,696)

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

14. Income tax expense (continued)

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs'000	UShs'000	UShs'000	UShs'000
Profit before income tax	651,069,612	540,946,727	513,870,925	309,537,446
Tax calculated at statutory tax rate of 30% (2023: 30%)	195,320,884	162,284,018	154,161,278	92,861,234
Tax effects of:				
Income not subject to tax	-	-	(156,000,000)	(96,000,000)
Income subject to tax at 20%	(35,319,065)	(37,845,255)	-	-
Income subject to tax at 10%	-	(13,660)	-	-
Expenses not deductible for tax purposes	4,481,215	5,174,052	328,803	141,126
Deferred tax credit not recognised	2,100,565	-	1,461,536	-
Derecognition of deferred tax asset	4,917,446	-	4,917,446	-
Prior year current income tax adjustment	1,471,123	(183,532)	-	(29,056)
	172,972,168	129,415,623	4,869,063	(3,026,696)

The movement in the current income tax liability/ (recoverable) was as follows:

	2024	2023	2024	2023
	UShs'000	UShs'000	UShs'000	UShs'000
At start of year	21,988,995	11,289,587	(5,850,516)	(11,594,808)
Prior year under provisions	-	-	-	(29,056)
Charge for the year	179,351,244	141,058,706	-	29,056
Income tax paid	(188,577,225)	(130,359,298)	(371,751)	5,744,292
At end of year	12,763,014	21,988,995	(6,222,267)	(5,850,516)

15. Earnings per share and dividends per share

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs'000	UShs'000	UShs'000	UShs'000
Earnings Per Share				
Profit attributable to ordinary shareholders (UShs'000)	478,097,444	411,531,104	509,001,862	312,564,142
Weighted average number of ordinary shares in issue (thousands)	51,188,670	51,188,670	51,188,670	51,188,670
Basic earnings per share (expressed in Shs per share)	9.34	8.04	9.94	6.11
Dividends per share				
Proposed dividends	160,000,000	155,000,000	160,000,000	155,000,000
Weighted average number of ordinary shares in issue (thousands)	51,188,670	51,188,670	51,188,670	51,188,670
Dividends per share	3.13	3.03	3.13	3.03

There were no potentially dilutive shares as at 31 December 2024 or 31 December 2023. Therefore, diluted earnings per share is the same as basic earnings per share.

16. Cash and balances with Bank of Uganda

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs'000	UShs'000	UShs'000	UShs'000
Coins and bank notes	430,129,994	450,022,656	-	-
Balances with Bank of Uganda	781,038,338	629,013,039	-	-
	1,211,168,332	1,079,035,695	-	-

Banks are required to maintain a prescribed minimum cash balance with Bank of Uganda. The amount is determined by Bank of Uganda on a pre-set formula on a rolling fortnightly basis, that is, 10% in 2024 (2023: 10%). The cash reserve as at 31 December 2024 was UShs 742,420 million (2023: UShs 649,430 million). Included in cash and cash balances are cash reserves relating to Flexipay electronic money of UShs 5.2 billion as at 31 December 2024 in compliance with Section 51 of the NPS Act (2023: UShs 3.8 billion). The cash reserves are available for use in the Bank's day to day activities and may fall below the requirement up to 50% on a given day. The Bank complied with the cash reserve requirements throughout the year.

17. Financial investments

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs'000	UShs'000	UShs'000	UShs'000
a) Government securities at FVOCI				
Treasury bills				
At start of the year	**414,305,699**	405,782,022	**-**	-
Additions	**422,393,700**	139,517,000	**-**	-
Interest income accrued	**57,448,999**	70,832,309	**-**	-
Disposals	**(440,380,405)**	(194,331,786)	**-**	-
Fair value adjustments	**(722,100)**	(2,832,708)	**-**	-
Transfer (to) and from pledged assets	**(3,099,477)**	(4,661,138)	**-**	-
At end of the year	**449,946,416**	414,305,699	**-**	-
Treasury bonds				
At start of the year	**664,484,826**	744,080,944	**-**	-
Additions	**278,240,343**	399,336,100	**-**	-
Interest income accrued	**86,368,139**	92,412,715	**-**	-
Disposals	**(430,497,310)**	(568,630,857)	**-**	-
Fair value adjustments	**(12,547,774)**	(2,714,076)	**-**	-
At end of the year	**586,048,224**	664,484,826	-	-
Total at end of year	**1,035,994,640**	1,078,790,525	-	-
b) Financial investments-Amortised Cost				
Treasury bills				
At start of the year	**29,006,725**	14,847,920	**20,306,639**	10,076,259
Additions	**66,604,469**	12,063,702	**60,104,276**	8,447,605
Interest income accrued	**2,869,863**	2,569,647	**2,019,587**	1,782,775
Disposals	**(66,208,341)**	(474,544)	**(60,044,276)**	-
At end of the year	**32,272,716**	29,006,725	**22,386,226**	20,306,639
Treasury bonds				
At start of the year	**113,196,730**	90,813,517	**-**	-
Additions	**5,655,365**	20,005,158	**-**	-
Interest income accrued	**7,626,390**	2,537,761	-	-
Disposals	**(75,450,935)**	-	**-**	-
ECL for financial investments measured at amortised cost	**131,182**	(159,706)	**-**	-
At end of the year	**51,158,732**	113,196,730	**-**	-
Total at end of year	**83,431,448**	142,203,455	**22,386,226**	20,306,639
c) Other equity investments				
S.W.I.F.T. SCRL	**467,476**	187,053	**-**	-
Total other equity investments	**467,476**	187,053	**-**	-
Total financial investments	**1,119,893,564**	1,221,181,033	**22,386,226**	20,306,639

The table below shows the reconciliation of net carrying amount of financial investments at amortised cost

GROUP	2024 UShs' 000	2023 UShs' 000
Gross financial investments measured at amortised cost	**83,502,498**	**142405687**
ECL for financial investments measured at amortised cost (Note 17 f)	**(71,050)**	(202,232)
Net financial investments measured at amortised cost	**83,431,448**	142,203,455

(d) Reconciliation of expected credit losses for debt financial investments measured at FVOCI

Year ended 31 December 2024	At start of Year Shs'000	Income statement movements ECL on new exposures raised Shs'000	Subsequent changes in ECL Shs'000	Change in ECL due to derecognition Shs'000	Net impairments raised/ (released) Shs'000	Closing ECL at 31 Dec 2024 Shs'000
Stage1	**(1,364,709)**	**(855,184)**	**204,768**	**869,927**	**219,511**	**(1,145,198)**
Stage2	-	-	-	-	-	-
Stage3	-	-	-	-	-	-
Total	**(1,364,709)**	**(855,184)**	**204,768**	**869,927**	**219,511**	**(1,145,198)**

Year ended 31 December 2023	At start of Year Shs'000	Income statement movements ECL on new exposures raised Shs'000	Subsequent changes in ECL Shs'000	Change in ECL due to derecognition Shs'000	Net impairments raised/ (released) Shs'000	Closing ECL at 31 Dec 2024 Shs'000
Stage1	(385,129)	(610,811)	(94,385)	(274,384)	(979,580)	(1,364,709)
Stage2	-	-	-	-	-	-
Stage3	-	-	-	-	-	-
Total	(385,129)	(610,811)	(94,385)	(274,384)	(979,580)	(1,364,709)

(e) Reconciliation of expected credit losses for debt financial investments measured at amortised cost.

Year ended 31 December 2024	At start of Year Total transfers between stages Shs'000	Subsequent changes in ECL Shs'000	Change in ECL due to derecognition Shs'000	Net impairments raised/ (released) Shs'000	Exchange and other movements Shs'000	Closing ECL at 31 Dec 2024 Shs'000
Stage 1	**(202,232)**	**36,931**	**94,251**	**131,182**	-	**(71,049)**
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Total	**(202,232)**	**36,931**	**94,251**	**131,182**	-	**(71,049)**

Year ended 31 December 2023	Total transfers between stages Shs'000	Subsequent changes in ECL Shs'000	Change in ECL due to derecognition Shs'000	Net impairments raised/ (released) Shs'000	Exchange and other movements Shs'000	Closing ECL at 31 Dec 2024 Shs'000
Stage 1	(42,526)	(159,706)	-	(159,706)	-	(202,232)
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Total	(42,526)	(159,706)	-	(159,706)		(202,232)

Government securities comprise government treasury bills and bonds. Government treasury bills are debt securities issued by Bank of Uganda for a term of three months, six months or one year. Government treasury bonds are debt instruments issued by Bank of Uganda for a term of either two, three, five or ten years.

Government securities are categorised as: fair value through other comprehensive income, which are fair valued through reserves; amortised cost; and trading assets, which are fair valued through profit or loss.

Included in financial investments are placements of Flexipay electronic money in government treasury bills at FVOCI totalling to UShs 4,155 billion representing 80% of the Flexipay electronic liabilities as at 31 December 2024 in compliance with Section 51 of the NPS Act (2023: UShs 3,057 million).

Other equity investments relate to investment in the Society for Worldwide Interbank Financial Telecommunication (SWIFT) shares, an entity that provides a network that enables financial institutions to send and receive information about financial transactions in a secure, standardised and reliable environment.

18. Trading assets

	GROUP		COMPANY	
	2024 USh's 000	2023 USh's 000	2024 USh's 000	2023 USh's 000
Treasury bills				
At start of the year	964,007,606	463,396,885	-	-
Additions	770,722,579	1,319,646,071	-	-
Disposals	(1,260,699,756)	(815,142,383)	-	-
Fair value adjustments	(1,698,175)	(3,892,967)	-	-
At end of the year	472,332,254	964,007,606	-	-
Treasury bonds			-	-
At start of the year	814,930,215	1,135,079,089		
Additions	1,511,925,635	8,972,209,699	-	-
Disposals	(1,338,116,582)	(9,286,169,754)	-	-
Fair value adjustments	2,716,740	(6,188,819)	-	-
Transfer to pledged assets	(52,280,990)	-	-	-
At end of the year	939,175,018	814,930,215	-	-
Total trading assets	1,411,507,272	1,778,937,821	-	-

19. Pledged assets

The following table presents details of financial assets which have been provided as collateral to the counterparty. To the extent that the counterparty is permitted to sell the financial asset where the Bank defaults on the obligation, they are classified in the statement of financial position as pledged assets

	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets1	Fair value of associated liabilities1	Net fair value1
2024					
Securities pledged under clearing house values	3,099,477	-	3,099,477	-	3,099,477
Securities pledged under repurchase agreements	52,280,990	(52,280,990)	52,280,990	(52,280,990)	-
Pledged assets (as recognised on the statement of financial position)	55,380,467	(52,280,990)	55,380,467	(52,280,990)	3,099,477
Total assets pledged	55,380,467	(52,280,990)	55,380,467	(52,280,990)	3,099,477
2023					
Securities pledged under clearing house values	4,661,138	-	4,684,082	-	4,684,082
Securities pledged under repurchase agreements	-	-	-	-	-
Pledged assets (as recognised on the statement of financial position)	4,661,138	-	4,684,082	-	4,684,082
Total assets pledged	4,661,138	-	4,684,082	-	4,684,082

As at 31 December 2024,the Group had pledged government securities totaling UShs 55.4 billion of which UShs 3.1 billion was to Bank of Uganda under the automated clearing house rules and UShs 52.3 billion to other banks under repurchase agreements (2023: UShs 4.7 billion). These assets are reclassified from trading assets and financial investments measured at FVOCI to pledged assets. The counter parties have the right to transfer or sell these instruments in case of default. Accordingly, these have been presented separately on the face of the statement of financial position.

20. Loans and advances to banks

GROUP	2024 UShs' 000	2023 UShs' 000
Items in course of collection - foreign banks	3,797,566	6,394,646
Placements with local banks	48,517,722	189,157,599
Placements with foreign banks	324,462,119	45,244,796
Gross loans and advances	376,777,407	240,797,041
Less: Provision for impairment	(184,939)	(211,791)
	376,592,468	240,585,250

The weighted average effective interest rate on loans and advances to banks was 4.1% (2023: 5.4%).

Reconciliation of expected credit losses for loans and advances to banks measured at amortised cost as at 31 December 2024 and 31 December 2023

		Income statement movements					
Year ended 31 December 2024	Shs'000	ECL on new exposures raised Shs'000	Subsequent changes in ECL Shs'000	Change in ECL due to derecognition Shs'000	Net impairments raised/ (released) Shs'000	Exchange and other movements Shs'000	At end of Year Shs'000
Stage 1	(211,757)	(1,985,521)	(136,855)	-	(2,122,376)	2,149,271	(184,862)
Stage 2	(34)	-	25	-	25	(68)	(77)
Stage 3	-	-	-	-	-	-	-
Total	(211,791)	(1,985,521)	(136,830)	-	(2,122,351)	2,149,203	(184,939)
Year ended 31 December 2023							
Stage 1	(9,550)	-	1,811,398	-	1,811,398	(2,013,605)	(211,757)
Stage 2	(24,253)	-	24,949	-	24,949	(730)	(34)
Stage 3	-	-	-	-	-	-	-
Total	(33,803)	-	1,836,347	-	1,836,347	(2,014,335)	(211,791)

21. Loans and advances to customers

GROUP	2024 UShs' 000	2023 UShs' 000
Personal and business banking		
Mortgage lending	389,121,058	350,034,744
Vehicle and asset finance	121,752,306	124,079,202
Card and payments	5,375,396	5,367,489
Personal unsecured lending	1,297,815,535	1,127,666,017
Business and other lending	653,302,192	643,955,621
Corporate lending	1,742,444,691	1,725,739,609
Sovereign lending	295,228,604	393,774,954
Gross loans and advances	4,505,039,782	4,370,617,636
Less: Expected credit loss	(131,285,746)	(145,495,147)
Net loans and advances	4,373,754,036	4,225,122,489

Included in personal unsecured lending is the day 1 fair value adjustment of loans advanced to staff at off market rates of UShs 26,088 million (2023: UShs 21,039 million) and mortgage lending day 1 fair value adjustment of mortgage loans advanced to staff at off market rates of UShs 19,633 million (2023: UShs 18,252 million).

Reconciliation of expected credit losses for loans and advances to banks measured at amortised cost as at 31 December 2024

GROUP Year Ended 31 December 2024	At start of year	Total transfers between stages	Ecl on new exposures raised	Subsequent changes in ecl	Net impairments raised/ (released)	TVM unwinding and iis movement	Impaired accounts written-off	Exchange and other movements	At end of year
Personal And Business Banking									
Mortgage lending loans									
Stage 1	(7,944,446)	(267,455)	(88,974)	2,264,895	1,908,466	-	-	32,900	(6,003,080)
Stage 2	(2,820,993)	375,294	(34,195)	(18,247,133)	(17,906,034)	-	-	15,032	(20,711,995)
Stage 3 (including IIS)	(3,686,794)	(107,839)	-	(1,473,835)	(1,581,674)	(832,746)	419,871	1,905,755	(3,775,588)
Vehicle and asset finance									
Stage 1	(1,331,838)	(521,012)	6,109	146,392	(368,511)	-	-	17,183	(1,683,166)
Stage 2	(2,547,840)	529,872	(17,657)	1,600,115	2,112,330	-	-	(2,246)	(437,756)
Stage 3 (including IIS)	(9,725,329)	(8,860)	(208,436)	(1,100,530)	(1,317,826)	(236,849)	6,344,719	530,488	(4,404,797)
Card debtors									
Stage 1	(89,863)	(227,726)	(6,525)	255,914	21,663	-	-	-	(68,200)
Stage 2	(1,192,026)	278,008	(3,920)	476,681	750,769	-	-	-	(441,257)
Stage 3 (including IIS)	(232,930)	(50,282)	(34,657)	(254,891)	(339,830)	-	297,539	-	(275,221)
Other Loans and Advances									
Stage 1	(12,130,985)	(7,960,442)	(7,954,169)	11,455,866	(4,458,745)	-	-	56,880	(16,532,850)
Stage 2	(24,146,431)	6,415,148	(7,090,506)	1,602,965	927,607	-	-	60,502	(23,158,322)
Stage 3 (including IIS)	(68,839,135)	1,545,294	(6,757,886)	(37,162,163)	(42,374,755)	111,257	66,518,090	2,437,178	(42,147,365)
Total BCB and PPB	(134,688,610)	-	(22,190,816)	(40,435,724)	(62,626,540)	(958,338)	73,580,219	5,053,672	(119,639,597)
Corporate and Investment Banking (CIB)									
Stage 1	(10,762,799)	-	(2,905,916)	4,832,198	1,926,282	-	-	(1,918,569)	(10,755,086)
Stage 2	(43,736)	-	(31,271)	(818,962)	(850,233)	-	-	2,908	(891,061)
Stage 3 (including IIS)	(2)	-	-	-	-	-	-	-	(2)
Total CIB	(10,806,537)	-	(2,937,187)	4,013,236	1,076,049	-	-	(1,915,661)	(11,646,149)
Total	(145,495,147)	-	(25,128,003)	(36,422,488)	(61,550,491)	(958,338)	73,580,219	3,138,011	(131,285,746)

1. The Bank's policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore, exposures can appear to be transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period. Furthermore, the ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the column 'ECL on new exposure raised' based on the exposures' ECL stage as at the end of the reporting period. It is therefore possible to disclose new/originated exposures in stage 2 and 3.
2. The contractual amount outstanding on secured loans and advances that were written off during the year are still subject to enforceability activities.
3. Exchange and other movements include the net interest in suspense (IIS) and time value of money (TVM) unwinding, raised or released during the year.

