



**PostBank**

ANNUAL  
INTEGRATED  
REPORT 202



# Fostering Prosperity Ugandans

Grow.Prosper



# Fostering Prosperity for Ugandans

through our high  
impact goals

#WendiWonaWooli

Scan here to view our  
2024 Annual Integrated Report



## Welcome to our Fourth Integrated Report

Our first integrated report themed a **new dawn**, indicated our change in direction for the Bank – this included our strategic intent to radically change how the Bank was governed in order to make it a leading financial Institution in Uganda.

In our second Integrated report we detailed the steps we were taking to build the **right foundations for growth**.

Our third Integrated report themed Wendi **'we are here for you'** introduced our mass customer acquisition tool called Wendi as a solution to the unBanked.

In our fourth integrated report, we detail the steps we have taken to become a value driven financial institution, where we shall be profitable through sustainability. **We are here to Foster Prosperity for Ugandans.**



### Driving sustainable financial inclusion



### Stimulating entrepreneurship and services





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# 01 | NAVIGATING OUR VALUE CREATING JOURNEY

07 Navigation icons

## Navigation icons

Throughout our report, the following icons are used to show the connectivity between sections.





# 02 | INTRODUCTION

- 10 About Our Report
- 10 Boundary and Scope
- 12 About Our Integrated Report
- 14 How We Create Value



# About Our Report

Introduction

Who we are

Telling our  
Governance Story

Our Sustainability  
Report

Our Business  
in Context

Responding  
Strategically

Value  
Creation

Financial  
Statements

Our purpose is to Foster Prosperity for Ugandans. This integrated report aims to showcase how we are creating a future proof Bank that will deliver a better tomorrow, sustainably.

The primary focus of our IR is to address the information needs of our shareholder supported with relevant information on how we create, preserve, and minimise the erosion of value for our other key stakeholders.

## Forward-Looking Statements

This report includes forward-looking statements about PostBank's financial position, results, operations, and businesses. These statements reflect our current judgments and expectations at the time of preparing this report. However, various emerging risks, uncertainties, and other significant factors could potentially alter the outcomes from our initial expectations. These factors may have adverse effects on our business and financial performance.

## Integrated thinking

We continue to view **integrated thinking** as the interplay between the various capitals that we use or impact in the short-, medium-, and long-term horizon. We recognize the inherent trade-offs in our strategic decision-making process and ensure that we make only those decisions that contribute to the maximization of our value creation process.

## Boundary and scope

Our integrated reporting boundary covers the risks, opportunities and outcomes arising from our:

Pages 100 to 115



Operating environment



Materiality and our sustainable value creating business model



Strategy and resource allocation

## Integrated stakeholder engagement

Pages 84 to 94



## Use of and impact on the six capitals

Pages 134 to 216



## PostBank Uganda's Primary UN SDGs



Performance information covers PostBank's financial year from 1 January 2024 to 31 December 2024. Any notable or material events after this date and up to the approval of this report are included and noted accordingly. We have identified the most significant risks and opportunities from our operating context and key stakeholder relationships as crucial factors in determining the material matters to include in our report.

## Materiality

This report aims to disclose information about matters that substantively affect our ability to create value in the short, medium, and long term. We discuss our materiality determination process on **page 101** of this report.

## Board responsibility statement

The Board acknowledges its responsibility of ensuring the integrity of this integrated report, which in the Board's opinion addresses all the issues that are material to the Bank's ability to create, preserve and prevent the erosion of value and fairly presents the Integrated performance of the Bank.





## About Our Integrated Report

Our 2024 Integrated Report embodies the principles of integrated thinking, shaped by a Board-governed reporting process, led by the Executive Committee (ExCo), and assured through our Coordinated Assurance Model. It reflects collaborative efforts across the Bank, ensuring transparency, accountability, and strategic alignment.

### OUR PURPOSE

### INTEGRATED THINKING AND DELIVERY ON OUR PURPOSE



#### How we think about value

Value creation, preservation, and erosion are direct outcomes of how we allocate and utilize our capitals throughout the processes of strategic formulation and execution. These dynamics are reflected in our approach to managing these capitals over time, the trade-offs we consider, our financial and non-financial performance, and the resulting outputs and outcomes that impact all stakeholders. By applying integrated thinking, we enhance value creation and preservation while advancing our organizational purpose.

In this report, the following icons signify value creation, preservation, and erosion.



#### Approval by the Board

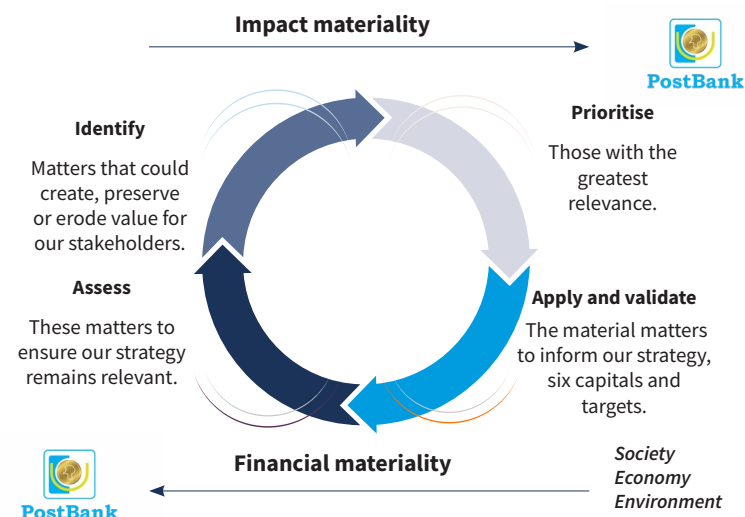
We affirm our responsibility for ensuring the integrity of this integrated report. In our view, it comprehensively addresses all material issues relevant to PostBank's value creation and provides a fair representation of the Bank's integrated performance. We are confident that this report has been prepared in accordance with the Integrated Framework (2021).

#### Our materiality determination process

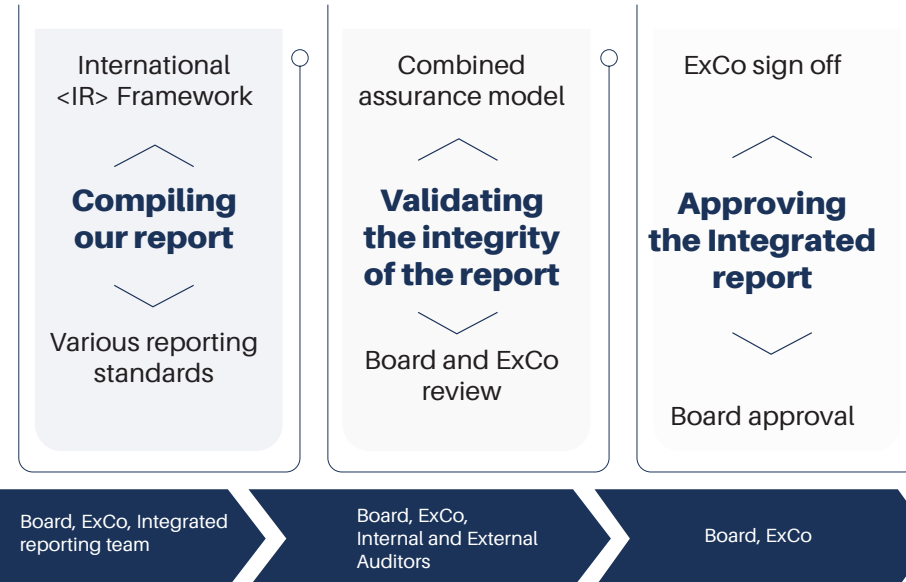
GRI 3 -1

Identifying our material matters is a collaborative effort, incorporating insights from our businesses, an evaluation of impacts, risks, and opportunities within our operating environment using a double materiality lens, and feedback from key stakeholder groups. Our five material matters, outlined on pages 102, serve to pinpoint opportunities, risks, and impacts, shaping our strategic response while guiding the evolution of our business model and the establishment targets.

Our Executive Committee (ExCo) and Board engage in ongoing discussions on these material matters throughout the year, formally reviewing and approving them as part of our annual strategy engagement.



### OUR INTEGRATED REPORTING PROCESS



#### What process do we follow to complete the PostBank integrated report?

The 2024 Integrated Report is developed through a rigorous, collaborative process, drawing on Executive Committee (ExCo) and Board discussions, meeting minutes, key decisions, and approvals—each demonstrating our commitment to integrated thinking. In alignment with the Integrated Reporting (IR) Framework (2021), we incorporate both internal and external disclosures to ensure transparency and accountability.

Leading this effort is our Chief Financial Officer (CFO), who oversees the Integrated Reporting team—a multidisciplinary group representing diverse organizational interests. Subject matter experts across the Bank contribute their insights, ensuring a comprehensive approach to reporting. Multiple iterations of the report undergo thorough review, with ExCo members conducting detailed assessments before Board evaluations. Both executive and Board members actively shape the report's content, reinforcing its strategic alignment. The approval process is a collaborative effort, engaging all ExCo and Board members. Independent assurance providers, including our Internal Auditors, conduct meticulous oversight before the final approval and formal sign-off.

#### Which reporting frameworks do we adhere to?



#### How do we ensure the integrity of our report?

The Board upholds the integrity of the integrated report through a **robust reporting process**, formal approvals, and sign-offs by ExCo and the Board. This is supported by our **combined assurance model**, overseen by the **Audit Committee**, which evaluates and assures key aspects of business operations and reporting.

Assurance is provided through **rigorous internal reviews** conducted by management, the Board, and **internal audit**, alongside **independent external oversight** from accredited service providers. Our **annual financial statements** receive formal assurance from our **external auditors, KPMG**.

### OUR INTEGRATED REPORT

#### Reporting period

GRI 2-3

We produce and publish this report annually, covering the period from **1 January to 31 December 2024**.

#### Targets and strategy

We provide insight into the Banks' future strategy and financial and non-financial Targets.

#### Targeted readers

We designed this report to meet our shareholder's information needs by showcasing our commitment to advancing the National Development Plan IV (NDP IV) objectives. Additionally, we provide insights into how we create, preserve, and mitigate the erosion of value for our existing and potential clients, investors, regulators, and the communities we engage with daily.

#### Financial and non-financial reporting

We go beyond financial reporting in our integrated report, encompassing non-financial performance, opportunities, risks, and stakeholder-driven outcomes that significantly shape our ability to create value sustainably.

#### Risk reporting

We position specific Board subcommittee reports within relevant sections, ensuring alignment with the integrated nature of our governance framework.

#### Queries

GRI 2-3

Your comments and queries on this report are welcome and can be addressed to the: Chief Financial Officer, PostBank Uganda Ltd, Plot 4/6 Nkrumah Road, peter.ssenyange@PostBank.co.ug.



## → How We Create Value

At PostBank, **value** signifies aligning with our stakeholders' objectives through the strategic decisions we make. We create value through following an integrated business approach that delivers value for:

- PostBank Uganda Limited itself, which enables a strong, stable, and financially self-sustaining parastatal for our shareholder – Ministry of Finance, Planning and Economic Development.
- Our stakeholders and society at large. We are a truly Ugandan business, fully invested in contributing to the development of the Republic of Uganda through the provision of sustainable financial services.

Creating Value

### How we approach value creation



#### These areas are underpinned by the six capitals that we use or affect.

We aim to deliver broader societal value through our commitment to the United Nations Sustainable Development Goals (UN SDGs) and contribute to the Government of Uganda's National Development Plan (IV).



#### Stakeholder goals

Customers	Employees	Regulators	Government of Uganda	Development partners	Suppliers	Society
<ul style="list-style-type: none"> <li>Creating economic prosperity for our customer through our differentiated financial services.</li> </ul>	<ul style="list-style-type: none"> <li>Employer of choice. Enabling our people develop professionally through winning teams.</li> </ul>	<ul style="list-style-type: none"> <li>Exemplary governance and ethics in everything we do.</li> </ul>	<ul style="list-style-type: none"> <li>Expand financial inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>Transparent, accountable, and timely implementation of projects.</li> </ul>	<ul style="list-style-type: none"> <li>Source of business opportunity and growth.</li> </ul>	<ul style="list-style-type: none"> <li>Responsible community participant.</li> </ul>

#### Introduction

Who we are

Telling our Governance Story

Our Sustainability Report

Our Business in Context

Responding Strategically

Value Creation

Financial Statements

#### We assess our context

##### Operating context

The dynamic environment shaping our value creation process in Uganda is influenced by a myriad of factors. These include commercial and socio-economic realities encountered by businesses and individuals, geopolitical events, the diverse expectations of competing stakeholders, intricate competitive forces, and the weight of regulatory pressures. Each of these elements define the landscape within which we operate and strive to create sustainable value for all stakeholders.

See Page 110

#### Stakeholder relationships

At PostBank Uganda Limited, we diligently manage our resources and relationships, ensuring responsible practices in all our endeavors. Our commitment is to deliver optimal outcomes for our diverse stakeholders. By understanding what each key stakeholder values most, we prioritize their needs. In return, we strive to create meaningful value from every relationship.

See Page 85

#### Material Matters, Risks and Opportunities

We identify and derive our key risks and opportunities from the context of our five-year strategy, our business model and operating environment.

See Page 100

#### We consider our material matters

We adopt a comprehensive approach to pinpoint factors that may impact our capacity to create value across short, medium, and long term frames. These considerations shape our strategic decisions, allowing us to navigate risks effectively and capitalize on emerging opportunities.

In our materiality assessment, we identified five key trends stemming from our prioritized issues. These trends collectively represent the significant mega trends within our operational context.

##### Materiality Themes



See Page 102

#### We integrate our strategy into our business model

##### Business strategy

At PostBank Uganda Limited, we strategically shape our offerings to provide affordable and sustainable financial services that foster financial inclusion—a catalyst for socio-economic development within the Ugandan context.

Our decision-making process revolves around five strategic priorities or pillars. These critical levers influence our capacity to create value across short, medium, and long-term horizons. By aligning our actions with these priorities, we aim to empower our stakeholders and contribute to Uganda's progress.

Performance Governance and Risk Technology People Service

See Page 122

#### Business model

We seek to manage our activities and their impacts to ensure we remain relevant to our key stakeholders and deliver value.



Our **Primary** Goal is to Foster Prosperity for Ugandans.



Our **Mission** is to offer affordable and sustainable financial services that drive financial inclusion for the socio economic development in Uganda.

See Page 34





## 03 | WHO WE ARE

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Our sole shareholder, the Ministry of Finance, Planning and Economic Development, congratulates the Board Members on the Bank's strong financial performance, as presented at the 2024 Annual General Meeting.



## ➔ Our Achievements

Who we have been to Ugandans in 2024

# More like an economic growth catalyst, less like a Bank



To foster prosperity for Ugandans we take great pride in boosting the real economy through our loan products. Access to affordable financing is arguably the biggest hindrance to economic growth in Uganda. At PostBank we target the financially excluded from the money economy through our country wide distribution network.

# 1

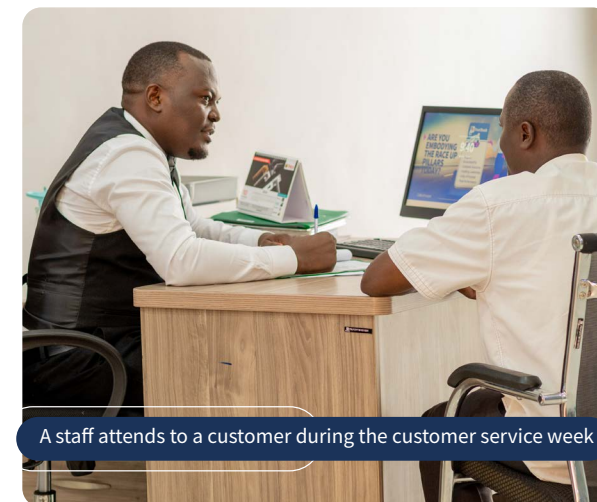
In 2024, we disbursed over Ushs 661 billion in loans to catalyse economic growth. We prioritised, the sectors that matter the most to us (mass market) to foster real financial empowerment. Our impact was as follows:

- A total of **31,044 loans** were disbursed to improve access to finance that catalysed the economy.
- **Ushs 329 billion** was disbursed to MSMEs.
- **Ushs 306.5 billion** was disbursed to personal customers.
- **Ushs 26 billion** was disbursed to systemically important businesses.

As a result of our financing, we created job opportunities:

- Created **50,210 jobs**.
- We employ over **1,200 Ugandans** nationwide, reinforcing our role as a key employer.

See our sustainability report on page 71.



A staff attends to a customer during the customer service week

# 2

PostBank Uganda proudly operates a network of 57 branches spread across 40 districts, reaching customers nationwide. These branches are strategically situated to serve hard-to-reach and underserved areas, ensuring last-mile access to financial services that promote inclusion. Additionally,

we relocated our branches to higher-traffic areas, enhancing convenience and accessibility for our growing customer base. This approach reflects our commitment to bridging gaps in financial accessibility and fostering sustainable development across Uganda.

# 3

We generated **Ushs 30.2 billion** in tax revenue for the Government through our strategic investments, with Ushs 6.2 billion directly attributable to the Bank. These tax contributions play a vital role in catalysing economic growth, funding public services, and supporting infrastructure development.



Our Head of Fintech Business delivers her address at the Digital Impact Awards



# More like a business partner, less like a Bank



We partnered with the Federation of SMEs to train members in value addition empowering them to grow their businesses and increase profit

At PostBank, we don't just provide financial services; we partner with businesses, non governmental organisations and The Government of Uganda to drive Uganda's sustainable growth.

# 1

Business partner to the Government safely delivering Parish Development Model (PDM) funds to the last mile beneficiaries. Through Wendi, our mobile wallet we;

- Facilitated 11.8 million transactions.
- Disbursed over Ushs 872 billion in over 150 districts to 10,589 Savings and Credit Cooperatives (SACCOs).

- Served over 872,047 PDM beneficiaries.

Wendi, is a financial inclusion enabler bringing Ugandans into the money economy merging the benefits of mobile phone penetration with the robustness of our governance processes. See our intellectual capital on page 156.

# 2

Our niche market customers are the Micro, Small, and Medium Enterprises (MSMEs). We prioritise loan disbursements and skills development initiatives to these growing Ugandan businesses.

- Disbursed Ushs 329 billion to 12,865 MSMEs, representing 31% of the loan book. See page 162 on our intellectual capital.

- Empowered 300 MSMEs through upskilling and financial literacy under the "Ggatta Ko Omutindo" initiative, in partnership with the Federation of Small and Medium-sized Enterprises.

# 3

## Our actions speak louder than words



**Dennis Mwono**  
Director of School Road Nursery and Primary School, Gulu

Sanitation was a challenge, and the school was small, just 67 students struggling to learn in difficult

conditions. But with support, things changed. We improved sanitation, expanded the facilities, and most importantly, we focused on education. I'm proud to say our school has grown to 1,900 students.



**Hon. Kasaija Stephen Kagwera**  
MP Burahya County, Kabarole  
Nyarubingo Farm

### Quote:

"PostBank's 300 million loan rescued me from the cassava failure pit. Today, my dairy farm produces 500 liters of milk daily, and we're aiming for 500 cows. Their staff don't just give money—they follow up, advise, and truly partner with you."



**Rev. Canon Yorokamu Tumushabe**  
Diocesan Secretary - Diocese of East Ruwenzori, Kamwenge.

### Quote:

"As the first Bank in Kamwenge, PostBank helped us build our diocese's health facility and improve lives. Their loans uplifted our infrastructure and my personal home—proof that faith and finance grow together."



# More like a Customer, less like a Bank



Behind every smile is a promise to serve better

We enhanced customer experience and safety through bespoke customer solutions relevant to the context of ordinary Ugandans.

# 1

With customer centricity in mind we delivered the following customer solutions.

- Introduced the SACCO management tool on Wendi to aid SACCO operations – a go to saving and borrowing solution for many Ugandans in their communities.
- Revamped our retail mobile and internet Banking applications for better customer experience.
- Introduced Zeroflex Account with no charges, free statements and self-onboarding. See our products on page 32.
- Interoperability simplifies customers' lives. To that end we integrated Wendi with 7 Banks to deepen financial inclusion for the unserved communities.
- Introduced mobile phone based Xtra Cash loans – quick-access loans that address immediate financial needs, providing individuals with timely solutions to overcome short-term financial challenges.
- Integrated Western Union with Wendi to allow diaspora users to send money to their loved ones safely.

See our products and intellectual capital sections on pages 32 and 156 respectively.



Our HNI & Diaspora Banking Supervisor was on ground, offering personalized support at the PostBank booth.



Wendi customers being enrolled on Wendi in Bukedea

# 2

Customer Centric Cyber Security. At PostBank, we prioritize our customers' security and trust, ensuring their financial transactions and personal information remain protected. Our cybersecurity strategy is designed to enhance user confidence while delivering seamless and secure digital experiences. During the year, we;

- Reinforced our payment security platforms.
- Implemented a robust system to monitor, detect and prevent unauthorized data access.
- Maintained zero system breaches due to our proactive monitoring and integrated security.
- Registered as a Data Collector, Controller, and Processor under the Data Protection Act of Uganda.

Refer to page 194 on Social and Relationship Capital for more details.



# More like a sustainability champion, less like a Bank



Sustainability is our business. We shall be profitable through sustainability as we Foster Prosperity for Ugandans. As a value driven financial institution we create jobs in the economy which in turn improves the well being of the societies in which we operate all over Uganda.

Through our 2024 to 2028 strategy, our impact on society is targeted towards uplifting society through creating jobs for Ugandans, our impact on the economy is targeted to boosting the real economy through our loan products with special consideration of the environmental impact. The Board approved sustainability metrics after careful stakeholder engagement.

Sustainability is our business and the most important outcome is our institutional sustainability which is guaranteed by our longterm view of how our business impacts our society, the Ugandan economy and the environment. For further details please see our sustainability and impact report on page 71.

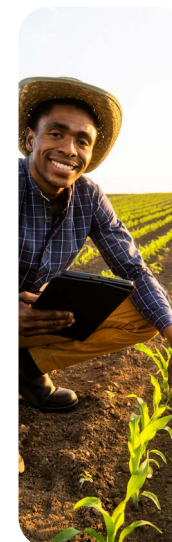


Impact on society	
Outcomes	Impact
<b>Outcome 2:</b> Enhancing the quality of lives in Uganda through safer, better and Higher paid Jobs.	<ul style="list-style-type: none"> <li>Created 50,210 jobs (Direct + Indirect jobs).</li> <li>Created 10,042 direct jobs and 40,168 indirect jobs from Ushs 661 billion in loan disbursements in 2024.</li> </ul>
<b>Outcome 3:</b> Promote entrepreneurship and Innovation.	<ul style="list-style-type: none"> <li>8,012 self-employed/microenterprises funded.</li> <li>Ushs 287 billion disbursed to SMEs.</li> </ul>
<b>Outcome 4:</b> Enabling inclusive prosperity.	<ul style="list-style-type: none"> <li>6,151 women owned businesses financed.</li> <li>16,860 jobs created for women.</li> <li>2,408 businesses from structurally weak regions in Uganda funded.</li> <li>1,325 youth owned businesses financed.</li> </ul>
Please refer to pages 71 to 84 for more details on our 2024 impact on Society.	



## Overview of Our Business

### PostBank at a Glance GRI 2-1



**1998**  
Year founded

**61** ATMs

**5,920** Agents  
(2023: 2,672)

Profit After Tax  
**Ushs 35.4 Bn**  
(2023: 27.5 Bn)

**57**  
Branches

Gross revenue  
**Ushs 250.7 Bn**  
(2023: 207.6 Bn)

**14**  
Mobile vans

**5,119**  
Wendi agents  
across the country  
(2023: 1,127)

Shareholding  
**100%**  
owned by  
Government  
of Uganda

**Kampala**  
Uganda Headquarters

**1,204**  
(2023: 1,153)  
Permanent  
employees

We have at least  
**one Branch**  
in 40 districts

Over  
**2,500**  
shared Agents on  
Agency Banking

**774,662**  
Active customers



#### OUR PURPOSE – [Why we exist.]

- To foster prosperity for Ugandans.



#### OUR TWO HIGH IMPACT GOALS

- Drive sustainable financial inclusion.
- Stimulate entrepreneurship and services.



#### OUR PROMISE

- To be a value driven financial institution and market leader in financial inclusion.



#### OUR VALUES

Passion  
Integrity  
Innovation  
Teamwork

##### Passion

We go the extra mile to help both internal and external customers.

##### Integrity

Behaving with high ethical standards.

##### Teamwork

Encouraging partnerships between business – building a One Bank Culture.

##### Innovation

We continuously find new ways to serve our customers.

**Our strategic Intent:** A people's Bank that fosters prosperity for Ugandans.

Impact on economy		Impact on environment																																				
Outcomes	Impact	Outcomes	Impact																																			
<b>Outcome 5:</b> Boost the real economy.  <b>Outcome 6:</b> Building economic resilience.	<ul style="list-style-type: none"><li>➤ Disbursed Ushs 661 billion in loans to Ugandans (2023: Ushs 840 billion).</li><li>➤ Disbursed 31,044 loans (2023: 53,453).</li><li>➤ Improved access to finance by MSMEs by disbursing Ushs 329 billion.</li><li>➤ 18,177 loans valued at Ushs 306.5 billion were disbursed to personal customers.</li><li>➤ Created 12,094 new Agricultural loans through Ushs 225 billion in disbursements.</li><li>➤ 1,325 youth owned businesses financed.</li><li>➤ 12% of our loan book constituted value addition in 2024.</li></ul>	<b>Outcome 7:</b> Promote climate neutrality through resource efficiency by PostBank activities.	<p>Governance in Action: The Board approved:</p> <ul style="list-style-type: none"><li>➤ A dedicated green finance loan product.</li><li>➤ A renewable clean energy partnership to finance solar home systems, Institutional solar systems.</li></ul> <p><b>Our Environmental Impact: Usage</b></p> <table><tr><th></th><th>Unit</th><th>2024</th><th>2023</th></tr><tr><td>Electricity</td><td>kW</td><td>1,953,469</td><td>1,446,840</td></tr><tr><td>Water</td><td>Litres</td><td>56,800,00</td><td>26,470,000</td></tr><tr><td>Paper</td><td>kgs</td><td>29,767</td><td>42,358</td></tr><tr><td>Fuel</td><td>Litres</td><td>229,546</td><td>403,557</td></tr></table> <p><b>Carbon emissions: Tones of CO2e</b></p> <table><tr><th></th><th>2024</th><th>2023</th></tr><tr><td>Scope 1</td><td>609</td><td>1,064</td></tr><tr><td>Scope 2</td><td>226</td><td>168</td></tr><tr><td>Scope 3</td><td>1,922</td><td>1,812</td></tr><tr><td>Total</td><td>2,757</td><td>3,044</td></tr></table> <p>Please refer to pages 212 to 217 for more details on our 2024 impact on the Environment.</p>		Unit	2024	2023	Electricity	kW	1,953,469	1,446,840	Water	Litres	56,800,00	26,470,000	Paper	kgs	29,767	42,358	Fuel	Litres	229,546	403,557		2024	2023	Scope 1	609	1,064	Scope 2	226	168	Scope 3	1,922	1,812	Total	2,757	3,044
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## Our strength and Stability



### Our 5 year performance trend from 2020 to 2024

	Goal	2020	2021	2022	2023	2024	YoY % Change
<b>Key income statement lines</b>		Ushs Bn	Ushs Bn	Ushs Bn	Ushs Bn	Ushs Bn	Ushs Bn
Total revenue*		119.5	144.5	159.3	207.6	250.8	21%
Costs		98.0	117.4	128.1	164 .1	198.5	21%
Credit loss provisions		6.3	9.5	10.7	9.1	12.6	39%
Profit before tax		15.2	17.6	20.5	34.5	39.6	15%
Income tax expenses		5.1	5.4	5.3	6.9	4.2	(39%)
Profit after tax		10.1	12.2	15.2	27.5	35.4	29%
<b>Key balance sheet lines</b>							
<b>Shareholders' equity</b>		101.4	117.1	135.6	163.8	205	25%
Customer deposits		449.0	507.3	689.1	789.8	990	25%
Financial assets at amortised cost		48.1	30.8	156.9	183.3	364.5	99%
Cash and cash Equivalents		31.5	42.0	124.2	130	161.9	24%
Loans and Advances		334.7	454.9	479.5	602.6	718.7	19%
Total assets		674.6	745.3	946.6	1,071.4	1,427.6	33%
<b>Ratios</b>							
Net Interest Margin (NIM) (%)	12%	12.9%	15.8%	12.5%	17.03%	15.5%	(9%)
<b>Return on Equity (ROE) (%)</b>	>17%	9.9%	10.4%	11.2%	16.8%	17.3%	0.5%
Return on Assets (ROA) (%)	>17%	1.5%	1.6%	1.6%	2.6%	2.5%	(0.1%)
Year on Year Growth in Earnings (%)	10%	8.0%	21.0%	10.2%	30.4%	57.8	90%
Cost to income*	80%	87.3%	87.8%	87.2%	83.4%	84%	0.7%
<b>Regulatory capital requirements</b>							
Tier 1 capital ratio (%)	15%	21.0%	18.2%	19.6%	19.2%	20.5%	1.3%
Tier 1 + Tier 2 capital ratio	17%	22.0%	19.5%	20.9%	20.4%	21.8%	1.4%

<b>Summary statement of cash flows</b>	Ushs Bn	Ushs Bn	Ushs Bn	Ushs Bn	Ushs Bn	YoY % Change
Net cash flows generated from operating activities	(34.0)	31.2	83.5	57.5	36.4	(37%)
Net cash used in investing activities	(5.0)	(20.2)	(29.6)	(30.2)	( 17.4)	(42%)
Net cash flows used in financing activities	49	(1.3)	(11.5)	(16.3)	5.5	134%
Net increase in cash and cash equivalents	9.9	9.7	42.3	11.1	24.5	121%
Cash and cash equivalents at start of year	27	37.4	47.1	89.4	100.3	12%
Cash and cash equivalents at end of year	37.4	47.1	89.4	100.3	124.9	24%

## The inputs we rely on

### Our Capitals

Our current and future relevance, as well as our capacity to generate long-term value, are intricately linked to the various capitals at our disposal. These capitals serve as inputs, fueling our value-adding activities. Our impact on these resources, in turn, influence the value we deliver—both in terms of outputs and outcomes. In this report, we delve into how we harness these capitals to create value for all our stakeholders.



• **Financial Capital:** Our shareholders' equity, funding from investors and clients that support our business and operational activities including credit extension. We aim at a balanced funding mix and solid equity position to support operations and business activities of taking deposits and lending.



• **Intellectual Capital:** The intangibles associated with the PostBank Uganda brand. Our protocols that position us to impact our financial inclusion goals.



• **Human Capital:** The knowledge, skills and experience of our people that enable innovative and competitive solutions for our clients.



• **Manufactured Capital:** Infrastructure (including property, equipment and digital) used in the delivery of our products to customers. Our business structure and operational processes, including our physical and digital infrastructure, our products, as well as our information technology that provides the framework and mechanics of how we do business and create value.



• **Social and relationship Capital:** Our citizenship and strong stakeholder relationships, including the communities in which we operate, as we recognize the role that the Bank plays in building a strong and thriving society. We report on how we have built strong collaborative relationships with a wide range of stakeholders including regulators, suppliers and the local communities and contributing to socio economic development and societal wellbeing of our stakeholders.



• **Natural Capital:** Our impact on natural resources through our operations and business activity.

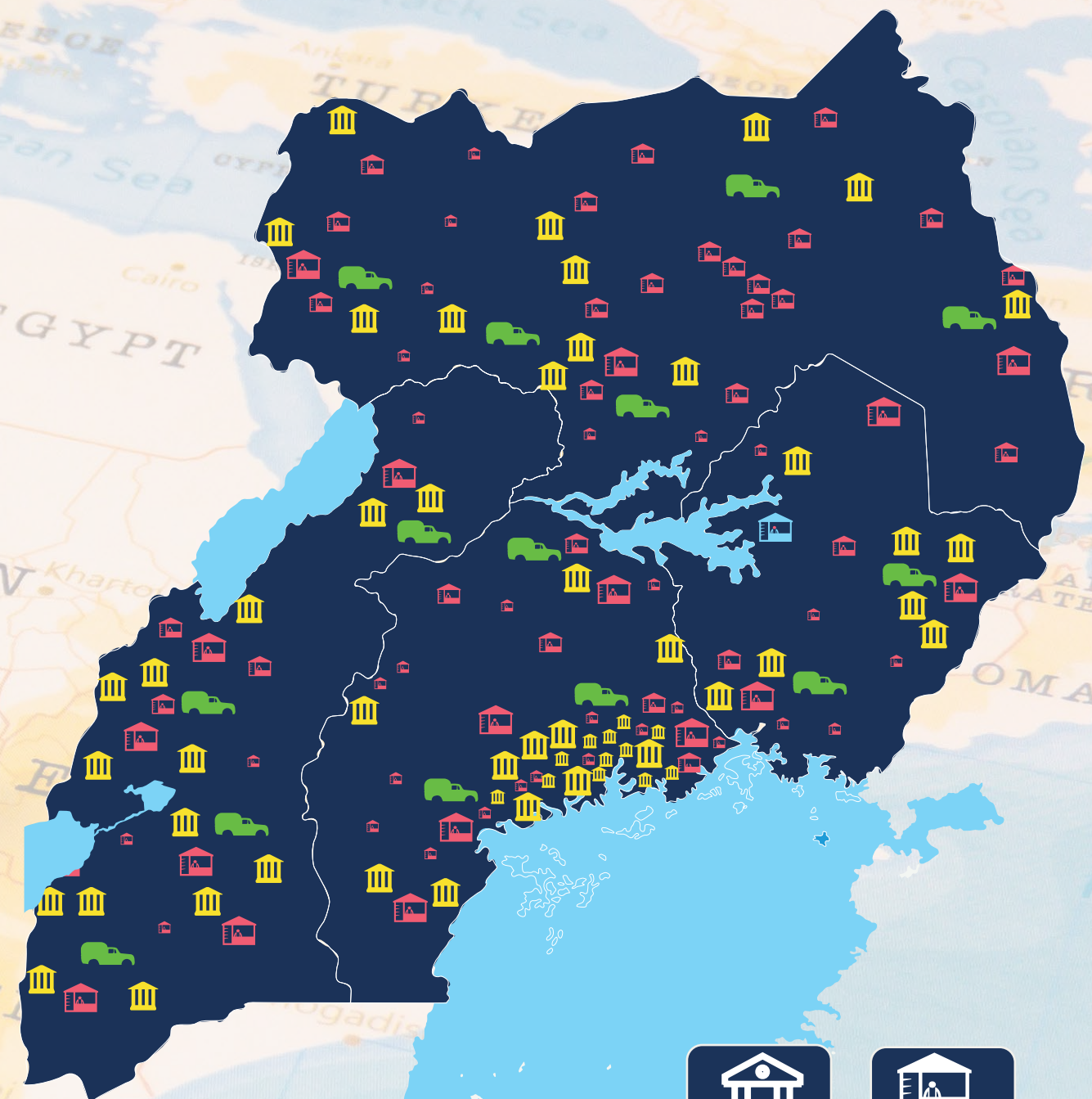


## → Our Presence In Uganda

GRI 2-1

The Bank offers a range of products and services through an extensive network of 57 branches, 61 ATMs, 51 ATM recyclers, 14 mobile Banking vans, and 5,920 agents across the country.

NO	Branches	COUNT
1	Kampala	10
2	Wakiso	7
3	Iganga	1
4	Jinja	1
5	Mbale	1
6	Moroto	1
7	Soroti	1
8	Bukedea	1
9	Manafwa	1
10	Kapchorwa	1
11	Kotido	1
12	Kayunga	1
13	Mubende	1
14	Lwengo	1
15	Masaka	1
16	Nakasongola	1
17	Mukono	1
18	Gulu	2
19	Nwoya	1
20	Kitgum	1
21	Pakwach	1
22	Arua	1
23	Yumbe	1
24	Oyam	1
25	Amolatar	1
26	Kiryandongo	1
27	Lira	1
28	Ibanda	1
29	Kiruhura	1
30	Masindi	1
31	Kabale	1
32	Kanungu	1
33	Hoima	1
34	Kamwenge	1
35	Mbarara	1
36	Kagadi	1
37	Kasese	1
38	Kabarole	1
39	Ntungamo	1
40	Bushenyi	1



57

Branches



5,920

Agents



61

ATMs



14

Mobile Vans



Existing Bank branch



Mobile van points



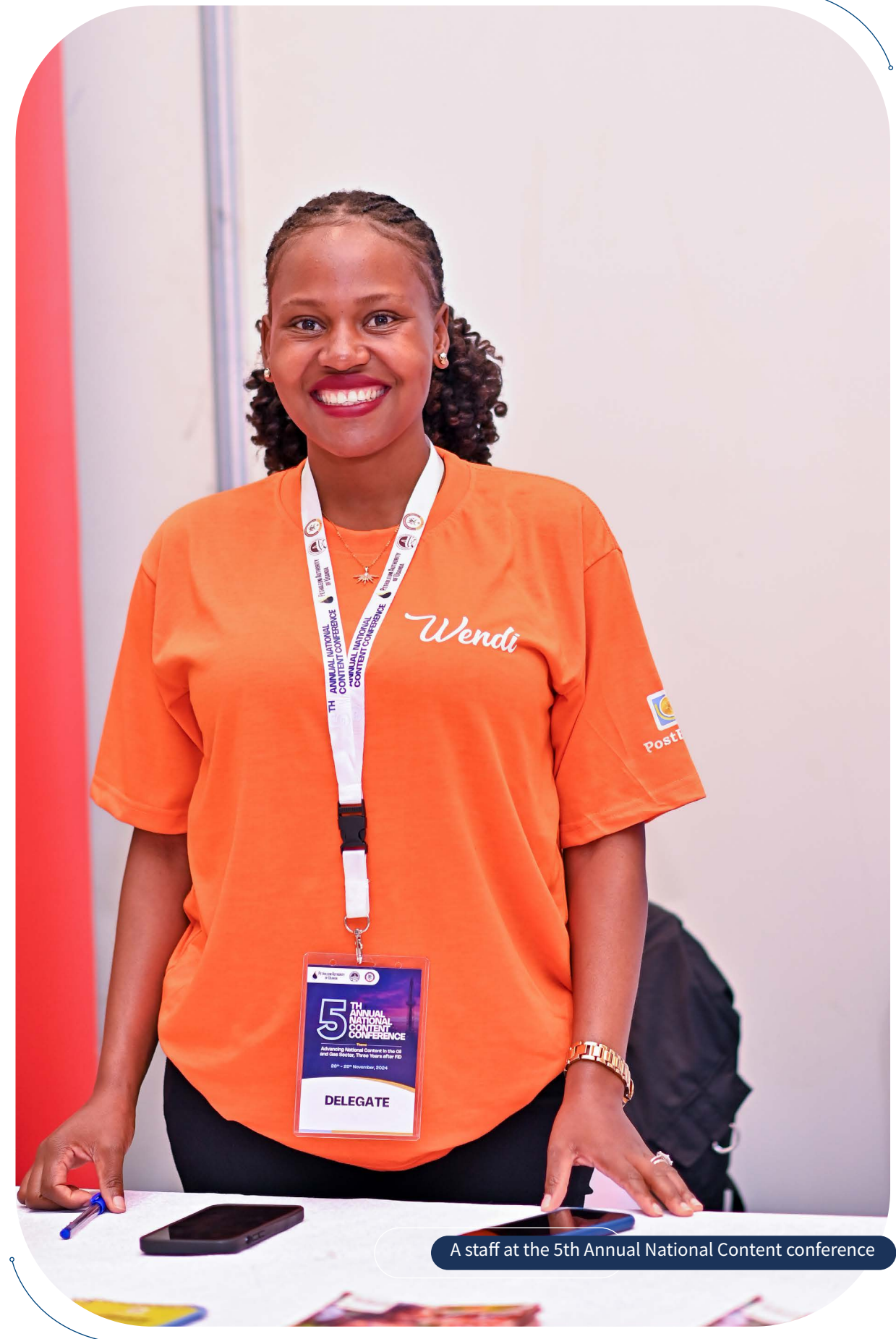
Agents



## → Our Banking Products and Services

GRI 2-6

                  	<b>➔ DEPOSIT PRODUCTS</b> <b>Individual Savings Accounts</b> <ul style="list-style-type: none"> <li>➔ Ordinary Savings Account</li> <li>➔ Diaspora Savings Account</li> <li>➔ Early Start Account</li> <li>➔ Youth Savings Account</li> <li>➔ Refugee Savings Account</li> <li>➔ Post Save Account</li> <li>➔ Summit Personal Account</li> <li>➔ Campus Life Account</li> <li>➔ Smart Woman Account</li> </ul>	<b>➔ CREDIT PRODUCTS</b> <b>Business loans</b> <ul style="list-style-type: none"> <li>➔ Micro Business Loans</li> <li>➔ SME Business Loans</li> <li>➔ Grow Business Loans</li> <li>➔ Asset Financing Loans</li> <li>➔ Digital Financial Services Loans</li> <li>➔ MFI loans</li> <li>➔ SACCO loans</li> <li>➔ VSLA Loans</li> <li>➔ Distributor Finance</li> <li>➔ Contract Finance</li> </ul>
	<b>➔ Non-Individual Savings Accounts</b> <ul style="list-style-type: none"> <li>➔ Business Savings Account</li> <li>➔ Summit Business Account</li> <li>➔ Government Savings Accounts</li> </ul>	<b>➔ Agribusiness Loans</b> <ul style="list-style-type: none"> <li>➔ SME Agriculture Loans</li> <li>➔ Micro Agriculture Loans</li> <li>➔ Grow Agriculture Loans</li> <li>➔ Large Scale Commercial Farmers scheme</li> <li>➔ Warehouse receipt Financing</li> </ul>
	<b>➔ Investment Accounts</b> <ul style="list-style-type: none"> <li>➔ Call Deposits</li> <li>➔ Fixed Deposits</li> <li>➔ Treasury Bills and Bonds</li> </ul>	<b>➔ Consumer Loan Products</b> <ul style="list-style-type: none"> <li>➔ Home and Land</li> <li>➔ Workplace Banking</li> <li>➔ Green financing</li> <li>➔ Education Loans</li> <li>➔ Kyapa Loan</li> <li>➔ Secured Personal Loans</li> <li>➔ Quick Loan</li> <li>➔ Digital Loan</li> <li>➔ Diaspora Loans</li> <li>➔ Insurance Premium Finance</li> <li>➔ Water, Sanitation and Hygiene Loan</li> </ul>
	<b>➔ Transactional Accounts</b> <ul style="list-style-type: none"> <li>➔ Zero flex account</li> <li>➔ Personal Current Account</li> <li>➔ Business Current Account</li> <li>➔ Salary Current Account</li> <li>➔ Government Current Accounts</li> <li>➔ SACCO Account</li> <li>➔ VSLA Account</li> <li>➔ Investment Club Account</li> </ul>	<b>➔ Off Balance Sheet</b> <ul style="list-style-type: none"> <li>➔ Letters of Credit</li> <li>➔ Guarantee</li> <li>➔ Agent Banking</li> </ul>
<b>➔ MONEY TRANSFER SERVICES</b> <ul style="list-style-type: none"> <li>➔ MoneyGram</li> <li>➔ Transfast</li> <li>➔ Western union</li> <li>➔ Airtel Money Services</li> <li>➔ MTN Money Services</li> <li>➔ Real-Time Gross Settlement (RTGS)</li> <li>➔ Electronic Funds Transfer (EFT)</li> </ul>	<b>➔ E-Banking PRODUCTS</b> <ul style="list-style-type: none"> <li>➔ ATMs</li> <li>➔ Mobile and Internet Banking</li> <li>➔ Wendi</li> <li>➔ Agent Banking</li> </ul>	















A staff at the 5th Annual National Content conference



# Our Value Creating Business Model

Our business model, rooted in value creation, is a fundamental aspect of our assets. It shapes how we deliver value to all our stakeholders and serves as the cornerstone for our sustainable growth.

## The availability and quality of our six capital inputs

	Inputs	Material matters	Top risks affecting availability of capitals
<b>Financial capital</b>			
 <b>FC</b>	Our shareholders' equity, funding from investors and clients that support our business and operational activities including credit extension.		<ul style="list-style-type: none"><li>❖ Liquidity risk</li><li>❖ Compliance risk</li><li>❖ Credit risk</li><li>❖ Operational risk</li><li>❖ Market risk</li></ul>
<b>Intellectual capital</b>			
 <b>IC</b>	The intangibles associated with the PostBank Uganda brand.		<ul style="list-style-type: none"><li>❖ Technology/cyber risk</li><li>❖ Compliance risk</li><li>❖ Credit risk</li><li>❖ Operational risk</li><li>❖ Reputational risk</li><li>❖ Stakeholder risk</li></ul>
<b>Human Capital</b>			
 <b>HC</b>	The knowledge, skills and experience of our people enable innovative and competitive solutions for our clients.		<ul style="list-style-type: none"><li>❖ Legal risk</li><li>❖ Strategic risk</li><li>❖ Compliance risk</li></ul>
<b>Manufactured Capital</b>			
 <b>MC</b>	Infrastructure (including property, equipment and digital) used in the delivery of our products to customers.		<ul style="list-style-type: none"><li>❖ Project risk</li><li>❖ Operational risk</li><li>❖ Compliance risk</li></ul>
<b>Social and relationship Capital</b>			
 <b>SRC</b>	Our citizenship and strong stakeholder relationships, including the communities in which we operate, as we recognize the role that the Bank plays in building a strong and thriving society.		<ul style="list-style-type: none"><li>❖ Outsourcing risk</li><li>❖ Product risk</li><li>❖ Reputational risk</li><li>❖ Stakeholder risk</li></ul>
<b>Natural capital</b>			
 <b>NC</b>	Our impact on natural resources through our operations and business activity.		<ul style="list-style-type: none"><li>❖ Reputational risk</li><li>❖ Stakeholder risk</li></ul>

## Enables the continued delivery on our strategy

## Our Impact

Accessible and affordable financial services for Ugandans

  
**1 NO POVERTY**

  
**2 ZERO HUNGER**

  
**3 GOOD HEALTH AND WELL-BEING**

  
**4 QUALITY EDUCATION**

  
**5 GENDER EQUALITY**

  
**6 CLEAN WATER AND SANITATION**

  
**7 AFFORDABLE AND CLEAN ENERGY**

  
**8 DECENT WORK AND ECONOMIC GROWTH**

  
**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

  
**10 REDUCED INEQUALITIES**

  
**11 SUSTAINABLE CITIES AND COMMUNITIES**

  
**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

  
**13 CLIMATE ACTION**

  
**14 LIFE BELOW WATER**

  
**15 LIFE ON LAND**

  
**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**

  
**17 PARTNERSHIPS FOR THE GOALS**

UN Sustainable development goals (SDGs)



## Our Business Model

By enabling business activities ...

that produce purpose-led products, services



















































We believe we have created value when we deliver to our stakeholder goals.



Andrew Kabeera PostBank's Executive Director ( L) and Executive Director of UMRA, Edith Tusubira (R) signing the Memorandum of Understanding (MoU) in Wendi and UMRA Collaboration to Digitize SACCO's to Drive financial Inclusion.



Outputs		Outcomes	for long term value for stakeholders						
			Employees	Customers	Government	Society	Suppliers	Regulators	Development partners
	<b>Financial capital</b> (See page 180) <ul style="list-style-type: none"> <li>Total assets: Ushs 1.427.5 trillion (2023: Ushs 1.070 trillion)</li> <li>Profit after tax: Ushs 35.4 billion (2023: Ushs 27.5 billion)</li> </ul>	<ul style="list-style-type: none"> <li>Gross revenue: Ushs 250.8 billion (2023: Ushs 207.6 billion)</li> <li>Return on equity: 17.3% (2023: 16.8 %)</li> <li>Cost to Income ratio: 84% (2023: 83.4%).</li> <li>NPL ratio: 1.8% (2023: 1.5%).</li> </ul>	 Value Created	 Value Preserved	 Value Created	 Value Preserved	 Value Preserved	 Value Preserved	 Value Preserved
	<b>Intellectual capital</b> (See page 156) <ul style="list-style-type: none"> <li>Wendi subscribers 1.5 million (2023: Ush 430,000)</li> <li>Wendi payments Ushs 872 billion (2023: Ushs 200 billion)</li> <li>Retained scarce skills in areas such as IT security, analytics and operations</li> </ul>	<ul style="list-style-type: none"> <li>Average loan size Ushs 21.3 million (2023: Ushs 11.5 million).</li> <li>Micro and small loans 168.9 billion (Ushs 104.8 billion).</li> </ul>	 Value Created	 Value Created	 Value Created	 value Created	 Value Created	 Value Preserved	 Value Created
	<b>Human capital</b> (See page 136) <ul style="list-style-type: none"> <li>Employee engagement at 79% (2023: 72%)</li> <li>16 graduate trainees offered permanent roles in the Bank (2023: 39).</li> </ul>	<ul style="list-style-type: none"> <li>Average training hours per employee 21.8 hours (2023: 17.8).</li> <li>Provided gainful employment: Number of staff. 1,204 (2023: 1,153).</li> <li>Training spend: Ushs 1.524 billion (2023: Ushs 1.359 billion).</li> </ul>	 Value Created	 Value Created	 Value Created	 Value Created	 Value Preserved	 Value Preserved	 Value Preserved
	<b>Manufactured capital</b> (See page 170) <ul style="list-style-type: none"> <li>Number of new branches nil (2023: 2).</li> <li>Mobile vans 14 (2023: 14).</li> <li>Number of ATMS 61 (2023: 60).</li> </ul>	<ul style="list-style-type: none"> <li>Number of Agents 5,920 agents (2023: 2,672 agents).</li> <li>Mobile Banking and USSD users 265,854 (2023: 43,237).</li> <li>40 districts with atleast one branch.</li> <li>Wendi reaches all districts in Uganda.</li> </ul>	 Value Created	 Value Created	 Value Created	 Value Created	 Value Created	 Value Preserved	 Value Preserved
	<b>Social and relationship capital</b> (See page 194) <ul style="list-style-type: none"> <li>Tax paid to Government of Uganda: Ushs 6.2 billion (2023: Ushs 6.6 billion).</li> <li>Ushs 43.58 billion in total annual procurement spend (2023: Ushs 36.1 billion).</li> <li>% of BUBU our procurement spend: 89% or Ushs 38.9 billion (2023: 95.05% or Ushs 34..3 billion).</li> <li>% of indigenous Ugandan Suppliers in our procurement spend: 47% or Ushs 20.57 billion (2023: 52.28% or Ushs 18.8 billion).</li> </ul>	<ul style="list-style-type: none"> <li>Number of Loans disbursed: 31,055 (2023: 36,736).</li> <li>Loan disbursement turnaround time 17.13 hours (2023: 19.68 hours).</li> <li>Number of complaints received 7,584 and 7509 resolved (2023: 8,039).</li> <li>Wendi Mobile Wallet complaints 6,466 received and 6,430 resolved.</li> </ul>	 Value Created	 Value Created	 Value Created	 Value Created	 Value Created	 Value Preserved	 Value Created
	<b>Natural capital</b> (See page 212) <ul style="list-style-type: none"> <li>Water and sanitation loans Ushs 679.2 million (Ushs 1.1 Bn).</li> </ul>	<ul style="list-style-type: none"> <li>Electricity consumed 1.953 million KWH (2023 1.91 million KWH).</li> <li>Water used 56.8 Mn liters (2023 36.1 Mn liters).</li> <li>Fossil fuel burned 229,546 liters (2023 447,161 liters).</li> <li>Paper used 29,767 kgs (2023: 50,998 kgs).</li> </ul>	 Value Preserved	 Value Created	 Value Created	 Value Created	 Value Preserved	 Value Preserved	 Value Created



# 04 | TELLING OUR GOVERNANCE STORY

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The Minister of Finance, Planning and Economic Development Mr. Matia Kasaija addressing the press at the Bank's 2024 Annual General Meeting

## ➞ Tone from the Top



**Mr. Andrew Otengo Owiny**  
Chairman of the Board

### Our Governance Custodians

Our Board is comprised of highly talented individuals with a unique blend of experiences and skill sets that complement each other. Our meetings ensure that a range of views are expressed in the spirit of constructive challenge.

### Our value creating Governance in Action

I monitor an effective system of oversight that links Corporate Governance and value creation. This entails ensuring that we as a Board focus on the right things which are centered on delivering real prosperity to Ugandans. During the year my priorities have been:

- ➞ Setting the course for achieving our new strategy. See page 122 for details.
- ➞ Fostering Prosperity through deliberate stimulating actions. See page 164 on how Wendi drives sustainable value creation and page 160 on how we stimulated Enterprise and Services.
- ➞ Revisited our policies and procedures to ensure that they are responsive to our strategic intent and purpose.

My colleagues and I, strongly believe that good Corporate Governance is essential to fostering trust and engagement between Organisations and their Investors, thereby contributing to long term sustainable success. Serving at PostBank gives us the opportunity to amplify the government's ambition of Fostering Prosperity for Ugandans. We achieve this through a robust governance approach that maximises value creation while minimising value erosion.

### Corporate Governance at PostBank: Top-down values

At PostBank, acting responsibly is at the heart of our operations. As a Board, we firmly believe that a strong governance framework is crucial in ensuring that we conduct business responsibly across all levels of the Bank. I encourage my colleagues to actively participate in debates to ensure well-rounded and effective decisions are made. Our performance should be assessed based on the achievement of our strategic objectives and must be carried out in full compliance with applicable laws, regulations, and our established policies and procedures. By doing so, we ensure that our collective efforts are adequately incentivised from top to bottom.

### Board Performance and Evaluation

Our Board has a rigorous process in place to access how effectively the Board and its Committees are working. Every year, we conduct independent assessments to provide timely feedback on our performance and provide us with ample time to course correct where necessary. Please see page 62 for the results of our most recent evaluation.

### Fostering trust, transparency and accountability to our shareholder

I am determined to position PostBank as the Government of Uganda's reliable force multiplier in all matters related to economic transformation and prosperity. To meet this objective, we ensure that our story can be proudly told by our Shareholder.

In conclusion, I remain committed to upholding robust and compliant corporate governance structures, that ensure that PostBank continues to operate with the highest standards of integrity and accountability.



## → Our Corporate Governance Statement

At PostBank, our commitment to upholding the highest standards of governance, ethics, and integrity is unwavering. These principles are fundamental to our ongoing value creation, preservation, and the protection of the interests of all our stakeholders. We firmly believe that adhering to exemplary governance practices enhances accountability, robust risk and performance management, transparency, and effective ethical leadership. This Corporate Governance Statement outlines the frameworks adopted by PostBank to ensure sound corporate governance and details key elements of our governance that were implemented during the year ended 31 December 2024.

### Regulatory landscape

In 2024, Uganda introduced several key regulations affecting financial institutions. These included stricter Corporate Governance and other requirements as follows:

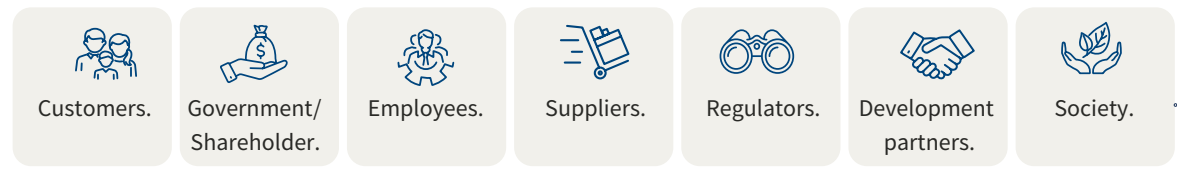
- The Financial Institutions (Corporate Governance Regulations), 2024 enhanced Islamic Banking regulations (financial Institutions (Islamic Banking) Regulations).
- Strengthened data protection and privacy laws, more rigorous anti-money laundering compliance.
- Reforms to modernize the national payments system.

These changes aimed to improve transparency, accountability, ethical practices, and overall stability within the financial sector. Our Board remained vigilant of developing and passed laws and regulations and worked closely with management to ensure that our responses were adequate.

### Corporate Governance philosophy

We are dedicated to the highest levels of governance and strive to cultivate a culture that values and rewards exemplary ethical standards, personal and corporate integrity, and respect for others. In our pursuit to be a responsible corporate citizen, we adhere to regulatory requirements, voluntary codes, and internal elements of corporate governance applicable to the Bank. The Board ensures that all minimum legal requirements are consistently met in both the short and long term. Furthermore, the Board continues to apply additional governance codes, such as King IV, to strengthen its oversight over matters of ethics and integrity, while maximizing value creation and preservation in a manner that minimizes value erosion.

### Our stakeholders



### Our capitals

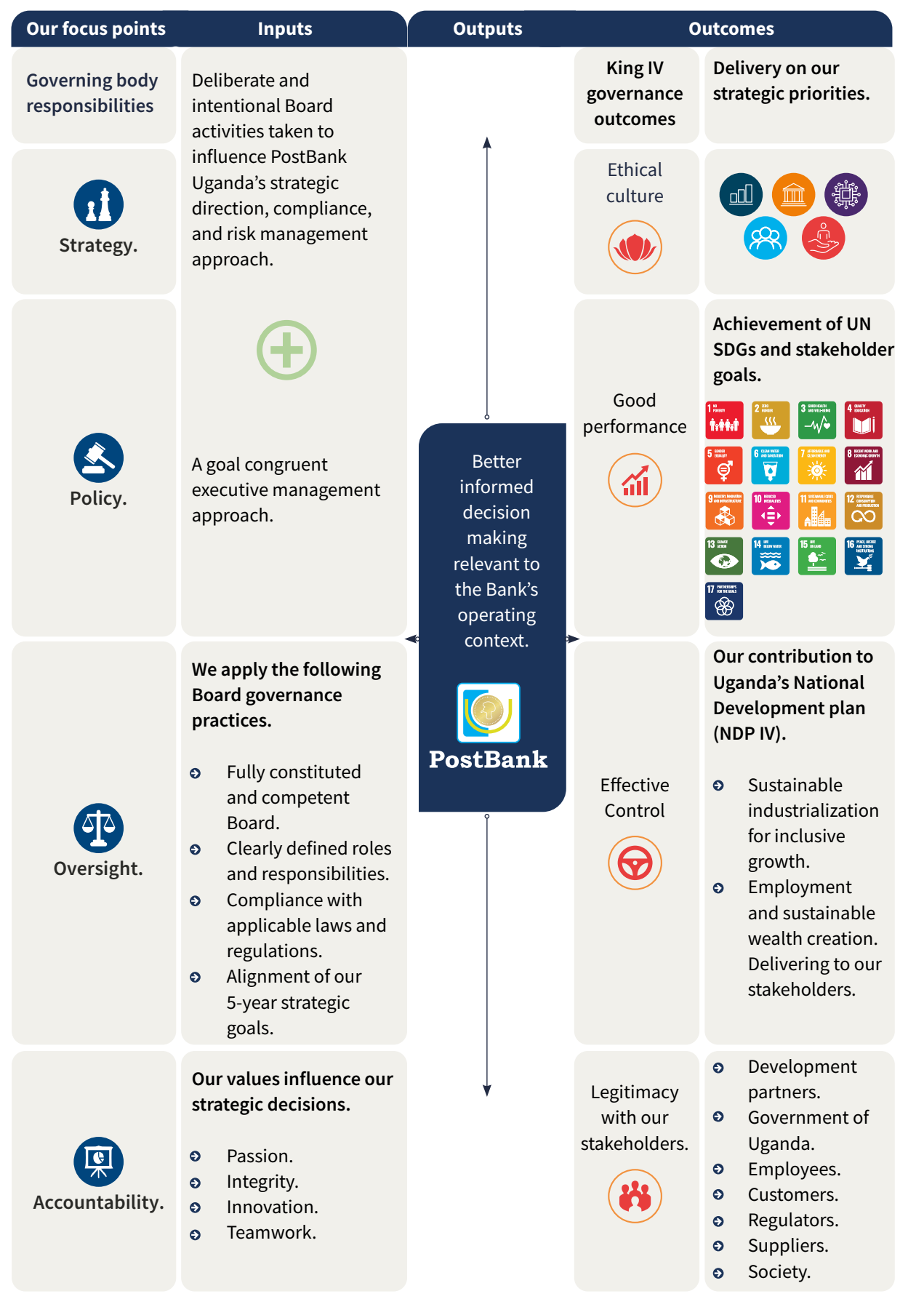


Strategy Processes Actions

Integrated thinking leading to mindful governance

## → Our Governance Approach

Our Board's emphasis on strategy, policy, oversight, and accountability aligns with King IV principles. This approach leads to well-informed decision-making, ultimately advancing our strategic priorities.





# Report from the Board Audit Committee



**Mr. Johnson Mugulusi**  
Chairperson Board Audit Committee

In 2024, we concentrated on strengthening our internal control environment to safeguard our interests and facilitate sustained value creation.

As I reflect on 2024, my colleagues and I, primarily focused on reinforcing our internal control environment. This was crucial in safeguarding the Bank's interests and ensuring sustained value creation. We dedicated significant efforts to implementing comprehensive risk management practices, ensuring that rigorous audits were conducted by both internal and external assurance providers. We also revised the organizational structure of the Internal Audit Department and revisited our Internal Audit Charter and Manual. These initiatives not only mitigated potential risks but also ensured compliance with regulatory standards and fostered a culture of accountability.

By prioritizing a robust internal control system, we were able to achieve our strategic objectives and deliver long-term value to our stakeholders. Our commitment to these principles has been instrumental in driving our continued success.

## Doing business responsibly means doing business ethically

As part of our commitment to maintaining a culture of ethics, we have implemented practical mechanisms and processes to promote ethical behavior. These include, but are not limited to

- Emphasis on continuous auditing and data analytics.
- Management closure of all audit issues within 90days.
- ExCo accountability and ownership for all audit issues.
- Zero tolerance for repeat audit issues.
- Promotion of risk awareness through socialization of audit issues.

## Focus for 2025 and beyond

- Ensuring our internal controls and risk mitigations are responsive to industry developments.
- Data driven Internal Audits.
- Align audit activities to the Bank's strategy.

# Report from the Board Risk and IT Committee



**Mr. Joseph Areu**  
Chairperson Board Risk and IT Committee

This year marked significant advancements in safeguarding the Bank's financial stability and operational integrity, ensuring alignment with our strategic objectives and regulatory expectations.

## Key Achievements and Activities

The committee successfully approved and oversaw the implementation of the 2024 work plan, which prioritized robust risk management strategies and enhanced compliance mechanisms. As part of this effort, an extensive AML (Anti-Money Laundering) training plan was rolled out across all levels of the organization.

Our policies and procedures were thoroughly reviewed and updated to reflect emerging risks and regulatory requirements. These revisions are

instrumental in fostering a proactive risk management culture and ensuring compliance with international standards.

The committee conducted a comprehensive assessment of the Bank's risk profiles, identifying key vulnerabilities and ensuring that appropriate mitigation measures were implemented.

To reinforce the Bank's defense against money laundering and financial crime, the committee emphasized several key considerations:

- Adoption of advanced monitoring systems to detect suspicious activities.
- Enhanced customer due diligence procedures for onboarding and ongoing monitoring.
- Collaboration with regulatory bodies to ensure adherence to the latest AML guidelines.

As we reflect on the year 2024, the accomplishments of the Risk and IT Compliance, Committee demonstrate our unwavering commitment to risk management excellence and regulatory compliance. Looking ahead, we remain dedicated to fostering a culture of integrity, transparency, and resilience.



## Report from the Board Credit Committee



**Ms. Beatrice Lagada**  
Chairperson Board Credit Committee

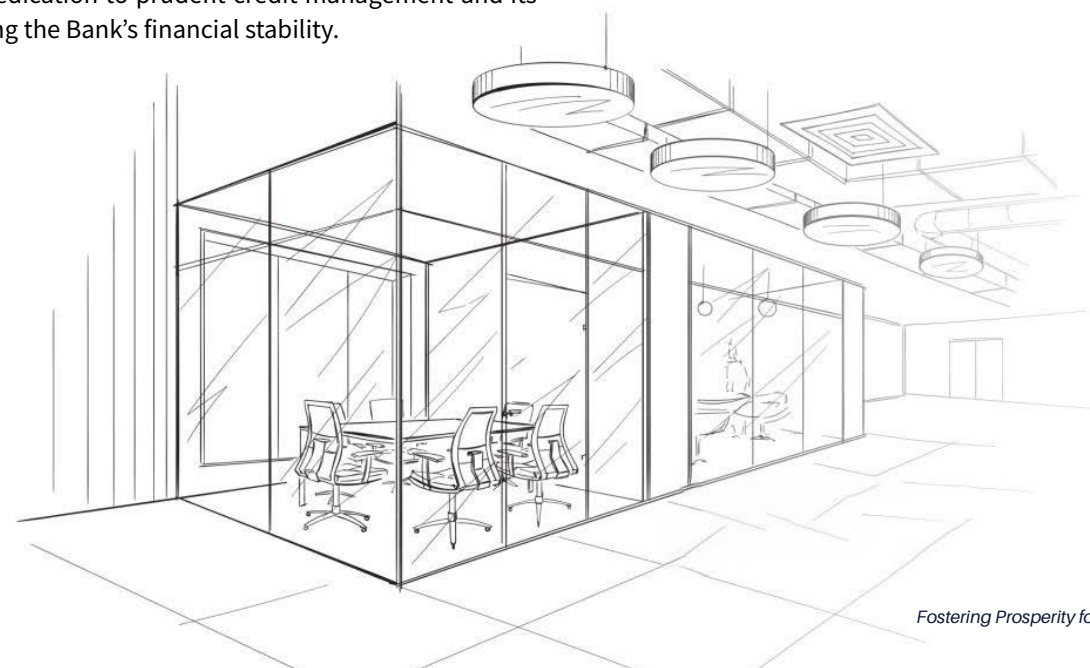
### Strengthening Credit Practices to Drive Sustainable Growth in 2024

In 2024, the Credit Committee achieved several milestones that strengthened the Bank's credit operations as follows:

- We conducted a thorough review of the Bank's credit policies and procedures to ensure they remain relevant and effective in addressing current market conditions and regulatory requirements. This included updating credit approval processes, enhancing risk assessment methodologies, and streamlining loan documentation practices to improve operational efficiency.
- The committee implemented robust credit controls to mitigate risks associated with lending activities. These measures included tighter creditworthiness assessments, enhanced monitoring of borrower performance, and more stringent loan recovery processes. These steps have significantly bolstered the Bank's ability to manage credit risk effectively.

- We carefully evaluated and approved large loan facilities that aligned with the Bank's strategic priorities. These loans supported key sectors of the economy, such as infrastructure, agriculture, and small-to-medium enterprises (SMEs), contributing to both economic growth and the diversification of the Bank's loan portfolio.
- We conducted a detailed review of the loan portfolio's quality to identify potential risks and opportunities for improvement.

In summary, these achievements demonstrate the Bank's dedication to prudent credit management and its commitment to driving sustainable growth while safeguarding the Bank's financial stability.



## Report from the Board Assets and Liability Committee



**Mrs. Farida Mukasa**  
Chairperson Board Assets and Liabilities Committee

### Sustainable growth and cushioning of the Balance Sheet amidst the rapidly changing economic, regulatory and competitive environment

On the back of geopolitical tensions, challenging fiscal deficits in both the regional and domestic economy coupled with a rapidly changing regulatory environment, I am pleased to report that our balance sheet size grew by 33% or Ushs 357 billion from Ushs 1.1 trillion in 2023 to 1.4 trillion in 2024. The Assets and Liability Committee focused on building a sustainable and resilient balance sheet as part of the Bank's purpose to Foster Prosperity for Ugandans.

We boldly conducted comprehensive evaluations of the Bank's balance sheet risks, tasked management to address identified vulnerabilities with clear action plans and mitigation strategies. This in turn

helped strengthen the Bank's resilience amidst intense industry competition and local economic conditions. I am pleased with the 25% or Ushs 200 billion increase in customer deposits and 16% or 116 billion increase in vital loan financing to Ugandans between 2023 and 2024.

As we move forward we aim to comply with the new liquidity and capital-related regulatory requirements and increasingly foster an oversight environment that champions responsible business growth across all our businesses. With respect to the Basel III Bank of Uganda directives, the committee shall in 2025 prioritize the Bank's oversight and implementation of comprehensive policies and guidelines on Internal Liquidity Adequacy Assessment Process (ILAAP), the revised guidelines for the Liquidity Coverage Ratio (LCR) and the newly issued Basel III rules on liquidity risk measurement, standards, and monitoring.