Reconciliation of expected credit losses for loans and advances to banks measured at amortised cost as at 31 December 2023

GROUP w Ended 31 December 2023	At Start Of Year	Total Transfers Between Stages	Ecl On New Exposures Raised	Subsequent Changes In Ecl	Change In Ecl Due To Derecognition	Net Impairments Raised/ (Released)	Tvm Unwinding And Iis Movement	Impaired Accounts Written-Off	Exchange And Other Movements	At End Of Year
Personal And Business Banking										
Mortgage Lending										
Stage 1	(1,455,039)	(505,641)	(99,338)	(5,872,160)	-	(6,477,139)	-	-	(12,268)	(7,944,446)
Stage 2	(9,955,034)	433,262	(22,136)	6,800,682	-	7,211,808	-	-	(77,767)	(2,820,993)
Stage 3 (including IIS)	(7,050,777)	72,379	-	(5,264,929)	-	(5,192,550)	842,811	7,713,722	-	(3,686,794)
Vehicle And Asset Finance										
Stage 1	(1,245,495)	128,732	(836,566)	630,340	-	(77,494)	-	-	(8,849)	(1,331,838)
Stage 2	(6,753,365)	1,912,157	(253,642)	2,541,717	-	4,200,232	-	-	5,293	(2,547,840)
Stage 3 (including IIS)	(3,204,114)	(2,040,889)	(487,091)	(8,078,409)	-	(10,606,389)	336,449	3,748,725	-	(9,725,329)
Card And Payments										
Stage 1	(71,385)	(30,267)	(11,756)	23,545	-	(18,478)	-	-	-	(89,863)
Stage 2	(446,276)	30,095	(154,291)	(621,554)	-	(745,750)	-	-	-	(1,192,026)
Stage 3 (including IIS)	(190,400)	172	(75,630)	(354,235)	-	(429,693)	-	387,163	-	(232,930)
Other Loans & Advances										
Stage 1	(12,312,479)	(6,773,839)	(5,304,823)	12,275,663	-	197,001	-	-	(15,507)	(12,130,985)
Stage 2	(32,151,083)	9,637,912	(3,859,625)	2,099,507	-	7,877,794	-	-	126,858	(24,146,431)
Stage 3 (including IIS)	(70,376,126)	(2,864,073)	(32,640,762)	(66,120,500)	-	(101,625,335)	8,519,957	94,642,369	-	(68,839,135)
	(145,211,573)	-	(43,745,660)	(61,940,333)	-	(105,685,993)	9,699,217	106,491,979	17,760	(134,688,610)
Corporate and Investment Banking										
Stage 1	(8,305,784)	-	(354,610)	(2,221,519)	(1,692,483)	(4,268,612)	-	-	1,811,597	(10,762,799)
Stage 2	(135,960)	-	-	92,691	-	92,691	-	-	(467)	(43,736)
Stage 3 (including IIS)	(2)	-	-	-	-	-	-	-	-	(2)
	(8,441,746)	-	(354,610)	(2,128,828)	(1,692,483)	(4,175,921)	-	-	1,811,130	(10,806,537)
Total	(153,653,319)	-	(44,100,270)	(64,069,161)	(1,692,483)	(109,861,914)	9,699,217	106,491,979	1,828,890	(145,495,147)

1. The Bank's policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore, exposures can appear to be transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period. Furthermore, the ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the column 'ECL on new exposure raised' based on the exposures' ECL stage as at the end of the reporting period. It is therefore possible to disclose new/originated exposures in stage 2 and 3.
2. The contractual amount outstanding on secured loans and advances that were written off during the year are still subject to enforceability activities.
3. Exchange and other movements include the net interest in suspense (IIS) and time value of money (TVM) unwinding, raised or released during the year.

21.2 Changes in gross exposures relating to changes in ECL

The significant changes in the gross carrying amount of loans and advances to customers which impact the changes in ECL include:

The ECL on new exposures raised of UShs 1.2 trillion (2023: 1.9 trillion) primarily relates to the drop in the gross carrying amount from new exposures originated of:

- Mortgage lending of UShs 55.8 billion (2023: UShs 31.1 billion)
- Vehicle and asset finance of UShs 70.7 billion (2023: UShs 58.0 billion)
- Personal unsecured lending and business and other lending of UShs 682.1 billion (2023: UShs 597.5 billion)
- Corporate lending of UShs 716.3 billion (2023: UShs 547.6 trillion)

The ECL charge for the year is offset by recoveries of impaired loans previously written off of UShs 28.9 billion (2023: UShs 35.3 billion) as indicated in Note 11.

The related gross carrying amount of the significant transfers primarily relate to the continued impact of the economic environment together with positive collection trends, and are shown in the table below:

GROUP Gross carrying amounts of ECL movements For the year ended 31 December 2024	Gross carrying amounts of transfers between stages Transfer Stage 1 to/(from) UShs'000	Transfer Stage 2 to/(from) UShs'000	Transfer Stage 3 to/(from) UShs'000	Total UShs'000
Stage 1				
Mortgage lending	-	(96,377,359)	(252,799)	(96,630,158)
Vehicle and asset finance	-	(4,678,242)	-	(4,678,242)
Personal unsecured lending	-	(61,642,542)	(18,562,385)	(80,204,927)
Business and other lending	-	(52,759,380)	(12,690,460)	(65,449,840)
Sub total	-	(215,457,523)	(31,505,644)	(246,963,167)
Stage 2				
Mortgage lending	96,377,359	-	(1,095,788)	95,281,571
Vehicle and asset finance	4,678,242	-	(3,825,658)	852,584
Personal unsecured lending	61,642,542	-	(6,853,388)	54,789,154
Business and other lending	52,759,380	-	(3,848,568)	48,910,812
Sub total	215,457,523	-	(15,623,402)	199,834,121
Stage 3 (excluding IIS)				
Mortgage lending	252,799	1,095,788	-	1,348,587
Vehicle and asset finance	-	3,825,658	-	3,825,658
Personal unsecured lending	18,562,385	6,853,388	-	25,415,773
Business and other lending	12,690,460	3,848,568	-	16,539,028
Sub total	31,505,644	15,623,402	-	47,129,046
Total	246,963,167	(199,834,121)	(47,129,046)	-
For the year ended 31 December 2023				
Stage 1				
Mortgage lending	-	(8,245,449)	(1,150,749)	(9,396,198)
Vehicle and asset finance	-	(4,271,678)	(899,460)	(5,171,138)
Personal unsecured lending	-	(69,411,824)	(13,780,160)	(83,191,984)
Business and other lending	-	(25,965,296)	(3,232,903)	(29,198,199)
Sub total	-	(107,894,247)	(19,063,272)	(126,957,519)
Stage 2				
Mortgage lending	8,245,449	-	(1,439,358)	6,806,091
Vehicle and asset finance	4,271,678	-	(10,687,798)	(6,416,120)
Personal unsecured lending	69,411,824	-	(4,719,617)	64,692,207
Business and other lending	25,965,296	-	(21,040,977)	4,924,319
Sub total	107,894,247	-	(37,887,750)	70,006,497
Stage 3 (excluding IIS)				
Mortgage lending	1,150,749	1,439,358	-	2,590,107
Vehicle and asset finance	899,460	10,687,798	-	11,587,258
Personal unsecured lending	13,780,160	4,719,617	-	18,499,777
Business and other lending	3,232,903	21,040,977	-	24,273,880
Sub total	19,063,272	37,887,750	-	56,951,022
Total	126,957,519	(70,006,497)	(56,951,022)	-

21.3 Modifications on loans and advances measured at amortised cost

	Stage 2		Stage 3		Total	
GROUP	Amortised cost before modification Shs'000	Net modification gain or loss Shs'000	Amortised cost before modification Shs'000	Net modification gain or loss Shs'000	Amortised cost before modification Shs'000	Net modification gain or loss Shs'000
Year ended 31 December 2024						
Other loans and advances	-	-	-	-	-	-
Total	-	-	-	-	-	-
Year ended 31 December 2023						
Other loans and advances	37,474,522	(2,913,503)	30,284,991	5,547,056	67,759,513	2,633,553
Total	37,474,522	(2,913,503)	30,284,991	5,547,056	67,759,513	2,633,553

The gross carrying amount for modifications during the reporting year that resulted in no economic gain or loss (i.e., no net modification gain or loss) is UShs 12.2 billion (2023: UShs 169.6 billion).

The table below shows the gross carrying amount of previously modified financial assets for which loss allowance has changed to 12mECL measurement during the period:

	Post modification		Pre - modification	
31 December 2024	Gross carrying amount Shs'000	Corresponding ECL Shs'000	Gross carrying amount Shs'000	Corresponding ECL Shs'000
2024				
Facilities that have cured since modification and are now measured using 12mECL (Stage 1)	-	-	-	-
Facilities that reverted to (Stage 2/3) LTECL having once cured	-	-	-	-

	Post modification		Pre - modification	
31 December 2023	Gross carrying amount Shs'000	Corresponding ECL Shs'000	Gross carrying amount Shs'000	Corresponding ECL Shs'000
2023				
Facilities that have cured since modification and are now measured using 12mECL (Stage 1)	-	-	-	-
Facilities that reverted to (Stage 2/3) LTECL having once cured	66,119,367	33,737,190	67,759,513	22,596,586

21.4 The loans and advances to customers include finance lease receivables for BCB, PPB and CIB as indicated below:

	2024 UShs' 000	2023 UShs' 000
Gross investment in finance leases		
No later than 1 year	**65,424,665**	64,915,746
Later than 1 year but no later than 5 years	**65,755,510**	73,368,602
Later than 5 years	**7,172,563**	12,549,884
Investment in finance leases	**138,352,738**	150,834,232

22. Deferred tax asset

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax relates to the same fiscal authority. Deferred tax is calculated on all the temporary differences under the balance sheet liability method using tax rates currently enacted. The movement in the deferred tax account is as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Balance as at 1 January	**59,370,617**	46,063,499	**9,455,277**	6,428,581
Credit to profit or loss	**11,296,522**	11,421,229	**48,383**	3,026,696
Derecognition of deferred tax asset	**(4,917,446)**	-	**(4,917,446)**	-
Prior year tax (over) / under statement	**-**	221,854	**-**	-
Net credit/(charge) to profit or loss	**6,379,076**	11,643,083	**(4,869,063)**	3,026,696
Financial Investments	**3,980,962**	1,664,035	**-**	-
As at 31 December	**69,730,655**	59,370,617	**4,586,214**	9,455,277
The net deferred income tax asset and the related movements are attributable to the following items:				
Deferred tax assets				
Provisions for loans and advances	**25,300,324**	19,806,028	**-**	-
Financial Investments	**1,471,233**	(2,512,050)	**-**	-
Property and equipment	**(10,381,783)**	(13,814,830)	**24,968**	104
Accumulated tax losses	**12,083,158**	8,882,991	**9,831,700**	8,370,164
Other deductible temporary differences	**48,275,734**	47,008,478	**1,108,528**	1,085,009
Net deferred tax asset	**76,748,666**	59,370,617	**10,965,196**	9,455,277
Deferred tax asset derecognised	**(4,917,446)**	-	**(4,917,446)**	-
Deferred tax credit not recognised	**(2,100,565)**	-	**(1,461,536)**	-
Net deferred tax asset recognised	**69,730,655**	59,370,617	**4,586,214**	9,455,277
Credit to profit or loss				
Accelerated depreciation	**3,433,048**	3,077,096	**24,864**	25,549
Provisions for loans and advances	**5,494,296**	(2,848,275)	**-**	-
Accumulated tax losses	**-**	-	**-**	2,777,828
Derecognition of deferred tax asset	**(4,917,446)**	-	**(4,917,446)**	-
Other deductible temporary differences	**2,369,178**	11,414,262	**23,519**	223,319
	6,379,076	11,643,083	**(4,869,063)**	3,026,696

Other deductible temporary differences include movements in deferred tax on: deferred income of UShs 0.2 billion (2023: UShs 0.55 billion), bonus and other provisions of UShs 13.6 billion (2023: UShs 20.1 billion), fair value on derivatives and trading assets of UShs -3.9 billion (2023: UShs 7.4 billion) and lease liabilities of UShs -1.0 billion (2023: UShs -0.5 billion).

A portion of the Company's deferred tax asset amounting to UShs 4.9 billion relating to accumulated income tax losses has been derecognised following an assessment which indicated that it was no longer probable that there will be future taxable profits against which it can be utilised. In addition, the Company's deferred tax credit for the year of UShs 1.46 billion has not been recognised for the same reason. Consequently, the total deferred tax asset not recognised for the Company is UShs 6.38 billion. This relates to accumulated income tax losses of UShs 21.3 billion which per the Income Tax Act of Uganda could expire, if not utilised, within seven years, that is, tax losses of UShs 7.1 billion could expire by 31 December 2029, UShs 9.3 billion by 31 December 2030 and UShs 4.9 billion by 31 December 2031

The Flyhub deferred tax asset as at 31 December 2024 amounting to UShs 2.3 billion (2023: UShs 1.6 billion) has not been recognised in the consolidated financial statements due to uncertainty regarding the availability of future taxable profits against which it will be utilised. This deferred tax asset largely arises from income tax losses. Per the Income Tax amendment of 2022, 50% of the tax losses expire after 7 years. As such, Flyhub tax losses amounting to UShs 3.8 billion are expected to expire, if not utilised by then, as follows: UShs 938 million by 2029; UShs 1.75 billion by 2030; and UShs 1.1 billion by 31 December 2031.

23. Other assets

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Clearances in transit	**1,145,608**	788,788	**-**	-
Prepayments	**53,035,519**	47,435,578	**-**	-
Fees receivable	**10,711,465**	9,908,382	**-**	-
Mobile wallet balances	**77,691,137**	54,702,685	**-**	-
Other accounts receivable	**234,389,844**	15,938,109	**99,890**	93,558
	376,973,573	128,773,542	**99,890**	93,558

Due to the short-term nature of these assets and historical experience, other financial assets are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

The fees receivable includes bancassurance fees of UShs 9.1 billion (2023: UShs 8.3 billion). Other accounts receivable includes unsettled bond spot transactions with counter parties of UShs 211 billion (2023:Nil).

24 Goodwill and other intangible assets

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment of goodwill identified in 2024 (2023: nil). Intangible assets relate to Finacle-core banking system, New Business Online (Bol) and records management software developed to digitise the customer (KYC) records for the Group.