## → Report from the Board Human Resource and Compensation Committee



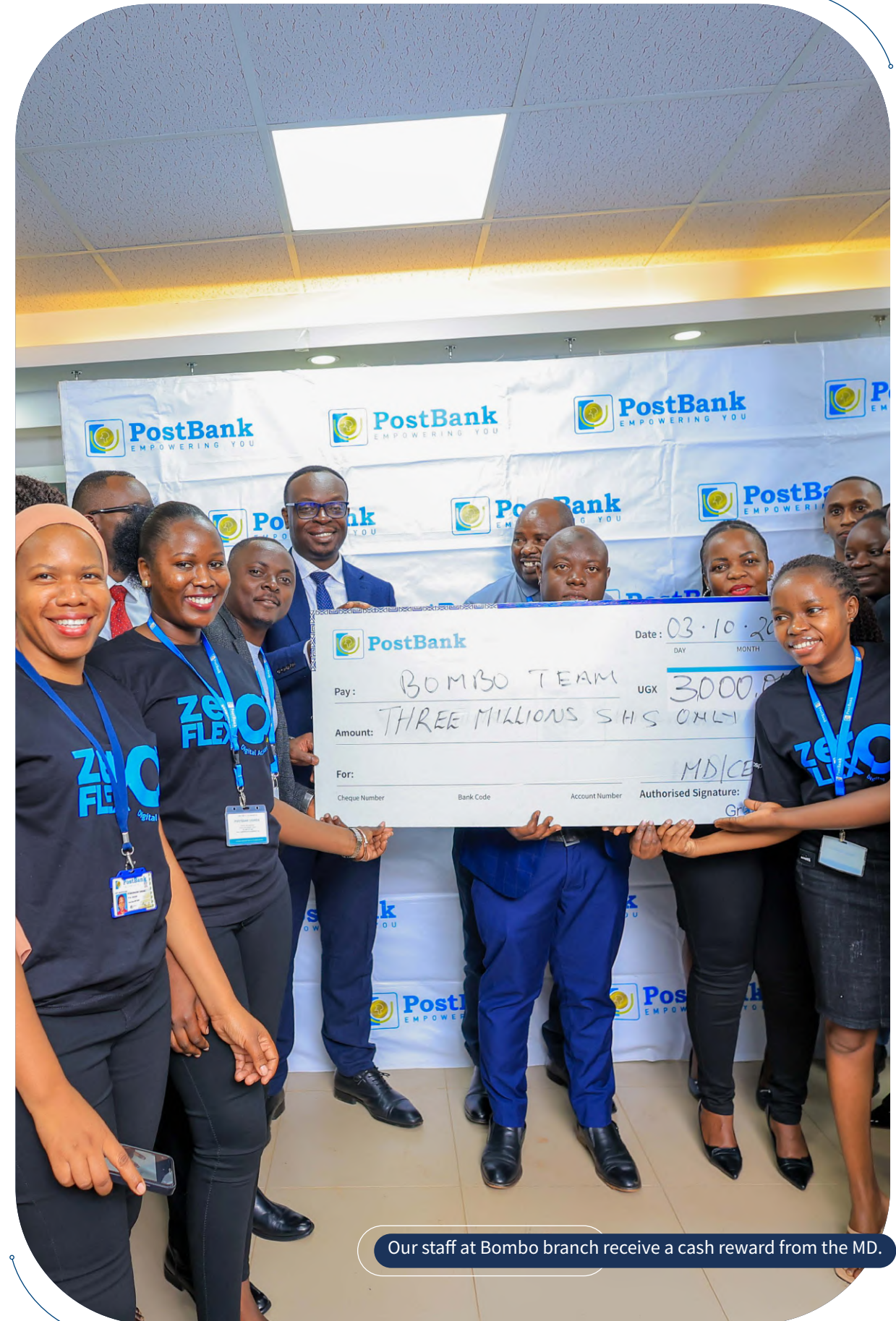
In 2024, the Bank experienced a transformative year marked by pivotal organizational developments and strategic decisions aimed at enhancing leadership and operational efficiency. These initiatives were carefully designed to align with our long-term goals, reinforce corporate governance, and maintain a competitive edge in the dynamic Ugandan Banking landscape.

The steps taken this year underscore our commitment to fostering a resilient, efficient, and high-performing institution, while ensuring that we continue to deliver value to our stakeholders and uphold the highest standards of excellence.

### Key developments include:

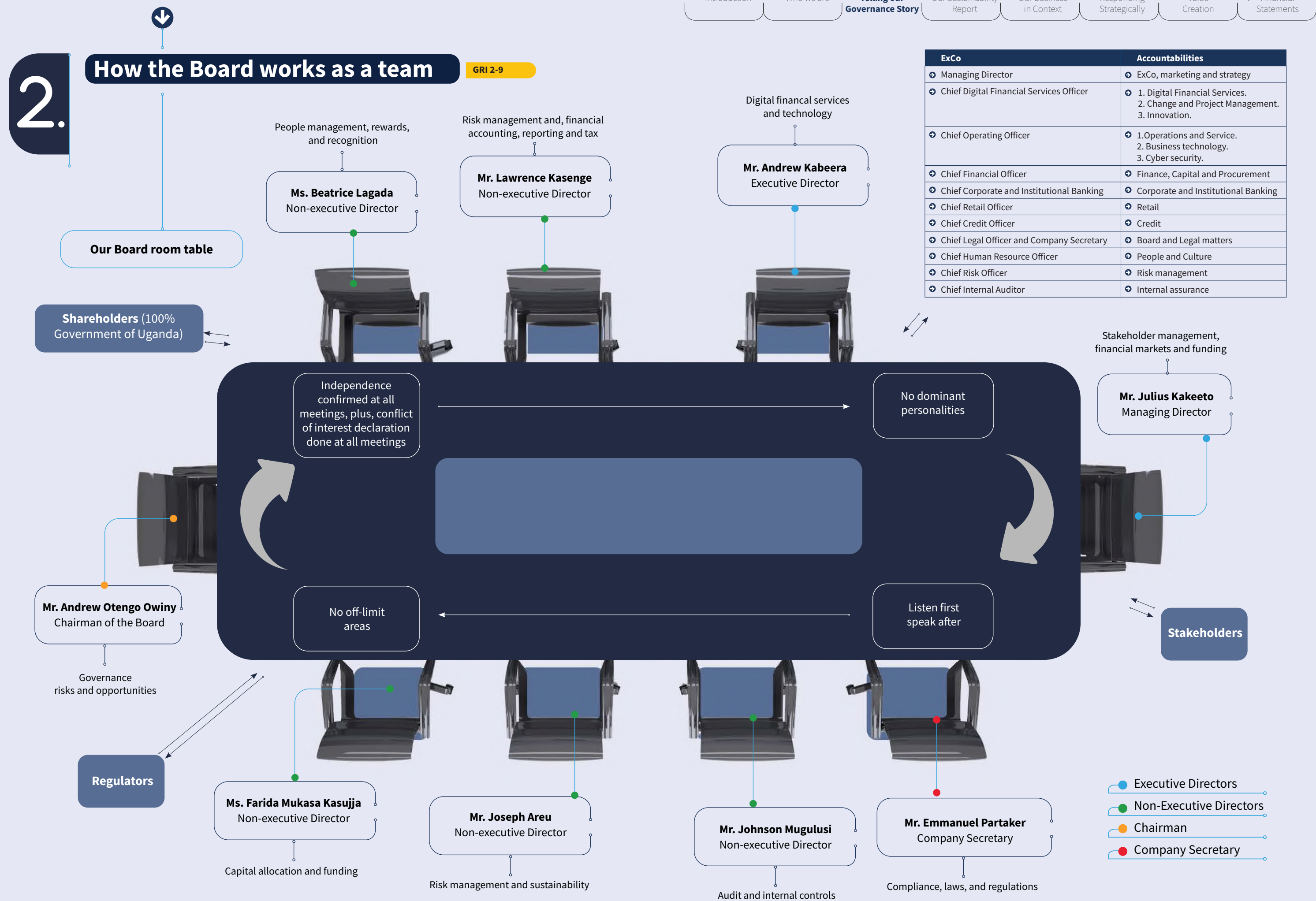
- Revised ExCo compensation following comprehensive performance appraisals to reflect contributions toward the Bank's objectives, ensuring fairness and competitiveness.
- Approved appointment and confirmation of a new member of ExCo: Chief Corporate and Institutional Banking.
- Approved the retirement of the Company Secretary and appointed an Interim Company Secretary to ensure continuity in corporate governance.
- Revised remuneration and reward policy to align with industry best practices, motivating staff while adhering to the Bank's long-term objectives.

These initiatives demonstrate the Board's commitment to effective governance, leadership excellence, and sustained organizational performance.



Our staff at Bombo branch receive a cash reward from the MD.







## Our Board

Our Board is primarily made up of independent non-executive directors who bring a rich tapestry of backgrounds and experiences. This diversity empowers us to effectively navigate the ever-evolving business landscape by infusing a variety of perspectives into our Board discussions.

Non-Executive Director and Chairman

Executive Directors

Non-Executive Directors

Non-Executive Directors

Company Secretary



**Mr. Andrew Otengo Owiny**  
Chairman of the Board



**Mr. Julius Kakeeto**  
Managing Director



**Mr. Andrew Kabeera**  
Executive Director



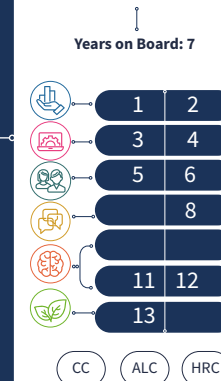
**Mr. Johnson Mugulusi**  
Non-Executive Director



**Ms. Beatrice Lagada**  
Non-Executive Director



**Mr. Lawrence Kasenge**  
Non-Executive Director



**Ms. Farida Mukasa Kasujja**  
Non-Executive Director



**Mr. Joseph Areu**  
Non-Executive Director



**Mr. Emmanuel Partaker**  
Company Secretary



### Our Policy

The Board must consist of a minimum of nine (9) Directors. At present, the Bank Board is made up of eight (8) members, including two (2) Executive Directors (the Managing Director and Executive Director) and five (5) Independent Non-Executive Directors. One (1) Director is not independent.

### Board Succession

An effective Board is built on a foundation of diverse skills, knowledge, and experience. This diversity allows us to oversee the execution of our strategy and provide comprehensive oversight of the company's activities, risks, opportunities, business model, performance, and sustainable value creation. To ensure continuity at both the Board and committee levels, the Board has adopted a succession management framework. In addition, the Board, with the support of the REM and NOM, focuses on talent management, development, and succession planning for the executive management team to maintain consistent leadership.

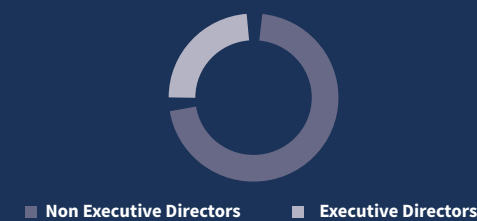
### Independence – protecting the interests of the shareholders

PostBank's Board predominantly consists of independent non-executive directors, in alignment with The Financial Institutions (Corporate Governance) Regulations, 2024, **King IV** and global best-practice governance standards.

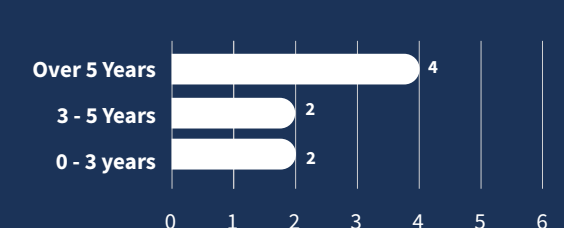
According to **King IV™** Principle 7, independent non-executive directors can serve for more than nine years, provided that an annual assessment is conducted to confirm their independence. As of 31 December 2024, no directors have served for more than nine years.

All non-executive directors have consistently maintained their independence in character, demonstrated behavior, contributions to Board discussions, and judgment.

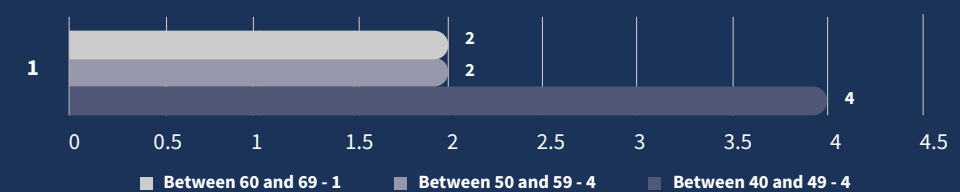
### Executive and non executive Directors



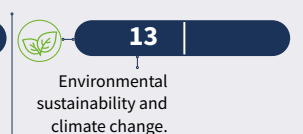
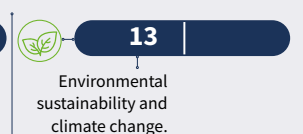
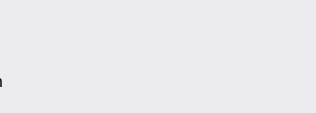
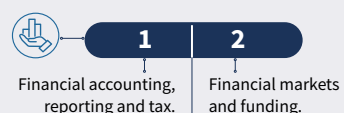
### Tenure on the Board



### Directors age



### Board Committees:





Diversity

We are dedicated to fostering diversity at the Board level, recognizing it as a crucial element for making effective and informed decisions through equitable representation. Our aim is to ensure that our Board accurately reflects the demographics of Uganda. We are particularly attentive to gender diversity, continually reassessing our targets and succession planning to enhance female representation.

Knowledge skills and experience

PostBank requires a broad range of skills and experience to ensure sustainable value is created in the interest of all stakeholders.

The Board determines the required composition of skills in response to the rapidly changing environment and shifts in our long-term strategy.

Having the appropriate mix of skills and experience ensures that the Board, as a collective body, is well equipped to guide and drive the Bank's strategy into the future.

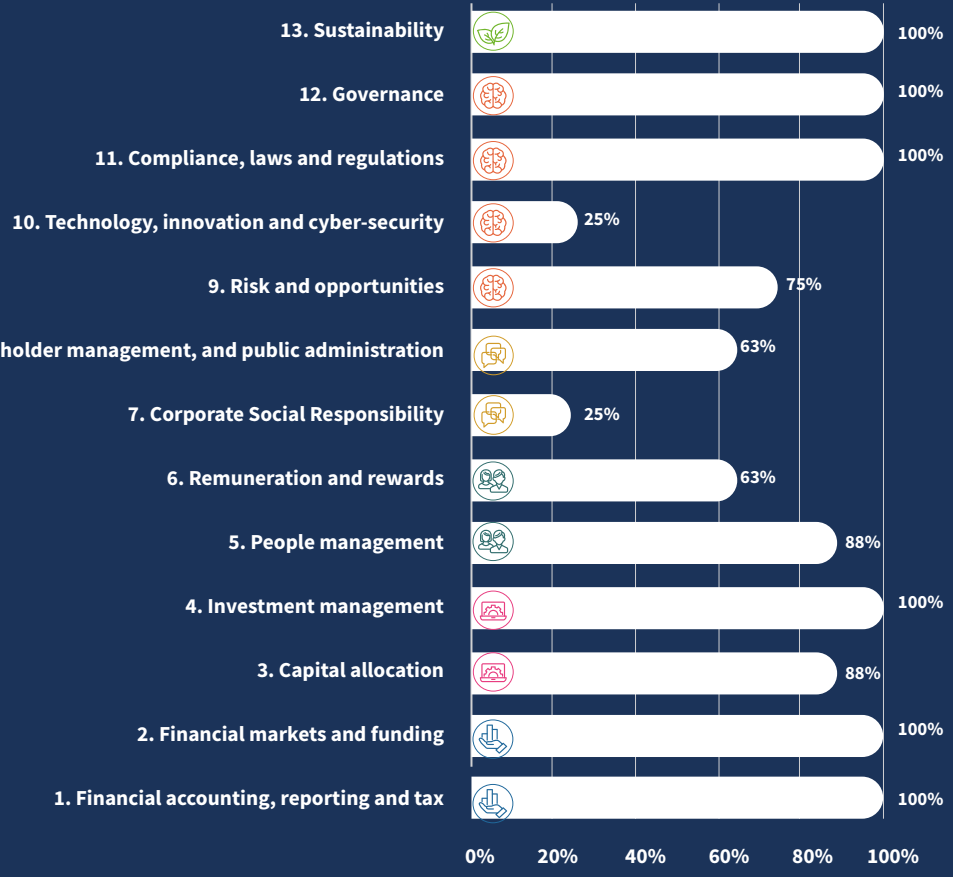
Board Diversity



Our goal is to build a seasoned Board with the right blend of knowledge and skills essential to the Bank's success. PostBank places high value on expertise in the following areas \*\*:

\*\* Percentage of directors with required skills

Board Skills and Experience




→ Board Structure and Mandates

Our governance structure and delegation of authority provisions enhance independent judgement, ensure sustainable execution of strategy, and create opportunities to leverage off our directors' special expertise. The Board delegates authority to the established Board committees as shown below as well as to the CEO, with clearly defined mandates.

Key corporate governance practices


- All non – executive directors have completed annual independence and conflict of interest declarations.
- Proactive year-round stakeholder engagement program.
- Approved Board Charter in place.
- Related-party transactions monitored and transparently disclosed in the Annual Financial Statements.
- Annual independent Board and committee evaluations linked to compensation.
- Directors nominated by shareholders, appointed by Government of Uganda. Appointed directors only assume office after approval and vetting by Bank of Uganda.
- Managing Director's performance annually evaluated by the Board and linked to compensation. ExCo members compensation is also linked to performance.
- Board-approved policy on independent professional advice.
- Enhanced internal procedures that bolster ethics, integrity, and regulatory compliance.
- Enhanced risk management framework based on combined assurance model.

Chairperson's committee attendance




→ **Mr. Andrew Otengo Owiny**  
Chairman of the Board

100%




→ **Mr. Joseph Areu**  
Risk and IT Committee  
Oversees Risk Management and IT activities including compliance and controls.

100%




→ **Ms. Beatrice Lagada**  
Human Resources and Compensation committee  
Determines remuneration policy, processes, and procedures.

100%




→ **Credit committee**  
Oversees Credit Management activities including strategy and compliance.

100%



→ **Mr. Johnson Mugulusi**  
Audit committee  
Oversees internal and external reporting and assurance mechanisms.

100%



→ **Ms. Farida Mukasa**  
Assets and Liability Committee  
Provides guidance on liquidity management and capital adequacy.

100%



### Audit committee

Supports the Board in assessing the integrity of our financial statements by evaluating the effectiveness and efficiency of our internal control systems, accounting practices, information systems, and internal auditing, as they are applied in the day-to-day management of our business.

*Establishes safeguards to ensure maximum value preservation while minimizing erosion.*

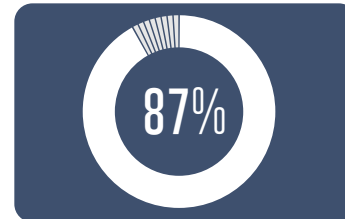
#### Membership

J. Mugulusi - Chair

J. Areu

F.M Kasujja

#### Overall attendance



FC



MC



IC

### Asset and liability management

Supports the Board in setting guidelines for liquidity, capital adequacy, and funding, while also evaluating the Bank's performance against the budget.

Optimizes the management of the Bank's assets and liabilities, by ensuring that value is created and preserved over the short-, medium- and long-term horizon.

#### Overall attendance



FC



MC



IC

#### Membership

F.M Kasujja - Chair

L. Kasenge

J. Mugulusi

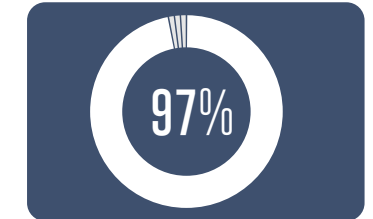
J. Kakeeto

A. Kabeera

### Risk and IT Committee

Guides the Board in overseeing risk management activities, including establishing risk appetites, frameworks, policies, and procedures. Additionally, approves risks that exceed the delegated authority of management.

#### Overall attendance



FC



MC



IC



SRC

#### Membership

J. Areu - Chair

J. Mugulusi

B. Lagada

J. Kakeeto

A. Kabeera

### Credit committee

Advises the Board on its oversight responsibilities concerning our lending policy, delegates lending limits to authorised authorities within the Bank, approves insider loans, and reviews policies and procedures governing credit impairment.

*Ensures that value is created, and preserved by continuously monitoring the quality of the Banks loan book.*

#### Membership

B Lagada - Chair

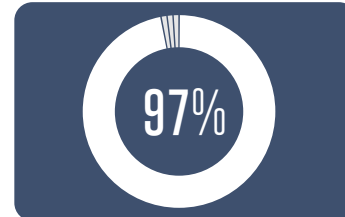
L. Kasenge

J. Areu

J. Kakeeto

A. Kabeera

#### Overall attendance



FC



MC



IC



NC

### Human resources and compensation committee

Entrusted with overseeing our human resources policies and practices on behalf of the Board. This committee's responsibilities include setting executive compensation and benefits, reviewing and recommending policies related to employee relations, diversity and inclusion, overseeing succession planning and leadership development, ensuring compliance with labor laws and regulations, and monitoring the overall HR strategy.

*This committee ensures that our Human Capital is developed to maximise value creation while limiting value erosion.*

#### Membership

B Lagada - Chair

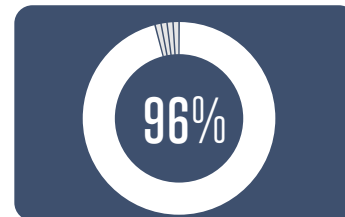
F.M Kasujja

L. Kasenge

J. Kakeeto

A. Kabeera

#### Overall attendance



FC



HC



SRC

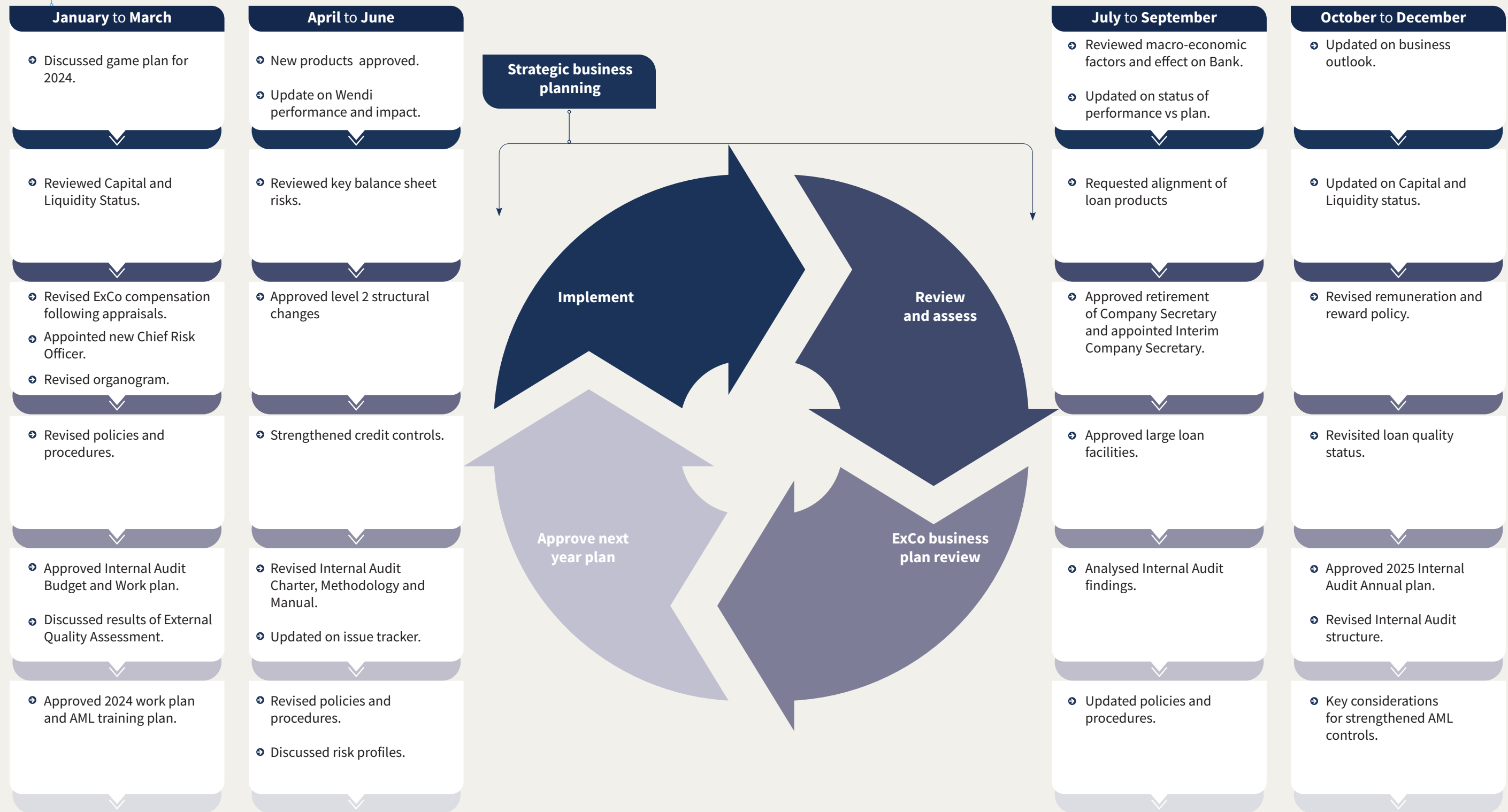




3.

## Key actions of the Board and its committees

Our Board has a program of oversight to ensure we focus on the right things. This includes guiding actions that align with delivering management actions towards achieving our strategy.





Inputs linked  
to King IV

## Actions taken during the year

Strategic  
prioritiesEthical and  
effective  
leadership

- Discussed the key considerations for handling the accounts of sanctioned individuals and entities.
- Engaged management in operational discussions during Board and committee meetings.
- Endorsed and executed the recommendations from the most recent Board evaluation.
- Ratified the decisions to approve new and amended policies throughout the year.

Governance  
& RiskStrategy,  
performance,  
and reporting

- Discussed the 2024 Game plan, which centered on; performance, risk management, service and innovation, franchise management, and people.
- Approved the Administration, Anti Money Laundering/ Combating the Financing of Terrorism (AML/CFT), Communications, Corporation Social Investment, Credit and Market Disclosure Policies.
- Amended the Incident Management Policy, Risk Management Framework, Stress Testing Policy, and Compliance Policies to align with the new strategy.
- Launched new product offerings to expand the Bank's reach and range of services, particularly; Business Current Account, Digital Account, Ordinary Savings Account and Personal Current Account.
- Approved the following loan product papers; Business loans and advances, Kyapa loan product, Warehouse receipt financing, Wash loan product and Workplace loans.
- Updated the Anti-Money Laundering/Countering Financing of Terrorism, Policies and Procedures Manual, Accounting, Software Acquisition and Development, and Business Growth policies during Q3 to respond to developments within the industry and Bank.
- Revised the Communications, Bancassurance, general information and communications technology, ICT administration and Records management policies and procedures following developments in the industry and Bank during Q4.
- Approved amendments to the remuneration and reward guidelines to align with performance and results.
- Revised the Bank wide salary structure in line with current and projected performance.



Performance



Technology



Service

Appropriate  
balance of  
knowledge,  
skills,  
experience,  
diversity, and  
independence

- Facilitated the retirement of the Company Secretary and approved the appointment of the Head of Legal services as the acting Company Secretary.
- Continuously monitored Board conflict of interest and independence declarations.
- Approved the ExCo 2024 appraisal results.
- Approved the Bank wide succession plan.

Governance  
& Risk

People

Structured  
and delegated  
authority

- Approved appointment and confirmation of a new member of ExCo: Chief Corporate and Institutional Banking.
- Approved Retail Business Organogram.

Governance  
& Risk

People

Assurance and  
controls

- Approved the amended Combined Assurance Code and Risk Appetite Statement.
- Approved the Enterprise AML/CFT and Sanctions Risk Assessment Report.
- Approved the 2024 Compliance work Plan and AML Compliance Training Plan.
- Approved the 2024 Internal Audit budget and Chief Internal Auditor's score card.
- Reviewed amendments to the Internal Audit Charter, Internal Audit Methodology Manual and approved the BAC terms of reference.
- BAC adopted and approved the 2025 Internal Audit Plan and proposed changes to the Internal Audit structure.
- Introduced the Operational Risk Management Framework and PostBank Uganda ICAAP Framework to bolster the Bank's risk management and controls.



Service



Technology

Stakeholder  
relationships

- Reviewed Executive Directors' and ExCo remuneration structures.
- Reviewed and approved ExCo remuneration in line with appraisals.
- Approved the revised Human Resource department structure.
- Revised the retirement age of the Bank to 60 years from 55 years.

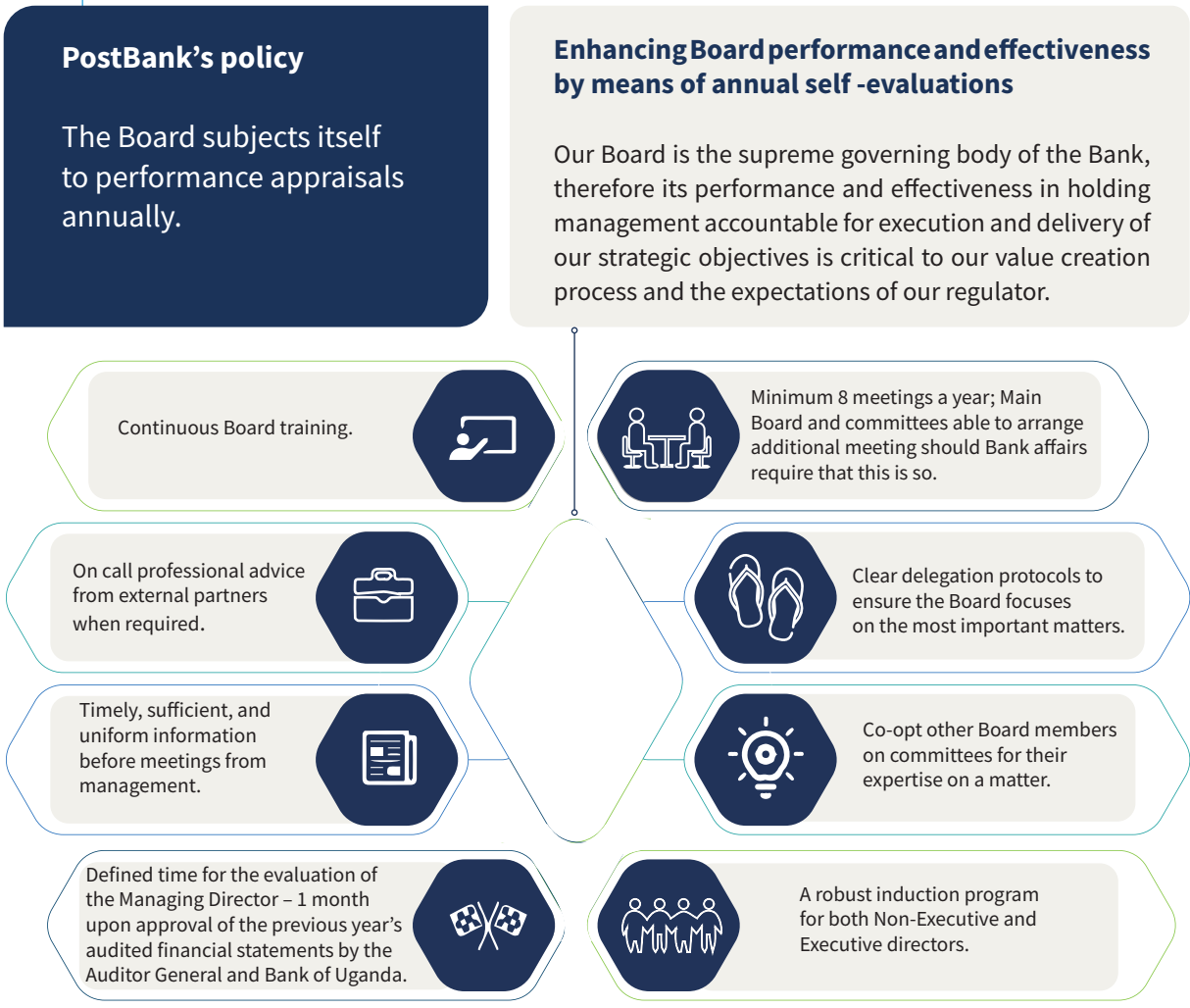
Governance  
& Risk

Performance



4

Board Effectiveness
The Board evaluation process
GRI 2-18



**How the evaluation process works**

We conduct annual self-evaluations for our Board and committees to review practices and identify areas for improvement. According to our charter, we also mandate an independent external evaluation of the Board in accordance with King IV and regulatory expectations.

**Process**

- The CS develops TORs for on-Boarding a consultant to conduct the Evaluation.
- The procurement department undertakes the process and solicits for providers.
- The successful bidder conducts a debrief with the Board members to discuss the evaluation tool.
- The consultant proceeds with the evaluation and presents a report, which is later discussed with the full Board and is adopted.

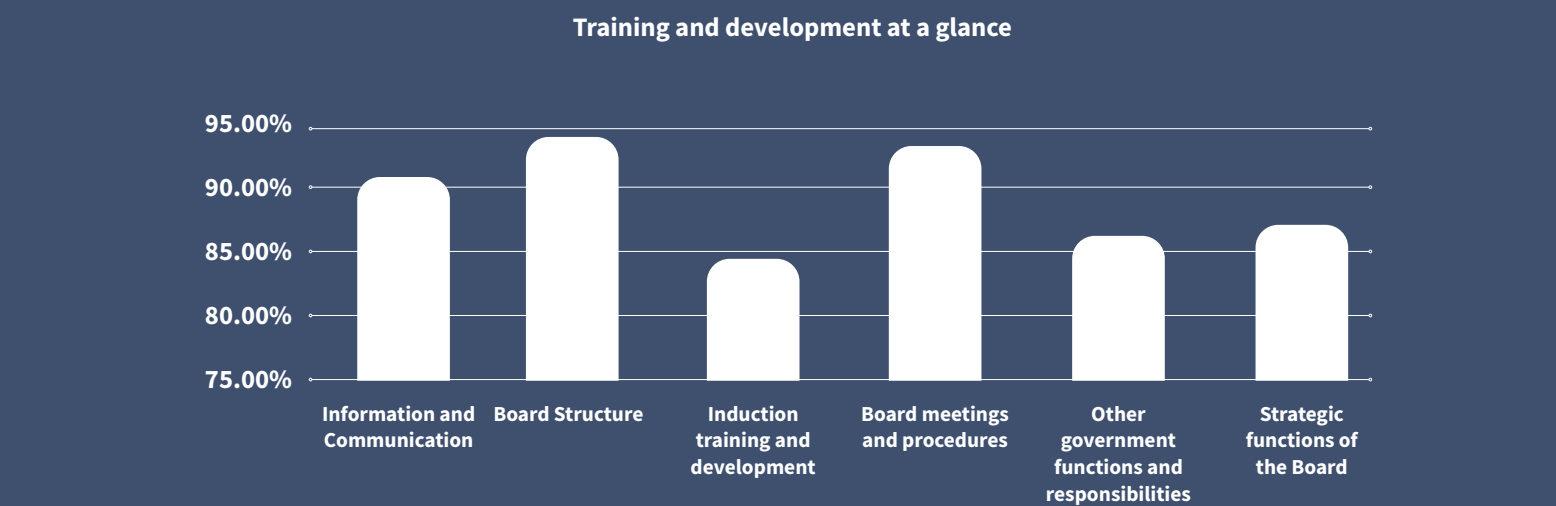
**The approach**

- The evaluation criteria was based on internal Board governance documents which were referred to the King IV Corporate Governance Code. The King IV Code considers the following:

- Unique social-economic and governance challenges faced by African Countries.
- Strong emphasis on leading ethically to address corruption and promote transparency.
- Encourages the inclusion of a wide range of stakeholders in corporate decision making, aligning with a need for broader social and economic development in Africa.
- Promotes sustainable business practices which are vital for African countries dealing with environmental and social challenges.
- Aligns with International Corporate governance best practices.

**Findings**

The Gross Average weighted score of the overall Board performance evaluation was 4.47 reflecting an 89.4% performance level. There were no unacceptable practices identified – which demonstrated the Boards strong adherence to corporate governance standards.



**Recommendations**

The Board has taken all the findings of the evaluation into consideration and has immediately implemented an action plan.



## Justine, You Did Your Role Justice, and PostBank is grateful.

In March 2009 you walked into PostBank Uganda and the 15 years of service from 2009 to September 2024 proved how you meticulously navigated every situation with grace and firmness, and we appreciate all that you did for the Bank in your role as Chief Legal Officer and the Company Secretary (CS) to the Board.

CS is what everyone famously called you and this stemmed from the warm aura you radiated in each of your interactions and how you paid attention to each task and gave it your best. At the Board level, you ensured that the Board meetings are held so that we uphold the requisite sustainable corporate governance standards while delivering on the Bank's core values to its internal, external stakeholders and the Bank's promise of fostering prosperity for Ugandans.

In addition, you oversaw the Bank's legal team and nurtured a team of great ladies and gentlemen who have played a key role on the Bank's legal arm and ensured that all issues are settled with the utmost precision and in a professional manner.