GROUP	Computer software UShs' 000	Goodwill UShs' 000	Work in progress UShs' 000	Total UShs' 000
Cost				
At 1 January 2024	**150,597,871**	**1,901,592**	**-**	**152,499,463**
Additions	**5,662,003**	**-**	**-**	**5,662,003**
At 31 December 2024	**156,259,874**	**1,901,592**	**-**	**158,161,466**
Amortisation				
At 1 January 2024	**99,724,463**	**-**	**-**	**99,724,463**
Charge for the year	**15,549,440**	**-**	**-**	**15,549,440**
At 31 December 2024	**115,273,903**	**-**	**-**	**115,273,903**
Net book value				
At 31 December 2024	**40,985,971**	**1,901,592**	**-**	**42,887,563**
Cost				
At 1 January 2023	149,999,423	1,901,592	-	151,901,015
Additions	598,448	-	-	598,448
At 31 December 2023	150,597,871	1,901,592	-	152,499,463
Amortisation				
At 1 January 2023	84,472,431	-	-	84,472,431
Charge for the year	15,252,032	-	-	15,252,032
At 31 December 2023	99,724,463	-	-	99,724,463
Net book value				
At 31 December 2023	50,873,408	1,901,592	-	52,775,000

25 Property, equipment and right of use assets

	GROUP								
	Property	Equipment				Right of use asset			Total
	Land and buildings USh's' 000	Furniture, fittings and equipment UShs' 000	Computer equipment UShs' 000	Motor vehicles UShs' 000	Work in progress UShs' 000	Building UShs' 000	Branches UShs' 000	ATM Spacing & others UShs' 000	Total UShs' 000
Cost									
At 1 January 2024	3,402,996	91,321,862	118,043,166	14,265,643	3,635,235	50,021,641	37,796,751	17,239,385	335,726,679
Additions	-	8,093,970	9,494,109	291,374	3,276,288	3,603,854	3,833,991	3,058,059	31,651,645
Transfers	1,369,198	1,221,947	371,032	-	(2,962,177)	-	-	-	-
Disposals/termination/modification	-	(1,706,404)	(2,819,500)	(554,790)	-	(30,526,591)	(21,639,604)	(9,793,122)	(67,040,011)
At 31 December 2024	4,772,194	98,931,375	125,088,807	14,002,227	3,949,346	23,098,904	19,991,138	10,504,322	300,338,313
Depreciation									
At 1 January 2024	1,493,568	76,486,868	94,970,496	8,204,205	-	33,093,686	24,900,516	12,894,823	252,044,162
Charge for the year	78,557	5,294,740	10,850,307	1,855,944	-	6,815,036	4,756,295	1,836,552	31,487,431
Disposals/termination/modification	-	(1,697,932)	(2,811,724)	(554,789)	-	(29,581,580)	(21,317,237)	(9,663,608)	(65,626,870)
At 31 December 2024	1,572,125	80,083,676	103,009,079	9,505,360	-	10,327,142	8,339,574	5,067,767	217,904,723
Net book value									
At 31 December 2024	3,200,069	18,847,699	22,079,728	4,496,867	3,949,346	12,771,762	11,651,564	5,436,555	82,433,590

	GROUP								
	Property	Equipment				Right of use asset			Total
	Land and buildings USh's' 000	Furniture, fittings and equipment UShs' 000	Computer equipment UShs' 000	Motor vehicles UShs' 000	Work in progress UShs' 000	Building UShs' 000	Branches UShs' 000	ATM Spacing & others UShs' 000	Total UShs' 000
Cost									
At 1 January 2023	3,402,996	85,975,054	112,482,212	12,472,060	354,987	44,840,441	31,356,555	14,770,757	305,655,062
Additions	-	6,847,722	10,740,550	3,652,695	5,216,683	6,572,810	7,375,743	2,659,856	43,066,059
Transfers	-	1,936,435	-	-	(1,936,435)	-	-	-	-
Disposals/termination/modification	-	(3,437,349)	(5,179,596)	(1,859,112)	-	(1,391,610)	(935,547)	(191,228)	(12,994,442)
At 31 December 2023	3,402,996	91,321,862	118,043,166	14,265,643	3,635,235	50,021,641	37,796,751	17,239,385	335,726,679
Depreciation									
At 1 January 2023	1,424,603	74,920,758	88,793,760	8,100,089	-	26,526,648	19,858,533	10,486,581	230,110,972
Charge for the year	68,965	4,974,712	11,282,475	1,963,229	-	6,567,038	5,041,983	2,408,242	32,306,644
On disposals/termination/modification	-	(3,408,602)	(5,105,739)	(1,859,113)	-	-	-	-	(10,373,454)
At 31 December 2023	1,493,568	76,486,868	94,970,496	8,204,205	-	33,093,686	24,900,516	12,894,823	252,044,162
Net book value									
At 31 December 2023	1,909,428	14,834,994	23,072,670	6,061,438	3,635,235	16,927,955	12,896,235	4,344,562	83,682,517

Right-of-use assets relate to leased branches, ATMs and buildings.

25 Property, equipment and right of use assets (continued)

	COMPANY								
	Property		Equipment	Property			Right of use asset		Total
	Land and buildings	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Work in progress	Building	Branches	ATM Spacing	Total
	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Cost									
At 1 January 2024	-	896,461	87,192	663,669	-	1,162,679	-	-	2,810,001
Additions	-	163,639	49,722	-	-	1,632,096	-	-	1,845,457
At 31 December 2024	-	1,060,100	136,914	663,669	-	2,794,775	-	-	4,655,458
Depreciation									
At 1 January 2024	-	566,244	58,811	286,883	-	1,162,679	-	-	2,074,617
Charge for the year	-	191,737	28,695	132,733	-	505,746	-	-	858,911
At 31 December 2024	-	757,981	87,506	419,616	-	1,668,425	-	-	2,933,528
Net book value									
At 31 December 2024	-	302,119	49,408	244,053	-	1,126,350	-	-	1,721,930

	COMPANY								
	Property		Equipment	Property			Right of use asset		Total
	Land and buildings	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Work in progress	Building	Branches	ATM Spacing	Total
	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Cost									
At 1 January 2023	-	893,698	87,192	440,678	-	1,042,981	-	-	2,464,549
Additions	-	2,763	-	222,991	-	119,698	-	-	345,452
At 31 December 2023	-	896,461	87,192	663,669	-	1,162,679	-	-	2,810,001
Depreciation									
At 1 January 2023	-	384,254	37,284	161,582	-	835,964	-	-	1,419,084
Charge for the year	-	181,990	21,527	125,301	-	326,715	-	-	655,533
At 31 December 2023	-	566,244	58,811	286,883	-	1,162,679	-	-	2,074,617
Net book value									
At 31 December 2023	-	330,217	28,381	376,786	-	-	-	-	735,384

Right-of-use assets relate to leased branches, ATMs and buildings.

26. Ordinary share capital

GROUP	Number of ordinary shares (thousands)	Ordinary share capital UShs' 000	Total UShs' 000
Issued and fully paid			
At 1 January 2024	**51,188,670**	**51,188,670**	**51,188,670**
At 31 December 2024	**51,188,670**	**51,188,670**	**51,188,670**
Issued and fully paid			
At 1 January 2023	51,188,670	51,188,670	51,188,670
At 31 December 2023	51,188,670	51,188,670	51,188,670

The par value of ordinary shares is UShs 1 per share. The holders of the ordinary shares are entitled to one vote per share at the annual or special general meeting of the Company. They are also entitled to dividends when declared.

27. Fair value reserve on financial investments FVOCI

GROUP	2024 UShs' 000	2023 UShs' 000
At 1 January	**7,225,959**	10,129,128
Net fair value losses (Note 17)	**(13,269,874)**	(5,546,784)
Deferred tax credit on fair value losses (Note 22)	**3,980,962**	1,664,035
Net change in expected credit losses (Note 17d)	**(219,512)**	979,580
Net movement for the year	**(9,508,424)**	(2,903,169)
At 31 December	**(2,282,465)**	7,225,959

28. Statutory credit risk reserve

The statutory credit risk reserve represents amounts by which Bank's provisions for impairment of loans and advances, determined in accordance with the Financial Institutions Act, 2004, (as amended) of Uganda exceed those determined in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

GROUP	2024 UShs' 000	2023 UShs' 000
Regulatory provisions		
Specific provisions (regulatory)	**35,560,025**	73,161,140
General provisions (regulatory)	**66,279,649**	64,437,649
Written off facilities according to FIA, 2004 as amended but not written off as per IFRS	**578,025**	-
	102,417,699	137,598,789
Less: IFRS provisions		
Identified impairment (in accordance with IFRS)	**48,505,865**	80,686,315
Unidentified impairment (in accordance with IFRS)	**85,479,610**	67,384,801
	133,985,475	148,071,116
Difference	**(31,567,776)**	(10,472,327)
Statutory credit risk reserves	**-**	-

Where provisions for impairment of loans and advances determined in accordance with the Financial Institutions Act 2004, as amended exceed amounts determined in accordance with International Financial Reporting Standards, the excess is taken to the statutory credit risk reserve as an appropriation of retained earnings, otherwise, no further accounting entries are made.

As the Group's IFRS provisions exceeded the regulatory provisions as of 31 December 2024 and 2023, there was no statutory credit risk reserve as of these dates.

29. Derivatives

The Bank uses currency forward derivative instruments and interest rate derivatives for trading and economic hedge purposes. Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market foreign exchange rates on hand relative to their terms. The aggregate contractual or notional amount of derivative financial instruments, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time. The notional amount is the sum of the absolute value of all bought and sold contracts for both derivative assets and liabilities.

The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the Bank's participation in derivative contracts.

	Fair value of assets		Fair value of liabilities		Notional amount	
	2024	2023	2024	2023	2024	2023
GROUP	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Interest Rate Swaps	**50,834,985**	57,457,958	**(50,952,521)**	(65,363,464)	**916,018,768**	916,018,768
Currency Options	**20,031,196**	29,643,988	**(18,987,696)**	(30,143,536)	**1,194,067,046**	1,194,067,046
Currency forwards	**9,439,726**	6,391,187	**(31,957,910)**	(23,716,951)	**155,350,550**	155,350,550
Currency Swap	**19,512,535**	5,715,437	**(30,991,536)**	(15,935,550)	**962,531,691**	962,531,691
	99,818,442	99,208,570	**(132,889,663)**	(135,159,501)	**3,227,968,055**	3,227,968,055

The maturity analysis of the fair values of derivative instruments held is set out below.

GROUP	Less than 1 year UShs' 000	1-5 years UShs' 000	Over 5 years UShs' 000	Total UShs' 000
As at 31 December 2024				
Assets				
Interest Rate Swaps	**38,184**	**1,945,060**	**48,851,741**	**50,834,985**
Currency Options	**1,381,662**	**18,649,534**	**-**	**20,031,196**
Currency forwards	**3,850,958**	**5,588,768**	**-**	**9,439,726**
Currency Swap	**14,242,343**	**5,270,192**	**-**	**19,512,535**
Fair value of assets	**19,513,147**	**31,453,554**	**48,851,741**	**99,818,442**
Liabilities				
Interest Rate Swaps	**(257,593)**	**(1,578,344)**	**(49,116,584)**	**(50,952,521)**
Currency Options	**(2,106,450)**	**(16,881,246)**	**-**	**(18,987,696)**
Currency forwards	**(2,995,879)**	**(28,962,031)**	**-**	**(31,957,910)**
Currency Swap	**(876,849)**	**(30,114,687)**	**-**	**(30,991,536)**
Fair value of liabilities	**(6,236,771)**	**(77,536,308)**	**(49,116,584)**	**(132,889,663)**
Net fair value	**13,276,376**	**(46,082,754)**	**(264,843)**	**(33,071,221)**
As at 31 December 2023				
Assets				
Interest Rate Swaps				
Currency Options	-	2,001,953	55,456,005	57,457,958
Currency forwards	3,797,415	25,846,573	-	29,643,988
Currency Swap	2,037,971	4,353,216	-	6,391,187
Fair value of assets	453,418	5,262,019	-	5,715,437
	6,288,804	37,463,761	55,456,005	99,208,570
Liabilities				
Interest Rate Swaps				
Currency Options	-	(1,979,765)	(63,383,699)	(65,363,464)
Currency forwards	(3,797,417)	(26,346,119)	-	(30,143,536)
Currency Swap	(2,145,652)	(21,571,299)	-	(23,716,951)
Fair value of liabilities	(1,382,322)	(14,553,228)	-	(15,935,550)
Net fair value	(7,325,391)	(64,450,411)	(63,383,699)	(135,159,501)
Net fair value	(1,036,587)	(26,986,650)	(7,927,694)	(35,950,931)

29.1 Derivatives and other financial instruments held-for-hedging

Where all relevant criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instruments (hedged item). All qualifying hedging relationships are designated as either fair value or cash flow hedges for recognised assets or liabilities and highly probable forecast transactions. The Group applies hedge accounting in respect of foreign currency risk, and interest rate risk. Refer to Note 2.4 (a) for the accounting policies which provide more information on these hedging strategies.

29.2 Derivatives designated as hedging instruments in fair value hedging relationships

					Maturity analysis of net fair value (Term to maturity - within:)			
For the year ended 31 December 2024	Fair value of assets UShs'000	Fair value of liabilities UShs'000	Fair Value gain/ (loss) UShs'000	Contract/ notional amount UShs'000	< 1 year	1 - 5 years	over 5 years	Net fair value gain/ (loss) UShs'000
Interest rate risk fair value hedging relationships	-	**(93,463)**	**114,037**	**36,757,190**	-	**(93,463)**	-	**(93,463)**
Cross currency interest rate swaps	-	-	-	-	-	-	-	-
Total	-	**(93,463)**	**114,037**	**36,757,190**	-	**(93,463)**	-	**(93,463)**

For the year ended 31 December 2023	Fair value of assets UShs'000	Fair value of liabilities UShs'000	Fair Value gain/ (loss) UShs'000	Contract/ notional amount UShs'000	< 1 year	1 - 5 years	over 5 years	Net fair value gain/ (loss) UShs'000
Interest rate risk fair value hedging relationships	-	(207,500)	(207,500)	37,840,290	-	(207,500)	-	(207,500)
Cross currency interest rate swaps	-	-	-	-	-	-	-	-
Total	-	(207,500)	(207,500)	37,840,290	-	(207,500)	-	(207,500)

29.3 Hedged items classified as fair value hedges

For the period ended 31 December 2024	Fair value of assets UShs'000	Fair value of liabilities UShs'000	Fair Value gain/ (loss) UShs'000	Fair Value gain/ (loss) used to test hedge ineffectiveness UShs'000	Accumulated fair value hedge adjustments UShs'000	Accumulated fair value hedge adjustments for which hedge accounting stopped
Interest rate risk fair value hedging relationships	-	-	-	-	-	-
Loans and advances to customers	**15,531,896**	-	**(65,670)**	**96,483**	**207,515**	-
Total items classified as fair value hedges	**15,531,896**	-	**(65,670)**	**96,483**	**207,515**	-

For the period ended 31 December 2023	Fair value of assets UShs'000	Fair value of liabilities UShs'000	Fair Value gain/ (loss) UShs'000	Fair Value gain/ (loss) used to test hedge ineffectiveness UShs'000	Accumulated fair value hedge adjustments UShs'000	Accumulated fair value hedge adjustments for which hedge accounting stopped
Interest rate risk fair value hedging relationships	-	-	-	-	-	-
Loans and advances to customers	28,899,963	-	273,181	273,181	273,181	-
Total items classified as fair value hedges	28,899,963	-	273,181	273,181	273,181	-

29.4 Hedge ineffectiveness recognised in profit or loss

For the period ended 31 December 2024	Other operating expenses gain/(loss) UShs'000	Trading revenue gain/(loss) UShs'000	Net interest income gain/(loss) UShs'000	Total UShs'000
Interest rate risk fair value hedging relationships	-	-	252,917	252,917
Loans and advances to customers	-	-	-	-
Total items classified as fair value hedges	-	-	252,917	252,917

For the period ended 31 December 2023	Other operating expenses gain/(loss) UShs'000	Trading revenue gain/(loss) UShs'000	Net interest income gain/(loss) UShs'000	Total UShs'000
Interest rate risk fair value hedging relationships	-	-	65,681	65,681
Loans and advances to customers	-	-	-	-
Total items classified as fair value hedges	-	-	65,681	65,681

30. Deposits from customers

GROUP	2024 UShs' 000	2023 UShs' 000
Current and demand deposits	5,434,168,989	5,008,387,381
Savings accounts	821,798,575	761,197,267
Fixed and call deposit accounts	845,710,100	559,445,262
Flexipay wallet deposit	5,193,939	3,821,679
	7,106,871,603	6,332,851,589

The weighted average effective interest rate on customer deposits was 3.8% (2023: 2.7%).

Included in customer deposits are electronic wallet deposits relating to Flexipay customers amounting to UShs 5.2 billion (2023: UShs 3.8 billion) and MTN and Airtel escrow account balances of UShs 189 billion (2023: UShs 107 billion).

31. Deposits from banks

GROUP	2024 UShs' 000	2023 UShs' 000
Balances due to other banks - local currency	216,864,739	37,480,380
Balances due to other banks - foreign currency	46,775,831	59,224,345
	263,640,570	96,704,725

32. Borrowed funds

GROUP	2024 UShs' 000	2023 UShs' 000
Bank of Uganda: Agricultural Credit Facility	37,595,236	4,791,018
aBi 2020 Limited	5,789,547	11,836,241
International Fund for Agriculture Development (IFAD)	18,497,714	-
	61,882,497	16,627,259
Movement Analysis		
As at 1 January	16,627,259	37,324,647
New disbursements - BOU	34,238,889	985,650
New disbursements - Others	19,920,196	10,391,194
Payments to BOU	(1,434,672)	(27,152,960)
Payments -Others	(7,469,175)	(4,921,272)
Net movement	45,255,238	(20,697,388)
As at 31 December	61,882,497	16,627,259

The Government of Uganda, through Bank of Uganda (BOU), set up an Agricultural Credit Facility scheme for the purpose of supporting agricultural expansion and modernisation in partnership with commercial banks. All eligible Stanbic Bank Uganda Limited customers receive 50% financing from the Government of Uganda through the BOU-administered credit facility while the other 50% is provided by the Group. The outstanding balance as at 31 December was UShs 37,595 million (2023: UShs 4,791 million). The Group does not pay any interest to the Government of Uganda. Refunds to the government are made half yearly and as at 31 December 2024, the last payment instalment was due on 18 November 2029. The Group complied with all the terms and conditions of the agreement during the year.