They say an apple doesn't fall far from the tree, and indeed the legal team and those who closely worked with you on the day-to-day activities in the Bank are fortunate to have been nurtured by you and we believe they picked nuggets that they will apply today and in time to come.

During your send-off party in September 2024, you echoed these words 'A judge's pen should not stop writing while they are still in the chair of judgment'. This statement can be simply interpreted as advice for one to seek opportunities where they can remain relevant and positively impact those they work with in their professional journey. This piece of advice will be etched in our hearts, and we will always ponder on it as a guiding light in critical moments that would call us to make use of our pen while we are still in the chair of judgment or at whichever point in time where this advice will be needed.

If this was a 15-kilometer race, then for your 15-year journey from 2009 to 2024, allow us to give you a virtual gold medal for the great service and a legacy well lived, because you have left an indelible mark on PostBank and you will forever be cherished.

We wish you all the best in your new endeavors and may you continue to Grow and Prosper in all you set forth to do.

For all you did, we say thank you, Justine Tumuheki Wabwire.



➔ **Remuneration Report**



**Ms. Beatrice Lagada**  
Chairperson Human Resources and Compensation Committee

Our employees’ contributions are vital to our long-term success. To align with market best practices, our remuneration framework is crafted to drive business strategy and foster long-term shareholder value. The remuneration policies and practices outlined in the following report are governed by sound principles and comply with various regulatory requirements.

As the Chairperson of the Human Resources and Compensation Committee, I am delighted to share the 2025 remuneration report for PostBank. This document aims to offer a clear and detailed look at the compensation framework shaping our workforce strategy.

**1. Purpose of PostBank’s Remuneration Guidelines**

Our remuneration guidelines are crafted to standardize compensation decisions across the Bank, ensuring that we continue to attract, motivate, and retain exceptional talent while providing a fair and structured approach to staff fixed and variable components of their pay. Below are the three core pillars of our strategy and how we bring them to life:

Key Focus	How It’s Delivered
<b>Competitive Positioning</b>	<ul style="list-style-type: none"><li>➤ Benchmark remuneration against market peers to ensure competitiveness.</li><li>➤ Target the 75th percentile for total compensation packages.</li></ul>
<b>Fairness and Equity</b>	<ul style="list-style-type: none"><li>➤ Establish equitable salary bands based on the weight of the respective roles.</li><li>➤ Apply consistent pay principles to all employees, irrespective of level, gender, age, disability, or marital status.</li></ul>
<b>Performance-Driven</b>	<ul style="list-style-type: none"><li>➤ Link individual remuneration to performance results, reinforcing a culture of excellence and accountability.</li></ul>



**2. Overview of Total Compensation Components**

The table below outlines the key elements of our compensation structure, their objectives, and how they are implemented:

Component	Objective	Implementation Details
<b>Salary</b>	Attract and retain top talent.	<ul style="list-style-type: none"><li>➤ Set based on market trends, skills, experience, and role responsibilities.</li><li>➤ Reviewed annually.</li></ul>
<b>Incentives and Commissions</b>	Boost performance and productivity.	<ul style="list-style-type: none"><li>➤ Targeted at frontline sales roles (e.g., Branch Business Managers, Personal Bankers, Bancassurance Officers).</li></ul>
<b>Bonuses and Awards</b>	Link reward to performance.	<ul style="list-style-type: none"><li>➤ Available to all staff meeting annual performance targets.</li><li>➤ Assessed in line with the agreed scorecards.</li></ul>
<b>Benefits and Allowances</b>	Support job-specific needs.	<ul style="list-style-type: none"><li>➤ Include perks like fuel, airtime, and gym benefits to enhance work experience.</li></ul>

**3. Variable Pay Pool Determination**

The process for establishing and distributing variable pay is methodical and performance-oriented:

Step	Details
<b>Setting the Pool</b>	<ul style="list-style-type: none"><li>➤ Determined by the Bank’s performance scorecard, benchmarked against industry standards.</li></ul>
<b>Allocating to Units</b>	<ul style="list-style-type: none"><li>➤ Distributed based on specific business units’ performance in line with the policy.</li></ul>
<b>Individual Awards</b>	<ul style="list-style-type: none"><li>➤ Cascaded to the individual reflecting their goal achievement and contribution to the Bank’s overall objectives.</li></ul>

**Our Non-Executive Director’s performance based remuneration in 2024.**

Year	Total (Ushs’ 000)
<b>2023</b>	<b>2,074,275</b>
<b>2024</b>	<b>2,181,164</b>

**Conclusion**

PostBank’s remuneration framework is strategically designed to align employee rewards with the Bank’s long-term vision while cultivating a high-performance culture. By delivering competitive compensation, tying rewards to measurable outcomes, and discouraging excessive risk, we safeguard shareholder value whilst remaining an employer of choice. This balanced approach combining fixed salaries, variable pay, and robust performance assessments demonstrates our commitment to fairness and transparency. PostBank is committed to not only securing top talent but harmonizing employee success with the organization’s growth and prosperity.



5.

## Communications and Engagements with our Shareholder

The Board engaged the Government of Uganda, the Bank's shareholder on the following matters:

Business alignment of mutually beneficial opportunities.

Board appointments and succession planning.

Annual General Meeting.

Appointment of external auditor.

Bank support for the national development programs.

Capital plans and related regulation.

Our contribution to the NDP IV and Financial Inclusion strategy.

Strategy execution progress update.



Shareholder engagement with the Board at the 2024 Annual General Meeting



# 05 | OUR SUSTAINABILITY & IMPACT REPORT

71	Our Approach to Sustainability
76	Our Sustainability and Impact in 2024
83	Direct Economic Value Generated
84	Value Added Statement
85	Integrated Stakeholder Management

## Our Approach to Sustainability

### Our approach to Sustainability: Profitability through sustainability

#### Our future – A change in business approach

In November 2023, after a five-year strategic overhaul to stabilize the Bank, we charted a new direction for the period 2024 to 2028 (see strategy section on page 122 as well as governance decisions on page 40).

The thrust of our new strategy is to embed business sustainability that incorporates economic, environmental and social factors into the Bank's policies, practices, and processes to create long term benefits for our organization, staff and its stakeholders while conserving and protecting resources.

As a State-Owned Enterprise (SOE), we are mindful of our shareholders' dual expectation of the Bank and its management. Firstly, to provide impactful and affordable financial services to foster prosperity for Ugandans and secondly to consistently build a strong company that is impeccably governed and positively contributes to the development of Uganda as a whole. In alignment with these expectations, the Board in November of 2023 approved our approach to sustainability as part of the Bank's new strategic direction. We shall be profitable through sustainability.

#### How we embed sustainability considerations in our business - PostBank's way

The long-term success and prudent oversight of PostBank requires that we consider the legitimate interests and expectations of a wide range of stakeholders and respond to the changing expectations, opportunities and threats that influence our future viability as an organization in the Ugandan economy.

"We see our role as key actors in delivering the fourth National Development Plan of Uganda as well as the National Financial Inclusion strategy. These priorities are the hallmark of our sustainability and business objectives."



Our purpose: Why we are here	How we fulfill our purpose: Our top two priorities (High impact goals)	Why these priorities matter to us and our stakeholders	Our expected impact and outcomes for stakeholders
We exist to foster prosperity for Ugandans	<p>1</p> <p>We drive sustainable financial inclusion.</p>	<ul style="list-style-type: none"> <li>Our approach to corporate profitability is to create a strong organization without ignoring or compromising on social, ethical, and environmental accountability in the Ugandan context.</li> <li>Our client solutions must enhance the quality of lives of the people we serve in our business.</li> </ul>	<p>1</p> <ul style="list-style-type: none"> <li>More Ugandans financially included in the money economy of the nation.</li> <li>Increased household incomes.</li> <li>Growth in savings.</li> <li>Facilitate intra Africa trade and remittances.</li> </ul>
	<p>2</p> <p>We stimulate entrepreneurship and services in the Ugandan context.</p>	<ul style="list-style-type: none"> <li>We support the real economy and play an instrumental role in making it regenerative through innovative solutions.</li> <li>Our role in ensuring adequate capital flow to resource efficiency and credit access for MSMEs is indispensable to the long-term profitability of our business.</li> </ul>	<p>2</p> <ul style="list-style-type: none"> <li>Improved SME access to vital credit financing.</li> <li>Increase in household incomes.</li> <li>Growth in agricultural exports and related foreign exchange inflows.</li> <li>Improved standards for Agri production practices and protection for the environment.</li> <li>Job creation.</li> </ul>

Through integrated thinking, we are clear about what drives value in our business. To this end we consistently align these eight aspects of our business operations to embed sustainability considerations in all we do.

The pillars that embed sustainability in our business	Why these matter								
1) Governance	<p>Our goal is to become a value driven financial institution that delivers optimum value to all stakeholders, including but not limited to our shareholders. In this way, we ensure PostBank's long term organizational success. Therefore, we align the following;</p> <ul style="list-style-type: none"> <li>Goal setting and performance measurement aspects to include institutional sustainability (Corporate performance targets), Social sustainability targets, Economic sustainability targets and environmental sustainability targets.</li> <li>Board and Executive Management performance, competency, and diversity.</li> <li>Long-term view: Review and align all policies with organizational purpose and high impact goals (our top 2 priorities).</li> <li>Board code of conduct for sustainability as well as crisis resilience and readiness. See our governance section on page 40.</li> </ul> <p>Formalize and create a robust goal implementation plan to execute against these targets (financial and non-financial). Sustainability necessitates that we constantly innovate to create value for shareholders, customers, society, environment, and the economy.</p>								
2) Management	<p>All innovation programs are linked to the achievement of our sustainability goals in the following areas:</p> <table> <tr> <td>1. Financial and non-financial products</td><td>2. Customer experience</td></tr> <tr> <td>3. Operations</td><td>4. Stakeholder Management</td></tr> <tr> <td>5. Non-performing assets</td><td>6. Human capital management</td></tr> <tr> <td>7. Risk and Opportunities Management</td><td>8. Business model</td></tr> </table>	1. Financial and non-financial products	2. Customer experience	3. Operations	4. Stakeholder Management	5. Non-performing assets	6. Human capital management	7. Risk and Opportunities Management	8. Business model
1. Financial and non-financial products	2. Customer experience								
3. Operations	4. Stakeholder Management								
5. Non-performing assets	6. Human capital management								
7. Risk and Opportunities Management	8. Business model								
3) Technology	Our technology investments must align with our sustainability goals to drive financial inclusion goals in society and economy. (see our intellectual capital section on page 156)								
4) Business Model	We continuously develop, implement, monitor, and continuously improve our business model(s) for sustainability (see our business model on page 34)								
5) Operations	Seek to align our operations accordingly through internal process improvements.								
6) Products	Deliver our client solutions sustainably with the highest ethical standards while promoting the interest of the society at large, actively supporting environmental protection and driving the transformation to a sustainable economy. (See our product suite page 32)								
7) Stakeholder relations	We proactively engage with our stakeholders, giving them a voice and understanding and addressing their diverse interests with the purpose of aligning those interests with goals (see page 85)								
8) Human capital	Our human capital is the ultimate organizational resource. Turning our purpose (Fostering prosperity for Ugandans) into reality and high impact goals (1. Drive sustainable financial inclusion and 2. Stimulate entrepreneurship and services) into results requires first and foremost human capital with the right strengths, competencies, attitudes and full commitment to make PostBank a leading financial sector player in Uganda. (see how we are approaching this on page 136 – our human capital section)								



## Governance oversight for Sustainability The role of the Board and Management

### Embedding Sustainability in all we do

Roles	Accountability
	Main Board
Provides oversight and approves sustainability strategy of the Bank	Board Risk and Information Technology committee.
Define, execute and embed sustainability considerations in our business	Executive Management Committee.
Scopes sustainability deliverables for execution, knowledge and institutional support	Sustainability working group.  *Working group comprises subject leads across the 8 aspects of our sustainability program includes representatives from the project management office.
Eight (8) workstreams deliver sustainability strategy and projects that foster prosperity for Ugandans	Governance, Management, Technology, Business Model, Operations, Products, Stakeholder relations and Human Capital workstreams.  *Workstream participants are selected by the working group based on their expertise, relevance and seniority to guarantee the planned outcomes approved by the executive committee.



Our executive team at the launch of RACE UP, a cultural transformation journey built on Respect, Accountability, Customer Solutions, Leadership, Unity, and Performance.

Introduction
Who we are
Telling our Governance Story
Our Sustainability Report
Our Business in Context
Responding Strategically
Value Creation
Financial Statements

Our sustainability Strategy
What is important to our key stakeholders

Our planned impact is embedded in our 2024 -2028 strategy. Outcome 1 Institutional profitability through sustainability. Sustainability is not what we do. Sustainability is our core business.


Impact On The Society
Impact On The Economy
Impact On The Environment

Key Result Areas
Key Result Areas
Key Result Areas


**OUTCOME 2:**  
Enhancing the quality of lives in Uganda through safer, better and higher paid jobs.


**OUTCOME 5:**  
Boost the real economy.


**OUTCOME 7:**  
Promote climate neutrality through resource efficiency by PostBank activities.


**OUTCOME 3:**  
Promote entrepreneurship and innovation.


**OUTCOME 6:**  
Building economic resilience.

**Our Initiatives**  

- Mindfully reduce our consumption of water, electricity and paper across our vast branch network.


**OUTCOME 4:**  
Enabling inclusive prosperity selected initiatives.

**Our Initiatives**  

- Dedicate our capital and funding to growing credit access to sustainable Large enterprises, MSMEs, Consumer lending in Uganda.
- Target lending to value addition and import substitution in all economic sectors we finance.
- Dedicate a significant portion of our balance sheet to growing private sector credit hence boosting the real economy.

**Our Initiatives**  

- Promote Women owned enterprises.
- Promote Youth owned enterprises.
- Prioritize funding of Small and Medium Sized enterprises.
- Implement the enterprise development program to improve the competitiveness and sustainability of SMEs.
- Implement measures to improve occupational health and safety within businesses funded.





## Our Sustainability and Impact in 2024

### PostBank Uganda's commitment and intent

- Sustainability is our primary business. Our institutional sustainability as a Bank that fosters prosperity of Ugandans is intricately linked to the impact we have on the economy, society and environment in Uganda.
- We strongly believe that the long term profitability of our business is wholly driven by the value we create for stakeholders. [see page 85 on our stakeholder engagement process]

### PostBank's alignment to SDGs



### OUTCOME 1: IMPROVED CORPORATE PERFORMANCE



**OUTCOME 2:**  
Enhancing the quality of lives in Uganda through safer, better and higher paid Jobs

**OUTCOME 3:**  
Promote entrepreneurship and innovation.

**OUTCOME 4:**  
Enabling inclusive prosperity

**OUTCOME 5:**  
Boost the real economy

**OUTCOME 6:**  
Building economic resilience

**OUTCOME 7:**  
Promote climate Neutrality through resource efficiency activities.

### PostBank Uganda's results and impact for 2024

- Revenue grew by 20.2% from Ushs 207.6 Bn in 2023 to Ushs 248.1 in 2024.
- Profit after tax increased by 29% from Ushs 27.5 Bn in 2023 to Ushs 35.4 Bn in 2024.
- Loans and advances were up 19% from Ushs 603 Bn in 2023 to Ushs 718.7 in 2024.
- Deposits closed at Ushs 990 Bn in 2024 from Ushs 789.8 Bn in 2023 representing a 25% increase.
- The Tier 1+2 Capital ratio closed at 21.8% in 2024 from 20.4% in 2023. [Refer to pages 220 for the detailed financial statements].

### Alignment to Uganda's Fourth National Development Plan (NDP4) priority areas

- Full monetization of the economy.
- Value addition and industrialization.
- Agriculture.
- Tourism development.
- ICT.
- Finance.

### Alignment to the National Financial Inclusion Strategy Plan 2023-2028 priority areas.

PostBank actively invests and commits financial capital to the priorities below:

- Reduce financial exclusion and access barriers to formal financial services.
- Deepen and broaden the usage of quality and affordable formal financial products.
- Strengthen financial consumer protection and financial literacy.
- Develop an inclusive green finance market.
- Promote gender-inclusive finance.

### PostBank Uganda's commitment and intent

- Create 200,000+ jobs by 2028 through affordable financing loan disbursements in our Board approved 2024 – 2028 strategy.
- Create Direct and Indirect jobs in Uganda.

### PostBank's alignment to SDGs



### OUTCOME 1: Improved corporate performance

**OUTCOME 2:**  
ENHANCING THE QUALITY  
OF LIVES IN UGANDA  
THROUGH SAFER, BETTER  
AND HIGHER PAID JOBS



**OUTCOME 3:**  
Promote entrepreneurship and innovation.

**OUTCOME 4:**  
Enabling inclusive prosperity

**OUTCOME 5:**  
Boost the real economy

**OUTCOME 6:**  
Building economic resilience

**OUTCOME 7:**  
Promote climate neutrality through resource efficiency activities.

### PostBank Uganda's results and impact for 2024

- Created 50,210 jobs (Direct + Indirect jobs).
- Created 10,042 direct jobs and 40,168 indirect jobs from Ushs 661 billion in loan disbursements in 2024.

### Alignment to Uganda's Fourth National Development Plan (NDP4) priority areas

- Full monetization of the economy.
- Value addition and industrialization.
- Agriculture.
- Tourism development.
- ICT.
- Finance.

Our focus to provide affordable finance to these critical sectors creates jobs in the economy.

**Alignment to the National Financial Inclusion Strategy Plan 2023-2028 priority areas.**

PostBank actively invests and commits financial capital to the priorities below:

- Reduce financial exclusion and access barriers to formal financial services.
- Deepen and broaden the usage of quality and affordable formal financial products.
- Strengthen financial consumer protection and financial literacy.
- Develop an inclusive green finance market.
- Promote gender-inclusive finance.



## PostBank Uganda's commitment and intent

- Uganda has a vibrant entrepreneurial business class that needs quality, affordable financing to meet its growth needs.
- We have committed to be a market leader in financing the Micro Small and Medium sized Enterprises that are our bedrock of Uganda's innovation and entrepreneurship.

## PostBank's alignment to SDGs



### OUTCOME 1: Improved corporate performance

### OUTCOME 2: Enhancing the quality of lives in Uganda through safer, better and higher paid Jobs

### OUTCOME 3: PROMOTE ENTREPRENEURSHIP AND INNOVATION.



### OUTCOME 4: Enabling inclusive prosperity

### OUTCOME 5: Boost the real economy

### OUTCOME 6: Building economic resilience

### OUTCOME 7: Promote climate neutrality through resource efficiency activities.

## PostBank Uganda's results and impact for 2024

- 8,012 self-employed/microenterprises funded.
- Ushs 42.7 billion disbursed to self-employed/micro enterprises.
- Funded 4,853 SMEs.
- Ushs 287 billion disbursed to SMEs.

### Alignment to Uganda's Fourth National Development Plan (NDP4) priority areas

- Full monetization of the economy.
- Value addition and industrialization.
- Agriculture.

48% of SME loan disbursements in 2024 were to the agriculture sector (2023: 48%), 21% to business services sector (2023: 13%), 19% to trade and commerce sector (2023: 24%).

### Alignment to the National Financial Inclusion Strategy Plan 2023-2028 priority areas.

PostBank actively invests and commits financial capital to the priorities below:

- Reduce financial exclusion and access barriers to formal financial services.
- Deepen and broaden the usage of quality and affordable formal financial products.
- Strengthen financial consumer protection and financial literacy.
- Develop an inclusive green finance market.
- Promote gender-inclusive finance.

## PostBank Uganda's commitment and intent

- Promote women owned businesses
- Promote youth enterprises
- Fund businesses in structurally weak regions in Uganda.

## PostBank's alignment to SDGs



### OUTCOME 1: Improved corporate performance

### OUTCOME 2: Enhancing the quality of lives in Uganda through safer, better and higher paid Jobs

### OUTCOME 3: Promote entrepreneurship and innovation.

### OUTCOME 4: ENABLING INCLUSIVE PROSPERITY



### OUTCOME 5: Boost the real economy

### OUTCOME 6: Building economic resilience

### OUTCOME 7: Promote climate neutrality through resource efficiency activities.

## PostBank Uganda's results and impact for 2024

- 6,151 women owned businesses financed.
- 16,860 jobs created for women.
- 2,408 businesses from structurally weak regions in Uganda funded.
- 1,325 youth owned businesses financed.

### Alignment to Uganda's Fourth National Development Plan (NDP4) priority areas

- Full monetization of the economy

Our focus to provide affordable finance to these critical sectors creates jobs in the economy.

### Alignment to the National Financial Inclusion Strategy Plan 2023-2028 priority areas.

PostBank actively invests and commits financial capital to the priorities below

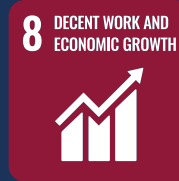
- Reduce financial exclusion and access barriers to formal financial services.
- Deepen and broaden the usage of quality and affordable formal financial products.
- Promote gender-inclusive finance.



### PostBank Uganda's commitment and intent

- As a value driven financial institution, we strongly advocate and take responsibility for growing and boosting the economy of Uganda through impactful financing of key sectors.
- To that end we dedicate a significant portion of our balance sheet to growing private sector credit.

### PostBank's alignment to SDGs



#### OUTCOME 1: Improved corporate performance

#### OUTCOME 2: Enhancing the quality of lives in Uganda through safer, better and higher paid Jobs

#### OUTCOME 3: Promote entrepreneurship and innovation.

#### OUTCOME 4: Enabling inclusive prosperity

#### OUTCOME 5: BOOST THE REAL ECONOMY



#### OUTCOME 6: Building economic resilience.

#### OUTCOME 7: Promote climate neutrality through resource efficiency activities.

### PostBank Uganda's results and impact for 2024

- Disbursed Ushs 661 billion in loans to the private sector.
- Disbursed 31,044 loans.
- Improved access to finance by SMEs.
- Disbursed Ushs 287 billion.
- 34,346 loans disbursed to individual consumers (2023: 34,896).
- Ushs 306.5 billion disbursed to individual consumers.
- Created 12,094 new Agricultural loans through Ushs 225 billion in disbursements.

### Alignment to Uganda's Fourth National Development Plan (NDPIV) priority areas

- Full monetization of the economy.
- Value addition and industrialization.
- Agriculture.
- Tourism development.
- ICT.
- Finance.

48% SME loan disbursements in 2024 were to the agriculture sector (2023: 48%), 21% to business services sector (2023: 13%), 19% to trade and commerce sector (2023: 24%).

### Alignment to the National Financial Inclusion Strategy Plan 2023-2028 priority areas.

PostBank actively invests and commits financial capital to the priorities below:

- Reduce financial exclusion and access barriers to formal financial services.
- Deepen and broaden the usage of quality and affordable formal financial products.
- Strengthen financial consumer protection and financial literacy.
- Develop an inclusive green finance market.
- Promote gender-inclusive finance.

### PostBank Uganda's commitment and intent

- Boost economic resilience through finance of nascent industries that provide necessary diversification from Uganda's traditional economic sectors.
- Actively finance value addition and import substitution. The Board approved that 25% of the Bank's total loan book shall be dedicated to value addition in the Bank's 2024 – 2028 strategy.

### PostBank's alignment to SDGs



### PostBank Uganda's results and impact for 2024

- 12% of our loan book constituted value addition in 2024.

### Alignment to Uganda's Fourth National Development Plan (NDPIV) priority areas

- Full monetization of the economy.
- Value addition and industrialization.

Our focus to provide affordable finance to these critical sectors creates jobs in the economy.

### Alignment to the National Financial Inclusion Strategy Plan 2023-2028 priority areas.

PostBank actively invests and commits financial capital to the priorities below:

- Reduce financial exclusion and access barriers to formal financial services.
- Deepen and broaden the usage of quality and affordable formal financial products.

#### OUTCOME 1: Improved corporate performance

#### OUTCOME 2: Enhancing the quality of lives in Uganda through safer, better and higher paid Jobs

#### OUTCOME 3: Promote entrepreneurship and innovation.

#### OUTCOME 4: Enabling inclusive prosperity

#### OUTCOME 5: Boost the real economy

#### OUTCOME 6: BUILDING ECONOMIC RESILIENCE



#### OUTCOME 7: Promote climate neutrality through resource efficiency activities.





### PostBank Uganda's commitment and intent

- Promote responsible environmental practices in all we do.

### PostBank's alignment to SDGs



**OUTCOME 1:**  
Improved corporate performance

**OUTCOME 2:**  
Enhancing the quality of lives in Uganda through safer, better and higher paid Jobs

**OUTCOME 3:**  
Promote entrepreneurship and innovation.

**OUTCOME 4:**  
Enabling inclusive prosperity

**OUTCOME 5:**  
Boost the real economy

**OUTCOME 6:**  
Building economic resilience

**OUTCOME 7:**  
PROMOTE CLIMATE NEUTRALITY THROUGH RESOURCE EFFICIENCY ACTIVITIES.



### PostBank Uganda's results and impact for 2024

- Governance in Action: The Board approved
- A dedicated green finance loan product
  - A renewable clean energy partnership to finance solar home systems and Institutional solar systems.

#### Our Environmental Impact: Usage

	Unit	2024	2023
Electricity	kW *	1,953,469	1,446,840
Water	Litres	56,800,00	26,470,000
Paper	kgs	29,767	42,358
Fuel	Litres	229,546	403,557

#### Carbon emissions: Tonnes of CO<sub>2</sub>e

	2024	2023
Scope 1	609	1,064
Scope 2	226	168
Scope 3	1,922	1,812
Total	2,757	3,044

#### Alignment to Uganda's Fourth National Development Plan (NDPIV) priority areas

- Full monetization of the economy.
- Value addition and industrialization.
- Agriculture.
- Tourism development.
- ICT.
- Finance.

We have incorporated environmental considerations in our financing decisions across these priorities.

#### Alignment to the National Financial Inclusion Strategy Plan 2023-2028 priority areas.

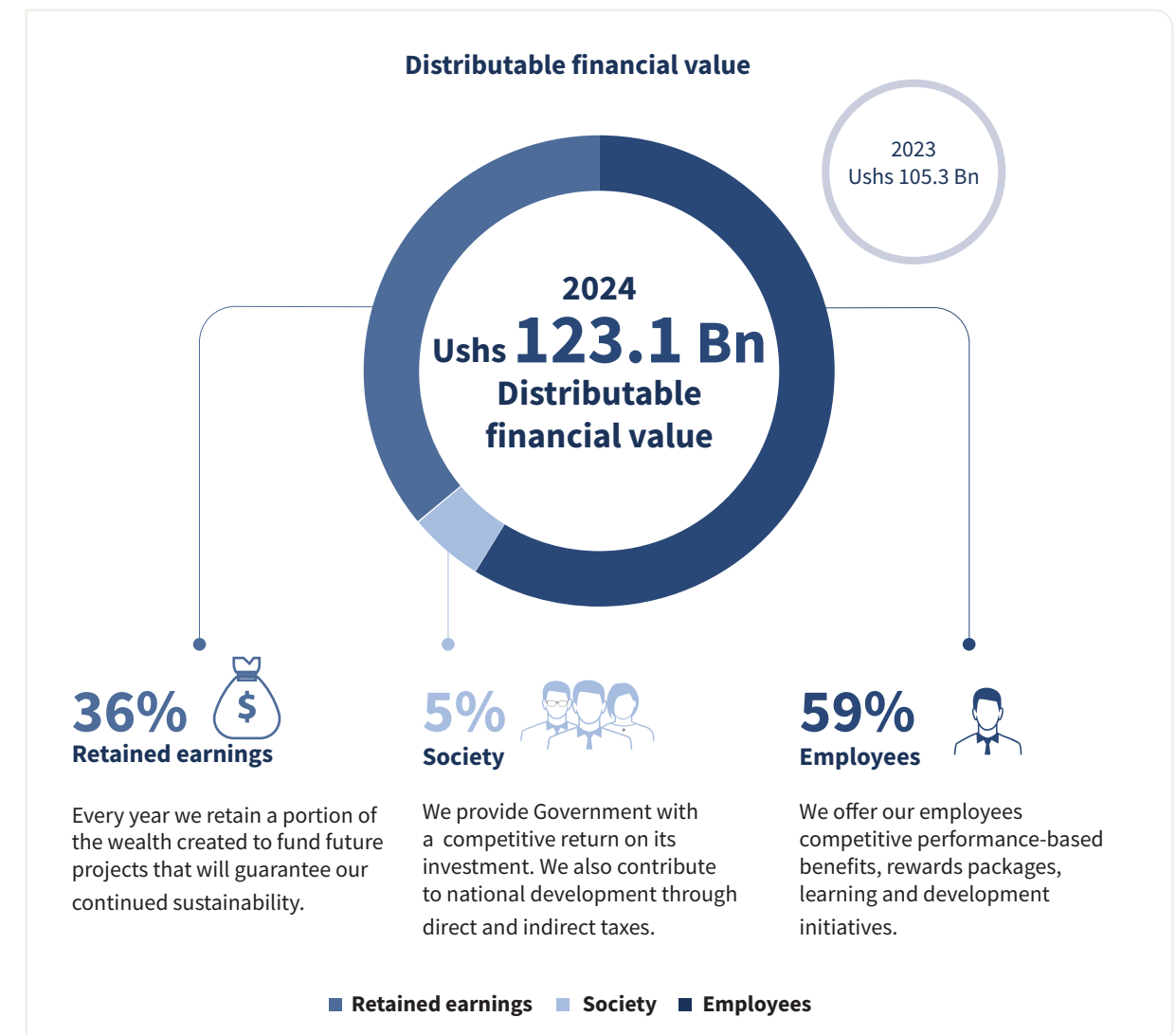
PostBank actively invests and commits financial capital to the priorities below

- Reduce financial exclusion and access barriers to formal financial services.
- Deepen and broaden the usage of quality and affordable formal financial products.
- Develop an inclusive green finance market.



## 1. Direct economic value generated

GRI 201-1



### We distribute value to our stakeholders in several ways: some in financial value, others in intangible benefits

In addition, we distribute non-financial value to our stakeholders in the following ways.

Customers	Employees	Society	Regulators
Providing tailored financial products and services to facilitate our customer's access to affordable financing and deliver solutions that address their unique requirements.	Designing optimal workspaces and cultivating positive behaviours to establish a vibrant and joyful work culture, while ensuring equal opportunities for all.	Our financing to SMEs creates and maintains jobs in Ugandan economy. Our contribution to this endeavour helps deliver the critical objectives of Uganda's National Development Plan and National Financial Inclusion Strategy.	Collaborating with regulators and policymakers on reforms and new initiatives to uphold the integrity and stability of the Banking industry.



Value added statement

Value added statement	2022	%	2023	%	2024	%
<b>Wealth created</b>	<b>Ushs (Bn)</b>		<b>Ushs (Bn)</b>		<b>Ushs (Bn)</b>	
Interest income	125.9	80%	167.2	81%	<b>217.4</b>	<b>87%</b>
Fee and commission income	29.5	18%	31.6	15%	<b>31.9</b>	<b>13%</b>
Net trading and other income	3.9	2%	8.8	4%	<b>1.4</b>	<b>1%</b>
<b>Total income</b>	<b>159.3</b>	<b>100%</b>	<b>207.6</b>	<b>100%</b>	<b>250.7</b>	<b>100%</b>
Interest expense	25.3	34%	29.3	34%	<b>44.5</b>	<b>36%</b>
Other operating expenses	53.0	65%	73.0	65%	<b>78.6</b>	<b>36%</b>
<b>Total wealth created</b>	<b>81.0</b>	<b>100%</b>	<b>105.3</b>	<b>100%</b>	<b>123.1</b>	<b>64%</b>
<b>Wealth distributed</b>						
Employment related costs	49.8	61%	60.4	57%	<b>72.7</b>	<b>59%</b>
Government (Taxes)	4.8	6%	6.6	6%	<b>6.2</b>	<b>5%</b>
<b>Retention for future growth</b>	<b>26.4</b>	<b>33%</b>	<b>38.3</b>	<b>36%</b>	<b>44.2</b>	<b>36%</b>
<b>Total wealth distributed</b>	<b>81.0</b>	<b>100%</b>	<b>105.3</b>	<b>100%</b>	<b>123.1</b>	<b>100%</b>

Adopting ISSB’s new sustainability standards S1 and S2 - An update of our journey so far.

PostBank is committed to providing decision-useful sustainability information to our stakeholders. To that end our choice of sustainability reporting frameworks is driven by our important stakeholders and their legitimate need to understand our business. Our primary reporting framework is the GRI. We now complement this with SASB for commercial Banks as a sector.

We welcome the new ISSB standards and are hard at work to provide an interoperable view from this perspective, hopefully well before their mandatory adoption.



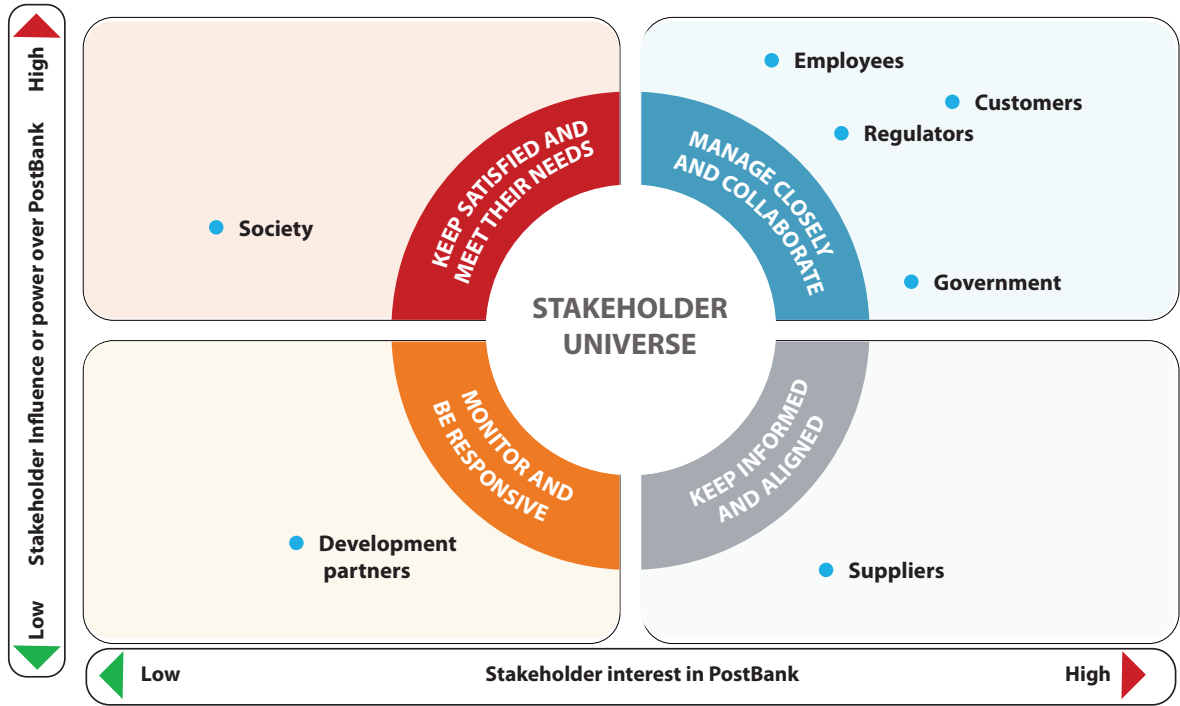
Some of our staff attending a training powered by Zeroflex

→ **Integrated Stakeholder Engagement** **GRI 2-29**

Analysis of PostBank Uganda’s stakeholders

Our stakeholder analysis continues to evolve as we align our stakeholder goals to our strategy. We have tailored engagement plans to meet key stakeholders’ individual value expectations. We are currently assessing our existing engagement strategies against the results of the review to identify opportunities that will allow better engagement with our stakeholders and forge stronger relationships. Stakeholder feedback is shared with the senior leaders within the Bank and informs our decision-making process.