As part of the effort to support the recovery of the economy following the effects of COVID-19, the Group partnered with several entities to support the lower echelons of the economy which has Village Savings and Lending Associations (VSLA), Savings and Credit Cooperative Organisations (SACCO), Cooperatives and Microfinance institutions. These entities include.

aBi 2020 Limited: In 2021, the Group and aBi 2020 Limited signed an agreement for a concessional funding of UShs 20 billion at the interest rate of 5% to support on lending to the qualifying entities operating in the agricultural sector. As at 31 December 2024, the outstanding borrowed funds amounted to UShs 5.8 billion (2023: UShs 11.8 billion).

International Fund for Agriculture Development (IFAD): In 2023, the Bank and IFAD signed an agreement for a concessional funding of USD 5 million at the interest rate of 2% to support on lending to the listed entities operating in the agricultural sector especially in the rural areas. As at 31 December 2024 the outstanding borrowed funds amounted to UShs 18.5 billion which is now being utilised as per the agreement.

33. Provisions and other liabilities

	GROUP		COMPANY	
	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Uganda Revenue Authority - Tax revenue collections	**16,745,642**	13,783,191	**239,974**	101,330
Bills payable	**132,405,144**	152,599,483	**423,274**	62,665
Unclaimed balances	**75,857,815**	62,952,156	**-**	-
Sundry creditors	**28,337,845**	60,749,553	**417,393**	73,941
Unearned fees & commission income	**998,807**	1,593,744	**-**	-
Dividends payable	**29,740,314**	24,329,144	**29,740,314**	24,329,144
Expected credit loss for off-balance sheet exposures	**3,395,648**	2,595,111	**-**	-
Lease liabilities	**27,970,411**	33,732,915	**597,729**	-
Accepted letters of credit	**57,241,753**	72,520,860	**-**	-
Staff provisions	**55,203,041**	52,698,339	**1,692,505**	2,108,470
Litigation provisions	**14,550,067**	13,997,881	**-**	-
Other liabilities	**12,464,890**	5,876,225	**1,201,771**	1,004,670
	454,911,377	497,428,602	**34,312,960**	27,680,220

Included in other liabilities is the accruals for equity linked incentives of UShs 6.7 billion (2023: UShs 4.9 billion) and other sundry accruals of UShs 5.7 billion (2023: UShs 5.8 billion). Bills payable include driven change the Group projects of UShs 26.3 billion (2023: UShs 38.7 billion), clearance items in transit of UShs 39.5 billion (2023: UShs 51.4 billion), UShs 2.6 billion digital financial inclusion contribution (2023: UShs 2.6 billion) and grant funds from aBi 2020 Lilimted, Opportunity International (OI) and International Fund for Agriculture Development (IFAD).

aBi 2020 Limited extended a grant towards digitisation of SACCOs, Village Savings and Lending Associations (VSLAs), Cooperatives and Microfinance institutions to drive financial inclusion and efficiencies to run their businesses. The Group received the first tranche of UShs 1.2 billion which was disbursed to the SACCOs. The grant was fully spent by 31 December 2024 while the outstanding amount of the grant as of 31 December 2023 was UShs 34.8 million and this was recognised under other liabilities.

Opportunity International (OI) – The partnership between OI and SBU targets VSLAs, SACCOs, MSMEs and small holder farmers in Uganda who are involved in the agriculture value chain. The intervention from OI is to support the bank impact 90,000 farmers through capacity building, financing and digitalisation. The specific grant received last year was USD 100,000 to train leaders in 400 SACCOs/VSLAs in areas of increase in productivity, post-harvest handling, credit management, leadership and governance. The outstanding balance as at 31 December 2024 was UShs 3.4 million (2023: UShs 35.7 million)

International Fund for Agriculture Development (IFAD) is partnering with SBU to increase international payments for SACCOs in the agriculture sector. The total grant is Eur 335,090 of which Eur 100,000 was disbursed in 2024 and is supporting the building of capability for 10 SACCOs through technical assistance and training to enable them to improve their ability to process cross border payments. The project also seeks to improve linkages between SACCOs and international off-takers who are the buyers of their produce. Flexipay has partnered with 11 international remittance companies to provide a service to the targeted SACCOs. The outstanding balance as at 31 December 2024 was UShs 231.6 million.

33.1 Reconciliation of expected credit losses for off-balance sheet exposure

For the year ended 31 December 2024	At start of Year	Total transfers between stages	Income statement movements: ECL on new exposures raised USh's'000	Change in ECL due to modifications USh's'000	Subsequent changes in ECL USh's'000	Change in ECL due to derecognition USh's'000	Net impairments raised/ (released)[1] USh's'000	Exchange and other movements USh's'000	At end of Year USh's'000
Letters of credit and bank acceptances									
Stage 1	(247,278)	-	-	-	195,077	(23,148)	171,929	1,628	(73,721)
Stage 2	-	-	-	-	5	-	5	(5)	-
Stage 3	-	-	-	-	-	-	-	-	-
Guarantees									
Stage 1	(2,158,564)	(188,789)	(517,334)	-	(343,255)	(113,424)	(1,162,802)	15,349	(3,306,017)
Stage 2	(189,269)	188,789	(15,909)	-	691	(480)	173,091	268	(15,910)
Stage 3	-	-	-	-	-	-	-	-	-
Total	(2,595,111)	-	(533,243)	-	(147,482)	(137,052)	(817,777)	17,240	(3,395,648)

For the year ended 31 December 2023	Opening ECL USh's'000	Income statement movements: ECL on new exposures raised USh's'000	Subsequent changes in ECL USh's'000	Change in ECL due to derecognition USh's'000	Net impairments raised/(released)[1] USh's'000	Exchange and other movements USh's'000	Opening ECL USh's'000
Letters of credit and bank acceptances							
Stage 1	(527,209)	(12,729)	(256,931)	22,466	(247,194)	527,125	(247,278)
Stage 2	(7,104)	-	537,204	-	537,204	(530,100)	-
Stage 3	46,211	-	-	-	-	(46,211)	-
Guarantees							
Stage 1	(1,976,869)	(38,048)	(1,102,241)	58,478	(1,081,811)	900,116	(2,158,564)
Stage 2	(94,932)	(2)	812,784	-	812,782	(907,119)	(189,269)
Stage 3	(46,211)	-	-	-	-	46,211	-
Total	(2,606,114)	(50,779)	(9,184)	80,944	20,981	(9,978)	(2,595,111)

33.2 Changes in gross exposures relating to changes in ECL for off balance sheet exposures.

For the year ended 31 December 2024	Total transfers between stages	Movement in gross carrying amounts: Gross amounts on new exposures USh's'000	Movement in gross carrying amounts: Change in gross amounts due to derecognition USh's'000	Movement in gross carrying amounts: Change in Gross amounts due to derecognition USh's'000	Net movement in gross carrying amounts USh's'000
Letters of credit and bank acceptances					
Stage 1	-	73,686,848	(59,382,383)	(168,815,140)	(154,510,675)
Stage 2	-	-	-	-	-
Stage 3	-	-	-	-	-
Guarantees					
Stage 1	(42,438,274)	805,711,175	(62,458,200)	(554,680,034)	146,134,667
Stage 2	42,438,274	2,368,491	(293,412)	(32,412,969)	12,100,384
Stage 3	-	-	-	-	-
	-	881,766,514	(122,133,995)	(755,908,143)	3,724,376
For the year ended 31 December 2023					
Letters of credit and bank acceptances					
Stage 1	-	32,785,453	77,620,369	(26,584,224)	83,821,598
Stage 2	-	-	(1,123,094)	-	(1,123,094)
Stage 3	-	-	-	-	-
Guarantees					
Stage 1	-	116,495,458	6,651,756	(91,232,075)	31,915,139
Stage 2	-	3,438	(6,187,484)	-	(6,184,046)
Stage 3	-	-	-	-	-
Total	-	149,284,349	76,961,547	(117,816,299)	108,429,597

33.3 Reconciliation of lease liabilities

GROUP	Balance at 01 Jan 2023 USh's'000	Additions/ modification USh's'000	Terminations/ modifications and or Cancellations USh's'000	Interest Expense USh's'000	Payments USh's'000	Exchange and other movements USh's'000	Balance at 31 Dec 2024 USh's'000
Buildings	(17,445,984)	(3,556,914)	3,270,173	(1,012,898)	7,763,286	(96,046)	(11,078,383)
Branches	(12,570,293)	(3,833,991)	(2,752,321)	(717,836)	9,534,069	(116,687)	(10,457,059)
ATM Spaces & others	(3,716,638)	(3,058,059)	(4,180,361)	(336,350)	4,926,208	(69,769)	(6,434,969)
Total	(33,732,915)	(10,448,964)	(3,662,509)	(2,067,084)	22,223,563	(282,502)	(27,970,411)

GROUP	Balance at 01 Jan 2022 USh's'000	Additions/ modification USh's'000	Terminations/ modifications and or Cancellations USh's'000	Interest Expense USh's'000	Payments USh's'000	Exchange and other movements USh's'000	Balance at 31 Dec 2023 USh's'000
Buildings	(18,851,715)	(6,494,441)	1,391,610	(1,055,890)	7,564,452	-	(17,445,984)
Branches	(12,829,867)	(7,375,743)	935,546	(651,393)	7,351,164	-	(12,570,293)
ATM Spaces & others	(4,326,553)	(2,659,856)	191,228	(325,612)	3,404,155	-	(3,716,638)
Total	(36,008,135)	(16,530,040)	2,518,384	(2,032,895)	18,319,771	-	(33,732,915)

The Group leases various office, branch and ATM spaces. Rental contracts are typically made for fixed average periods of between three to ten years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group.

33.3 Reconciliation of lease liabilities (continued)

COMPANY	Balance at 01 Jan 2023 UShs'000	Additions/ modification UShs'000	Interest Expense UShs'000	Payments UShs'000	Exchange and other movements UShs'000	Balance at 31 Dec 2024 UShs'000
Buildings	-	(1,632,096)	(62,400)	1,090,489	6,278	(597,729)
Total	-	(1,632,096)	(62,400)	1,090,489	6,278	(597,729)

COMPANY	Balance at 01 Jan 2022 UShs'000	Additions/ modification UShs'000	Interest Expense UShs'000	Payments UShs'000	Exchange and other movements UShs'000	Balance at 31 Dec 2023 UShs'000
Buildings	(310,360)	(41,329)	(19,780)	371,469	-	-
Total	(310,360)	(41,329)	(19,780)	371,469	-	-

33.4 Maturity of undiscounted contractual cash flows for lease liabilities

GROUP

For the year ended 31 December 2024	Within 1 year UShs'000	From 1 to 5 years UShs'000	More than 5 years UShs'000	Total UShs'000
Buildings	645,534	12,966,634	1,676,104	15,288,272
Branches	870,211	17,824,412	-	18,694,623
ATM Spaces & others	287,593	6,279,522	90,100	6,657,215
Total	1,803,338	37,070,568	1,766,204	40,640,110

For the year ended 31 December 2023	Within 1 year UShs'000	From 1 to 5 years UShs'000	More than 5 years UShs'000	Total UShs'000
Buildings	2,603,142	16,510,946	1,887,822	21,001,910
Branches	2,771,197	12,066,555	3,445,069	18,282,821
ATM Spaces & others	2,175,160	5,467,497	91,300	7,733,957
Total	7,549,499	34,044,998	5,424,191	47,018,688

COMPANY

For the year ended 31 December 2024	Within 1 year UShs'000	From 1 to 5 years UShs'000	More than 5 years UShs'000	Total UShs'000
Buildings	-	1,224,300	-	1,224,300
Total	-	1,224,300	-	1,224,300

For the year ended 31 December 2023	Within 1 year UShs'000	From 1 to 5 years UShs'000	More than 5 years UShs'000	Total UShs'000
Buildings	-	-	-	-
Total	-	-	-	-

33.5 The incremental borrowing rates used to discount the minimum lease payments were as follows:

	GROUP		COMPANY	
	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Buildings	10.6%	10.1%	10.1%	10.5%
Branches	10.4%	10.5%	-	-
ATM Spaces and others	10.3%	10.0%	-	-

The following are the expenses charged to the income statement in respect to lease arrangements:

	GROUP		COMPANY	
	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Interest expense on lease liabilities	2,046,683	2,032,897	62,400	19,780
Depreciation of right of use assets (Note 25)	13,407,883	14,017,263	505,746	326,715
	15,454,566	16,050,160	568,146	346,495

33.6 Reconciliation of staff obligations

	GROUP 2024 USh' 000	2023 USh' 000	COMPANY 2024 USh' 000	2023 USh' 000
Opening balance 1 January	**52,698,339**	46,289,797	**2,108,470**	2,059,790
Less: provisions utilisation	**(59,402,314)**	(45,665,112)	**(1,809,096)**	(1,015,171)
Add: New provisions made in the year	**61,907,016**	52,073,654	**1,393,131**	1,063,851
Closing Balance 31 December	**55,203,041**	52,698,339	**1,692,505**	2,108,470

Staff obligations include staff bonus provisions and leave provisions

33.7 Reconciliation of litigation provision

	GROUP 2024 USh' 000	2023 USh' 000
At start of year	**13,997,881**	11,452,929
Add: New provisions made in the year	**5,501,875**	2,846,574
Less: Cases settled	**(4,950,317)**	(3,040,085)
Less: Adjustments in provisions	**628**	2,738,463
At end of year	**14,550,067**	13,997,881

34. Subordinated debt

In 2021, the Group paid off the outstanding subordinated debt and simultaneously signed an unsecured 10-year term subordinated loan facility agreement with Standard Bank of South Africa (SBSA) as the lender which commenced on 1 April 2021. The subordinated loan which amounted to USD 20 million was sourced to supplement the Group's capital and diversify funding sources. The interest rate applicable as at 31 December 2024 was SOFR of 3.95% plus a margin of 2.2% (2023: 3.95% plus margin of 2.2%).

GROUP **As at 31 December 2024**	Date of issue	Carrying value USh' 000	Notional value USh' 000
Subordinated loan facility - Standard Bank South Africa	1 April 2021	**75,433,169**	**75,433,169**
		75,433,169	**75,433,169**

As at 31 December 2023	**Date of issue**	**USh' 000**	**USh' 000**
Subordinated loan facility - Standard Bank South Africa	1 April 2021	77,641,462	77,641,462
		77,641,462	77,641,462

Movement Analysis	2024	2023
As at 1 January	**77,641,462**	75,931,416
Interest expense	**7,837,724**	7,554,748
Interest paid	**(9,211,272)**	(7,176,158)
Exchange rate movement	**(834,745)**	1,331,456
Net movement	**(2,208,293)**	1,710,046
As at 31 December	**75,433,169**	77,641,462

In 2021, the Group paid off the outstanding subordinated debt and simultaneously signed an unsecured 10-year term subordinated loan facility agreement with Standard Bank of South Africa (SBSA) as the lender which commenced on 1 April 2021. The subordinated loan was sourced to supplement the Group's capital and diversify funding sources and amounted to USD 20 million at a SOFR rate plus 4.77% as at 31st December 2023.

35. Dividends

GROUP and COMPANY	2024 USh '000	2023 USh '000
(i) Dividends paid		
Final dividend for the year ended 31 December 2024 and 31 December 2023	**155,000,000**	185,000,000
Interim dividend for the year ended 31 December 2024 and 31 December 2023	**140,000,000**	125,000,000
	295,000,000	310,000,000
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of USh 160 billion per fully paid ordinary share (2023: USh 155 billion).	**160,000,000**	155,000,000

The Directors recommend payment of dividends per share of UShs 3.13 totalling UShs 160 billion for the year ended 31 December 2024 (2023: UShs 155 billion or UShs 3.03 per share). In the 2023 annual general meeting held in June 2024, dividends of UShs 3.03 per share totalling UShs 155 billion were declared and subsequently paid.

In addition, during the year ended 31 December 2024, the Directors declared interim dividends of UShs 2.73 per share totalling UShs140 billion which were paid during the year (2023: UShs 125 billion or UShs 2.44 per share).

Payment of the dividends is subject to withholding tax as per the provisions of the Uganda Income Tax Act depending on the residence of the shareholders.

36. Off-balance sheet financial instruments, contingent liabilities and commitments

GROUP	2024 UShs' 000	2023 UShs' 000
Contingent liabilities		
Acceptances and letters of credit	**98,648,670**	253,159,330
Guarantees and performance bonds	**2,005,799,611**	1,847,564,487
	2,104,448,281	2,100,723,817
Commitments		
Commitments to extend credit	**1,725,657,428**	1,863,438,384
Currency forwards, options and swaps	**672,554,770**	1,154,032,198
	2,398,212,198	3,017,470,582
	4,502,660,479	5,118,194,399

SBU has committed funding to Stanbic Business Incubator Limited in form of annual donations of UShs 1,942 million up to 2028

Nature of contingent liabilities

An acceptance is an undertaking by SBU to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, and reimbursement by the customer is normally immediate. Letters of credit commit the Group to make payments to third parties, on production of documents, which are subsequently reimbursed by customers. Guarantees are generally written by SBU to support performance by a customer to third parties. The Group will only be required to meet these obligations in the event of the customer defaulting. Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. SBU may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer.

Pending litigation

The Group is a litigant in several cases which arise in the normal course of business. The directors and management believe the Group has strong grounds for success in a majority of the cases and are confident that they should get a ruling in the favour of the Group and none of the cases individually or in aggregate would have a significant impact on the Group's operations. The directors have carried out an assessment of all the litigation cases outstanding as at 31 December 2024 and where considered necessary based on the merits of each case, a provision has been raised. In aggregate the total provisions raised amount to UShs 14.6 billion (2023: UShs 14 billion) which are reported under other liabilities (Note 32).

Other matters

Stamp duty

Following the 2016 amendment to the Stamp Duty Act, the Uganda Revenue Authority (URA) sought to levy stamp duty of 1% of the value of the performance bonds and guarantees instead of the fixed rate of UShs 10,000. Through the Uganda Bankers Association (UBA), an appeal was made to the Tax Appeals Tribunal (TAT) to interpret the question of the tax applicable.

The TAT declined to entertain the appeal on the grounds that it was filed after the statutory 6 months within which a decision of the URA must be appealed against. The UBA challenged this position in the High Court on the grounds that URA and UBA continued to discuss the matter and appealed to TAT only after negotiations failed.

URA on 25 March 2019, prior to the High Court hearing, issued a demand letter for UShs 9.95 billion in connection with the above treatment. UBA and the Bank immediately sought an interim order of injunction from the High Court restraining URA's enforcement of the tax liability. The main application was heard In the High Court, on 30 May 2019 and an order dated 27 June 2019, staying the execution was granted on condition that the applicants deposit 30% of UShs 9.95 billion with the High Court.

URA sent its objection decision on 13 June 2019 reconfirming its earlier decision. The Bank made its appeal to the TAT on 24 June 2019 and paid the mandatory 30% of the original assessment, amounting to UShs 2.9 billion and filed its defence at the TAT on 24 June 2019.

On 21 March 2022, TAT ruled that Performance Bonds, Advance Payment Bonds, and Guarantees are "Indemnity Bonds" but Bid Bonds are not "Indemnity Bonds". The Bank was therefore held liable for stamp duty of UShs 6,364,195,812.

The Bank appealed the ruling and applied to the High Court for a stay of execution on 31 March 2022 and the High Court granted an order restraining URA from enforcing the orders of the TAT in the TAT Application 56 of 2019 including collection of the tax of UShs 6,364,195,812 until the hearing of the appeal. The hearing was scheduled for 9 March 2023 and ruling expected on 19 June 2023, but this did not materialise.

In the event of an unsuccessful appeal process, a review of the stamp duty returns for the period from 1 January 2017 to 1 October 2018 shows additional stamp duty payable of UShs 12,523,697,907. The Bank continues to await the High Court ruling on the matter.

Transfer pricing

In August 2017, the Uganda Revenue Authority (URA) initiated a Transfer Pricing (TP) audit covering the years of assessment from 2012 to 2016 and in 2021 further extended the audit period to include 2017 to 2019. After a three-year period of inactivity, the audit resumed in May 2024 and culminated in February 2025 when URA issued a Transfer Pricing (TP) tax assessment to the Company and its bank subsidiary indicating a total potential principal tax liability of UShs 122.6 billion, comprising of the liability assessed on the Company of UShs 90.4 billion and that for the Bank of UShs 32.2 billion. In March 2025, the URA issued the report detailing the basis of the assessment indicating a total principal tax liability of UShs 133.7 billion comprising of the liability assessed on the Company of UShs 99.9 billion and that for the Bank of UShs 33.8 billion. This excludes interest and penalties which would apply, unless waived, if the tax liability crystalised.

As part of TP tax assessment, the URA requested for further clarification and additional information but also provided its opinion on a number of areas without consideration of the information and explanations provided. The Bank is in the process of objecting to the assessment and providing further clarity and explanation in areas for which the URA has requested.

Since the matter constitutes an uncertainty in terms of IFRIC 23 – Uncertainty over income tax treatments, the Bank is required to evaluate the most likely outcome and a reasonable estimate of the potential tax liability related to the assessment. The Bank has reviewed the URA tax assessment and prepared an IFRIC 23 assessment of the uncertainty over income tax presented by the assessment. The Group has relied on the opinion of tax advisors and legal counsel in developing the assessment which indicates that the Group has strong grounds to successfully object the assessment. As a result, the Group's management is of the view that no liability should be recognised in these consolidated and separate financial statements.

The Group's management has also assessed that in the unlikely event that any liability accrues from this matter, the Bank's capital position would remain robust to support the business.

Management has reviewed the impact of this assessment on the Bank's capital taking the worst-case scenario of the total principal tax amount assessed on the Bank (UShs 32.8 billion) and found that this would have a 0.4% drop on its capital by reducing core capital ratio from 19.7% to 19.3% and total capital ratio from 21.4% to 21.0%.

The following key assumptions and judgements have been made concerning this matter:

The documentation and information necessary to support the Group's objection will be made available to, and reviewed by, the URA.

The URA will have full knowledge and access to all information relevant to this assessment and a fair assessment, based on applicable laws and regulations, will be done.

37. Analysis of cash and cash equivalents as shown in the cash flow statement

	GROUP		COMPANY	
	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Cash and balances with Bank of Uganda	**1,211,168,332**	1,079,035,695	**-**	-
Cash reserve requirement	**(742,420,000)**	(649,430,000)	**-**	-
Government securities maturing within 90 days	**377,292,288**	585,754,111	**-**	-
Placements with other banks	**376,777,407**	240,797,041	**-**	-
Amounts due from group companies	**1,173,660,878**	330,064,839	**245,538,652**	25,356,747
	2,396,478,905	1,586,221,686	**245,538,652**	25,356,747

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances maturing in 90 days or less from the date of acquisition including: cash and balances with Bank of Uganda, treasury bills and other eligible bills, amounts due from group companies and amounts due from other banks. Cash and cash equivalents exclude the cash reserve requirement held with Bank of Uganda (See Note 16).

38. Related party transactions

Stanbic Uganda Holdings Limited is 80% owned by Stanbic Africa Holdings Limited, which is incorporated in the United Kingdom. The ultimate parent and controlling party of the Group is Standard Bank Group Limited, incorporated in South Africa. The Company owns and/or controls Stanbic Properties Limited, SBG Securities Uganda Limited, Flyhub Uganda Limited, Stanbic Business Incubator Limited and Stanbic Bank Uganda Limited. There are other companies which are related to the Company through common shareholdings or common directorships. These include Standard Bank Isle of Man Limited, Standard Bank of South Africa, CfC Stanbic Bank Kenya Limited, Stanbic Bank Tanzania Limited, Stanbic Bank Botswana, Liberty Life Assurance Uganda Limited and Liberty General Insurance Uganda Limited. In the normal course of business, current accounts are operated, and placings of foreign currencies are made with the parent company and other group companies at interest rates in line with the market.

Key management personnel has been defined as the Bank's Board of Directors and prescribed officers effective. Non-executive directors are included in the definition of key management personnel in line with IFRS. The definition of key management includes the close family members of key management personnel and any entity over which key management exercises control or joint control. Close family members are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Group. They may include the person's domestic partner and children, the children of the person's domestic partner, and dependants of the person or the person's domestic partner.

Related party transactions further breakdown

	GROUP						COMPAMY	
	2024 UShs' 000			2023 UShs' 000			2024 UShs' 000	2023 UShs' 000
	Parent	Other	Total	Parent	Other	Total		
Amounts due from group companies								
Placements and borrowings	771,685,698	394,085,845	1,165,771,543	12,675,470	294,773,835	307,449,305	242,228,576	23,928,038
Other assets	6,917,731	971,604	7,889,335	21,242,124	1,373,410	22,615,534	3,310,076	1,428,709
	778,603,429	395,057,449	1,173,660,878	33,917,594	296,147,245	330,064,839	245,538,652	25,356,747
Amounts due to group companies								
Deposits and current accounts	6,868,355	176,914,934	183,783,289	5,145,604	209,855,396	215,001,000	-	-
Other liabilities	45,349,524	1,284,120	46,633,644	27,755,245	837,139	28,592,384	200,591	1,078,135
	52,217,879	178,199,054	230,416,933	32,900,849	210,692,535	243,593,384	200,591	1,078,135
Subordinated debt due to group companies								
Subordinated loans (see note 32)	75,433,169	-	75,433,169	77,641,462	-	77,641,462	-	-
Derivatives due from group companies (note 27)	83,911,482	-	83,911,482	73,347,060	-	73,347,060	-	-
Derivatives due to group companies (note 27)	37,038,918	18	37,038,936	47,727,733	1,141	47,728,874	-	-
Income and expenses								
Interest income earned	7,019,849	29,306,048	36,325,897	395,579	4,140,196	4,535,775	-	-
Interest expense paid	9,256,044	8,924,936	18,180,980	7,785,814	11,924,016	19,709,830	-	-
Trading Revenue	(59,843,738)	(1,123)	(59,844,861)	31,378,697	5,955,814	37,334,511	-	-
Commission income	76,053	7,408,314	7,484,367	9,928,552	8,335,089	18,263,641	-	-
Commission expense	24,367	-	24,367	9,928,552	8,335,089	18,263,641	-	-
Operating expenses incurred	72,633,508	4,606,112	77,239,620	63,897,194	2,072,838	65,970,032	-	-

Included in operating expenses incurred is franchise fees of UShs 38 billion (2023: UShs 36 billion), (Note 13).

Reconciliation of expected credit losses for placements with group companies measured at amortised cost

			Income statement movements					
Year ended 31 December 2024	Opening ECL at 1 Jan 2024	Total transfers between stages	ECL on new exposures raised	Subsequent changes in ECL	Change in ECL due to derecognition	Net impairments raised/(released)	Exchange and other movements	At end of year
	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000
Stage 1	(1,155)	-	(171,608)	(1,280)	-	(172,888)	-	(174,043)
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-		-
Total	(1,155)	-	(171,608)	(1,280)	-	(172,888)	-	(174,043)
Year ended 31 December 2023				-				
Stage1	(16,395)	-	-	15,240	-	15,240	-	(1,155)
Stage2	-	-	-	-	-	-	-	-
Stage3	-	-	-	-	-	-	-	-
Total	(16,395)	-	-	15,240	-	15,240	-	(1,155)

SBU has an agreement with Liberty Life Assurance Uganda Limited and Liberty General Insurance Uganda Limited for which it receives a share of the net income derived from the bancassurance business. The Group also acts as an agent and receives commission. Included in other assets in Note 23 is commission earned but not yet received from the bancassurance business and revenue share of UShs 9.1 billion (2024: UShs 8.3 billion).

The Group has lease agreements with Stanbic Properties Uganda Limited. As at 31 December 2023, the Group had right-of-use assets of UShs 8.0 billion and lease liabilities of UShs 4.8 billion (2023: UShs 9.3 billion and UShs 5.7 billion respectively) related to lease arrangements with Stanbic Properties Limited.

Nature of the transactions with related parties

The Group has transfer pricing agreements with related parties which include the franchise arrangement with the parent entity. These agreements are in accordance with the Organisation for Economic Co-operation and Development Guidelines (OECD) pricing principles and applicable local legislation. The franchise arrangement charge is determined through an independently assessed benchmark, arrived at by comparing with franchise charges levied against comparable unrelated financial institutions for the package of benefits which includes using the parent entity brand, know-how and show how

In the normal course of business, the Group has the following transactions with its related parties:

- Current accounts operation and placement of foreign currencies
- IT services including procurement and maintenance of various banking systems like Business Online (BOL)
- Payment of franchise and management fees to the parent company
- Money market borrowing and lending
- Economic hedge transactions like interest rate swaps with various clients
- Loans or borrowings

Loans to key management and related parties for the year ended 31 December 2024

As at 31 December 2024 Names of Insider borrowers including related interests	Aggregate amount outstanding'000	Interest Rate	Status Performing or Non-performing	Facility
Directors	2,446,349	7.5%-38%	Performing	Loans and advances
Non-Executive Officers	1,029,449	7.5%-38%	Performing	Loans and advances
Executive Officers	4,105,678	7.5%-38%	Performing	Loans and advances
Credit extensions to individual affiliates	72,811	18%-19.5%	Performing	Loans and advances
Total	7,654,287			

As at 31 December 2023 Names of Insider borrowers including related interests	Aggregate amount outstanding'000	Interest Rate	Status Performing or Non-performing	Facility
Directors	2,202,924	7.5%-38%	Performing	Loans and advances
Non-Executive Officers	3,374,185	7.5%-38%	Performing	Loans and advances
Executive Officers	1,417,454	7.5%-38%	Performing	Loans and advances
Credit extensions to individual affiliates	78,263	18%-19.5%	Performing	Loans and advances
Total	7,072,826			

Loans granted to non-executive directors and their affiliates are granted at commercial rates while those granted to executive directors and executives are at: Mortgage – 50% of prime rate, staff miscellaneous and car loans – 75% of prime rate, study loans – 0%.

No specific impairment has been recognised in respect of loans advanced to related parties (2023: Nil) as the probability of default is insignificant.

Deposits with key management and related parties for the year ended 31 December 2024

GROUP	2024		
Names of related Party	**Aggregate amount outstanding'000**	**Interest Rate**	**Facility**
Directors	217,745		Deposit
Executive Officers	1,072,973		Deposit
	1,290,718		

Deposits with Key Management and related parties

GROUP	2023		
Names of related Party	**Aggregate amount outstanding'000**	**Interest Rate**	**Facility**
Directors	1,481,972		Deposit
Executive Officers	657,078		Deposit
	2,139,050		

Interest Income GROUP	2024 UShs' 000	2023 UShs' 000
Interest income from key management loans	719,450	622,345
	719,450	622,345

Key management compensation GROUP	2024 UShs' 000	2023 UShs' 000
Key management compensation		
Salaries and other short term employment benefits post-employment benefits	20,138,390	24,928,143
Post Employment Benefits	2,637,359	2,753,091
	22,775,749	27,681,234
Directors' remuneration		
Directors' fees	1,234,204	1,085,715
Other emoluments included in management compensation	7,460,683	11,951,078
	8,694,887	13,036,793

39. Equity linked transactions

GROUP	2024 UShs' 000	2023 UShs' 000
Expenses recognised in staff costs		
Share appreciation rights scheme (SARP)	36,746	86,723
Deferred bonus scheme (DBS)	82,788	58,229
Performance reward plan (PRP)	1,912,339	805,475
Cash-settled deferred bonus scheme (CSDBS)	6,887,118	1,671,294
Total expenses recognised in staff costs	8,918,991	2,621,721
Summary of liabilities recognised in other liabilities		
Share appreciation rights scheme (SARP)	166,077	100,826
Deferred bonus scheme (DBS)	45,725	56,358
Performance reward plan (PRP)	2,667,503	1,138,150
Cash-settled deferred bonus scheme (CSDBS)	3,784,895	1,953,928
Total liability recognised in other liabilities	6,664,200	3,249,262

Shares Appreciation Right Scheme (SARP)

The SARP is a long-term incentive which was introduced in 2021 and represents appreciation rights allocated to employees. The converted value of the rights is effectively settled by issue of shares equivalent to the value of the rights. Vesting and expiry of the rights are indicated below:

	Year	% vesting	Expiry
SARP	2,3,4	33,67,100	4,5,6

Awards are issued to individuals in employment of a group entity domiciled in South Africa are classified as equity-settled and awards made to individuals of a group entity outside of South Africa are classified as cash-settled.

A reconciliation of the movement of share options is detailed below:

GROUP	Number of rights 2024	2023
SARP		
Units outstanding at beginning of the year	38,031	22,509
Transfers	-	191,702
Granted	-	-
Exercised	(5,486)	(634)
Forfeited	(9,771)	(175,546)
Rights outstanding at the end of the year	22,774	38,031
Average price range (rand)	46.96	44.30
Expected life (years)	2.51	2.51

During the year, no SBG shares were issued to settle the appreciated rights value. At the end of the year the SBG shares would need to be issued to settle the outstanding appreciated rights value.

The following rights granted to employees, including executive directors, had not been exercised as at 31 December 2024.

Number of rights	Option price range (rand)	Weighted average price (rand)	Option expiry period
7,253	44.21	44.21	Year to 31 December 2025

The share appreciation rights granted are valued using a Black-Scholes option pricing model. Each grant is valued separately. There were no weighted fair value of the options granted per vesting and the assumptions utilised for 2024.