Stakeholder mapping landscape










What our stakeholders are telling us. Internal quality assessment of our stakeholder relations.

Ongoing engagement with key stakeholders provides valuable insights, ensuring that our strategies remain responsive and aligned with their evolving needs.

☞ No existing relationship	
☞ Relationship established but much work to be done to improve the quality of the relationship	
☞ Relationship established, value-generating connection, but with room for improvement	
☞ Good-quality, mutually beneficial relationship with some room for improvement	
☞ Strong relationship of mutual benefit	



	 <b>Employees</b>	 <b>Customers</b>	 <b>Government</b>		 <b>Suppliers</b>	 <b>Regulators</b>	 <b>Development partners</b>	 <b>Society</b>
	We communicate with our employees at regular intervals to ensure that they are aligned with our strategic intent.	We engage customers to obtain feedback on further areas of improving our services	We engage the Government, our shareholder on the performance of the Bank.		We provide suppliers with the information they need to successfully deliver goods and services in compliance with PPDA.	We strive to comply with all the applicable laws and regulations and thus become a good corporate citizen.	We engage our development partners to determine how we can play our part to aid them in addressing societal needs and gaps.	Through our community engagements, we can better understand the needs of our communities to play our societal role better.
<b>How did we engage?</b>	<ul style="list-style-type: none"> <li>Extensive internal communications using multiple platforms tailored to employees.</li> <li>Employee surveys.</li> <li>Performance reviews and exit interviews.</li> <li>One on one interactions between employees and line managers.</li> </ul>	<ul style="list-style-type: none"> <li>We engage through branches and customer touch points.</li> <li>We reach our customers through marketing communications.</li> <li>Proactive relationship management.</li> </ul>	<ul style="list-style-type: none"> <li>Annual General meeting.</li> <li>Continuous ad hoc meetings.</li> <li>Participation in different government programs.</li> </ul>		<ul style="list-style-type: none"> <li>Meetings with procurement department.</li> <li>Supplier onboarding programs.</li> <li>On site visits.</li> </ul>	<ul style="list-style-type: none"> <li>Regular circulars and meetings with Bank of Uganda and PPDA.</li> <li>Submissions of regulatory requirements to Bank of Uganda and PPDA.</li> <li>Applying a zero noncompliance strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Program specific meetings.</li> <li>Assessment of program implementation including monitoring and evaluation.</li> </ul>	<ul style="list-style-type: none"> <li>Through our CSR policy and programs.</li> <li>We engage directly with our communities and related non-profit organizations to understand community concerns.</li> <li>We also engage through community forums.</li> </ul>
<b>What are the key topics raised and feedback received?</b>	<p>Our employees have asked for:</p> <ul style="list-style-type: none"> <li>A flexible working environment.</li> <li>Culture of trust and autonomy to enhance satisfaction and engagement.</li> <li>Healthy and supportive workspaces.</li> </ul>	<p>Our customers have asked for:</p> <ul style="list-style-type: none"> <li>Responsive financial services that address their needs.</li> <li>Quality mutually beneficial relationships.</li> <li>Competitive rates and products.</li> </ul>	<p>Our shareholder expects us to:</p> <ul style="list-style-type: none"> <li>Expand access to credit and create employment opportunities.</li> <li>Reduce the cost of credit to enhance affordability.</li> <li>Strengthen financial inclusion with sustainable products.</li> </ul>		<p>Our suppliers expect:</p> <ul style="list-style-type: none"> <li>Fair and transparent procurement processes.</li> <li>Sustainable procurement practices.</li> <li>Strong adherence to ethical values during procurements.</li> <li>Timely settlement of our contractual obligations.</li> </ul>	<p>Our regulators expect:</p> <ul style="list-style-type: none"> <li>Assurance that we are compliant with all relevant laws.</li> <li>Evidence that our risk management framework is robust.</li> <li>Collaborative relationship.</li> </ul>	<p>Donors and partners expect:</p> <ul style="list-style-type: none"> <li>Programmatic accountability and assurance audits.</li> <li>Adherence to grant conditions and agreements.</li> <li>Effectiveness of interventions and projects</li> </ul>	<p>The society expects us to:</p> <ul style="list-style-type: none"> <li>Enable individuals and businesses to engage fully in the real economy.</li> <li>Drive economic growth and development by channeling capital into productive investments, promoting entrepreneurship and innovation, and supporting trade.</li> </ul>
<b>How did we respond?</b>	<ul style="list-style-type: none"> <li>We prioritized employee well-being through a series of wellness activities.</li> <li>Rolled out essential training programs tailored for both staff and leadership.</li> <li>Fostered an inclusive environment where each member feels valued, supported, and heard.</li> </ul>	<ul style="list-style-type: none"> <li>We repositioned our branch wide network to better reach our customers.</li> <li>Leveraged on technology to deliver last mile Banking services.</li> <li>Registered more customers onto Wendi.</li> </ul>	<ul style="list-style-type: none"> <li>Over 90% of our capital is dedicated to lending rather than investments in Government securities.</li> <li>Lower costs of borrowing, especially on agriculture financing.</li> </ul>		<ul style="list-style-type: none"> <li>Zero noncompliance with PPDA regulations.</li> <li>Transparent communications, relationships and transactions with suppliers.</li> <li>Continuous review and improvement of supplier agreements.</li> </ul>	<ul style="list-style-type: none"> <li>Continued process improvements in all our interactions with Bank of Uganda and PPDA.</li> </ul>	<ul style="list-style-type: none"> <li>We are committed to seamless accountability and delivery of mutually agreed projects</li> </ul>	<ul style="list-style-type: none"> <li>Our lending amplifies our ability to create transformational and lasting impact in our communities.</li> <li>Our CSR Policy creates a significant impact for communities.</li> </ul>



Quality of relationship



## Employees

### Why we engage

- Employee engagement is vital to maintain connection, motivation, and an engaged workforce.
- Employees are fundamental to growing our brand and delivering high-quality service.
- Drive business objectives to ensure the delivery of strategy

### Actions to augment outcomes

- Enhance productivity by integrating our Employee Value Proposition (EVP) into daily operations while fostering a culture of innovation.
- Prioritize inclusion by embedding diversity into the organizational framework, creating a workplace where every employee feels valued, respected, and empowered to contribute their unique talents and perspectives.

### What we want

#### Our Goal

- Employees who are curious, engaged, and collaborative drive business growth and help achieve strategic objectives.
- A positive and inclusive work environment fosters a strong sense of belonging among employees.
- Continuous learning and development increase the return on investment in human capital.
- Embracing diversity and creating inclusive environments strengthens organizational culture and success.

### What they want

#### Our value proposition

- Establishing a flexible working environment that supports employees in balancing personal needs with professional responsibilities.
- Promoting a culture of trust and autonomy to enhance employee satisfaction and engagement.
- Ensuring sustainable income paired with a sense of purpose to help employees feel valued and motivated.
- Offering opportunities for learning and development to empower employees to expand their skills and capabilities.
- Designing and maintaining healthy, supportive workspaces.

### Our engagement strategy

#### How we engage

- Extensive internal communications using multiple platforms tailored to employees.
- Employee surveys.
- Rewards and recognition.
- Performance reviews and exit interviews.
- One on one interactions between employees and line managers.

#### Material matters



#### Related capitals



### Link to Sustainable Development Goals



### Understanding and measuring the value expectations of the relationship

- On track
- Work in progress
- Requires focus

### Employee value expectation

	Value creation outcome
54% Men and 46 % Women	✓
Culture that focuses on embedding the right behavior	✓
26,242 hours on training	✓
Ushs 1.525Bn training spend	✓
1,204 permanent employees (2023: 1,153)	✓

### Our value expectation

	Value creation outcome
Delivery of Banks objectives.	✓
Attracting and retaining talent.	✓
An innovative and committed workforce.	✓
Productive, efficient and competent workforce.	✓
Upholding ethics and professionalism.	✓

### Key employee expectations

- Fair and market-related remuneration.
- Career development and growth opportunities.
- Learning and development, including access to mentorship and coaching programmes.

### Our strategic response

- We prioritized employee well-being through a series of wellness activities.
- Fostered an inclusive environment where each member feels valued, supported, and heard.
- Rolled out essential training programs tailored for both staff and leadership.
- We revised our policy framework to align with the Banks strategic vision while embodying best practices.

Quality of relationship



## Customers/ Clients

### Why we engage

- Ours is a business that serves a diverse pool of customers and clientele in Uganda and the diaspora. Therefore, we engage to understand and respond to the unique needs of each customer group.
- To establish and nurture customer trust through consistent transparency and open communication.
- To strengthen customer loyalty by fostering regular engagement and meaningful interactions, thereby minimizing churn and enhancing long-term value.

### Actions to augment outcomes

- Regular customer satisfaction surveys
- Continuously assessing customer feedback

### What we want

#### Our Goal

- Efficient and seamless customer experiences that are responsive to our customers' needs.
- Competitive product offerings and interest rates.
- Above target turnaround times for loan disbursements.
- Increased deposit retention rate and credit growth.

### What they want

#### Our value proposition

- Become the pace setter in offering responsive financial services that address financial inclusion.
- Meeting our service excellence promises.
- Fostering quality relationships that are mutually beneficial.
- Sustaining competitive rates and products.

### Our engagement strategy

#### How we engage

- Branches and customer touch points.
- Communication across various platforms (emails, WhatsApp groups, print and electronic media, toll free call center, and PostApp.
- Continuous marketing communications.
- Proactive relationship management.

### Understanding and measuring the value expectations of the relationship

- On track
- Work in progress
- Requires focus

### Customer value expectation

	Value creation outcome
774,662 active customer accounts	✓
Ushs 44.5 Bn interest paid to depositors (2023: Ushs 29.3 Bn)	✓

### Key customer expectations

- Access to convenient and reliable Banking services through our in branch and digital services.
- Timely and effective customer service.
- Competitive rates and product offerings.
- Tailored and responsive financial solutions.
- Robust customer data privacy.

### Our strategic response

- Our branch wide network was repositioned to better deliver service to customers.
- We continue to leverage on our technology to deliver agency Banking at the community level to drive access to financial services.
- We offer flexible Banking solutions to our clients that build their capacities and foster innovations.
- Our Wendi E-Wallet continues to register impactful outcomes. As at 31 December 2024 we had 1.5 million customers.

### Material matters



### Related capitals



### Link to Sustainable Development Goals





Quality of relationship



### Why we engage

- We grow trust in our Bank, which strengthens our access to more government support and funding.
- We amplify government's Social and Economic development agenda through our products and services.
- Government expects their needs including profitability and societal impact to be met.

### Actions to augment outcomes

- Aligning with government's strategic priorities.
- Delivering real social economic impact.

#### What we want

##### Our Goal

- Access to capital.
- Open communication to understand and address concerns.
- Enhanced collaboration on Government programs to ensure effective delivery and outcomes.

#### What they want

##### Our value proposition

- Address limited access to credit and job creation.
- Address the high cost of credit.
- Promote financial inclusion through sustainable product and service offerings.

#### Our engagement strategy

##### How we engage

- Annual General meeting.
- Continuous ad hoc meetings.
- Participation in different government programs.

#### Understanding and measuring the value expectations of the relationship

- ✔ On track
- ✔ Work in progress
- ✔ Requires focus

##### Shareholder Value Expectation

	Value creation outcome
Return on capital employed 17.3% (2023 16.8%)	<span style="color: green;">✔</span>
Loans and advances Ushs 718.7 (2023: 602.6)	<span style="color: green;">✔</span>
Agents 5,920 (2023: 2,672 )	<span style="color: green;">✔</span>

#### Material matters



#### Related capitals



#### Link to Sustainable Development Goals



#### Our value expectation

	Value creation outcome
Effective communication and engagement	<span style="color: green;">✔</span>
Strategic alignment on how we can effectively deliver on Governments social economic transformation agenda.	<span style="color: green;">✔</span>
Cost to income 84% (2023: 83.4%)	<span style="color: green;">✔</span>
Ugandans employed at PostBank 1,204 (2023 1,153)	<span style="color: green;">✔</span>

Quality of relationship



### Why we engage

- Our suppliers are an integral value driver of our business operations.
- Our supplier provide us with expertise that is not available inhouse.
- Support in the mitigation of our risks.

### Actions to augment outcomes

- Promote local suppliers through our BUBU focused procurements.
- Encourage suppliers to adopt ethical and sustainable business practices.

#### What we want

##### Our Goal

- Adhere to PPDA procurement guidelines.
- Partner with suppliers that have strong credentials.
- Support local businesses by providing opportunities though our needs.
- Provision of services that do not conflict with our code of conduct and values.

#### What they want

##### Our value proposition

- Fair and transparent procurement processes.
- Sustainable procurement practices.
- Strong adherence to ethical values during procurements.
- Timely settlement of our financial contractual obligations.

#### Our engagement strategy

##### How we engage

- Meetings with procurement department.
- Supplier onboarding programs.
- On site visits.

#### Understanding and measuring the value expectations of the relationship

- ✔ On track
- ✔ Work in progress
- ✔ Requires focus

##### Supplier Value Expectation

	Value creation outcome
Total procurement spend Ushs 43.58 Bn (2023 Ushs 36.1 Bn)	<span style="color: green;">✔</span>
% of indigenous Ugandan Suppliers in our procurement spend: 47% or Ushs 20.57 billion (2023: 52.28% or Ushs 18.8 billion.	<span style="color: green;">✔</span>
Zero noncompliance with PPDA regulations.	<span style="color: green;">✔</span>

#### Material matters



#### Related capitals



#### Link to Sustainable Development Goals



#### Our value expectation

	Value creation outcome
Supporting local suppliers, thereby creating jobs and further opportunities to uplift our communities.	<span style="color: green;">✔</span>



Quality of relationship



Regulators

Why we engage

- Our business is heavily regulated to protect the legitimate interests of all concerned, with our key regulators being Bank of Uganda and PPDA.
- Exemplary governance and ethics in everything we do.

Actions to augment outcomes

- Proactive engagements prior to issues escalating.
- Open dialogue and communication channels.
- Compliance self-health checks.

What we want

Our Goal

- Adhere to Bank of Uganda and PPDA procurement guidelines.
- Effective risk management practices that are responsive to systemic risks.
- Timely reporting to regulators.
- Zero noncompliance with critical regulations.

What they want

Our value proposition

- Assurance that we are compliant with all relevant laws and regulations.
- Evidence that our risk management framework is robust and responsive to our risks.
- Demonstrate our ability to withstand shocks thereby reducing systemic risks.
- Collaborative relationship.

Our engagement strategy

How we engage

- Regular circulars and meetings with Bank of Uganda and PPDA.
- Submissions of regulatory requirements to Bank of Uganda and PPDA.
- Applying a zero noncompliance strategy.

Understanding and measuring the value expectations of the relationship

- On track
- Work in progress
- Requires focus

Regulator Value Expectation

	Value creation outcome
Core capital/ Tier 1 capital ratio 20.5% (2023: 19.2%)	✓
Total capital/ Tier 1 + Tier 2 capital ratio 21.8% (2023: 20.4%)	✓
Zero noncompliance with laws and regulations.	✓

Material matters



Related capitals



Link to Sustainable Development Goals



Our value expectation

	Value creation outcome
Fair regulations and policies that provide an environment for sustainable Banking business.	✓

Key regulator expectations

- Strict adherence to local and international Banking regulations and effective risk management practices.
- Strong governance structures, including an effective Board of Directors.
- Robust internal controls and risk management protocols that prevent fraud.
- Robust cyber security measures that protect customer data and the Banks systems.

Our strategic response

- Continued process improvements in all our interactions with Bank of Uganda and PPD.

Quality of relationship



Development Partners

Why we engage

- Transparent, accountable, and timely implementation of projects.
- We have mutual interests in various aspects of community service and service delivery.

Actions to augment outcomes

- Zero noncompliance with grant agreements.
- Timely execution and implementation of projects.

What we want

Our Goal

- Leverage on support from development partners to accelerate our impact on society and the community.
- Provide solutions to development partners through our products and services that facilitate the achievement of their missions and objectives.

What they want

Our value proposition

- Programmatic accountability and assurance audits.
- Adherence to grant conditions and agreements.
- Effectiveness of interventions and projects.

Our engagement strategy

How we engage

- Program specific meetings.
- Assessment of program implementation including monitoring and evaluation.

Understanding and measuring the value expectations of the relationship

- On track
- Work in progress
- Requires focus

Development Partner Value Expectation

	Value creation outcome
Ability to reach people of concern and refugees in implementing humanitarian programs.	✓
Robust and reliable internal controls and financial services that can support grant implementation.	✓

Material matters



Related capitals



Link to Sustainable Development Goals



Our value expectation

	Value creation outcome
Opportunities to access grants that benefit our communities and are aligned with our mission.	✓
Grant opportunities that are aligned with our internal capabilities.	✓



Quality of relationship



## Society

### Why we engage

- As a truly Ugandan business with a nationwide footprint, we seek to create and maintain mutually beneficial relationships with every local society where we are represented.
- We contribute to programs whose focus is improve household incomes and the quality of life of Ugandans.

### Actions to augment outcomes

- Champion policies and regulations that advance social equity, foster environmental sustainability, and encourage responsible business practices.
- Collaborate with policymakers, and industry associations, to shape decision-making processes and effect meaningful change.

### What we want

#### Our Goal

- Advance financial inclusion by expanding access to Banking services, credit, and financial products for underserved and marginalized communities.
- Direct capital toward productive investments that drive entrepreneurship, spur innovation, and support job creation and business growth.
- Incorporate environmental sustainability into business strategies and investment decisions.
- Utilize financial expertise and resources to support initiatives and programs that deliver positive social impacts and enhance well-being.

### What they want

#### Our value proposition

- Enable individuals and businesses to engage fully in the real economy, accumulate assets, and enhance their economic opportunities.
- Drive economic growth and development by channeling capital into productive investments, promoting entrepreneurship and innovation, and supporting trade.
- Uphold a commitment to societal and environmental well-being through corporate social responsibility (CSR) initiatives.
- Foster trust, collaboration, and shared value by actively listening to stakeholders.

### Our engagement strategy

#### How we engage

- Through our CSR policy and programs.
- We engage directly with our communities and related non-profit organizations to understand community concerns.
- We also engage through community forums.

#### Material matters



#### Related capitals



#### Link to Sustainable Development Goals



### Understanding and measuring the value expectations of the relationship

- On track
- Work in progress
- Requires focus

#### Society Value Expectation

	Value creation outcome
Electricity consumed 1.953 million KWH (2023 1.91 million KWH)	✓
Water used 56.8 Mn liters (2023 36.1 Min liters)	✓
Fossil fuel burned 229,546 liters (2023 447,161 liters)	✓
Zero noncompliance	✓
2023 (Zero noncompliance)	✓

#### Our value expectation

	Value creation outcome
Good corporate citizen.	✓
Partnerships with communities.	✓
Women empowerment.	✓

### Key society expectations

- Business development in local communities.
- Social benefits to the development of communities where our branches are located.
- Skilled work force development.
- Employment of local talent.

### Our strategic response

- Our CSR Policy creates a significant impact for communities.



Bombo Branch awarded by the MD for excellent audit control and a favorable rating, setting the standard for excellence!



# 06 | OUR BUSINESS IN CONTEXT

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Bank staff at the Launch of PostBank's cultural transformation program



## Reflections from our Board Chairman

Mr. Andrew Otengo Owiny

Dear Shareholders,

It is with great honour that I present PostBank's 2024 Integrated Report. This year has been a pivotal one for our Bank as we have continued to drive holistic growth while navigating a complex and dynamic economic landscape.

### Operating context

In 2024, Uganda navigated a dynamic economic environment shaped by global and regional developments. Nevertheless, the economy demonstrated resilience, achieving a GDP growth rate of 4.2%, driven by the services sector contributing 43% of GDP, alongside the industrial and agricultural sectors at 28% and 23%, respectively. Looking ahead, the projected GDP growth of 6.5%, combined with the Central Bank's proactive measure of reducing the Central Bank Rate to 9.0% in the final quarter, presents a promising outlook for sustained economic progress.

### Profit leads to sustainable impact

At the beginning of the year, Post Bank Uganda unveiled its Purpose of Fostering Prosperity for Ugandans, through the high-impact goals of **Driving Sustainable Financial Inclusion and Stimulating Entrepreneurship and Services**. I strongly believe that PBU should continue delivering Corporate profitability in a sustainable manner by delivering both economic and social impact.

The Bank is proud to have achieved significant milestones in fostering prosperity for Ugandans. Ushs 661 billion in loans were disbursed to over 30,000 businesses and individuals, over 70,000 accounts were opened during the year and through our mobile wallet 1.5 million Ugandans were onboarded with their mobile phone numbers doubling as their account numbers.

The Bank disbursed Ushs 246 billion through the MTN Xtra Cash partnership. This initiative allows MoMo users to access short-term micro-loans to cover everyday financial needs. Xtra Cash is intended to help bridge the gap for Ugandans who may not have access to traditional Banking services, offering a convenient and accessible way to access funds.

Subsequently, revenue grew by 20%, from Ushs 206 billion to Ushs 248 billion, while deposits increased by 25%, reaching Ushs 990 billion. The loan book expanded by 19% to Ushs 719 billion. This strong balance sheet performance drove a 28% growth in Profits After Tax, reflecting the Bank's unwavering commitment to fostering prosperity for Ugandans.

### Shareholder returns

As a government-owned institution, we are steadfast in our Purpose to Foster Prosperity for Ugandans beyond the Bank's financial success, while creating tangible value for our stakeholders. With a return on equity of 16.8%, we exemplify strong governance principles and competitiveness in the industry. This achievement is further reinforced by the jobs created during the year. As we move forward, these results solidify our ability to meet evolving capital requirements and uphold the integrity of our operations with confidence and purpose.

### Progress on our new strategy

In 2024, the first year of executing our 2024–2028 five-year strategy, (see our strategy section on page 71), we focused on leveraging digital financial services to fulfil our overarching purpose of fostering prosperity for Ugandans. Central to this effort was Wendi, our mobile wallet and cornerstone platform for driving financial inclusion. Over the course of the year, Wendi onboarded more than 1 million Ugandans, reflecting its critical role in enhancing access to financial services. Additionally, Wendi registered close to 11,000 SACCOs and provided them with financial literacy sessions, empowering these organizations to improve financial data management, drive member savings, and further mobilize Ugandans into the formal economy.

### Structuring for a growing business

Last year, we commenced our journey towards mind set transformation through small changes that create big impacts over time. I am happy to report that this year, we continue to take steps in the right direction. In this regard, we have;

- Strengthened our dedication to empowering client-facing staff by investing in targeted learning and development programs, fostering solution-oriented service delivery.
- Introduced customer-centric solutions that not only enhanced user experience but also contributed to job creation and economic empowerment.
- Actively monitored customer feedback channels, implementing strategic improvements to key customer satisfaction metrics for sustained service excellence.

### Looking ahead

Our strategic focus is centered on Driving Sustainable Financial Inclusion and Stimulating Entrepreneurship and Services, ensuring our initiatives empower communities and support Uganda's economic transformation. We are devoted to adapting to the evolving needs of our customers while actively contributing to government-led efforts aimed at uplifting lives across the nation.

I extend my sincere gratitude to all our stakeholders for their unwavering support and contribution. Your collective efforts have been instrumental in advancing our mission to empower lives and transform livelihoods. Together, we will continue fostering prosperity and shaping a future of shared success for Uganda.



Andrew Otengo Owiny,  
Board Chairman



As we execute our strategy, we employ integrated thinking to focus on the issues that could impact our capacity to generate value in the short, medium, and long term. These issues guide our strategic approach to managing risks and capitalizing on the opportunities that arise.



PostBank applies a double materiality lens to determine matters that could influence our ability to create value over time. These are matters that substantively affect our ability to create value over the short, medium, and long term.

In delivering our strategy, we apply integrated thinking to identify those matters that may influence our ability to create value in the short, medium, and long term. These matters inform our strategy to manage the risks and maximize the opportunities that present themselves.

## Our materiality process Defining what matters most to internal and external stakeholders

We identify what matters most to our business using the following process:





Our materiality themes

The outcomes of our materiality process

GRI 3-2

Following the prioritization of our material matters, we identified five major trends in the financial services industry (forces that have the potential to transform our business) that stood out as broader themes under which our material matters could be classified.

Technology innovation & digitization in the banking industry.

Uncertain geopolitical & local socio economic business environment.

Increased regulatory scrutiny & governance.

Increased competition & demographic changes.

Workforce capabilities & the evolving world of work.

Prioritization of our material matters

0- High, 10 - Very High



For more information on our materiality themes, please see our operating context (page 110), and for more information on our material matters please see our capitals in the value creation section of this report (page 134)

➔ Risks and Opportunities




These matters influence how the Board and senior management steer the bank

The section below describes the specific risks and opportunities within the material topics where the board and committees focus their efforts. It includes a blend of existing and emerging risks that could impact our ability to create value for our stakeholders or deliver our strategy over the short, medium and long term.

Stakeholder	Material Matters	What are the risks?	Where do we see the opportunities?	What we are doing about it?
 Employees	Employee Value Proposition	Our five-year strategy requires that we exploit our existing markets and explore to create new ones simultaneously. The blend of skills we need is complex and failure to maintain our valuable staff can delay our delivery of value.	A fast growing and agile local bank easily attracts both talented & experienced individuals.	A fast growing and agile local bank easily attracts both talented & experienced individuals.  See Human Capital section on page 136.
 Employees	Skills & Capabilities	The war for talent – acquisition, identification & retention of essential skills for our business is an industry wide phenomenon that can hinder our strategy execution.	Continue to “walk the talk” on performance as we continuously create people improvement opportunities across our businesses .	Implemented a robust performance & talent management framework linked to rewards and growth.  See Human Capital section on page 136.
 Customers	Innovation & Agility	The prevalent threat of cyber-attacks on financial institutions remains one of our top concerns.	A cyber security strategy that is defined and executed well gives confidence to customers and can differentiate us.	Read more about cyber security on page 208.
 Customers	Disruptive technology from Fintechs	Technology and mobility are increasingly shaping consumer behavior. Traditional banks risk losing relevance to platform companies and Fintechs.	A successful digital transformation will allow us to respond and innovate quickly to deliver simple, fast and contextual banking to our customers. This will help us protect our position in core markets as well as extend our reach into emerging markets.	See page 110.
 Customers	Cyber security and data security	The prevalent threat of cyber-attacks on financial institutions remains one of our top concerns.	A cyber security strategy that is defined and executed well gives confidence to customers and can differentiate us.	Read more about cyber security on page 208.



 Customers	Unoptimized technology infrastructure	While Uganda has taken significant steps in financial inclusion, certain marginalized segments remain underserved in financial services. Developing niche products for such segments may come at relatively high operating and credit costs for banks and erode shareholder value.	With technological advancements and targeted partnerships, we see opportunities to reduce operating costs and develop a more inclusive financial system. This aligns with our digital agenda.	Read more about our Wendi offering on page 164.
 Customers	Customer service and experience	Poor customer service and capacity constraints lead to strained customer relationships and loss of business.	Offering a unique customer value proposition consisting of innovative and effective customer solutions and superior service quality with strong commitment to business ethics, increasing customer satisfaction and trust in the bank.	See our social and relationship capital See page 194.
 Society	Responding to changing customer demographics and preferences	Slow response to Uganda's changing demographics and associated preferences could alienate our clientele.	This is a key target segment for the bank.	We are well positioned to respond to these changes.
 Society	The growing unbanked & under banked population	The need for financial inclusion is a national priority. Serving this niche is a costly endeavor.	The bank is well positioned to partner with various players to meet this challenge.	See page 200 for more details.
 Society	Effective stakeholder engagement	We are a bank that is wholly government owned with the attendant priorities. However, we also play in a private sector led industry. This duality of conflicting priorities must be managed effectively.	We view this as a key differentiator in our value proposition to customers & other stakeholders.	See page 85 on our strategic response.
 Regulators	Capitalization from shareholders	New BASEL II & III regulations significantly increase capital requirements and the bank's expectation for increased capital injection from the bank's shareholders.	Ability of the bank to take on more risk and fund more customers.	Shareholders increased the bank's authorized share capital and implemented an aggressive capital plan to meet these requirements.

 Regulators	Heightened regulatory compliance requirements	We must adopt to the unprecedented rate regulatory changes and ensure the associated risks are well understood and embedded on the bank's business model.	Sound governance and compliance are central to our business reputation and license to operate.	Robust governance process and strong management of regulatory compliance across the bank.
 Government/ Shareholder	Financial Stability and Profitability	Any major disruption could reduce the demand for our services and lower spending power of our customers, affecting our profitability.	Ugandan mega trends- from growing affluence, increasing urbanization, surging consumption to huge infrastructure investments – provide massive opportunities to banks to provide financing in our growth markets.	Our multiple business lines, focused business segment approach coupled with nimble execution will enable us to mitigate risks and capture opportunities across the region.
 Government/ Shareholder	Business resilience amidst macroeconomic and fiscal uncertainty	Restrictive external and domestic financial conditions partially driven by reduced development financing as well as underperforming tax revenue increase the cost of doing business and the potential for customer defaults.	The Ugandan economy has remained resilient with projected growth supported by recovery in agriculture, construction and services sectors.	We have uniquely positioned value propositions to take advantage of growth in these sectors.





→ **Integrated Risk Management Approach**

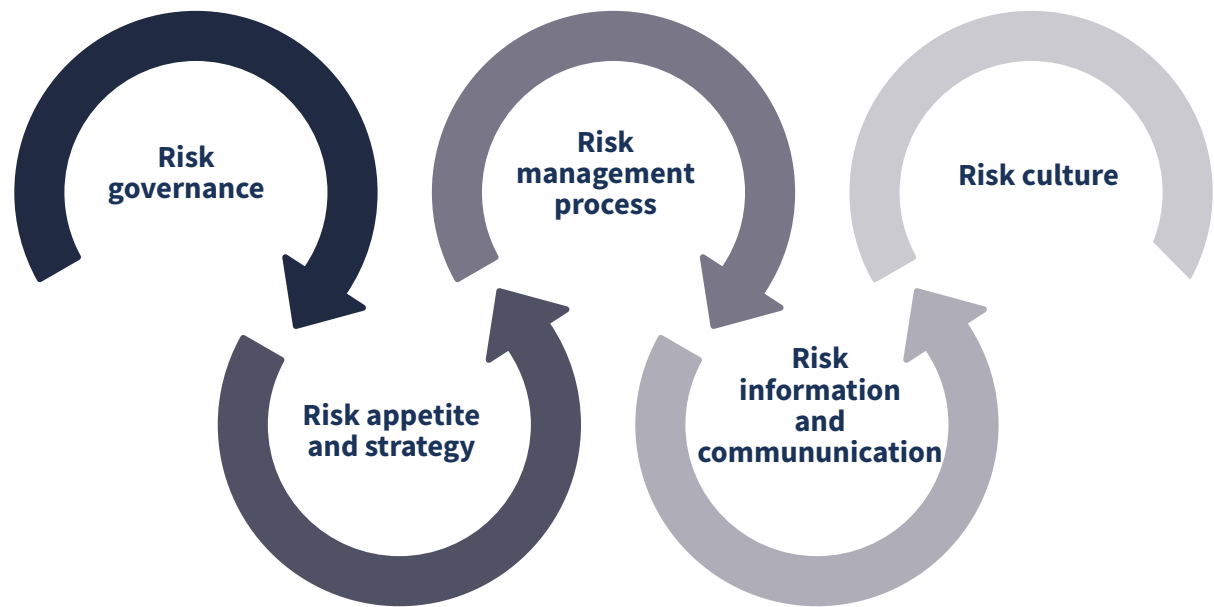


# Chief Risk Officer

Martin Anioka

We believe that an effective risk governance model contains checks and balances to support appropriate consideration of risk and opportunity management throughout PostBank Uganda Limited. To this end, we introduced a renewed risk management framework strengthening risk management by all the three lines of defence. We therefore consider integrated risk management to be an optimal approach that strengthens operational practices, decision making and goal setting to better respond to stakeholder needs, as well as to support the desired consent and buy in from all our staff.

Our Risk Management framework encompasses the critical facets illustrated below:



**Risks on our radar**      **How we approach Risk Management**

The risk profile of the Bank is rated based on the following criteria in line with the Bank of Uganda Risk Management guidelines.

A. Inherent Risk		
	Low	The volume, size and the nature of the activity is such that even if internal controls have weaknesses, the risk of loss is remote and of minimum consequence to the institution's financial soundness.
	Moderate	The positions are moderate in relation to the institution's resources or its peer group and in case of loss could be absorbed by the financial institution through the ordinary course of business.
	Above Average	The activity is fairly significant, or positions are fairly large in relation to the institution's resources or its peer group and in case of loss could cause a strain on the institution's financial soundness.
	High	The activity is significant, or positions are very large in relation to the institution's resources or its peer group and in case of loss could cause serious threats to the institution's financial soundness.
B. Overall Risk Management		
	Strong	Indicates very strong risk management systems with low risk of negative impact on the institution. Management effectively identifies and controls all major types of risks by the relevant activity or function.
	Acceptable	Indicates a risk management framework where the SFI's risk management systems, although largely effective, may be lacking to some modest degree. It reflects an ability to cope successfully with existing and foreseeable exposure that may arise in carrying out the SFI's business plan.
	Needs Improvement	Indicates a risk management system that are lacking in some fairly important ways, which if not addressed could derail the institution's ability to achieve its objective.
	Weak	Indicates a risk management system that are lacking in important ways and therefore a cause of more than normal supervisory concern.
C. Direction		Outlook
↔	Stable	The trend suggests that risk is not likely to change.
↓	Decreasing	The trend is getting better as the business is reverting from a riskier position.
↑	Increasing	The trend suggests that the risk is likely to worsen, and the situation calls for further management intervention.



## Compliance Risk

Compliance risk is the potential for PostBank to face regulatory sanctions, legal penalties, financial losses, or reputational damage due to non-compliance with laws, regulations, or industry standards.

### Key Compliance Requirements and Assessments

Heightened Compliance Requirements: Driven by the evolving regulatory landscape and associated costs in Uganda.

#### Specific Regulatory Requirements:

As per BOU Cyber and Technology Risk Management Guidelines, 2024, and the BOU Financial Institutions (Corporate Governance) Regulations of April 2024, we must appoint the following staff at executive management level:

- ❖ Chief Technology Officer/Head of IT.
- ❖ Chief Information Security Officer.
- ❖ Head of Compliance/MLCO.

#### Bank of Uganda's revised guidelines on Recovery Planning (December 2024) require:

- ❖ Comprehensive self-assessment of compliance with guidelines.
- ❖ Submission of self-assessment report and updated Recovery Plan to Bank of Uganda by 28th February 2025.

#### Liquidity Risk Management Guidelines (December 2024) require:

- ❖ Submission of Internal Liquidity Adequacy Assessment Process (ILAAP) report by 30th April 2025.

**Risk Management Status:** Other risks have been managed at moderate/acceptable levels.

We are at the tail end/ testing phase of our Enterprise risk management system demonstrating our focus on the automation of the risk management processes to increase efficiency and effective risk oversight as well as risk analysis; an objective we will achieve in Q1 2025.

#### Envisaged Opportunities.

- ❖ We have an opportunity to mobilize cheap but sticky deposits through our e-wallet (Wendi).
- ❖ We are leveraging technology and strategic partnerships to enhance our micro lending products in our bid to foster prosperity for Ugandans.
- ❖ We continue to strategically position the Bank as a government owned Bank and attract government business based on our existing and potential capabilities.
- ❖ We continue to build internal capacity to keep pace with the regulatory requirements.

### Risk Management – our way forward.

As we build and improve our capabilities in the financial services business, we will continue to leverage our current risk management processes and proactively expand and evolve our enterprise risk environment to anticipate and effectively manage risks that may arise. As reported in the 2025 Risk in Focus Report by the Internal Audit Foundation, we expect the top five (5) identified risks for the year 2025 – 2027 to be:

- ❖ Cyber Security
- ❖ Digital disruption- (Including Artificial Intelligence generated risks)
- ❖ Business Continuity
- ❖ Human Capital
- ❖ Financial liquidity and Fraud from an Africa perspective

Particularly in Uganda, the Banking sectors report on increasing fraud incidents are pointing to the need for more robust risk management processes for all risk types. At PostBank Uganda Limited, we continue to review our Risk Management Framework, Business Strategy and Business models to ensure that we remain resilient and relevant in our economy.



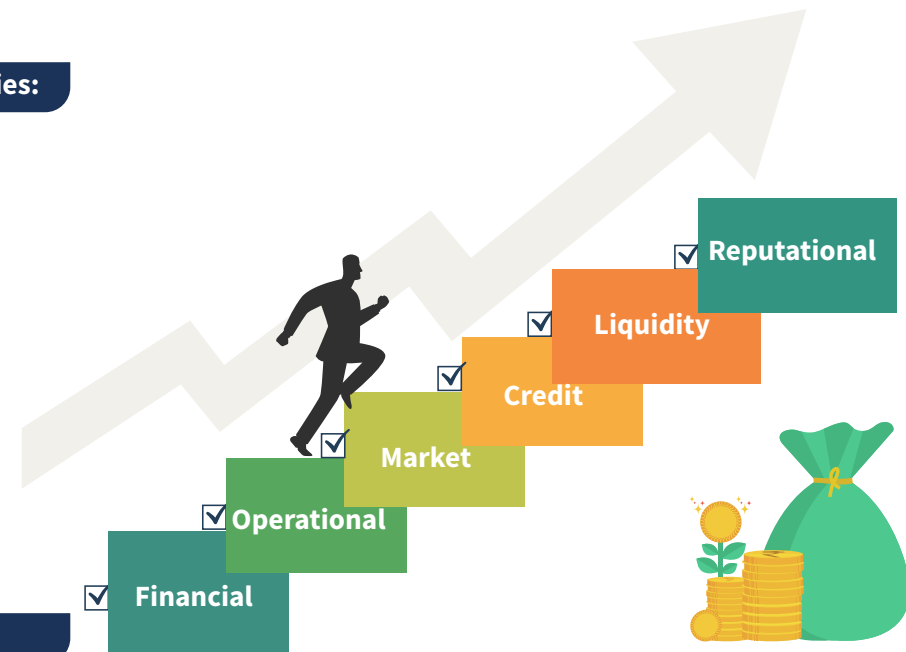
Our Head ICT Security and Governance, Steven Mwesige, speaking at the ICT National Summit



## → Our Operating Context

Our materiality process applies integrated thinking to identify those matters that may influence our ability to create value in the short, medium and long term for our stakeholders. We identified five trends that stood out as the broader themes under which our material matters are classified. These trends also have the potential to transform our business. The following section describes specific risks and opportunities within these broad material themes.

### Risk categories:



### Time frame:

For each key external factor, we indicate the time frame in which it will significantly impact the Bank. For this integrated report, short-term refers the ensuing financial year (ending 31 December 2025), medium-term, the period up to 31 December 2027, and the long-term, the period from December 2027 and beyond.

### Year on year movement:

⊕ Increased   ⊕ Emerging   ⊖ Stable   ⊖ Decreased

Material matters are divided/categorized under Economic, Environment and Social aspects.

## → Technology innovation and digitization in the Banking industry



### Key factors

- ⊕ The multiplied number of delivery channels buoyed by strategic partnerships with fintech and enabling regulations.
- ⊕ Increased adoption of e-commerce.
- ⊕ Customers are rapidly adopting self-service channels as opposed to visiting physical branches.
- ⊕ Increased internet usage and its accelerated adoption driving digitalization of business processes.
- ⊕ Increased cyber-attacks and data privacy concerns.
- ⊕ High use of mobile technology, big data, artificial intelligence, robotics, advanced analytics, cloud computing and biometrics.

### Implications for Value – Why this is material

- ⊕ Digital transformation is fundamentally changing the way we do business, from customer onboarding to product solutions and servicing unique stakeholder- client needs.
- ⊕ Protection against data leakage and other security breaches is essential to maintain vital payment and settlement systems.
- ⊕ The emergence of non-traditional competition from telecoms, insurance, fintech and community SACCOs using tech enabled distribution channels impacts on our ability to remain relevant to our customers and our competitiveness in the industry whilst increasing operational risk levels.

### Our strategic response

- ⊕ We modernized and simplified our systems to allow for integration with emerging technologies that now enable us to service our customers better, reduce risk and improve system availability and resilience.
- ⊕ We enhanced cybersecurity governance and operational structures through heightened monitoring, reporting and response to threats. In addition, we regularly invest in upgrades to the cybersecurity environment where required. See our cyber security comments on page 208 under social and relationship capital.
- ⊕ We continued to create cybersecurity awareness among our clients and employees.
- ⊕ We have invested heavily in technology in terms of attracting highly dedicated and skilled talent that may be difficult to retain. Although innovation and adoption of new technologies can be a differentiator, a failure to effectively execute and implement digital transformation can lead to business loss, reputational damage, poorer customer experience and budget overruns.
- ⊕ We have deeply integrated emerging technologies within our business model, a move that enables us to extend our financial services to the unBanked, enhance service standards, introduce a culture of innovation and augment our core product offering that is a historically brick and mortar led service. See our intellectual capital section on page 156.

Year on year movement	Risk category	Time frame	Capitals impacted
⊕	Strategic, operational, reputational.	Short to medium term.	
<b>Governance in action</b>  Most of the projects approved by the Board are related to digital transformation including improvements in information security.  The Board also approved the digital alignment strategy further deepening digital integration with our business.	<b>Related stakeholders</b>  Customers, employees and regulators.	<b>Relevant GRI and boundary</b>  ⊕ 401: Employment -within. ⊕ 404: Training and Education – within. ⊕ 418: Customer privacy within and outside.	<b>Relevant SDGs</b>  

Please see our Governance section on pages 60 to 61 for our Board approvals during the year.





## Uncertain geopolitical and post pandemic socio economic business environment



### Key factors

- Geopolitics and associated knock-on effects related to imported inflation, uncertainty, complexity and ambiguity create potential social and economic disruptions, with COVID-19 lag effects significantly altering the operating context, accelerating trends and highlighting structural issues within the Uganda economy. The global environment was shaped by multiple conflicts in 2024 with tensions in the Middle East driving oil and gas price volatility, which impact import costs.

### Implications for value – Why it is material

- Macroeconomic volatility characterized by a weakening currency, low GDP growth along with high inflation, high interest rates put pressure on consumers' disposable income, input costs and funding for businesses. Such challenging economic conditions and uncertainty adversely affects our business performance and resilience as well as our ability to create long-term value for our stakeholders.
- Global and local political and economic conditions have significant impacts on the Banking industry. These developments can disturb our business and our ability to create value for our stakeholders in terms of market continuity and access to funding.

### Our Strategic response

- Building onto the gains of the previous year, we continue to position our core portfolio to withstand the prevailing business environment through our elevated credit risk assessment process.
- Protect the Bank's liquidity and capital.
- Generate business development strategies to drive diversification and market development. Increasing our share of wallet and sustainably Banking the Government of Uganda is central to our strategic response and allows us to diversify our revenue streams.

Year on year movement	Risk category	Time frame	Capitals impacted
+	Financial, operational, market.	Short to medium term.	FC MC SRC IC

#### Governance in action

To deal with the economic instability, the Board amended PostBank's strategic plan to facilitate continuous realignment and execution of the Bank's two high impact goals. See page 122 on strategy.

#### Related stakeholders

Customers, employees and regulators.

#### Relevant GRI and boundary

- 201: Economic performance -within and outside.
- 203: Indirect economic impacts – outside.

#### Impacted SDGs



For more on our strategic response see pages 122 to 130.



## Increased regulatory scrutiny and governance.



### Key factors

- Advancements in technology and disruptive business models have resulted in regulatory bodies introducing up-to-date regulations.
- Rapid changes in customer behavior as well as intense competition demand that regulators carefully weigh the relative importance of public access to products, financial stability, consumer protection, digital transformation, cybersecurity and financial-sector-related regulation.

### Implications for value – Why it is material

- We must comply with numerous local and international regulations and applicable industry regulations.
- Changes regulatory /legislative obligations increase compliance requirements and can impact growth, revenue and profitability.
- Sound governance and compliance are central to our business reputation and license to operate. However, regulatory and policy developments remain a challenge across our industry, as the regulatory landscape continues to evolve at an unprecedented pace with increasingly stringent requirements.
- Failure to comply with applicable laws and regulations can lead to reputational damage, financial penalties and/or suspension of our license to operate.

### Our Strategic response

- Governance is not merely a matter of compliance – it is ubiquitous to our value creation story and one of the strategic pillars in our business. We believe that our responsibility extends beyond compliance and that proactively identifying relevant existing and emerging regulation is critical to ensuring compliance and protection of depositor's funds.
- Ensure strict compliance with requirements guided by our policies, processes and stakeholder engagement programmes.
- Enhancing the compliance culture within the Bank through an intricate and comprehensive internal control framework along with other measures.
- Proactive engagement with regulatory authorities on upcoming regulatory changes to ensure the most appropriate outcomes for the Banking sector and broader economy.

Year on year movement	Risk category	Time frame	Capitals impacted
+	Operational, reputation.	Short to long term.	FC MC SRC IC
<b>Governance in Action</b> Board Risk and Technology Committee and Board Audit Committee monitor current and anticipated regulatory changes within their respective mandates.	<b>Related stakeholders</b> Shareholders, employees and regulators.	<b>Relevant GRI and boundary</b> 401: Training and Education, meaningfully and provocatively- within.	<b>Impacted SDGs</b> 8 (Decent work and economic growth), 9 (Industry, innovation and infrastructure), 16 (Peace, justice and strong institutions)

We continue to meaningfully and proactively engage with other regulators that affect our business. For more information on how we are responding, please see our stakeholder discussion on pages 85.





## Increased competition and demographic changes



### Key factors

- ❖ The Banking and financial services customer base is expected to gradually increase in the years to come. The population numbers of new customers will continue to be dominated by the youth who require reliable self-service channels and a predictable customer journey that embeds Banking products in their daily lives and lifestyle.
- ❖ The Banking value proposition now faces intense traditional and non-traditional competition in Uganda. Rising levels of customer financial literacy buoyed by enabling regulations have rapidly changed our competitive landscape.

### Implications for value – Why it is material

- ❖ Changes in the demographic structure and behavior influence the nature of products and services, delivery channels and value propositions offered to customers.
- ❖ A rapidly evolving competitive landscape, changing consumer demands and disruptive technologies have hastened the evolution of our business model to embrace a hybrid business model that embeds digital technologies with our traditional brick and mortar service.
- ❖ Intense competition impacts our ability to remain relevant to our customers and our competitiveness in the industry.

### Our strategic response

- ❖ Increasing investment in digital channels, smarter capital allocation, innovative tailor-made customer propositions and competitive pricing through new partnerships.
- ❖ Strategic focus on simplifying offering and accelerating digital transformation for an improved customer experience.
- ❖ Developing insights into customer needs and behavior patterns to provide tailored customer propositions and achieve market leadership in niche segments.
- ❖ Our strategy is to develop a distribution model that facilitates mass customer acquisition and self-service for our customers. We are confident this will improve our customer experience and retention as well as meet the unique needs of some of our partners. To this end, we have engaged in mutually beneficial partnerships with other non-traditional financial sector players to enhance our customer experience.

Year on year movement	Risk category	Time frame	Capitals impacted
+	Strategic, operational, reputational.	Short to long term.	FC MC SRC IC
<b>Governance in Action</b> The Board in 2024 approved a five year strategy with clear direction to exploit our existing markets and explore new ones to foster prosperity for Ugandans.	<b>Related stakeholders</b> Shareholders, Customers.	<b>Relevant GRI and boundary</b> ❖ 416: Customer health and safety outside.	<b>Impacted SDGs</b> 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

For more information on how we are responding, please see our strategy discussion on pages 122 to 130.



## Workforce capabilities and the evolving world of work



### Key factors

- ❖ The emergence of new technologies, changing macroeconomic conditions and increased regulatory scrutiny have increased the need to have a team of employees with new and different skill sets, with deep Banking experience to deliver for the stakeholders.
- ❖ Banking remains a dynamic, fast changing and competitive business that requires a huge spectrum of skills and ever-changing employee capabilities to satisfactorily execute strategy and innovate continuously to meet customer needs.
- ❖ A capable, competent, and engaged workforce is the hallmark of Banking. Our people are our business.

### Implications for value – Why it is material

- ❖ Our people are critical to our success, and our inability to attract or retain the right talent could hinder the delivery of our long-term goals. Attracting and retaining the needed skills has become more challenging due to intense competition from non-traditional players.
- ❖ Banking remains a dynamic, fast changing and competitive business that requires a huge spectrum of skills and ever-changing employee capabilities to satisfactorily execute strategy and innovate continuously to meet customer needs.

### Our Strategic response

- ❖ We reorganized and strengthened our human capital to effectively service our customers. This was one of the reforms approved by the Board when the Bank obtained its tier 1 commercial Banking license.
- ❖ We embarked on creating a new culture that focused on staff productivity, unity of purpose, customer centricity and values that guide acceptable performance behavior across our business.
- ❖ Training and development initiatives tailored to specific roles and personal development needs of employees.
- ❖ We rolled out a performance management system that is consistent with our business strategy and introduced a talent management program.

Year on year movement	Risk category	Time frame	Capitals impacted
+	Strategic, financial, operational and, reputational.	Short to long term.	FC SRC IC
<b>Governance in Action</b> The Board, being cognizant about the war for talent in the marketplace approved the implementation of an enhanced employee value proposition that aligns with the Bank's strategic ambitions.	<b>Related stakeholders</b> Shareholders, Customers, employees, society.	<b>Relevant GRI and boundary</b> ❖ 401: Employment -outside. ❖ 404: Training and Education - within.	<b>Impacted SDGs</b> 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



# 07 | RESPONDING STRATEGICALLY

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Our People and Culture team hosted best performing staff for an evening of recognition with the Managing Director



# Chief Executive Officer's Remarks

Mr. Julius Kakeeto



Dear stakeholders,

I am pleased to share the 2024 performance overview of PostBank Uganda (PBU). This year stands as a remarkable milestone in our journey, defined by our ability to innovate and thrive in the face of challenges. Through strategic foresight and collaborative efforts, we have navigated complexities while remaining focused on achieving our Purpose of Fostering Prosperity for Ugandans through the high-impact goals of Driving Sustainable Financial Inclusion and Stimulating Entrepreneurship and Services.

TOTAL INCOME GREW BY → 42 bn / 20% ↑

UShs 248 billion



LOANS & ADVANCES GREW BY → 116 bn / 19% ↑

UShs 719 billion



DEPOSITS GREW BY → 200 bn / 25% ↑

UShs 990 billion



PROFIT AFTER TAX GREW BY → 8 bn / 28% ↑

UShs 35.4 billion



PBU's high-impact goals have been instrumental in advancing its long-term strategy, yielding exceptional financial performance and robust growth across key metrics.

Revenue surged by 20%, rising from Ushs 206 billion to Ushs 248 billion, while deposits expanded by an impressive 25%, increasing from Ushs 790 billion to Ushs 990 billion.

Our loan book also recorded substantial growth of 19%, reaching Ushs 719 billion from Ushs 603 billion. These achievements culminated in a remarkable 28% growth in Profits After Tax, reinforcing our Bank's strategic focus journey towards operational excellence.

This strong financial performance reinforces PBU's ability to drive sustainable financial inclusion. (see our 5-year trend on page 28 for further insights on our progress to date).

Our economy made notable progress, driven by effective inflation control and advancements in key sectors. The Banking industry was central to this growth, enhancing financial inclusion through digital platforms and supporting SMEs with credit access. Despite global and local challenges, sound fiscal policies stabilized the economy. I believe that the financial services sector remains vital to Uganda's sustainable development.

PBU contributed significantly to stimulating Uganda's economy through its flagship financial inclusion platform, the Wendi mobile wallet. This innovative solution onboarded over 1.5 million Ugandans, facilitating a total of 11.8 million transactions. Additionally, Wendi registered 10,802 SACCOs, providing them with financial literacy sessions aimed at enhancing financial data management and promoting member savings. These efforts successfully mobilized more Ugandans into the money economy, driving broader participation in economic activities. (see page 164 for more details).

The PBU team is focused towards serving it's customers resulting into constantly reviewing and improving the customer value preposition. During the year, we delivered on this commitment. (see pages 194 for more information).

Our revamped Retail Mobile and Internet Banking platform delivers a seamless customer experience, empowering users with secure account management, extensive payment options, and international transfer capabilities. Over 90% of customer needs are now met without requiring branch visits.

Our Wendi wallet system was enhanced with integrations to seven Banks, international remittance capabilities, SACCO management tools, an e-commerce mall, and streamlined support mechanisms, collectively deepening financial inclusion and improving service delivery for unserved and underserved communities.

We established six regional cash centers to enhance service delivery in upcountry branches.

We automated the agent onboarding process, enabling faster online initiation, assessment, and approval.

We launched the Zero Flex account that is digital (both onboarding and service) and has nil charges. This account is targeted at the urban youth who are tech savvy but are sensitive to Bank charges.

Recognizing the increasing threat of cyber risks and the impact of disruptions to our systems, we prioritized system resilience and security by enhancing our Network Operations Center for proactive monitoring and reinforcing the robustness of critical systems to ensure reliability. (see page 208).

Looking ahead, PBU remains committed to driving innovation and enhancing its offerings to deliver sustained value to all stakeholders. The Bank reaffirms its dedication to upholding exemplary governance and embracing sustainable Banking principles, ensuring that we continue to Grow and Prosper together.

I extend my sincere and heartfelt gratitude to our stakeholders:

Our loyal Customers, dedicated Staff, and esteemed Partners.

The Government of Uganda, our Shareholder.

The Bank of Uganda, our Regulator. Your unwavering support and trust have been the foundation of our success. Together, we eagerly anticipate a prosperous 2025.

Julius Kakeeto,  
Managing Director/CEO



# Those Charged with Governance

## Board of Directors



## Executive Committee



## Senior Management Team





→
Our Strategic Approach

Our strategy framework

Our strategy forms a key part of our intellectual capital , and it underpins our purpose of Fostering Prosperity for Ugandans. The year under review constituted the first year of our five – year plan designed to set us on the path of becoming a value centered financial institution by 2028.

Purpose
Fostering Prosperity for Ugandans

Vision and Mission

**Vision:** To be a pace setter in economically transforming lives and livelihoods.
**Mission:** To offer affordable and sustainable financial services that drive financial inclusion for social economic development.

Values

Passion
Integrity
Innovation
Teamwork

High Impact Goals

Drive Sustainable Financial Inclusion.
Stimulate Entrepreneurship and Services.

Strategic Pillars

Performance
Governance and Risk
Technology
People
Service

Driving Operational Excellence for Sustainability

Our priorities shaped by the five strategic pillars

- Achieve exceptional returns and broaden market reach.
- Enhancing Value Creation.
- Strengthening MSME
- Promoting Inclusive Financial Growth

- Satisfactory Regulatory ratings.
- A strong business-lea ding control environment

- Proactive & responsive Stakeholder Management
- Sustainability Certification aligned to our purpose and high impact goals.

- Simplify Customer onboarding, ease transactability across our self-service channels
- Customer Satisfaction through customer led innovations.

- A Productive and engaged workforce
- A highly skilled and competitive workforce to execute our strategy
- Culture Change

By...

- Repositioning the Brand as a major player in the Industry
- Funding new growth areas
- Leveraging Technology **While...**
- Proactively managing evolving risks
- Deepening stakeholder relationship **To...**
- Maximize growth margins and profitability for sustainable growth.
- Deliver economic, social, and environmental impact

Financing impact goals for Ugandans

Through affordable financing to these priority sectors

- Agro-Industry (Value addition).
- Tourism (Hospitality and other tourism aiding businesses).
- Mineral Development (Mineral based industrialization).
- Science, Technology, and Innovation.
- Accessible financing for Micro Small and Medium sized Enterprises (MSMEs).

The impact we shall deliver for Ugandans by 2028

Our long- term impact on Society

Our long- term impact on Economy

Drive Sustainable Financial Inclusion
Stimulate Entrepreneurship and Services
Fostering Prosperity for Ugandans Through....

Using technology to avail Agency Banking at parish level so that all Ugandans have access to financial services.
Flexible financing solutions for Micro Small & Medium sized Enterprises across all sectors of the economy.
Ensuring more Ugandans are financially included (into the money economy).

Eliminate barriers for Ugandans to access financial services.
Financing Value addition for agricultural Industrialization.
Increased household income.

Enhance partnerships to reduce the cost of banking and reliable public sector financial outreach.
Promoting Social Services in Business (Health, Education).
Growth in Savings.

Simplify community banking.
Promoting use of renewable Energy.
Facilitating remittances.

Promoting water conservation.
Continuous reduction in cost of credit for SMEs.
Improved SME access to credit.
Growth in agriculture exports and foreign exchange inflows.
Improved standards for Agri production practices and protection of the environ- ment.
Job Creation.
Improved Food Security.



Category	KPIs
Financial	<ul style="list-style-type: none"> <li>Revenue per employee.</li> <li>ROE, ROA.</li> </ul>
New Growth Opportunities	<ul style="list-style-type: none"> <li>Share of growth from new business areas.</li> <li>Wendi Advancement.</li> <li>Digital Lending Market Expansion.</li> </ul>
Service Innovation	<ul style="list-style-type: none"> <li>Client Satisfaction Metric.</li> <li>Service and Response Time.</li> <li>Service availability.</li> <li>Ease of transacting.</li> </ul>
Future-Ready Organisation	<ul style="list-style-type: none"> <li>Stakeholder Engagement .</li> <li>Talent development .</li> <li>Culture Change.</li> <li>Digital maturity.</li> </ul>
Purpose	<ul style="list-style-type: none"> <li>Impact on Ugandan lives.</li> </ul>



The Strategic Performance Review over the years highlights key achievements, continuous adaptation to market dynamics, successful initiatives driving growth and improved customer experience. Overall, the review emphasizes sustained commitment to performance, innovation, and future growth.

## → Key Achievements in Our Strategic Implementation Cycle

### FY 22: 2020-2025 Strategy Launched

2020

- The 2020-2025 strategy focused on ensuring PBU's survival and establishing a foundation for performance and growth.
- Technology investments to drive future growth.

2024

### FY 24 Launched our current 5-year strategy

#### Focused on embedding Business Sustainability

- Relevance to Stakeholders.
- Long term approach to business growth.
- Strengthened system Security.
- Digital Lending Solution.
- Revamped and Upscaled the service channels (Smart ATMs and Wendi) to enable interoperability driven customer solutions.
- Strengthened alignment with Uganda's National Development Plan & financial inclusion objectives.

### FY 23: 2023 Strategy Launched

2023

#### To accelerate new growth areas, deliver superior customer experience and drive financial inclusion

- Rolled out Wendi as a cheaper, more effective solution for driving financial inclusion.
- Improved staff productivity & talent management.
- Expanded and strengthened our Business & Institutional Banking suite to support the Government's ATMs strategy.
- Partnered with Fintechs & telcos for mutually beneficial service offerings.
- Launched enhanced community banking product suite.

2028

#### 5 Year Vision To be a purpose-led and Impactful bank by 2028

- Position PostBank as a major value driven financial institution driving impact in the Ugandan economy**
- 50k+ direct jobs created enhancing the quality of lives.
- Provide flexible solutions, capacity building and innovation for MSMEs.
- Significant funding allocated to promoting economic diversification.
- Relevant to stakeholders.





Business Area	Our Strategic focus for FY2024	Market/Operational Landscape	Our Approach
Performance	Return on Equity (ROE), Return on Assets (ROA)	<ul style="list-style-type: none"> <li>A strong economy leading to increased demand for loans, deposits, and other banking services leading to continued growth which increases overall profitability.</li> <li>Regulatory frameworks that require banks to maintain certain levels of capital, limiting the return on equity (ROE) by tying up capital that could otherwise be used for higher-return investments.</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining high asset quality with continued need to minimize loan defaults through proactive monitoring of loan performance metrics to manage credit risk effectively.</li> <li>Revenue Diversification and expanding into emerging markets to create new revenue streams.</li> <li>Leveraging capital efficiently and managing equity to ensure its utilized effectively.</li> </ul>
	Double Market Share	<ul style="list-style-type: none"> <li>A growing economy leading to an increase in demand for banking services.</li> <li>The rise of Fintechs and Non-Bank Financial Institutions has significantly shifted the competitive landscape further limiting the customer base/market.</li> <li>Banks have invested in robust digital platforms, mobile banking apps, and online services to cater to a larger customer base, especially among tech-savvy and younger consumers.</li> </ul>	<ul style="list-style-type: none"> <li>Partnering with fintech to offer more comprehensive and innovative services, attracting new customers and gaining market share in emerging segments.</li> <li>Offering tailored financial products to attract and retain customers.</li> <li>Maintaining high levels of customer trust, adherence to ethical business practices, and ensuring strong security measures (e.g., cybersecurity).</li> <li>Continuous innovation to offer new financial products (e.g. Wendi, digital lending) to meet changing consumer preferences.</li> </ul>
	Boost value addition and import substitution	<ul style="list-style-type: none"> <li>Government's strategy to boost value addition and import substitution to reduce reliance on foreign goods and services by promoting domestic production.</li> </ul>	<ul style="list-style-type: none"> <li>Investing in local industries and businesses to support the development through offering affordable financing, working capital, and financial advisory services.</li> <li>Provision of financial products that cater to SMEs to help them scale up operations to replace imported goods with locally manufactured alternatives.</li> <li>Providing advisory services, training and capacity building programs for local companies, helping them to increase productivity and quality, that help local industries thrive, making them competitive enough to substitute imports.</li> </ul>
	Support to MSMEs	<ul style="list-style-type: none"> <li>There are dedicated policies focused on supporting and developing Micro, Small, and Medium Enterprises (MSMEs), recognizing them as a crucial engine for economic growth and, job creation in the country.</li> <li>The MSME policy aligns with Uganda's Vision 2040, aiming to drive socio-economic transformation through entrepreneurship and MSME development.</li> </ul>	<ul style="list-style-type: none"> <li>Providing advisory services, training and capacity building programs for SMEs that help them thrive.</li> <li>Tailored products such as micro-loans and working capital financing to cater to the specific needs of MSMEs.</li> <li>Facilitating access to broader markets for MSMEs through partnerships and business networks.</li> <li>Preferential financing terms to cater for MSMEs that focus on green energy, sustainable manufacturing, or waste reduction with additional support focused on sustainability.</li> </ul>
	Drive Sustainable Financial Inclusion	<ul style="list-style-type: none"> <li>Inclusive policies in place by the Government to promote financial inclusion to extend banking services to underserved populations.</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging on Wendi to provide mobile-based banking services to the masses, particularly those in rural or remote areas, allowing them to conduct transactions, access loans, and save money.</li> <li>Leveraging the Agent Banking model to extend our reach to remote areas and serve customers who may not have access to traditional banking infrastructure.</li> <li>Collaborating with non-governmental organizations (NGOs), social enterprises, and community organizations to extend affordable lines of credit.</li> </ul>
Risk management	Minimize operational risk and ensure compliance standards are met.	<ul style="list-style-type: none"> <li>Focuses on identifying, assessing, and mitigating risks through robust governance structures, strict regulatory oversight by the Central Bank, and implementation of comprehensive risk management frameworks.</li> <li>Emphasis on strong corporate governance practices to promote a culture of responsible risk management.</li> </ul>	<ul style="list-style-type: none"> <li>Strong leadership and a clear tone at the top can set the tone for compliance and risk management throughout the bank.</li> <li>Staying updated and agile in adapting to new laws, rules, and compliance frameworks. This includes updating internal policies, processes, and systems to meet evolving compliance requirement.</li> <li>The Bank has invested in robust Cybersecurity infrastructure and carries out regular penetration testing, threat monitoring, and response plans to mitigate cyber threats.</li> </ul>
		<ul style="list-style-type: none"> <li>Evolving regulatory requirements.</li> <li>Economic Volatility and fluctuations significantly impacting risk.</li> </ul>	<ul style="list-style-type: none"> <li>The Bank has a robust crisis management framework that ensures that the Bank can respond quickly and effectively to operational disruptions.</li> <li>The Bank maintains a holistic risk management framework to identify, assess, and mitigate various types of operational risks, including fraud, system failures, human error, and regulatory non-compliance with clear risk appetite, setting risk thresholds, and regularly reviewing risk management policies.</li> <li>Regular internal audits to evaluate the effectiveness of risk management controls and ensuring compliance with both internal and external standards.</li> </ul>



Business Area	Our Strategic focus for FY2024	Market/Operational Landscape	Our Approach
Franchise management	Proactive Stakeholder Management	<ul style="list-style-type: none"> <li>Navigation of a complex landscape involving regulatory authorities, customers, employees, investors, fintech companies, government agencies, and the media, among others.</li> <li>Maintaining compliance and building transparent, trusted relationships to achieve successful stakeholder engagement.</li> </ul>	<ul style="list-style-type: none"> <li>Actively engaging with regulators, participating in consultations and being proactive in regulatory dialogue Regular and transparent reporting to regulators, investors, and stakeholders on key metrics (e.g., financial health, risk management, compliance).</li> <li>Proactively engaging with our customers and regularly seeking customer feedback through our digital channels to understand their needs, preferences, and concerns.</li> <li>Supporting customers with financial literacy programs to improve their financial wellbeing and livelihoods.</li> <li>The Bank maintains open, honest, and consistent communication with its shareholders by providing regular updates on financial performance, risk management strategies, and long-term goals.</li> <li>Proactively engaging in CSR initiatives to demonstrate the Bank's commitment to the communities we serve through funding educational programs, supporting local infrastructure, or contributing to social causes.</li> </ul>
Service and innovation	Ease of transacting to enhance customer experience.	<ul style="list-style-type: none"> <li>There is rapid transformation in the way people access financial services, primarily through the widespread adoption of mobile banking, which allows customers to perform transactions directly on their phones, significantly increasing financial inclusion, especially in rural areas, where traditional banking infrastructure is limited.</li> </ul>	<ul style="list-style-type: none"> <li>The Bank has revamped its mobile and Internet banking platform to provided enhanced and superior services.</li> <li>The Bank boasts of wide range of digital solutions that cater to our customer's every need for example (Wendi, Mobile App, Internet Banking, USSD, Digital Lending, Digital Accounts among others).</li> <li>Multi-factor authentication (MFA), biometric security and encryption technologies to ensure that transactions are secure.</li> </ul>
		<ul style="list-style-type: none"> <li>Other key points include:Mobile banking dominance Increased customer convenience Digital literacy gaps Fintech partnerships Regulatory support Cybersecurity concerns.</li> </ul>	<ul style="list-style-type: none"> <li>Real-Time Payments: Offering real-time payment systems (e.g., instant money transfers, peer-to-peer payment systems) helps customers complete transactions quickly without waiting for processing times.</li> <li>The Bank provides an omnichannel offering where customers can access support via phone, chat, email, or in-branch to ensure that any transactional issues or questions are promptly addressed.</li> </ul>
People and Culture	Build a productive, highly skilled workforce	<ul style="list-style-type: none"> <li>Increased emphasis on employee empowerment, digital transformation, and workplace flexibility.</li> </ul>	<ul style="list-style-type: none"> <li>A strong focus on continuous learning and training that ensures employees are equipped with the knowledge and skills needed to excel in their roles.</li> <li>Leadership Development Programs to nurture the next generation of leaders.</li> <li>The Bank fosters a culture of support and inclusivity, where diverse perspectives are valued, employees feel respected, recognized, and empowered.</li> <li>The Bank emphasized ethical practices and corporate governance to its employees, promoting a culture of integrity and ethical behavior to ensure that employees stay aligned with organizational values and regulatory requirements.</li> </ul>





## Key Performance Highlights FY 2024

A total of over 50,000 jobs were created, with more than 16,000 of those specifically benefiting women.

Financing of over US\$ 272 billion was targeted to support more than 12,000 MSMEs.

Over US\$ 55 billion in financing was allocated to promote value addition and import substitution.

A Digital Lending solution was rolled out to reach a broader audience, including underserved communities.

Access to finance and skills development targeting women and youth has created more inclusive opportunities.

A total of 300 MSMEs across the country were supported through enhanced upskilling and financial literacy programs.

Significant upgrades were made to our digital channels, enhancing their functionality, user experience, performance, and cybersecurity to ensure the safety of customer funds.

Continued Scaling of Wendi to expanding its capabilities, product offerings, user base, and impact.

### Our strategic focus for FY 2025

Delivering impact through a purpose-driven strategy aligned with economic, social, and environmental goals.

Grow market share in ATMS by addressing the unique needs of businesses and consumers in these sectors.

Rationalize branches to align with customer demand and enhance efficiency.

Grow Value Addition and Import Substitution targets.

Grow agency network to expand our reach.

People, Culture & Organization – Build a digital first future fit organization.



Some of our staff members pose for a picture during the RACE-UP launch at Head Office



# 08 | VALUE CREATION

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The Minister of Finance Planning and economic Development announces the change of name at the 2024 Bank's Annual General Meeting





## The Value We Embed

How we use our capitals to create value



1. Our Human Capital



2. Our Intellectual Capital



3. Our Manufactured Capital

The Human Resource Team



## → The Value we Embed



### Human Capital



#### → What Human Capital means to PostBank

Our Human Capital is composed of the knowledge, skills, and experiences of our workforce, driving innovative and competitive solutions for our clients. The achievement of our business goals and the satisfaction of our customers are fundamentally tied to how effectively we engage with our employees.

#### → How Human Capital supports our sustainable value creation

To turn our aspirations into concrete achievements, we rely on the daily efforts of our workforce. Motivated and engaged employees are more likely to surpass expectations, which is why we place a high priority on creating a work environment that encourages employee satisfaction and fulfillment. Our aim is to align our staff with a people-centric brand commitment while maintaining a robust connection to the Bank's values.

#### → Value transformation

PostBank relies on the efforts of its workforce and, as a result, we maintain employee motivation and engagement by fostering a work environment that enhances employee satisfaction.

#### → Key inputs

Implementation of policies and procedures designed to maximize value.

Learning and development initiatives that cultivate essential skills.



Effective performance management systems.

A progressive work environment that encourages succession planning.