Cash settled deferred bonus scheme (CSDBS)

All employees granted an annual performance award over a threshold and who are in employment in a group entity outside of South Africa have part of their award deferred. In addition, the group makes special awards to qualifying employees in employment of a group entity. The awards are classified as cash-settled awards.

The award units are denominated in employee's host country local currency, the value of which moves parallel to the changes in the price of the SBG shares listed on the Johannesburg Stock Exchange (JSE) and accrue notional dividends over the vesting period which are payable on vesting.

Awards vest in three equal tranches at 18 months, 30 months and 42 months from the date of award. The final pay-out is determined with reference to the SBG share price on the vesting date.

The following table shows the cash settled deferred bonus scheme:

GROUP	2024							
Currency	Weighted average fair value at grant date	Expected life at grant date (years)	Opening balance	Granted	Exercised	Transferred between group companies	Forfeited	Outstanding
			UShs	UShs	UShs	UShs	UShs	UShs
GHS	-	2.51	-	-	-	-	-	-
GBP	-	2.51	-	-	-	-	-	-
KES	186.11	2.51	-	14,239	-	-	-	14,239
NAD	-	2.51	-	-	-	-	-	-
UShs	186.27	2.51	23,943,744	17,054,176	(11,918,136)	2,363,316	(3,083,319)	28,359,781
NGN	181.46	2.51	358,021	292,296	(165,096)	-	-	485,221
ZAR	180.26	2.51	23,087	13,629	(11,621)	-	-	25,095

	2023							
Currency	Weighted average fair value at grant date	Expected life at grant date (years)	Opening balance	Granted	Exercised	Transferred between group companies	Forfeited	Outstanding
			UShs	UShs	UShs	UShs	UShs	UShs
GHS	-	2.51	-	-	-			
GBP	-	2.51	208	128	(104)	-	(232)	-
KES	-	2.51	15,720	-	-	-	(15,720)	-
NAD	-	2.51	1,247	-	(1,247)	-	-	-
UShs	170.68	2.51	21,103,019	28,832,275	(11,134,858)	-	(14,856,692)	23,943,744
NGN	169.57	2.51	284,660	209,238	(135,877)	-	-	358,021
ZAR	172.97	2.51	23,670	46,079	(19,438)	-	(27,224)	23,087

Deferred bonus scheme (DBS)

In 2012, changes were made to the existing DBS to provide for a single global incentive deferral scheme across the SBG entities. The purpose of the DBS is to encourage a longer-term outlook in business decision-making and closer alignment of performance with long-term value creation.

All employees granted an annual performance award over a threshold have part of their award deferred. The award is indexed to the SBG share price and accrues notional dividends during the vesting period, which are payable on vesting. The awards vest in three equal amounts at 18 months, 30 months and 42 months from the date of award. The final pay-out is determined with reference to the SBG share price on the vesting date.

The movement in the deferred bonus scheme is as follows:

GROUP	Units	
	Dec-24	Dec-23
Reconciliation		
Units outstanding at beginning of the year	**1,541**	2,939
Granted	**4,127**	5,134
Exercised	**(1,444)**	(2,387)
Lapsed	**-**	(4,145)
Transfers	**-**	-
Units outstanding at end of the year	**4 224**	1 541
Average price range (rand)	**240.48**	144.16
Expected life (years)	**2.51**	2.51

A reconciliation of the movement of the performance reward plan was as follows:

GROUP	Units	
	Dec-24	Dec-23
Reconciliation		
Units outstanding at beginning of the year	**79,200**	46,557
Granted	**2,120**	23,964
Exercised	**(33,920)**	11,080
Lapsed	**-**	(2,401)
Transfers	**-**	-
Units outstanding at end of the year	**47 400**	79 200
Average price range (rand)	**169.54**	158.48
Expected life (years)	**2.51**	2.51

Performance reward plan (PRP)

A new long-term performance driven share plan commenced in March 2014 which rewards value delivered against specific targets. The PRP incentivises a group of senior executives to meet the strategic long-term objectives that deliver value to shareholders, to align the interests of those executives with those of shareholders and to act as an attraction and retention mechanism in a highly competitive marketplace for skills. The PRP operates alongside the existing conditional, equity-settled long-term plans, namely the EGS, the group share incentive scheme (GSIS) and DBS post 2011.

The PRP is settled in SBG shares to the employee on the applicable vesting dates together with notional dividends that are settled in cash. The shares that vest (if any) and that are delivered to the employee are conditional on the pre-specified performance metrics.

40. Investment in subsidiary

COMPANY	Beneficial owner ship	Country of Incorporation	2024 UShs' 000	2023 UShs' 000
Stanbic Bank Uganda Limited	100%	Uganda	**881,068,551**	881,068,551
FLYHUB Uganda Limited	100%	Uganda	**10,000,000**	10,000,000
Stanbic Properties Limited	100%	Uganda	**8,958,938**	8,958,938
Stanbic Business Incubator Limited	100%	Uganda	**100,000**	100,000
SBG Securities Uganda Limited	100%	Uganda	**4,000,000**	3,000,000
			904,127,489	903,127,489

Stanbic Bank Uganda Limited

Stanbic Bank Uganda Limited (SBU) is a licensed financial institution under the Financial Institutions Act, 2004, (as amended) and is a member of the Uganda Bankers Association. The Bank is engaged in the business of commercial banking and the provision of related banking services. The principal place of business for SBU is Plot 17 Hannington Road, Short Tower - Crested Towers, P. O. Box 7131, Kampala, Uganda.

Stanbic Properties Limited

Stanbic Properties Limited ("SPL") was incorporated on 5 February 2020 and started business operations on 1 May 2020. SPL holds and manages the real estate portfolio of the Group. Other services offered to clients include site acquisition, property consultancy and execution of real estate projects. The principal place of business for SPL is Plot 17 Hannington Road, Tall Tower – Crested Towers, Mezzanine Floor, P. O. Box 7395, Kampala, Uganda.

FLYHUB Uganda Limited

FLYHUB Uganda Limited ("FLYHUB") was incorporated on 8 October 2020. FLYHUB is a fintech company that provides financial technology and innovative services as part of the Group's digital transformation journey. The principal place of business for FLYHUB is Plot 5, Lower Kololo Terrace, P. O. Box 7131, Kampala, Uganda.

Stanbic Business Incubator Limited

Stanbic Business Incubator Limited ("SBIL") is a company limited by guarantee, incorporated on 18 May 2020 and commenced its activities as a separate entity on 1 June 2020. SBIL was set up as part of the reorganisation process to continue training SMEs in Uganda by equipping them with best business practices in management, record keeping, marketing and finance in order to address the challenges of short lifespan of SMEs in the economy. Stanbic Bank Uganda Limited started this initiative in 2018 before the reorganisation with the business incubator operating as a unit under Business Banking.

The principal place of business for SBIL is Plot 5, Lower Kololo Terrace, P. O. Box 7395, Kampala, Uganda.

SBG Securities Uganda Limited

SBG Securities Uganda Limited ('SBGS) was incorporated and registered by the Registrar of Companies in Uganda as a private limited liability company on 6 November 2020. SBGS was established to acquire the business of SBG Securities Limited (Uganda Branch) and carry out other securities business in Uganda.

41. Interest rate benchmarks and reference interest rate reform

The Group had no LIBOR linked contracts that extend beyond 2024. The Group ceased booking new LIBOR linked exposures from 1 October 2021, apart from very limited circumstances to align with industry guidance and best practice. The new exposures are booked using the Alternative Reference Rates (ARRs) being SOFR, SONIA, and ESTR. In certain instances, other suitable rates may be used, such as the Central Bank Policy Rate.

The table below shows the outstanding exposures that have not yet transitioned from LIBOR interest rate benchmarks:

GROUP	GBP LIBOR 2024 UShs'000	USD LIBOR 2024 UShs'000	EUR IBOR 2024 UShs'000	Other IBORs 2024 UShs'000	Not subject to IBOR reform 2024 UShs'000	Total 2024 UShs'000
Loans and advances	-	-	-	-	5,916,118,047	5,916,118,047
Total assets recognised on the balance sheet subject to IBOR reform	-	-	-	-	5,916,118,047	5,916,118,047

GROUP	GBP LIBOR 2023 UShs'000	USD LIBOR 2023 UShs'000	EUR IBOR 2023 UShs'000	Other IBORs 2023 UShs'000	Not subject to IBOR reform 2023 UShs'000	Total 2023 UShs'000
Loans and advances	-	54,518,164	-	-	4,718,638,880	4,773,157,044
Total assets recognised on the balance sheet subject to IBOR reform	-	54,518,164	-	-	4,718,638,880	4,773,157,044

42. Statement of cash flows notes

The table below discloses the indirect method of analysing changes in cash and cash equivalents during a period.

	GROUP		COMPANY	
	2024 USHs' 000	2023 USHs' 000	2024 USHs' 000	2023 USHs' 000
Cash flows related to operating activities				
Profit before income tax	**651,069,612**	540,946,727	**513,870,925**	309,537,446
Adjusted for:				
- Depreciation of property and equipment and right-of-use assets	**31,487,431**	32,306,644	**858,911**	655,533
- Amortisation of intangible assets	**15,549,440**	15,252,032	**-**	-
- Loss on disposal of property and equipment	**(165,608)**	(382,770)	**-**	-
- Fair value adjustment in trading assets	**(1,018,565)**	10,081,788	**-**	-
- Net increase in expected credit losses	**64,139,926**	109,143,872	**-**	-
- Interest in suspense released on cured loans and advances	**(1,237,664)**	(1,739,577)	**-**	-
- Modification gains and losses	**-**	(2,633,553)	**-**	-
- Changes in provisions and accruals	**52,499,759**	(15,395,837)	**(808,318)**	(544,651)
Cash flows from operating activities	**812,324,331**	687,579,326	**513,921,518**	309,648,328
Income tax (paid)/refund	**(188,577,225)**	(130,359,298)	**(371,751)**	5,744,292
Changes in operating assets				
(Increase)/decrease in derivative assets	**(609,872)**	12,116,446	**-**	-
(Increase)/decrease in financial investments	**(184,058,047)**	492,479,618	**(2,153,369)**	(10,014,744)
Decrease/(increase) in trading assets	**368,449,114**	(189,699,876)	**-**	-
Increase in cash reserve requirement	**(92,990,000)**	(14,480,000)	**-**	-
Increase in loans and advances to customers and banks	**(211,047,865)**	(242,358,649)	**-**	-
Increase/(decrease) in other assets	**(249,003,114)**	78,046,542	**(6,332)**	8,992
	(369,259,784)	136,104,081	**(2,159,701)**	(10,005,752)
Changes in operating liabilities				
Increase in customer deposits	**776,819,185**	207,513,391	**-**	-
Increase/(decrease) in deposits due to other banks	**171,244,803**	(45,239,781)	**-**	-
(Decrease)/Increase in deposits from group companies	**(13,176,451)**	23,513,423	**(877,544)**	502,350
Decrease in derivative liabilities	**(2,269,838)**	(13,922,857)	**-**	-
(Decrease)/Increase in other liabilities	**(78,060,280)**	8,062,562	**6,910,833**	7,083,342
	854,557,419	179,926,738	**6,033,289**	7,585,692
Net cash from operating activities	**1,109,044,741**	873,250,847	**517,423,355**	312,972,560
Cash flows from investing activities				
Purchase of property and equipment	**(21,155,741)**	(26,457,650)	**(213,361)**	(225,754)
Purchase of computer software	**(5,662,003)**	(598,448)	**-**	-
Proceeds from sale of property and equipment	**181,857**	485,373	**-**	-
Net cash used in investing activities	**(26,635,887)**	(26,570,725)	**(213,361)**	(225,754)
Cash flows from financing activities				
Principal lease payments	**(20,156,479)**	(16,286,876)	**(1,028,089)**	(391,249)
Dividends paid to shareholders	**(295,000,000)**	(310,000,000)	**(295,000,000)**	(310,000,000)
Investment in Subsidiary	**-**	-	**(1,000,000)**	(6,623,000)
Increase/(decrease) in borrowed funds	**45,255,238**	(20,697,388)	**-**	-
(Decrease)/increase in subordinated debt	**(2,250,394)**	2,088,627	**-**	-
Net cash used financing activities	**(272,151,635)**	(344,895,637)	**(297,028,089)**	(317,014,249)

43 Retained earnings

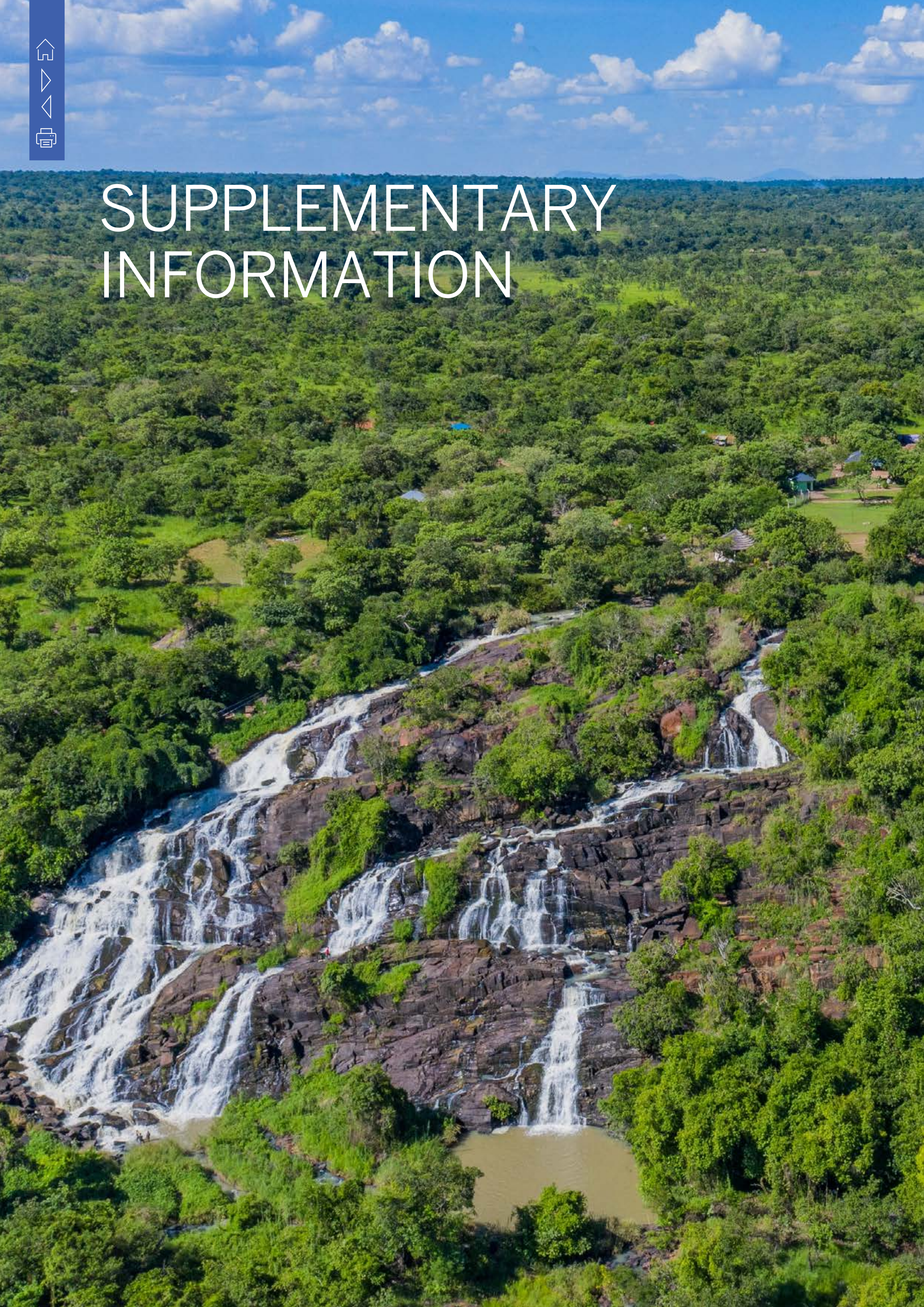
This comprises prior period retained profits, plus profit for the year (less)/plus appropriation of statutory risk reserve less proposed dividends and interim dividends paid.