#### → Key outputs

Employee engagement

**Number of employees**  
**1,204**  
(2023: 1,153)

**Revenue per employee**  
**Ushs 180.6 Mn**  
(2023: Ushs 147 Mn)

Equal opportunity

**Number of female employees**  
**555**  
(2023: 512)

Training and development

**Investment in training**  
**Ushs 1.525 Bn**  
(2023: Ushs 1.359 Mn)

**Average training hours**  
**21.8**  
(2023: 18)



#### → Key challenges in 2024

- ❖ Insufficient human resource capacity.
- ❖ Intense competition for talent.
- ❖ Enhancement of talent and performance management programs.

#### → Key opportunities in 2024

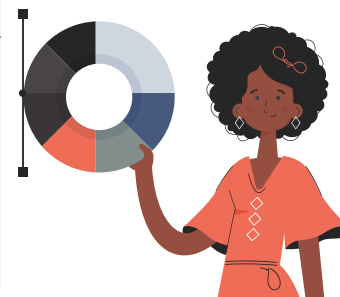
- ❖ Attract and retain the necessary skills to achieve and execute our strategic goals.
- ❖ Enhance staff capacity through diverse training initiatives.
- ❖ Complete our cultural transformation journey.

#### → How we grow our human capital

- ❖ Leveraging on attracting the best talent to achieve the Bank's objectives.
- ❖ Building a high-performing team by offering comprehensive learning and development initiatives that enhance employees skills and capabilities.
- ❖ Collaborative communication fosters a friendly and cooperative work environment, enhancing overall productivity.
- ❖ Work-life balance is emphasized to retain staff, alongside a dedicated commitment to their overall well-being.

#### → Approaches to managing outcomes

- ❖ Attract, retain, and develop employees from multiple sources to ensure a diverse mix of talent and experience, from experienced professionals to fresh graduates from diverse backgrounds.
- ❖ Deploy proper communication between management and employees to create a cooperative work atmosphere.
- ❖ Enhance customer service through employees trained to confidently address complex inquiries based on a landscape of evolving regulations, cybersecurity threats, and emerging technologies. Training is provided via on-the-job training, digital resources, coaching and mentorship, workshops, structured programs, and financial support for higher education.
- ❖ Enforce strict policies and procedures to eliminate any form of work harassment.



#### → Value created for stakeholders



##### Customers

Enhanced customer service that boosts satisfaction, fosters long-term relationships, and builds loyalty.



##### Employees

Enhancing employee engagement to boost job satisfaction and improve retention rates.



##### Suppliers

Offering expertise and knowledge to foster strong relationships, provide responsive support, deliver customized solutions, and drive continuous improvement and innovation.



##### Regulators

Well-trained staff will ensure compliance with the applicable laws and regulations.



##### Development partners

Expect our staff to understand how to effectively integrate their programs into our operations.



##### Society

Engaging in corporate social responsibility initiatives to positively represent our brand in the community and create value beyond the organization.



##### Government/ shareholder

Expect PostBank's long-term sustainability and resilience.



### → Leveraging our human capital



#### Financial capital

Investing in building human capital leads to long-term financial gains by boosting productivity, efficiency, and delivering an unmatched customer experience.



#### Social and relationship capital

Recruiting from our communities establishes connections that strengthen our brand image and enhance our reputation.



#### Manufactured capital

Conducive work environments, coupled with automated and digitized systems, ensure our team is content and well-equipped to consistently deliver high performance.



#### Intellectual capital

Investing in training and development enhances employee knowledge, skills, and business acumen, ultimately benefiting the Bank.



#### Natural capital

We showcase our awareness of the environmental impact of our activities through dedicated sustainability initiatives.

### → Connectivity with stakeholders, material matters, and short to medium-term strategic priorities

#### Related stakeholders



#### Material matters



### → Contribution to SDGs



Providing employment opportunities supports economic development.



Direct employment opportunities enhance the quality of life for our employees.



Training and development open new avenues of employment by enhancing skills.



We create opportunities that encourage more women to join the workforce.

### → Potential trade offs

#### Financial capital

Learning and development is a financial investment that is often made at the expense of other areas such as infrastructure or investments in technology.

#### Social and Relationship Capital

Prioritizing human capital development can strengthen relationships with employees but may neglect investments in social capital, like community engagement programs or CSR initiatives.

#### Manufactured capital

Substantial investments in bolstering our human capital may lead to reductions in the investments into our physical infrastructure.

#### Natural Capital

Prioritizing human capital development at the expense of environmental sustainability or eco-friendly practices could lead to adverse environmental impacts, including depletion of natural resources and habitat destruction.

#### Intellectual capital

Overemphasizing human capital development may come at the expense of investments in intellectual capital, such as research and development or knowledge management systems.

# Chief Human Resource Officer

Doreen. A. Muhangazi



I am thrilled to share our 2024 annual report, a testament to the extraordinary progress we've made in our people's journey this year. Our unwavering focus on cultivating a workplace grounded in our core values has fueled remarkable growth, empowered our teams, and set the stage for a future of collective success. These efforts have translated into impressive year-on-year gains between 2023 and 2024 across key metrics i.e. 15.3% rise in revenue, 24.9% rise in PAT, monthly revenue per employee up from 13,100,000 to 14,500,000, 19.1% increase in customer loans and lastly 25.3% growth in deposits.



## → Culture Transformation Journey:

### Building a Unified and Purpose Driven Organization.

In 2024, the Bank embarked on actualization of our culture transformative journey in order to redefine and strengthen our workplace culture. This initiative, rooted in collaboration and inclusivity,

aimed to align our values with our strategic objectives, fostering an environment that allows all stakeholders to Grow! Prosper! by shaping a cohesive and forward looking organization.

### Key Milestones and Progress

#### Implications.

- ➔ Employee Involvement: Crowdsourcing RACEUP and the 94.8% Broken Window Challenge success highlight a participatory culture, boosting morale and ownership.
- ➔ Leadership Alignment: ExCo and SMT engagement ensures top-down support, critical for sustaining change.
- ➔ Customer Focus: Initiatives like Customer Service Month link cultural values to business outcomes, enhancing client satisfaction.

#### Shaping PostBank into the future

The RACEUP journey positions the Bank as a values driven organization, ready for future growth. By fostering respect and accountability, we strengthen teamwork and trust which is key to navigating challenges associated with our fast paced industry. Enabling leadership and peak performance initiatives, like the Executive Academy, will build a pipeline of agile leaders. Unity of purpose and customer solutions ensure we remain client centric, enhancing our market reputation. As we track the first 100 days postlaunch and refine reward systems, we'll solidify a culture that attracts talent, retains a motivated staff and drives prosperity with each offering we put out.

Phase	Key Activities	Status
Q1 Foundation	Engaged external consultant for culture audit; conducted focus groups, interviews, and town hall	Completed
Q2 Framework Design	Nominated Culture Champions; crowdsourced RACEUP acronym; held induction sessions	Completed
Q3 Launch	Unveiled RACEUP; launched Broken Window Challenge (94.8% success rate) and RACEUP oath	Completed
Q4 Embedding	Planned rollout of podcasts, mentorship programs, customer service month, and respect campaign	In Progress



Staff engagement

Our staff engagement score climbed from 72% to 79% in 2024 reflecting the strength of our initiatives and alignment our employees feel with our mission and purpose. This year, we achieved transformative milestones that have elevated our organization and reinforced our commitment to our people:

- ➔ We introduced the RACEUP culture pillars—respect, accountability, customer solutions, enabling leadership, unity of purpose, and peak performance—embedding these principles into every facet of our workplace.
- ➔ The launch of the inaugural Retail Academy and the Graduate Trainee Program reaching its 9th cohort have cultivated a robust pipeline of talent poised to drive our future.
- ➔ EXCO and Level II Leadership made significant strides in sharpening their various skillsets that allow them to continue to inspire and innovate along with the entire bank family.
- ➔ We rolled out the online Behavioral Assessment Tool and surpassed a milestone of over 1,000 courses on our Moodle e-learning platform, fostering a culture of continuous learning.

- ➔ Team Spirit: Our football team defended its No. 1 position at the annual Banker's Gala, exemplifying the unity and competitive energy that define us.
- ➔ With 111 internal promotions, the Bank reinforced their dedication to rewarding top talent, hard work and fostering career advancement within our ranks.

As we move forward, this report will explore these highlights in greater detail, showcasing how our people remain the heartbeat of our success and are key to our shared commitment to Grow! Prosper!



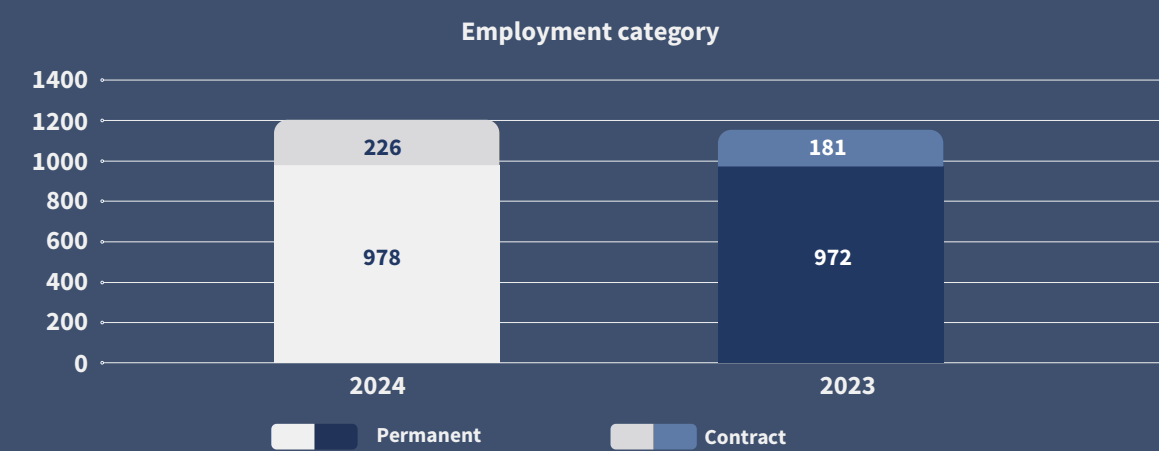
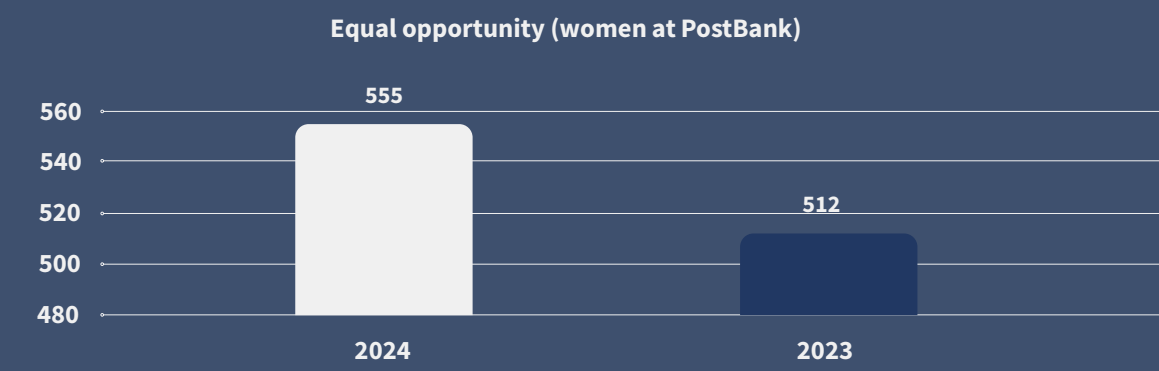
A staff at the launch of RACE UP



➔ 1. Attracting the Best

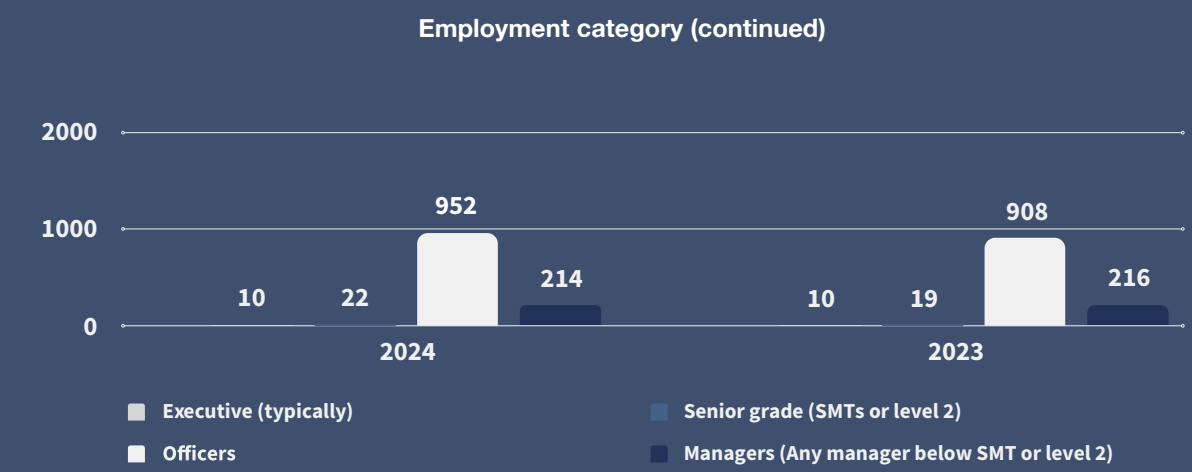
Our team

At PostBank, we believe that our people are the foundation of our sustainable value creation. As of 31 December 2024, we had 978 staff members (2023: 972) and 226 contract staff (2023: 181). We welcomed 222 new staff members (2023: 211) across the Bank, with 107 being female (2023: 97). Our retention rate decreased to 85% from 86% in 2023 due to the intensified war for talent.



Staff grade composition

We strive to provide financial services with the objective of promoting financial inclusion and driving socio-economic transformation. To achieve this, we strategically deploy youthful and dynamic staff, with an average age under 40, who comprise 80% of our workforce, nationwide to cater to our clients' needs. As of 2024, we had 958 officers (2023: 908), supervised by 214 managers (2023: 216), and reporting to our 10 executives (2023: 10).



Hiring the best **GRI 401-1**

Our holistic approach to talent acquisition goes beyond traditional recruitment boundaries, providing an opportunity to welcome individuals who align with our values. We seek candidates with diverse skills who resonate with our culture and mission. In 2024, we hired 222 staff members (2023: 211) to fill new and vacant positions. We remain committed to providing Ugandans with equal opportunities based on their education, skills, and experience.







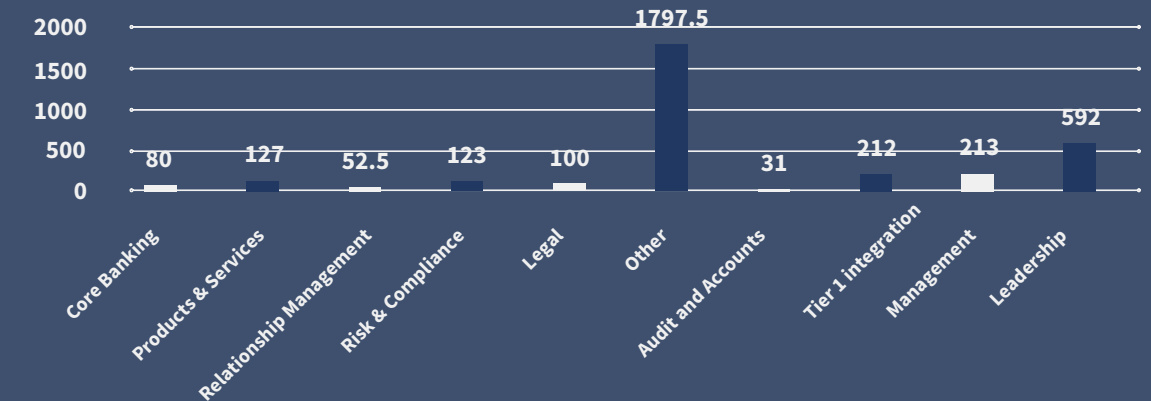
## 2. Fostering a winning team

GRI 401-2

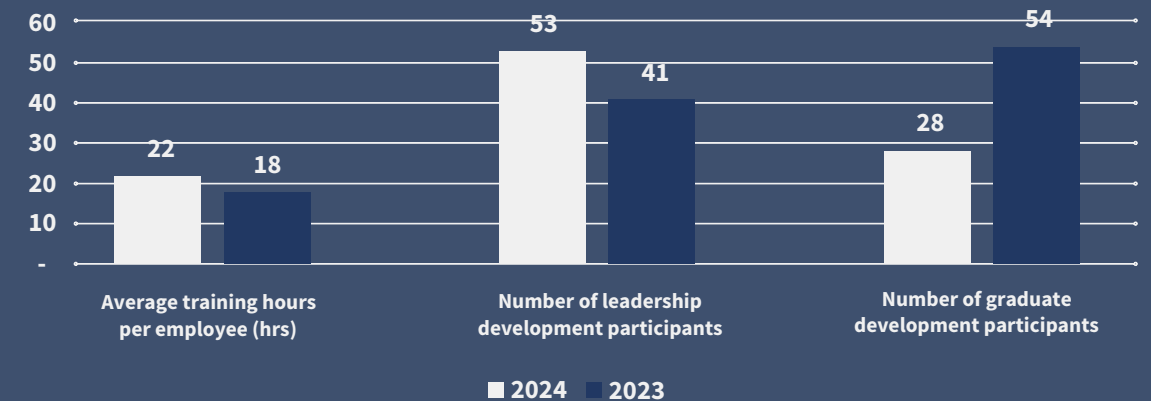
In 2024, we offered a variety of training programs designed to boost employee capabilities. Our initiatives included compliance workshops, leadership development seminars, technical training in Governance and Finance, as well as customer service excellence courses.

Our total training expenditure reached Ushs 1.525 Bn in 2024, compared to Ushs 1.359 Bn in 2023. We closely monitor our training investments to ensure they benefit both the Bank and our staff. Additionally, we have introduced an e-learning Management Information System to enhance enterprise blended learning.

Training hours per category



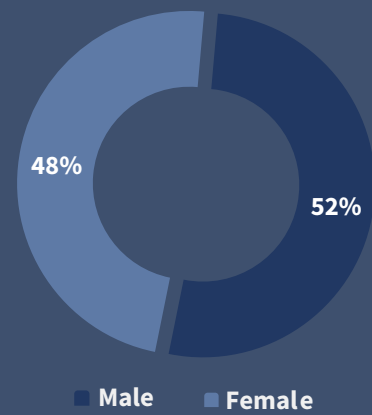
Training and development at a glance



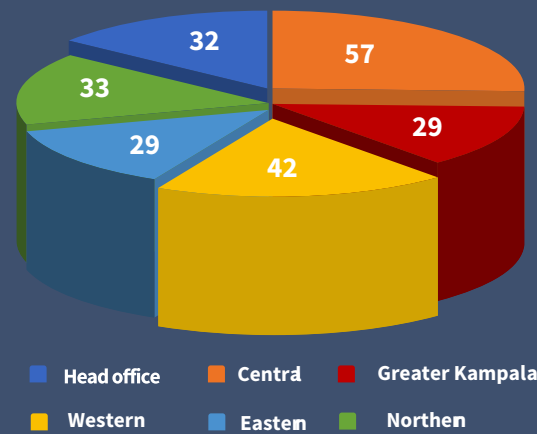
Total training expenditure (Ushs) 'Bn



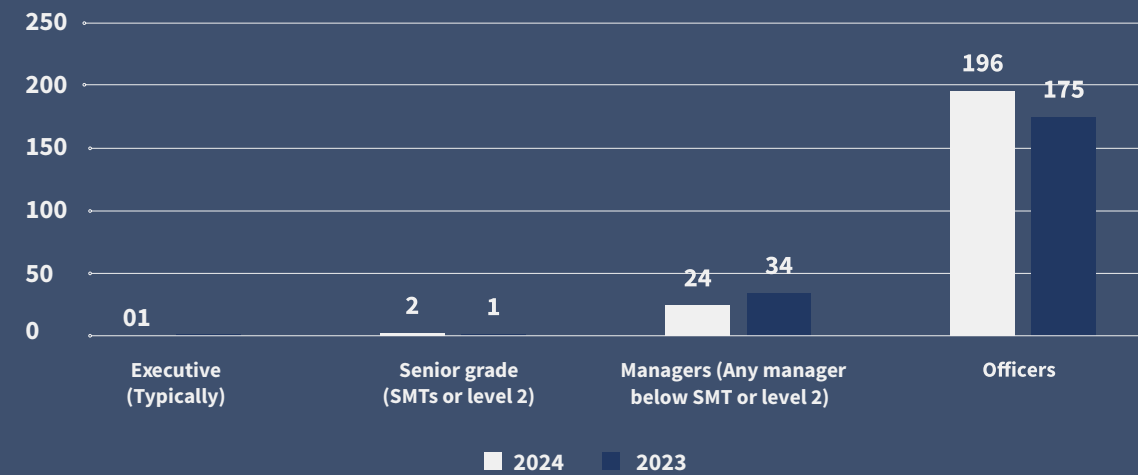
2024 new recruits by gender



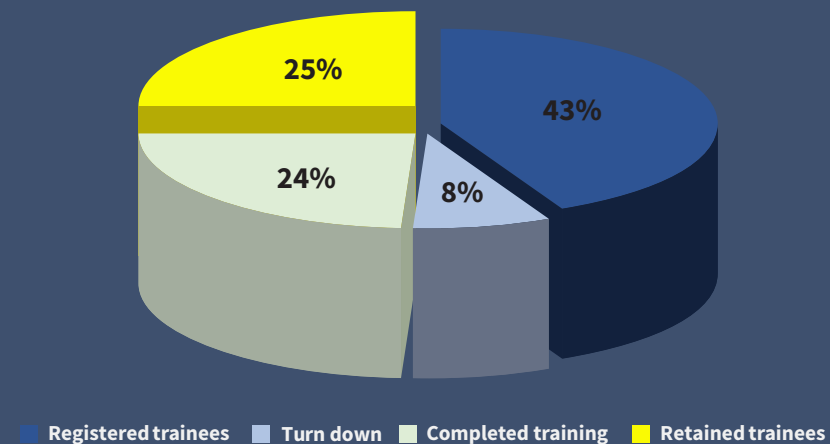
New recruits by region 2024



New recruits by rank



2024 graduate trainee enrollment





### Key Activities and Highlights

Phase	Key Activities	Highlights
Q1	<ul style="list-style-type: none"> <li>14 Training programs for staff across various functions.</li> <li>Inductions for new hires.</li> <li>2023 Performance Results Review and Action Plan.</li> <li>Leadership development.</li> <li>Rewards &amp; Recognition.</li> <li>Talent Mapping Preparations.</li> <li>Staff Renumeration &amp; Performance Bonus.</li> </ul>	<ul style="list-style-type: none"> <li>Active utilization of Moodle E learning platform.</li> <li>36.4% achievement rate for course upload on Moodle.</li> <li>Q1 expenditure was within the approved annual 2024 Training budget.</li> <li>Managing Director's Merit Award.</li> </ul>
Q2	<ul style="list-style-type: none"> <li>22 Training programs for staff across various functions.</li> <li>Inductions for new hires.</li> <li>Engagement activities with cohort 8 of the graduate trainee program.</li> <li>Introduction of targeted learning journeys on Moodle.</li> <li>Expansion of content Library to include podcasts from the Havard Business Review.</li> <li>Compliance training.</li> <li>Talent mapping.</li> </ul>	<ul style="list-style-type: none"> <li>Managing Director's graduation from Harvard Advanced Management Program.</li> <li>Executive Director commenced University of Oxford Advanced Management and Leadership Program at Said Business School.</li> <li>Chief Operating Officer concluded the 2nd Module of Managing Value Creation at CEIBS Business School, Accra Ghana.</li> <li>500 of targeted 1,000 courses uploaded.</li> <li>Recognition and reward of high performing staff and teams from previous year that attained ratings of 5B and 4A.</li> <li>Actualization of succession planning efforts.</li> <li>Internal Promotions of staff across various functions.</li> </ul>
Q3	<ul style="list-style-type: none"> <li>2024 H1 Appraisals.</li> <li>Bank wide talent mapping.</li> <li>Launch of the Retail Academy.</li> <li>Launch of Cohort 9 of the Graduate Trainee Program.</li> <li>Weekly functional peer learning sessions.</li> </ul>	<ul style="list-style-type: none"> <li>Completion of LEAP &amp; Executive coaching Program.</li> <li>Managing Director's on Spot Award to Bombo branch.</li> <li>Retail Academy recruits began branch deployment.</li> <li>Graduation Cohort 8 of Graduate Trainee program and onboard of a fresh cohort.</li> <li>Internal Promotions of staff across various functions.</li> <li>COBIT training for BT team.</li> </ul>
Q4	<ul style="list-style-type: none"> <li>Bank wide departmental discussions on performance.</li> <li>Behavioral assessment tool.</li> <li>Review of Performance Management Guidelines.</li> <li>Half year appraisals follow-ups.</li> <li>Preparation of internal MDP's and Learning Paths.</li> <li>End of Year Appraisal.</li> </ul>	<ul style="list-style-type: none"> <li>Retail trainees disbursed Ushs 4.74 Billion in 6 months.</li> <li>Cohort 9 of PBU GT program completed branch deployment.</li> <li>Non-performance has been maintained at less than 20% Vs a target of 40%.</li> <li>Level 2 LEAP Graduation ceremony.</li> <li>Moodle course upload target met.</li> </ul>

### Shaping the Future

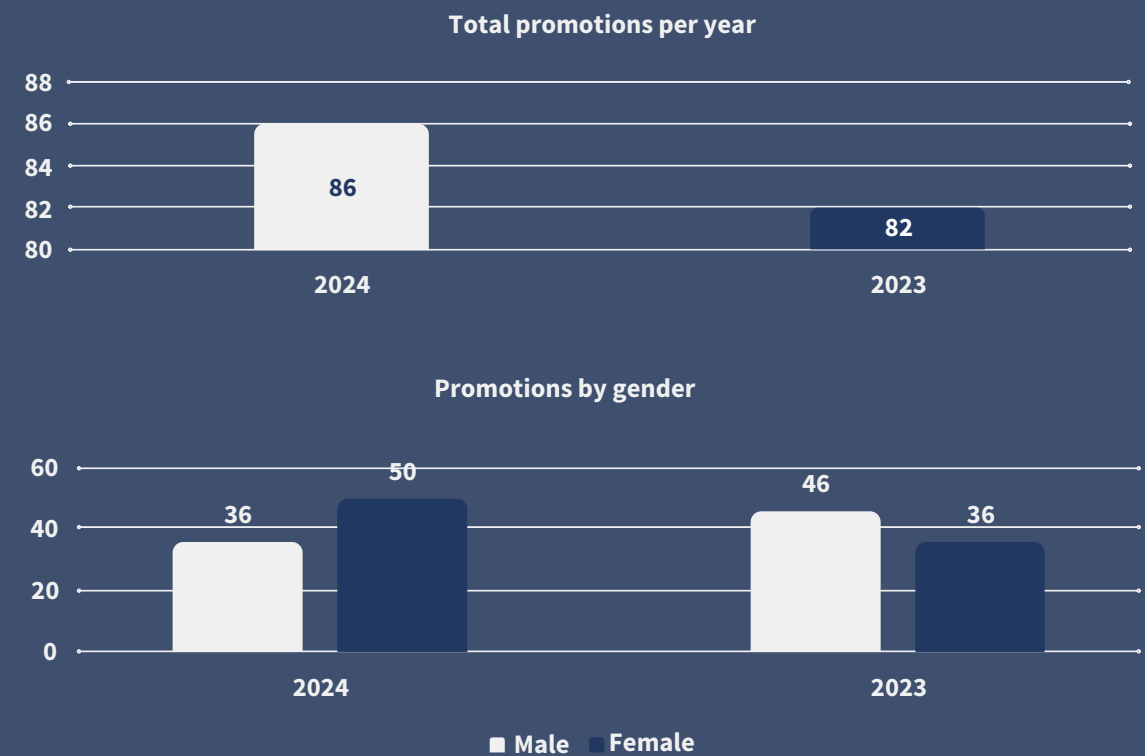
Our 2024 efforts have built a resilient talent ecosystem, equipping staff with skills, recognizing potential, and ensuring leadership continuity. As we move into 2025, the launch of Retail Academy Cohort 2 and an internal MDP will further embed a learning culture, preparing us for emerging challenges and opportunities. This investment in our people—evident in promotions, awards, and financial contributions—drives our mission to Grow! Prosper!

## 3. Managing our talent

### Effort based promotions

Our approach to talent management and development is profoundly personal. At PostBank, we recognize and nurture the unique potential within each individual. Our focus goes beyond traditional career paths; we understand and develop the strengths, aspirations, and skills of every team member. Through personalized development plans, mentorship programs, and continuous learning opportunities, we equip individuals with the tools to exceed their professional goals. This personalized investment in talent is central to PostBank's culture, fostering a workforce that is both skilled and fulfilled.

We prioritize career growth and internal promotions whenever possible. Promotions within the bank are strictly merit-based. During the year, a total of 86 staff members were promoted (2023: 82) from within the manager and officer staff grades.



### Diversity and equal opportunity

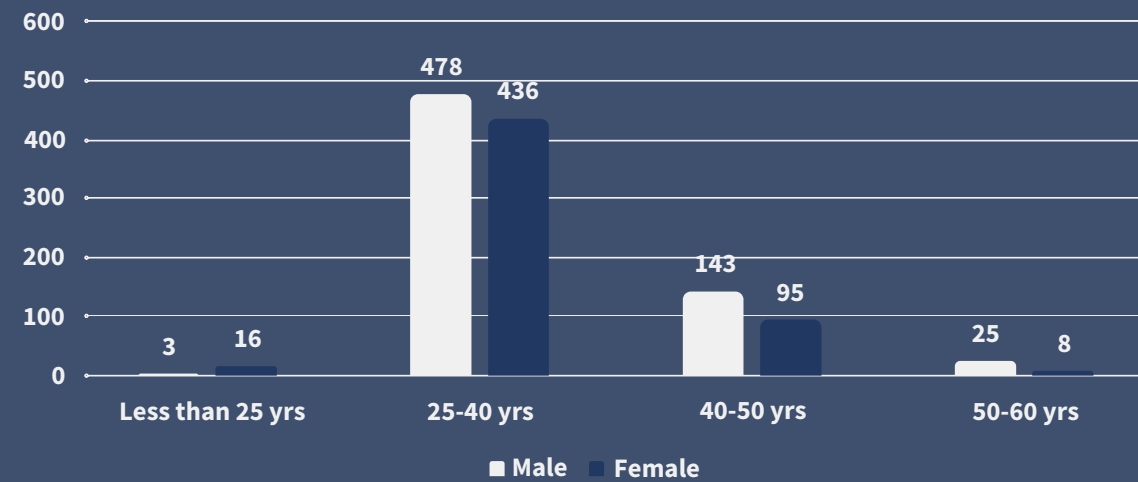
GRI 405-1

We adhere to a transparent, non-discriminative policy that promotes fair and equal opportunities for all staff. Our commitment includes the following:

- Fair and open recruitment processes with adequate safeguards and documented hiring decisions.
- A workplace free from any kind of harassment, with strict measures taken against violators.
- Ensuring adequate female representation across all job categories.
- Providing maternity and paternity leave for both female and male staff members



Employment category by gender and age 2024



## Upholding high professional and ethical standards

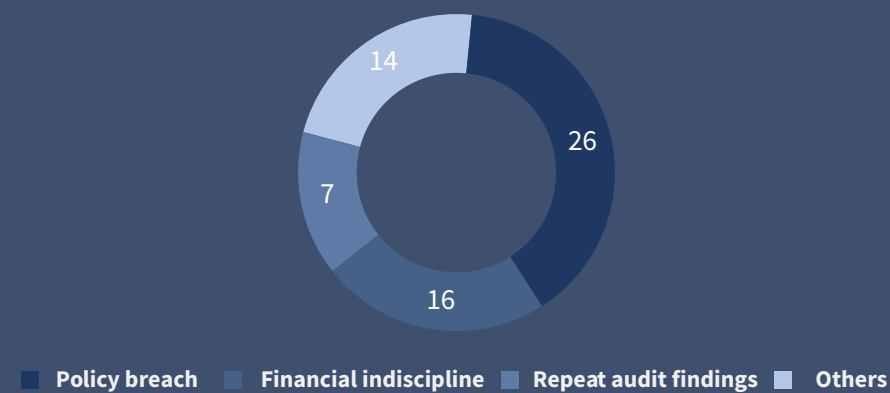
GRI 406-1

Our Code of Conduct sets the guiding principles expected of our staff with regards to ethics, compliance, and conduct. The Disciplinary Code details the consequences for deviating from the Code of Conduct once a member of staff is found guilty by the disciplinary process.

We propose the following interventions to improve on the registered cases.

- Regular attestation to confirm individual understanding of the applicable rules, policies, and guidelines.
- Roll out financial wellness programs to reduce the temptations that arise from financial pressure.
- Bank wide staff communications on involuntary exits arising from the disciplinary process.

Disciplinary cases 2024



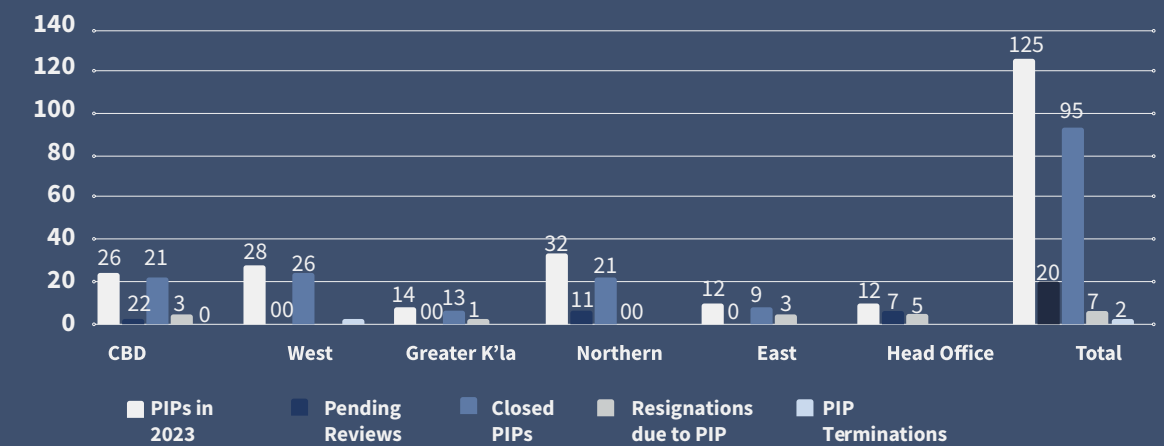
## Performance management

GRI 404-3

We follow a continuous process of performance management that ensures each individual staff members performance is evaluated.

During the year, we reviewed and updated our performance management guidelines to ensure that they are in line with the best practices and meet our needs. Bank wide Performance Management refresher sessions were conducted to socialize the updated performance management guidelines and share best practices.