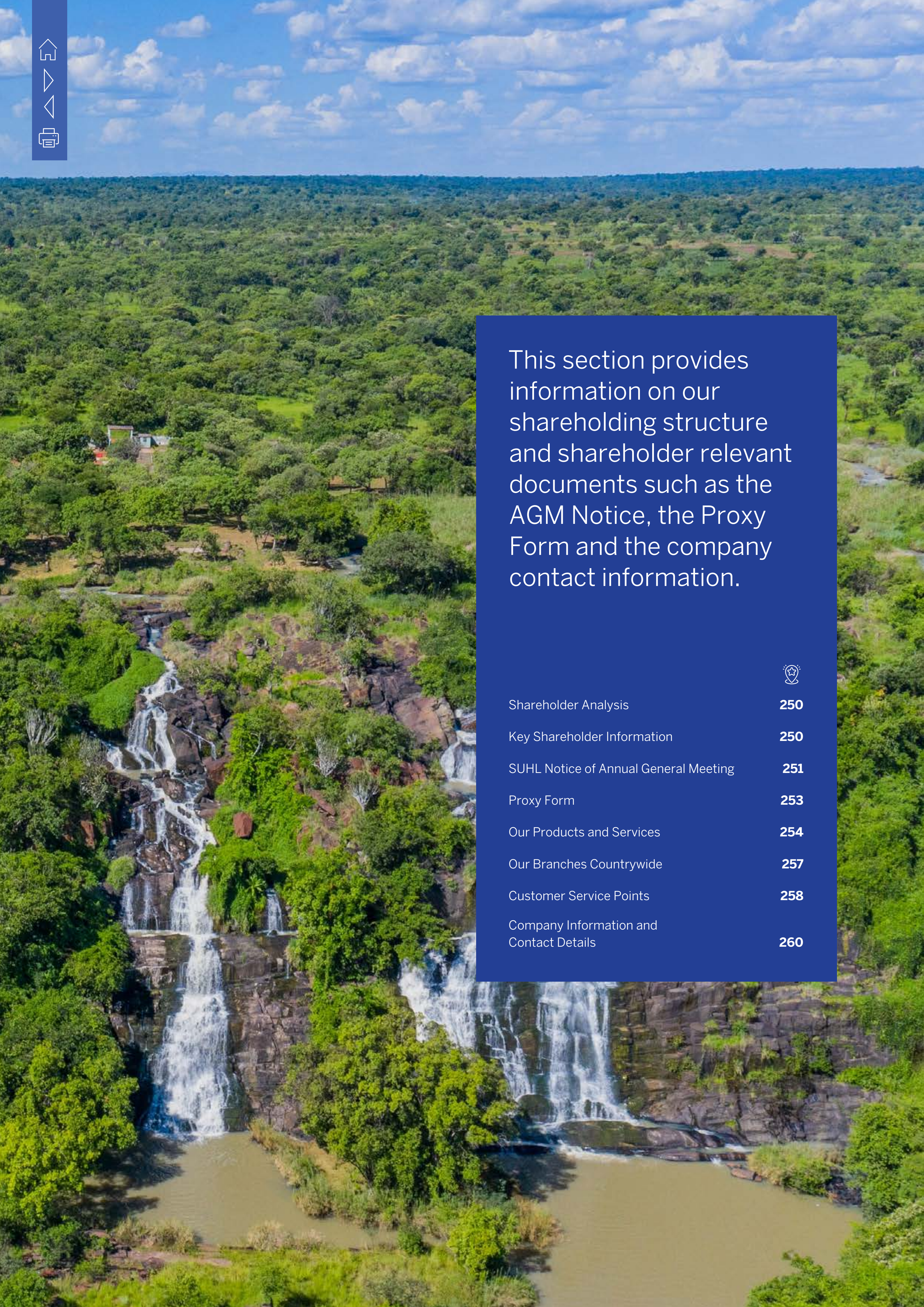
44 Events after the reporting period

As disclosed in Note 36, in February 2025, the URA issued to the Group a transfer pricing assessment.

There were no other events after the reporting period which require adjustment to or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION





This section provides information on our shareholding structure and shareholder relevant documents such as the AGM Notice, the Proxy Form and the company contact information.

SHAREHOLDER ANALYSIS AS AT 31 DECEMBER 2024

Top Ten Shareholders

Rank	Name	Number of Shares	% Shareholding
1	Stanbic Africa Holdings Limited	40 950 935 760	80.00%
2	National Social Security Funds	1 735 744 327	3.39%
3	Kimberlite Frontier Africa Master Fund, L.P.-Rckm Kimberlite Frontier Africa Master Fund, L.P.-Rckm	680 895 321	1.33%
4	Duet Africa Opportunities Master Fund Ic Duet Africa Opportunities Master Fund Ic	557 768 915	1.09%
5	Bnymsanvfft Re Bnymsanvfft Re Oddo Bhf Asset Management Gmbh Wegen Kilimanjaro Frontier Africa Fund	526 698 292	1.03%
6	Sudhir Ruparelia	330 723 247	0.65%
7	Bnym Re Frontaura Global Frontier Fund Llc	312 700 000	0.61%
8	Bnym Re Vanderbilt University	214 407 325	0.42%
9	Bank Of Uganda Defined Benefits Scheme- Geneafrica	212 696 994	0.42%
10	Ibulaimu Kironde Kabanda	212 610 920	0.42%

Key Shareholder Information

Stanbic Uganda is majority- owned by Stanbic Africa Holdings Limited (SAHL), which is a private limited liability company incorporated in the United Kingdom. SAHL is, in turn, wholly owned by Standard Bank Group and is the vehicle through which Standard Bank Group hold its interests in several banks in African countries. Standard Bank Group is a limited liability Company incorporated in South Africa and is listed on the Johannesburg Stock Exchange (JSE), Standard Bank Group as at 31st December 2024 had total assets of ZAR 3.3 trillion the market capitalisation of ZAR 368 billion (USD20 billion) and employees more than 54000 people worldwide. Standard Bank Group, whose year of funding traces back to 1862 in South Africa, trades started as Standard Bank in South Africa, Namibia, Mauritius, Mozambique and Swaziland and as Stanbic Bank throughout the remainder of the African continent. It has a wide representation, which spans 20 sub-Saharan African countries, 4 global centres in Beijing, Dubai,London and New York, 2 offshore hubs in Isle of Man and Jersey and owns a controlling stake in South African listed insurance company: Liberty Holdings Limited. While its principal activities are banking and related financial services, Standard Bank Group has delivered its operators to meet the demands of the fast changing and demanding business world, with investments in insurance, wealth management and investment. It provides a wide range of banking and related financial services.

Analysis by size of Holding

	Number of Shares	%	Holders
1 – 1 000	192 565	0.00%	400
1 001 – 5 000	2 603 922	0.01%	892
5 001- 10 000	40 150 132	0.08%	4 121
10 001 – 100 000	608 741 671	1.19%	11 625
100 001 – 500 000	976 660 078	1.91%	3 886
500 001 – 1 000 000	581 777 724	1.14%	711
1 000 001 – 5 000 000	938 450 670	1.83%	582
> 5 000 001	48 040 092 938	93.85%	95
Register Totals	51 188 669 700	100.00%	22 312

Stanbic Uganda Holdings Limited

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING** (AGM) of Stanbic Uganda Holdings Limited ("the Company") for the year ended December 31st, 2024, will be held as a hybrid meeting (comprising of a physical meeting at the Victoria hall at the Kampala Serena Hotel and via electronic means) on **Friday**, **30th May 2025** at **11:00 am** to conduct the following business:

Agenda

Ordinary Business

1. To consider and, if deemed fit, pass an ordinary resolution to receive and adopt the annual audited financial statements for the year ended 31st December 2024, including the reports of the Directors and External Auditors.
2. To consider and if deemed fit pass an ordinary resolution to receive and adopt the recommendation of the Directors on the declaration of a final dividend of UGX 3.13 per share for the year 2024 to be paid on or about 27th June 2025, to shareholders whose names appear on the share register at the close of business on 6th June 2025.
3. To consider and, if deemed fit, pass an ordinary resolution to confirm the appointment of Mr Norbert Kagoro as an Independent Non-Executive director in accordance with the provisions of the Company articles of association.
4. To consider and, if deemed fit, pass an ordinary resolution to re-elect the following Independent Non-Executive Directors retiring by rotation, but being eligible, offers themselve up for re-election:
   a. Mr Baker Magunda
   b. Mrs Agnes A. Konde
5. To consider and, if deemed fit, pass an ordinary resolution to approve the appointment of Ernst and Young Uganda (EY) as the External Auditors of the Company for the year 2025 and authorise the Directors to negotiate and fix their remuneration.
6. To consider, and if deemed fit, pass an ordinary resolution to receive and approve the fees payable to the Non-Executive Directors for the year 2025.

Dated: May 16th, 2025
By Order of the Board

Rita Kabatunzi
Company Secretary

Notes

AGM registration

1. Shareholders can participate in the AGM either physically or electronically. **Physical** attendance will be on a first-come, first-in basis.
2. Registration for **both** physical and electronic attendance shall **only** be done electronically from **Thursday May 8th, 2025,** at **8:00 a.m.** and will close on **Thursday, May 29th, 2025,** at **5:00 p.m**.
3. To facilitate verification and registration, shareholders will be required to submit a valid national identification card or SCD account number and, in the case of non-Ugandans, a valid passport.
4. Shareholders unable to attend the AGM are encouraged to fill in and return a proxy form nominating a person of their choosing to attend and vote on their behalf. The proxy form can be found in the Annual Report or downloaded from the Company website **www.stanbic.co.ug**
5. Shareholders are advised to use any of the options below to register for the AGM:
   i. Dial ***284*31#** (Uganda mobile networks) or ***483*133#** (Kenya mobile networks) and follow the prompts or
   ii. Send an email request to be registered to **suhlagm@image.co.ke** or,
   iii. The registration link circulated to shareholders whose valid email addresses we possess.

6. Shareholders and proxies who have successfully registered to attend the AGM will be able to follow the AGM proceedings, participate and ask questions in person or using the live stream platform.

7. Registered shareholders and proxies will receive reminders and a link to attend the AGM through SMS/ USSD prompts on their registered mobile numbers 24 hours and 1 hour before the AGM. 8. By registering to attend the AGM, shareholders consent to receive all messages about the AGM.

9. For support during registration, please call 0762 260 804 (MTN) or 0758336660 (Airtel) or email **suhlagm@image.co.ke.**

10. Shareholders are encouraged to update their contact details on the register by contacting the share registrar, Custody & Registrars Services Uganda, at **shareholder@candrgroup.co.ug** or call +256 757 072 773 / +256 760 451 945 / +256 414 237504.

Proxies

11. To ensure that all votes on the proposed resolutions are considered, shareholders who cannot attend the AGM are encouraged to fill out and return a proxy form.

12. Duly completed proxy forms should be delivered to the Company Secretary at the address below or emailed to **suhlagm@image.co.ke** at least 48 hours before the scheduled time for the meeting. In default of this, it shall be treated as invalid.

Voting

13. During the meeting, shareholders will receive an SMS prompt with instructions on their registered mobile phone number, alerting them to propose and second the resolutions in the Notice.

14. Voting by physical and electronic attendees shall be done **electronically** using the VOTE tab on the live stream link and via USSD on a shareholder's registered mobile number. All registered shareholders and proxies may vote (when prompted) using the live stream link or the USSD prompts.

Shareholders' right to ask questions

15. Shareholders interested in asking questions or seeking clarifications regarding the AGM may do so by:

    i. Sending their written questions by email to **suhlagm@image.co.ke** or **shareholder@candrgroup.co.ug**

    ii. Via SMS by dialling the USSD code *284*57# (Uganda network) or *483*133# (Kenya Network) and selecting the option (Ask Question) on the prompts or,

    iii. Via the Question Tab or dial-in options on the live stream link during the AGM or,

    iv. To the extent possible by physically delivering their written questions with a physical return address or email address.

16. Although a few questions will be answered during the AGM, all will be responded to. Following the conclusion of the AGM, a complete list of all questions received with responses will be published on the Company's website.

AGM Information

17. The Notice of the AGM, annual report, audited financial statements, and proxy form will be uploaded onto the Company website, **www.stanbic.co.ug.** The reports will also be accessible via the live stream link or the USSD codes in clause 5 (i) under the Reports option.

Dividends

18. In November 2024, shareholders were paid an interim dividend worth UGX 140Bn for the year 2024. The Board recommends, for Shareholders' approval, a final dividend of Ushs 3.13 per ordinary share (UGX 160Bn) be paid for the year ended December 31st, 2024, subject to withholding tax deductions where applicable.

19. The dividend, if approved at the AGM, will be paid on or about **June 27th, 2025**, to shareholders whose names appear on the share register at the close of business on **June 6th, 2025.**

20. The list of shareholders with unpaid dividends will be uploaded on the company website. Shareholders whose names appear on the list are encouraged to engage Custody & Registrars Services Uganda, at **shareholder@candrgroup.co.ug** or call +256 757 072 773 / +256 760 451 945 / +256 414 237504.

21. To update payment details to receive dividends through mobile money, Flexipay, or Bank accounts, shareholders are encouraged to visit the Company's Share Registrar, Custody & Registrars Services Uganda Ltd, on 4th Floor, Rm 403, Diamond Trust Building, Kampala Road or contact them through email **shareholder@candrgroup.co.ug** or call +256 757 072 773 / +256 760 451 945 / +256 414 237504.

22. Shareholders who have yet to receive past declared dividends are also requested to contact the share registrar using the address and contacts above for assistance.

Immobilisation

23. Shareholders are encouraged to immobilise their shares as directed by the Uganda Securities Exchange. Immobilisation allows shareholders to transition their physical certificates into Digital form to ease trading in shares. To do so, please contact any registered Securities Central Depository Agents listed on the USE website at **https://www.use.or.ug** to open an SCD account.

Proxy Form

STANBIC UGANDA HOLDINGS LIMITED

(Registration number **80020001344445**) ("the Company")

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.

I/We...

(Name in block letters)

of ....

(Address in block letters), being a shareholder(s) and the holder(s) of .... ordinary shares of UShs. 1 each and entitled to vote, hereby appoint:

1.. Contact:...................................

or, failing him/her

2. .... Contact:...................................

or, failing him/her the Chairman of the Annual General Meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday May 30th 2025 at 11:00am, and at any adjournment thereof as follows;

	AGENDA	For	Against	Abstain
	Ordinary resolution to:			
1.	Receive and adopt the annual audited financial statements for the year ended December 31st, 2024, including the reports of the Directors and External Auditors			
2.	Receive and adopt the recommendation of the Directors on the declaration of a final dividend of 3.13 per share for the year ended December 31st, 2024 which will be paid to shareholders on the register at the close of business 6 June 2025.			
3.	Re-elect the following Independent Non-Executive directors who are retiring by rotation in accordance with the provisions of the Company articles of association and being eligible, offer themselves up for re-election. a. Mr Baker Magunda			
	b. Mrs Agnes Asiimwe Konde			
4.	Confirm the appointment of Mr Norbert Kagoro as an Independent Non-Executive Director in accordance with the Company Articles and Memorandum of Association			
5.	Appoint Ernst and Young Uganda (EY) as the External Auditors of the Company for the year 2025 and authorise the directors to negotiate and fix their remuneration.			
6.	Receive and approve the fees payable to the Non-Executive Directors for the year 2025.			

Please indicate a cross or tick for each resolution above how you wish your votes to be cast. The 'abstain' option above is provided to enable you to withhold your vote on any resolution. However, it should be noted that a vote abstained is not a vote and will not be counted in the calculation of the proportion of the votes 'for' and 'against' a resolution. If no options are marked, the proxy can vote as he/she deems fit

Signature; ....

Dated this .... day of ...., 2025

Notes:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space provided. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. To be effective, completed proxy forms must be lodged with the registered office at Crested Towers, Short Tower 17 Hannington Road, or emailed to **suhlagm@image.co.ke** at least 48 hours before the scheduled time for the meeting.

3. The Chairman of the Annual General Meeting may accept or reject any proxy form which is completed or received other than in compliance with these notes.

4. The signatories must initial any alteration to this proxy form, other than the deletion of alternatives.

OUR PRODUCTS AND SERVICES

Corporate and Investment Banking

Global Markets

FOREX

- Callable FX Forwards
- FX FWD and swaps
- FX Options (Vanilla and Combo)
- Government bonds / Euro bond
- LCY buy -sellback / sell- buyback
- T-bills

MONEY MARKETS /FI AND CREDIT TRADING

- Callable notice deposit /Loan (clients)
- Corporate bonds (Trading and banking book)
- Fixed / floating rate for loans and deposits (interbank)
- Fixed income forward
- GM wholesale term deposits (+3 months)

STRUCTURED DERIVATIVES

- Vanilla FX Options
- Interest rate swap
- Cross currency swap
- Vanilla interest rate options
- Dual currency deposits
- Pass through credit linked deposit
- Structured deposit

Investment Banking

CORPORATE FINANCE

- Advisory
- Equity Capital Markets
- Equity Finance and Investments
- Structuring

DEBT CAPITAL MARKETS

- Debt Capital Markets
- Loan Syndication
- Agency and distribution
- Securitisation

DEBT SOLUTIONS

- Corporate Financing solutions
- Energy and Infrastructure Finance
- Real estate Finance

Transactional Products and Services

CASH AND LIQUIDITY MANAGEMENT

- Direct Debits
- Cheque collections
- Trust accounts
- Biller payments
- Payroll processing
- Statutory payments
- Sweeps

TRADE

- Bonds/ Guarantees
- Receivables discounting
- Invoice Financing
- Import financing
- Supplier chain Financing

INVESTOR SERVICES

- Custody Services
- Issuer Services

Private and Personal Banking

Transactional Accounts

- Personal Current Account
- Karibu account
- Smart account
- Everyday banking
- Gold account
- Private banking account
- Wealth and Investment

Student account (Personal lending)

- Unsecured personal loans
- Overdrafts
- Home loan
- Building loan
- Equity release loan
- Vehicle and asset Finance
- Credit card

Savings and Investments

- Puresave (local and foreign currency)
- Fixed deposit account

Business and Commercial Banking

Current accounts

- Business current account overdraft (SME)
- SME trader account
- NGO account
- SACCO account

Savings and Investment

- Call account
- Fixed deposit account (Short term financing <12 months)
- Overdraft
- Business working capital
- Flexi loans

Term financing

- Medium term loans
- Vehicle & Asset Finance
- Commercial Property loans

Trade Finance

- Guarantees (Bid performing, performance advance payment, suppliers)
- Letters of credit
- Documentary collection

Payments

- Flexipay
- Enterprise online (EOL)
- Business Online (BOL)
- Agency Banking

Collections

- Flexipay
- Point of Sale (POS)
- Ecommerce
- Schoolpay
- Cash Deposit Machines
- ATM recyclers
- Agency Banking

Alternate Channels

- Internet banking
- Mobile banking
- Business online
- Point of sale
- Automated teller machines
- Debit and credit (VISA enabled)
- Payplus
- Payment service solutions
- Agent banking
- Flexipay
- School Pay
- Bill Payments

Insurance and Asset Management

Individual Insurance

- Stanbic MediProtect
- Personal Accident
- Stanbic FlexiProtect
- Individual life / endowment plans
- Motor Comprehensive insurance
- Householders / Houseowners
- Travel insurance
- Credit Life insurance

Business Insurance Employee Benefits

- Workman's Compensation
- Group Personal Accident
- Group Life Assurance
- Medical insurance
- Travel insurance

Property

- Motor comprehensive insurance
- Fire & Allied Perils
- Burglary
- Money insurance
- Electronic Equipment

Liability

- Fidelity Guarantee
- Public Liability
- Product Liability
- Carrier's Liability
- Employer's Liability
- Professional Indemnity

Engineering

- Machinery Insurance
- Boiler and pressure vessels
- Contractors All Risks
- Erection All Risks
- Contractors Plant and Machinery

Specialised Covers

- Agricultural insurance
- Commercial crime / Bankers

Blanket Bond

- Cyber insurance
- Marine insurance
- Bonds
- Directors & Officers Liability
- Aviation
- Comprehensive General

Liability / Broad Form Liability

- Stanbic MediProtect
- Personal Accident
- Stanbic FlexiProtect
- Individual life / endowment plans
- Motor Comprehensive insurance
- Householders / Houseowners
- Travel insurance
- Credit Life insurance

Stanbic Properties Limited

Current Properties: 29 Properties across the country

- 26 Branches
- 2 residences
- 1 warehouse
- And 13,312 Sqm of lettable space
- Design and scope
- Project management
- Project monitoring and evaluation
- Collateral monitoring

Services

- Property and Project management

Facilities Management

- Letting and leasing
- Premises maintenance
- HSE monitoring

Research and Advisory services

- Property due diligence
- Transaction advisory
- Market research
- Feasibility Studies
- Market reports

SBG Securities Uganda Limited

SBG Securities

- Asset management Services
- Collective Investment Schemes (Unit Trust)
- Independently managed portfolios (Fund management)

Stock Brokerage Services

- Securities Trading (Equities and Corporate Bonds)
- Share account opening at Uganda Securities Exchange depository
- Shares Settlement
- Share certificate immobilisation
- Private transfer of listed shares (subjeft to approval by USE, CMA and Securities Depository)

Investment Advisory

- Transaction advisory

Flyhub Uganda Limited

Custom Software Application Development:

- Designing, testing, and deploying software applications for specific business needs of Clients of the franchise.

Cloud Support Services:

- Providing a reliable, secure, and scalable cloud-based environment for applications to be hosted, automated, and connected to key services via APIs.

IT Support Services

- Providing IT coverage for internal business units with the Stanbic Franchise including API development, integration support, and security assessments

Stanbic Business Incubator Limited

Business Operational Skills

- Capacity building
- Specialised trainings
- Mentorship & Coaching
- Business Advisory Service
- Access to Market Opportunities
- Access to Finance
- Contract Financing
- SACCO Loans
- Stanbic4Her Loans
- Equity financing.
- Cohort-Based Training
- Customised Incubator Program
- Masterclasses
- Exposure Vists

OUR BRANCH NETWORK

Branch	Plot Details	
Eastern Region (11)		
Busia Branch	Plot 1, Tororo Road, Busia Town	Tororo Road
Iganga Branch	Plot 1 & 3, Magumba Road, Iganga Town	Magumba Road
Jinja Branch	Plot 2, Martin Road Jinja Town	Martin Road
Kamuli Branch	Plot 2, Gabula Rd	Gabula Road
Kapchorwa Branch	Plot 20, Kitale Road, Kapchorwa	Kitale Road
Kotido Branch	Plot 3A, Moroto Road Kotido	Moroto Road
Lugazi Branch	Plot 108 Kampala-Lugazi Highway	Kampala-Lugazi Highway
Mbale Branch	Plot 50/52, Republic Av. Mbale Town	Republic Avenue
Moroto Branch	Plot 27, Lia Road Moroto"	Lia Road
Soroti Branch	Plot 42,Gweri Rd. Soroti Town	Gweri Road
Tororo Branch	Plot 1, Block 5 Uhuru Drive, Tororo Town	Nagogera Road
Greater Kampala (14)		
Kireka	Plot 107 Block 232 Kyadondo	Jinja Road
Kyambogo Branch	Kyambogo University Campus	Kyambogo University Campus
Luwero Branch	Plot 440, Block 652 Luwero Town	Kampala/Gulu Highway
Kiboga Branch	Plot 100, Block 634 Kilulumba Mubende Kiboga Town	Hoima Road
Kawempe Branch	Plot 165 Kyadondo Road	Kyadondo Road
Mityana Branch	Plot 54, Block 425, Mityana Road	Mityana Township
Mpigi Branch	Plot 130 Block 92 Mawokoota, Mpigi	Mpigi
Mukono Branch	Plot 37/39, Kampala Road, Mukono Town	Kampala/Jinja Road
Mulago Branch	Mulago Hospital Floor No.2	Mulago Hospital
Nakivubo Branch	Plot 58, William street	William Street
Nateete Branch	Plot 643, Block 18 Mengo Kibuga, Natete	Masaka Road
Wandegeya Branch	Plot 220, Kagugube Rd. Wandegeya	Kagugube Road
William Street Branch	Plot 6, William Street, Kampala	William Street
Aponye Mall Branch	Plot 8, Burton street	Burton street

Metro Region (14)

Acacia Branch Kololo	Kisementi, Plot 8A-12A Cooper Road	Kampala
Bugolobi Branch	Plot 47A Spring Road, 9 Luthuli Av.and 9 Bandari Rise 47A Spring Road, 9 Luthuli Av.and 9 Bandali Rise	Spring Road and Bandali Rise
Entebbe Main Branch	Plot 15,Kla.Rd. Entebbe Town	Entebbe/Kampala Road
Forest Mall Branch	Plot 3A2 & 3A3 Sports Lane, Lugogo By -Pass,	Kampala Sports Lane, Lugogo By -Pass Road
Freedom City Branch	Freedom City Mall, Plot 4010 Entebbe Road, Namasuba	Entebbe Road
Garden City Branch	Plot 64-86 Kitante Road, Kampala	Kitante Road
Kabalagala Branch	Embassy Plaza, plot 1188,1189,1190	Kibuga, Nsambya
Kampala Branch (Corporate)	Plot 18, Hannington Road	Hannington Road
Lugogo Branch	Plot 2-8 Lugogo By-Pass Rd.Lugogo Kampala. Shop No.5"	Lugogo By-Pass Road
Makerere Branch	Senate Building Makerere University Campus	Senate Building
Metro Branch	Plot 4, Jinja Rd. Social Security House	Jinja Road
Nakasero Branch	Umoja Building, Plot 20 Nakasero Road, Opposite World Vision	Nakasero Road
Nakawa Branch	Plot M193/194 Nakawa, Industrial Area	Nakawa Industrial Area Road
Ntinda Branch	Plot 3798, Block 216 Kyadondo,	Ntinda Trading Centre

Northern Region (9)

Adjumani Branch	Plot 2, Plot 9, Mangi Road Adjumani	Mangi Road
Apac Branch	Plot 18, Akokoro Rd.Apac Town	Akokoro Road
Arua Branch	Plot 25,Avenue Rd.Arua Town	Avenue Road
Gulu Branch	Plot 2 & 4,Acholi Rd.Gulu Town	Acholi Road
Kigumba Branch	Plot 18, Kampala Gulu Highway	Kampala Gulu Highway
Kitgum branch	Plot 4/6, Philip Adonga Rd,	Philip Adonga Road Kitgum
Lira Branch	Plot 2,Soroti Rd.	Lira Soroti Road
Moyo Branch	Plot 1,Kerere Crescent Rd. Moyo	Kerere Crescent Road
Nebbi Branch	Nebbi Trading Centre Volume 1274 Folio 22"	Arua Road

Far – West Region (8)

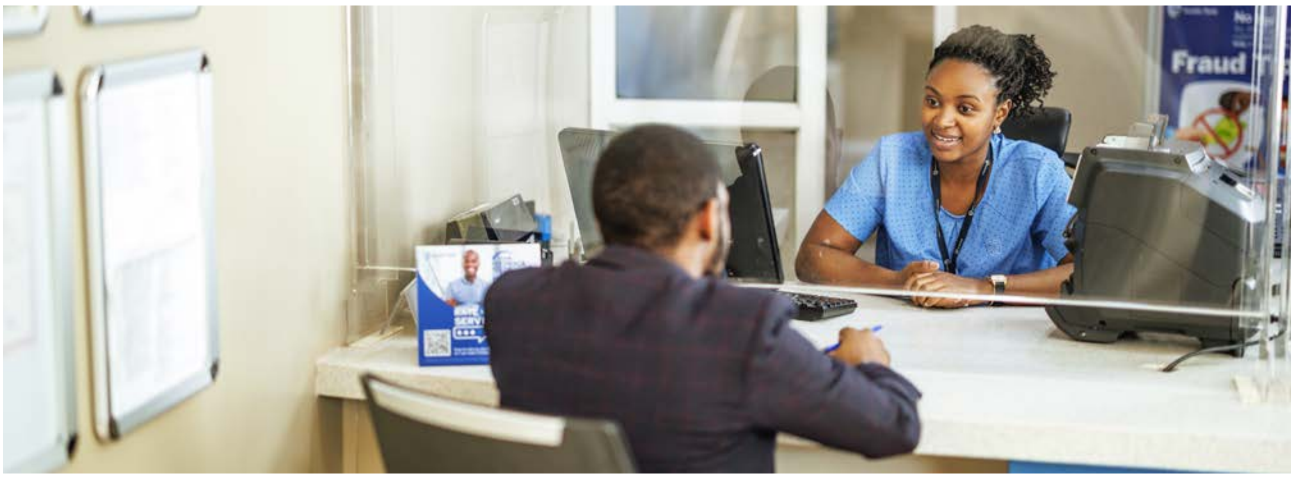
Buliisa Branch	Buliisa - Paara Road, Buliisa Town	Paara Road
Bundibugyo Branch	Plot 4 Block A, Bundibugyo T/ship	Bundibugyo Road
Bwamiramira Branch	Plot 18,Karuguza T/Centre,Kibale Dist.	Karuguza Road
FortPortal Branch	Plot 20,Lugard Rd.F/Portal Town	Lugard Road
Masindi Branch	Plot29/33,Tongue Street Masindi	Tongue Street
Kasese Branch	Plot 27/31 Stanley Street,Kasese	Stanley Street
Mubende Branch	Plot 2, Block 13 Main street, Mubende	Main street
Hoima Branch	Plot 32 Main Street	Main Street

Western Region (13)

Ibanda Branch	Plot 10 - 12 Kamwege Road Ibanda	Kamwege Road
Ishaka Branch	Plot 44 Rukungiri Road, Ishaka Town	Rukungiri Road
Kabale Branch	Plots 150/152,Kabale Rd. Kabale Town	Kabale Road
Kabwohe Branch	Plot 6 Block A, Kabwohe Trading Centre	Kabwohe Road
Kalangala Branch	Kalangala Main Rd.Kalangala Town	Kalangala Main Road
Kihihi Branch	Plot 63 Block 74 Kinkizi	
Kisoro Branch	Plot M5, Block 29 Kisoro/Kabale Rd Kisolo Town	Kisoro/Kabale Road
Kyotera Branch	Plot 32, Masaka Rd.Kyotera Town	Masaka Road
Lyantonde Branch	Plot 200,Block 76 Lyantonde Town	Kampala/Mbarara Raod
Masaka Branch	Plot 4 ,Birch Av. Masaka Town	Birch Avenue
Mbarara Branch	Plot 1/3 Ntare Rd.Mbarara Town	Ntare Road
Ntungamo Branch	Plot 33, Ntungamo Township	Mbarara Kabale Road
Rukungiri Branch	Plot 123,Block 5 Kagunga	Rukungiri Town

Customer Service Points (14)

Bwera CSP	Saad Village, Mpondwe- Lubiriha, Bwera Town	Mpondwe-Lubiriha Road
Jinja CSP	Plot 3, Lady Alice Mukoli Road	Lady Alice Mukoli Road
Kaabong CSP	Plot 20 Kaabong Central West, Kaabong Trading Centre	Kaabong Central West Road
Kayunga CSP	Plot 472 Block 123, Kayunga Trading Centre	Kayunga Road
Kagadi CSP	Kagadi Street, Kagadi on Mugenyi street	Kagadi/Mugenyi Street
Kumi CSP	Plot 2 Ngora Road , Kumi	Ngora Road
Pakwach CSP	Plot 94 Pakwach , Arua road	Arua Road
Kakira CSP	Kakira South Estate FRV 10 Folio 23, Kakira	Kakira South Estate Road
Kinyara CSP	Kinyara Estate	Kinyara Estate
Mayuge CSP	Owere Shoppers Akedi, Mayuge Town	Bukoba Road
Wobulenzi CSP	Plot 123 Block 159 Bulemezi, Wobulenzi Trading Centre	Kampala Gulu High Way
Yumbe CSP	Plot 15, Abiriga Road	Abiriga Road
Kasangati CSP	Plot 2493 Kyadondo block 187	Kasangati
Nasana CSP	Nasana	Kampala Hoima Road



Company Information

Registered office

Crested Towers, short Tower
17 Hannington Road
Kampala Uganda
P.O BOX 7395 & 7131 Kampala, Uganda
Fax; +256414230608

Company Secretary

Ritah Kabatunzi
11th Floor Crested Towers, Short Tower
17 Hannington Road Kampala Uganda
P.O BOX 7395 &7131 Kampala, Uganda
Tel: +256312224338

Share Registrars

Custody and Registrar Services (Uganda) Limited
4th Floor Diamond Trust Centre
17/19 Kampala Road, Kampala Uganda

Auditors

Ernst & Young
Certified Public Accountants
EY House
Plot 18, Clement Hill Road
Shimoni Office Village
P.O. Box 7215, Kampala, Uganda

Contact Details

Chief Financial Officer

Ronald Makata
Tel: +256 417 154 396

Company Secretary

Ritah Kabatunzi
Tel: +256 417 154 388

Investor Relations

Dale Sendagire
Tel: +256 417 154 310

Share Registrars

Custody and Registrar Services (Uganda) Limited
4th Floor Diamond Trust Centre
17/19 Kampala Road, Kampala Uganda
Telephone: +256 414 237504

Other Customer Care Centre

Tel: 0800 250250
Email cccug@stanbic.com
For copies of our Annual reports, please refer to:
www.stanbic.co.ug/Uganda/About-Us/Investor--Relations

Stanbic Bank Uganda Limited

CRESTED TOWERS (Short Tower)
Plot 17 Hannington Road
P.O BOX 7131 Kampala

SBG Securities Limited

Plot 17 Hannington Road
P.O BOX 7395 Kampala

Stanbic Business Incubator Limited

Plot 5 Lower Kololo Terrace
P.O BOX 7395 Kampala

Stanbic Properties Limited

1st Floor Crested Towers (Tall Tower)
Plot 17 Hannington Road
P.O BOX 7395 Kampala

FLYHUB Uganda Limited

Plot 5 Lower Kololo Terrace
P.O BOX 7395 Kampala

www.stanbic.co.ug

stanbicug