PIP Status 2024

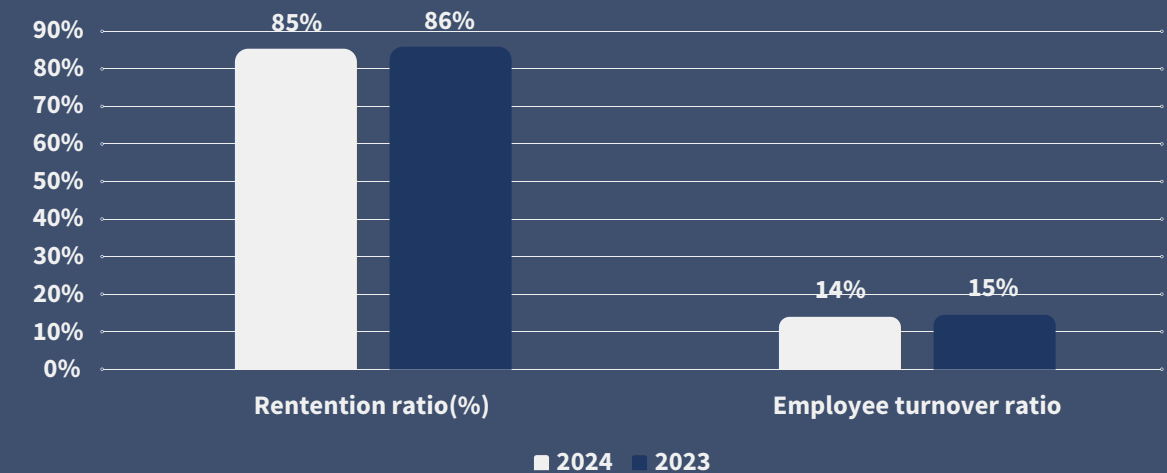


## Retaining the best

GRI 401-1

Our retention rate decreased to 85% in 2024 (2023: 86%). Overall staff turnover declined to 14% (2023: 15%). These remarkable statistics reflect our workplace philosophy, which emphasizes staff engagement, job satisfaction, and stability.

Retention and Turn over at glance





Fair and responsible remuneration and benefits

GRI 201-3, 401-2

Our fair and ethical compensation and benefits programs play a pivotal role in retaining our staff. We are committed to delivering a competitive, engaging, and just compensation framework that comprises an overall appealing and competitive package. We guarantee that every employee receives fair remuneration, determined by their roles and performance within the organization.

Benefit	Description
Salaries and wages	<ul style="list-style-type: none"><li>Competitive salary.</li><li>Performance based board approved bonuses .</li><li>Annual performance-based salary revisions.</li><li>Contributory pension scheme.</li></ul>
Reimbursements	<ul style="list-style-type: none"><li>Refunds for subscriptions to professional bodies</li><li>Scholarships.</li></ul>
Loan benefit	<ul style="list-style-type: none"><li>For housing, vehicles, consumption, and other loans.</li></ul>
Medical benefits	<ul style="list-style-type: none"><li>Medical cover for all staff and applicable family members.</li></ul>
Retirement benefits	<ul style="list-style-type: none"><li>Contributory pension scheme.</li><li>Contributions to NSSF.</li></ul>

HR Governance and Compliance: Strengthening Accountability and Well-being

In 2024, our HR governance and compliance efforts focused on reinforcing policies, enhancing accountability, and promoting employee wellbeing through structured interventions. By addressing leave utilization and disciplinary issues, we’ve worked to maintain a fair, transparent, and compliant workplace that supports both operational integrity and staff welfare.

Key Metrics and Progress

Quarter	Leave Utilization	Disciplinary Cases	Key Interventions
Q1	5%	18 (94% Distribution)	Enforced leave scheduling; introduced monthly reports and reminders.
Q2	36%	18 (94% Distribution)	Continued leave scheduling enforcement; emphasized well-being benefits in reminders.
Q3	48%	5 (suspensions/ dismissal)	Added well-being programs; engaged Culture Champions; introduced whistleblowing and training.
Q4	78%	22	Socialized whistleblowing policy; launched well-being sessions; reinforced accountability measures.

Implications

- **Leave Utilization Surge:** From 5% to 78%, the year long push—via scheduling, wellbeing programs, and Culture Champions—improved work life balance, aligning with RACEUP’s Respect and Unity of Purpose.
- **Disciplinary Challenges:** A rise from 18 to 22 cases, with themes like fraud and absenteeism, underscores the need for ongoing vigilance.
- **Cultural Reinforcement:** Whistleblowing socialization and accountability measures tie directly to RACEUP’s Accountability pillar, enhancing trust and transparency.

Shaping the Future

Our 2024 governance and compliance efforts have solidified a workplace where policies are upheld, and staff are supported. Moving into 2025, we’ll build on this progress by refining whistleblowing awareness, expanding wellbeing programs, and maintaining rigorous oversight of disciplinary trends. This dual focus ensures we protect our integrity while nurturing a workforce ready to Grow! Prosper!

Key Metrics and Progress

Quarter	Activities	Highlights
Q1	Branch visits for culture focus groups, KPI discussions, and wellness.	Secured 3rd place in Corporate League.
	Corporate League kickoff	Launched Future Leaders Program and Competence Framework.
Q2	Red eyes awareness session.	Climbed to 2nd place in Corporate League.
Q3	HRBP visits to 15 branches Medical camp; Mental health and chronic illness sessions.	Tug of War team won Corporate League title. Finance team won ICPAU Team Performance Award.
Q4	HRBP visits to 34 branches; Policy socialization Wellness focus.	Soccer team crowned Corporate League champions.

Staff Engagement: Empowering Our People for Success

In 2024, our staff engagement initiatives centered on creating a supportive, inclusive, and high performing workplace. Through branch visits, wellness programs, leadership development, and team building activities, we deepened our commitment to employee wellbeing, growth, and alignment with organizational goals. These efforts have reinforced our culture and elevated our reputation both within and beyond the organization.



## Key Achievements

- Successfully kicked off the project with a cross functional team, including representatives from Risk, Business Technology, Credit, and ICT Security, ensuring comprehensive stakeholder engagement.
- Completed requirement verification with stakeholder signoffs, demonstrating strong collaboration and alignment across departments.
- Advanced system configuration to 90% completion, focusing on critical modules such as Payroll and Employee Information Management.
- Initiated comprehensive user training to ensure seamless adoption of the new system, with training completed for 11 modules.

## Next Steps

- Finalize configuration and testing for the remaining six modules, including Performance Management, Training and Development, Talent Management, Engagement Mobile App, and Dashboards.
- Complete user training for all modules and prepare for a smooth go live in November 2024, ensuring minimal disruption and maximum user readiness.

This initiative demonstrates our commitment to leveraging technology for operational excellence. Upon completion, the new HR system will streamline processes, reduce manual workloads, and provide real time insights, ultimately contributing to a more agile and responsive organization. The slight adjustment of the go live date from September to November 2024 reflects our dedication to thorough testing and system reliability, ensuring a high-quality implementation that meets our standards and enhances user experience.

## Future Outlook

As we chart our path forward from 2024 to 2028, our vision is unwavering: to foster a productive, engaged, and highly skilled workforce that drives our organization toward sustained growth and competitiveness. This future outlook builds upon the momentum of 2024, where we achieved a 70% employee engagement score, reduced non-performance to less than 40%, and reached a monthly revenue per employee of US\$ 15 million. Looking ahead, we are committed to elevating these benchmarks—targeting a 90% engagement score by 2027-2028, reducing non-performance to less than 20% by 2028, and increasing revenue per employee to US\$ 25 million—while weaving together the threads of workforce dynamics, talent management, and culture transformation that define our journey.

## Engagement and Performance

Our focus on building a productive and engaged workforce will intensify over the coming years. By leveraging our newly implemented HR system, we will harness real-time data to track engagement and performance metrics, ensuring we meet our ambitious goals: 80% engagement by 2025, 85% by 2026, and 90% by 2027-2028. Simultaneously, we will drive productivity by reducing non-performing staff to less than 30% by 2025 and less than 20% by 2028, while growing revenue per employee incrementally. These efforts will solidify a workforce that is not only motivated but also aligned with our strategic ambitions.

## Talent Development and Succession

Developing a highly skilled and competitive workforce remains a cornerstone of our strategy. Starting in 2024, we embedded a talent development framework to retain high potential (HiPos), promotable, and critical staff, with a goal to minimize their attrition to less than 5% annually by 2025 and sustain this through 2028. Every HiPo will have a tailored Individual Learning Development Plan, ensuring they are equipped to lead. Our commitment to internal talent is reflected in our target of 80% internal hiring for all positions (excluding entry-level) from 2024 onward, supported by robust succession plans for ExCo, Level II, and managerial roles. This proactive approach secures our leadership pipeline and fosters a culture of growth and opportunity.

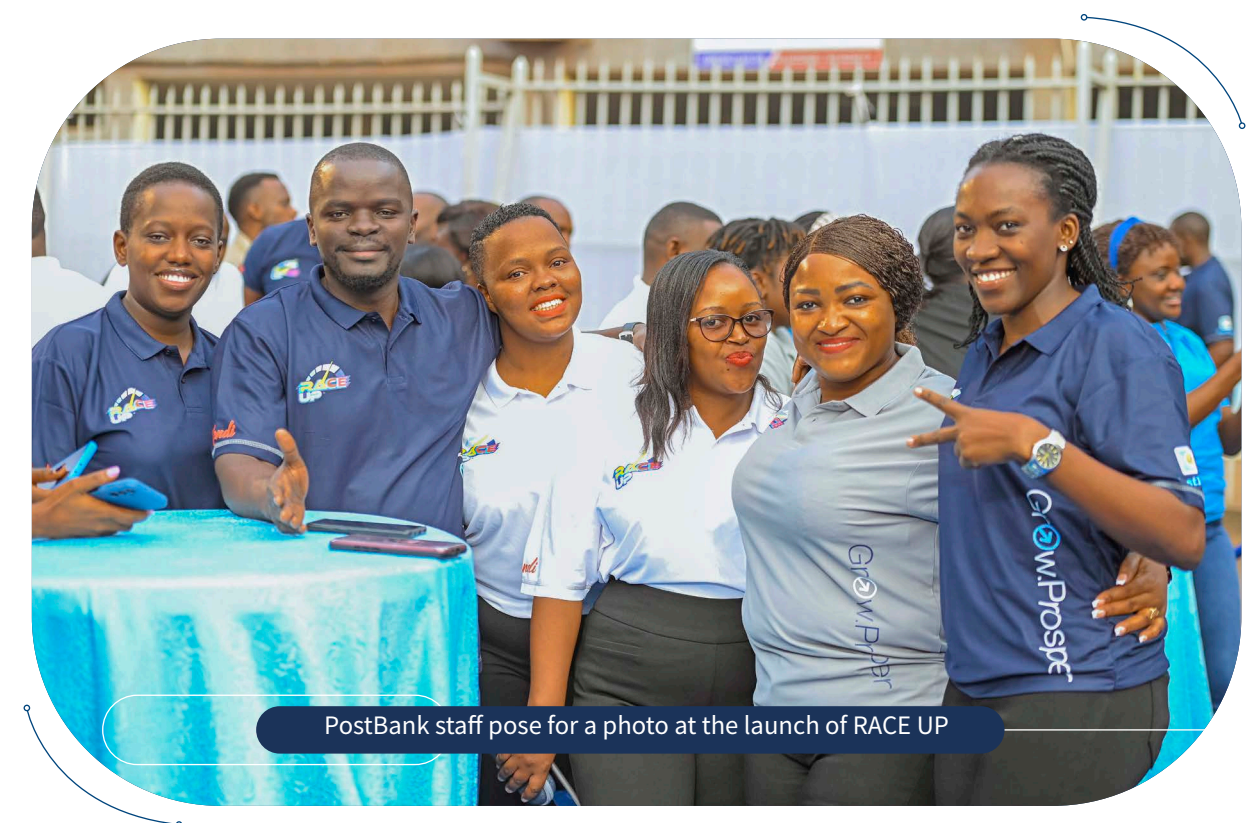
## Culture Transformation

Culture change is the heartbeat of our future vision. Following the 2024 culture survey, we launched targeted initiatives to address specific gaps, with action plans set to close out by 2025. By 2026, we will conduct another survey to measure progress against our strategic implementation, refining our approach to ensure alignment with our values of respect, accountability, and unity—core tenets of our

RACEUP framework. As RACEUP evolves from a framework into a lived experience, it will guide our daily operations and interactions, creating a workplace where every employee thrives. These efforts will bridge the present to our aspirational future, reinforcing our commitment to a people-centric organization.

***Together, these strategic pillars—engagement, performance, talent, and culture—position us to meet the challenges of tomorrow with confidence and resilience. By 2028, we envision a workforce that fully embodies our mission to Grow! Prosper!***

Short term	Medium term	Long term
<ul style="list-style-type: none"> <li>➤ Upgrade our HR Management Information System.</li> <li>➤ Continue to fight the war for talent by becoming an employer of choice.</li> <li>➤ Continue the progress towards creating a E-learning culture.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Complete the Culture Transformation Journey.</li> <li>➤ Explore other sustainable IT- based solutions that can bolster the efficiency and effectiveness of our HR function.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Become the employer of choice for those who want to pursue careers in banking.</li> <li>➤ Create a for-filling work environment at all our places of business.</li> </ul>



PostBank staff pose for a photo at the launch of RACE UP





## Our Year in Pictures

Introduction

Who we are

Telling our  
Governance Story

Our Sustainability  
Report

Our Business  
in Context

Responding  
Strategically

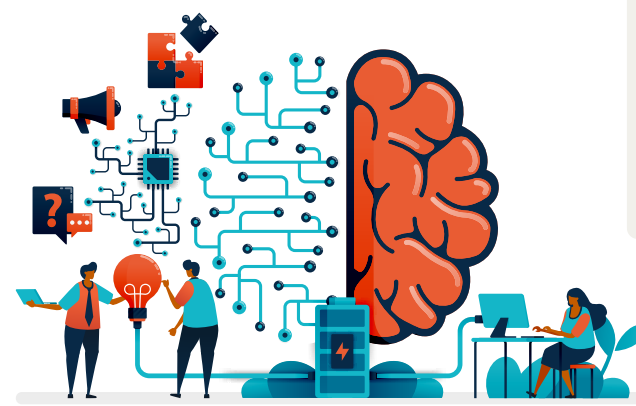
Value  
Creation

Financial  
Statements





## 2. Intellectual Capital



**How Intellectual Capital supports our sustainable value creation**

Our unique knowledge in delivering financial inclusion solutions to Ugandans. Our innovative approaches and processes serve a wide swathe of customers from a personalised service to medium to large business needs.

### Key outputs

Technology outputs

**What Intellectual Capital means to PostBank**

Consists of the broad knowledge and capability inherent in the bank. This includes the knowledge, processes, policies, and procedures collectively ‘resources’ that we have built up over the years to deliver services to our customers in a way that fosters prosperity for them.

Wendi subscribers  
**1.5 million**  
on boarded  
(2023: 430,000)

Value of PDM payments through Wendi  
**Ushs 872 Bn**  
(2023: Ushs 200 Bn)

Jobs created  
**6,000**  
new agents  
(2023: 2,000)

PDM Beneficiaries served by Wendi  
**872,047**  
(2023: 189,064)

- Value transformation**
- Creative innovation
  - Enhanced Human Capital
  - Continuous learning and development
  - Sustainable customer relationships.
  - Building brand and reputation.
  - Strategic partnerships.

- Key inputs**
- Our business strategy.
  - Investments in innovation and technology.
  - Best practice governance.
  - Proprietary policies, processes, and procedures.
  - Strong corporate culture.
  - Our “know how” in servicing MSMEs.

### Loans that drive financial inclusion

Average loan size  
**Ushs 21.3 Mn**  
(2023: 11.5 Mn)

Micro and small loans  
**Ushs 168.9 Bn**  
(2023: 104.8 Bn)

- Key challenges in 2024**
- Competing capital projects and associated tradeoffs.
  - Resistance to new digital products and services.
  - Sustaining brand value and identity.

- Key opportunities in 2024**
- Improved decision-making processes.
  - Better stakeholder engagement.
  - Digitalisation.
  - Agility and innovations.
  - Scale Wendi.

- Approaches to managing outcomes**
- Conduct regular evaluations of employee skill sets to identify training and development needs, ensuring alignment with the Bank's strategic objectives.
  - Providing training and development programs, career growth opportunities, and attractive compensation and benefits packages to inspire employees, boost job satisfaction, and foster greater engagement.

- How we grow our intellectual capital**
- Amplifying government programs by advancing and leveraging on our know-how and technical abilities.
  - Continue to be a value-centric Bank rooted in a culture that emphasizes trust, mutual respect, integrity, and creativity.
  - Establish robust systems and processes to bolster technology and innovation.
  - Strive to maintain tried and tested practices that enhance our governance and risk controls.

**Value created for stake-holders**

**Customers**

Creating innovative financial products, services, and solutions that cater to the evolving needs of customers drives enhanced satisfaction and fosters lasting loyalty.

**Employees**

Continuous enhancements in collective knowledge, skills, and expertise of employees.

**Suppliers**

Promoting creativity, leadership, collaboration and co-creation, supporting training and development, and maintaining strong risk management and compliance practices.

**Regulators**

Building confidence and trust of the regulators and wider community.

**Development partners**

Reliable partner that can act as a force multiplier for partner programs and initiatives.

**Society**

Transformative financial inclusion that reduces inequalities.

**Government/shareholder**

Increased profitability is used to finance sustainable impact and implementation of Government programs.



## ➔ leveraging our Intellectual capital



**Financial capital**  
Investments in staff and brand image lead to strong and sustained financial results.



**Manufactured capital**  
Improving, systems, and processes results in improved efficiencies.



**Human capital**  
Learning and development bolster skills, knowledge and the experience employees optimum efficiency.



**Social and relationship capital**  
Building strong reputation through values, ethics, and governance.



**Natural capital**  
Our awareness of the impact of our operations leads to deliberate efforts to counter or minimise them.

## ➔ Potential trade offs

### ➔ Financial capital

Greater investment in brand and staff strengthens reputation stakeholder confidence.

### ➔ Manufactured capital

Improving infrastructure, systems, and processes leads to enhanced operational efficiency and optimized business functions.

### ➔ Human capital

Investing in training and development enriches employees' knowledge, skills, and experiences, fostering operational excellence and driving organizational success.

### ➔ Social and Relationship Capital

Through meticulous attention to detail, we refine our values, business ethics, and risk management framework, fostering a reputation that inspires trust and confidence.

### ● Natural Capital

Our commitment to sustainability is strengthened by a science- based approach, reinforcing stakeholder confidence and trust.

## ➔ Connectivity with stakeholders, material and short to medium-term strategic priorities

Related Stakeholders



Material Matters



## ➔ Contribution to SDGs



Developing our people's intellectual capital improves their employability and as a result ensures their economic growth.



Investments in digital infrastructure and technology lead to new ideas.



Better trained staff means less inequality between employees.

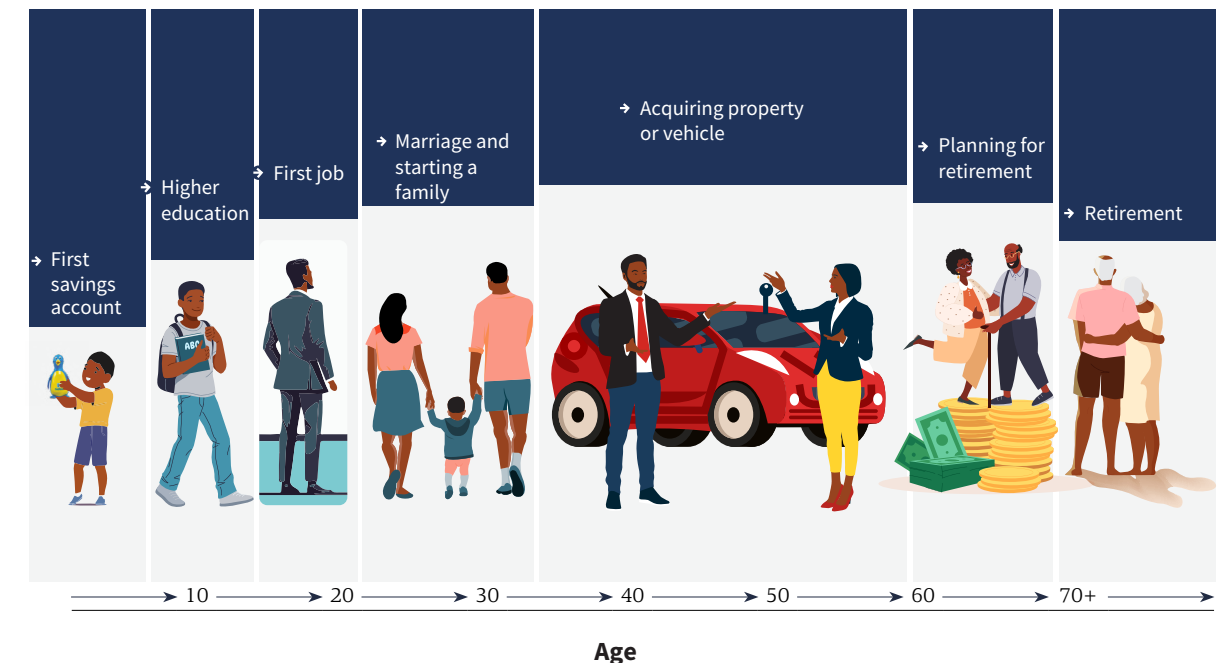


Ethical practices and governance lead to positive brand reputation.

## Multigenerational products, services, and values- added features at PostBank - outline

We pride ourselves in having the widest range of products, services and value- added features at PostBank, with any segment of society finding a

scheme that suits their age, gender, and lifestyle. The grid below exemplifies the wide -scale length and breadth of our offers.



## Driving the growth of the Ugandan economy through our products and services

Our economic impact and contribution to Uganda's economy are driven by our commitment to empowering our micro, small and medium enterprises and mass customers. Collectively, these

customers form the foundation of our purpose, shaping our mission to foster inclusive growth and sustainable development.

Personal	Sole trader	Small business owner	Medium business owner
Responsible consumer lending	that become the main sources of income for individuals	who then expand their operations creating opportunities for more Ugandan jobs	which then lead to even more jobs, contributions towards taxation and economic transformation that impacts lives.
Impact	Impact	Impact	Impact
Amount disbursed in 2024 (Ushs)	Amount disbursed in 2024 (Ushs)	Amount disbursed in 2024 (Ushs)	Amount disbursed in 2024 (Ushs)
306.5 Bn	42.7 Bn	168.9 Bn	117.8 Bn
Number of loans granted (Ush)	Number of loans granted	Number of loans granted	Number of loans granted
18,177	8,012	4,459	394
Average loan size (Ushs)	Average loan size Ushs	Average loan size Ushs	Average loan size Ushs
16.9 Mn	5.3 Mn	37.9 Mn	299.0 Mn



## → Amplifying government programs by advancing and leveraging on our know-how and technical abilities.

As a Government-Owned Bank, our existence is rooted in the government's strategic initiatives outlined in the Uganda National Development Plan. By prioritizing sustainable industrialization, inclusive growth, employment creation, and wealth generation, we contribute to transforming Uganda into a modern and prosperous society. Our focus on enhancing household incomes, improving quality of life, and fostering socio-economic resilience aligns with the nation's vision for long-term development.

### Amplifying Agriculture

Agriculture is vital to the government as it serves as the backbone of the economy, employing a significant portion of the population and contributing substantially to GDP.

#### How we play our part



**Loans to the agricultural sector**  
Term financing for agricultural and agro-processing projects, focusing on commercialization and value addition.

Impact	2024	2023
Amount disbursed (Ushs)	<b>224.5 Billion</b>	<b>221.4 Billion</b>
Number of farmers reached	<b>12,094</b>	<b>13,102</b>
Average loan size (Ushs)	<b>18.6 Million</b>	<b>16.9 Million</b>



**Agricultural Credit Fund**  
Provide medium- and long-term financing for agricultural and agro-processing projects, focusing on commercialization and value addition.

Impact	2024
Amount disbursed (Ushs)	<b>70.5 Billion</b>
Number of farmers reached	<b>37.3</b>
Average loan size (Ushs)	<b>189.0 Million</b>



**GROW Project**  
Funded by the World Bank, aims to empower women entrepreneurs by increasing access to entrepreneurial services and resources.

Impact	2024
Amount disbursed (Ushs)	<b>11.4 Billion</b>
Number of farmers reached	<b>560</b>
Average loan size (Ushs)	<b>20.4 Million</b>
Jobs created	<b>441 (241 female)</b>



**ABI Loans**  
Focus on promoting social inclusion, green growth, and sustainable economic development.

Impact	2024
Amount disbursed (Ushs)	<b>12.7 Billion</b>
Number of farmers reached	<b>1,264</b>
Average loan size (Ushs)	<b>10 Million</b>



**ACELI Loans**  
Supporting high-impact enterprises, these loans promote environmental resilience, food security, and economic empowerment.

Impact	2024	2023
Amount disbursed Ushs	<b>29.4 billion</b>	<b>16.8 Billion</b>
Number of farmers reached	<b>106</b>	<b>69</b>
Average loan size Ushs	<b>278 million</b>	<b>243.7 Million</b>



### Parish Development Model

PostBank drives Uganda's socio-economic transformation by aligning with national initiatives like the Parish Development Model. It fosters grassroots wealth creation and economic empowerment.

#### How we play our part

The Wendi digital wallet, developed by PostBank Uganda, supports the Parish Development Model (PDM) by digitizing payments and promoting financial inclusion. Wendi streamlines the disbursement of PDM funds, reducing processing time and ensuring efficient, real-time transactions. By providing access to digital financial services, Wendi empowers underserved communities to participate in Uganda's development goals.

Impact	Year 2023	Year 2024
Number of PDM beneficiaries served by Wendi	189,064	872,047
Number of women PDM beneficiaries served by Wendi	15,496	550,788
Number of districts served by Wendi in delivering PDM	69	132
Number of cities served by Wendi in delivering PDM	4	10
Number of Municipalities served by Wendi	2	27
Amount of PDM disbursed through Wendi in shillings	188 billion	872 Billion
Total number of SACCOs that received PDM funds	2,175	9,338
Number of youths PDM beneficiaries served by PDM	12,516	321,798
Amount of PDM disbursed through Wendi to youths	12.8 billion	21.8 Billion



Wendi team conducting a financial literacy initiative in Kasese



### Small Business Recovery Fund

The Small Business Recovery Fund in Uganda was launched to support micro and small enterprises (MSMEs) affected by the COVID-19 pandemic. It provides affordable loans through participating financial institutions, aiming to empower businesses operated by youth and women, enhance recovery, and promote economic resilience.

#### How we play our part

We actively participate in the Small Business Recovery Fund by offering affordable loans to Micro, Small and Medium Enterprises (MSMEs) impacted by the COVID-19 pandemic. Through our branches and digital platforms, we facilitate access to these funds, empowering youth- and women-led businesses to recover, grow, and contribute to Uganda's economic resilience.

#### Impact on economy

Impact	2024	2023
Loans disbursed to MSMEs	<b>329.4 Billion</b>	<b>195.5 Billion</b>
Number of MSMEs funded	<b>12,865</b>	<b>11,052</b>
Average loan size Ushs	<b>25.6 Million</b>	<b>17.7 Million</b>

#### Small business recovery fund

Impact	2024	2023
Amount disbursed Ushs	<b>7.7 Billion</b>	<b>27.5 Billion</b>
Number of businesses impacted	<b>177</b>	<b>330</b>
Average loan size Ushs	<b>43.6 Million</b>	<b>83.4 Million</b>

### Social safety nets

PostBank impacts society through tailored loan products, such as Xtra Cash, which provides quick financial solutions for immediate needs. Additionally, its specialized loans for police and armed forces personnel support financial empowerment, fostering stability and contributing to socio-economic development.

#### How we play our part



**Xtra Cash loans** - quick-access loans address immediate financial needs, providing individuals with timely solutions to overcome short-term financial challenges.

Impact	2024
Amount disbursed Ushs	<b>246.4 Million</b>
Number of loans disbursed	<b>16.3 Million</b>
Average loan size Ushs	<b>15,135</b>

**Loans to the armed forces** - recognizing the service and sacrifice of Uganda's uniformed forces, these tailored loans provide financial stability, housing support, and investment opportunities for security personnel and their families.



#### UPDF - loans

Impact	2024	2023
Amount disbursed Ushs	<b>9.13 Billion</b>	<b>58.1 Billion</b>
Number of loans disbursed	<b>2,539</b>	<b>13,340</b>
Average loan size Ushs	<b>3.6 Million</b>	<b>4.4 Million</b>



#### Uganda Prisons - loans

Impact	2024	2023
Amount disbursed Ushs	<b>4.7 Billion</b>	<b>4.7 Billion</b>
Number of loans disbursed	<b>632</b>	<b>745</b>
Average loan size Ushs	<b>7.4 Million</b>	<b>6.4 Million</b>



#### Uganda Police - loans

Impact	2024	2023
Amount disbursed Ushs	<b>14.7 Billion</b>	<b>44.7 Billion</b>
Number of loans disbursed	<b>1,395</b>	<b>5,102</b>
Average loan size Ushs	<b>10.5 Million</b>	<b>8.8 Million</b>



Our Finance Team was honoured as the 2024 Finance Team of the Year by ICPAU, reflecting our commitment to financial excellence.



## ➔ Our Wendi year in review

The Wendi Mobile Wallet, launched in October 2023, has made significant strides in transforming financial inclusion in Uganda. Through its seamless digital platform, Wendi has become an essential financial tool, providing savings, payments, money transfers, and more to millions of Ugandans. The mobile wallet, licensed by the Bank of Uganda under the National Payment Systems Act, has successfully onboarded over 1.5 million unique users, processed 6.9 million transactions, and transacted Ushs 1.8 trillion. With its simple registration process, daily savings interest, and robust features for businesses, saving groups, remittances and digital lending, Wendi is positioned as a key player in the national financial inclusion strategy. This report outlines Wendi's key achievements, growth, and contributions to Uganda's financial landscape in 2024.

### Key achievements in 2024



#### User Growth and Adoption

Onboarded over 1.5 million customers, widening our reach to underserved populations.



#### Group and SACCO Engagement

12,571 saving groups onboarded with average savings of Ushs 34 billion, contributing to the financial ecosystem of Uganda. In addition to the above, Wendi conducted financial inclusion sessions across Uganda to more than 150 forums, increasing brand visibility and educating customers on how to use Wendi, protect their funds, and access support.



#### Agent Network Expansion

Added 5,900 Wendi agents across Uganda, enhancing accessibility and service delivery to rural and urban users alike.



#### Financial Product Growth

E-value of Ushs 62 Billion by December 2024.

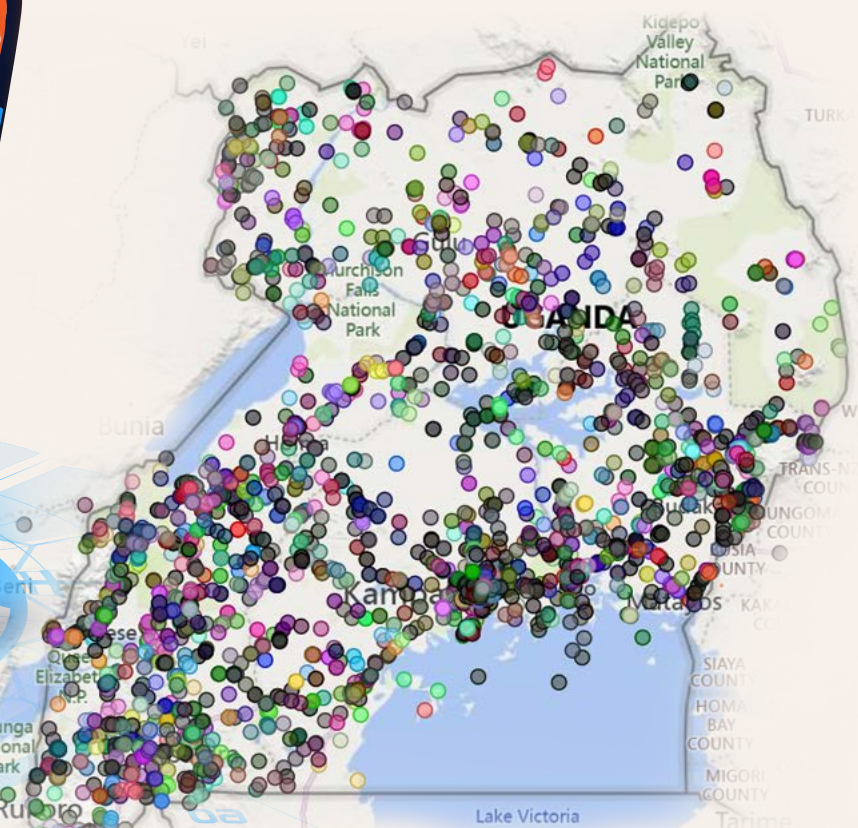


#### Partnerships and Strategic Collaborations

Wendi partnered with regulators, fintechs and other financial institutions to grow subscribers on the platform to 1.5 million (2023: 300,000), revenue contribution of Ushs 4 billion (2023: Ushs 42 million) and pioneered trust among SACCOs and VSLA sectors.



### Wendi Agents Across Uganda



### Wendi 's contribution to Uganda's National Financial Inclusion strategy 2023-2028

In line with the National Financial Inclusion Strategy 2023-2028, Wendi continues to play a crucial role in driving financial inclusion across Uganda. The mobile wallet aligns with the following objectives:

- Deepening and broadening access to affordable and quality formal financial products: Wendi's range of services, including savings, payments, and digital lending, enhances access to affordable financial products for all Ugandans.
- Reducing exclusion and access barriers to financial services: With just a national ID and phone number, Wendi's easy registration process ensures that even the most underserved communities can access financial services.
- Interoperability allows for a seamless interface with other payment platforms in Uganda and boosts the unfettered flow of vital financial services to Ugandans.

Dial \*229# or scan  
QR code to download  
WendiApp  
#WendiWonaWooli





→

## Our “know how” with financial inclusion allows us to foster prosperity for Ugandans.

Technology and innovation are pivotal to achieving our forward-looking intellectual capital and sustaining long-term value for stakeholders. Under the strategic oversight of our Board, the Change and Project Management Office (CPMO) spearheads these efforts, ensuring that technology and intangible infrastructure projects are aligned with both present needs and future aspirations.

Financial inclusion	How we have responded We adopt a client-centric approach to tackling financial exclusion by tailoring products, enhancing accessibility, and promoting financial literacy.
<b>Objective 1:</b> Reduce financial exclusion and access to formal financial services.	<ul style="list-style-type: none"> <li>➤ Tackled limited access in rural areas by strategically opening new branches in hard-to-reach locations, ensuring financial services reach underserved communities.</li> <li>➤ Sustained our investment in mobile vans to extend financial services to the remotest and most underserved areas of the country.</li> <li>➤ Focused on digital financial services delivery through Wendi, our innovative mobile money solution, addressing gaps created by current agency banking challenges.</li> </ul>
<b>Objective 2:</b> Deepen and broaden the usage of quality and affordable formal financial products.	<ul style="list-style-type: none"> <li>➤ Wendi provides potential clients with irregular incomes with an alternative to a traditional bank account where factors like KYC requirements act as a barrier.</li> <li>➤ Launched targeted microinsurance products to address the limited distribution of insurance networks in rural areas, with a focus on providing essential agricultural insurance solutions for farming communities.</li> <li>➤ We continued to invest in strengthening our cyber and data security to safeguard and improve trust in formal financial services.</li> </ul>
<b>Objective 3:</b> Strengthen financial consumer protection and financial literacy.	<ul style="list-style-type: none"> <li>➤ We have prioritized enhancing customer experience by addressing complaints and concerns promptly, boosting confidence in formal financial services. For further details, refer to page 194 in our section on Social and Relationship Capital.</li> <li>➤ We provide simple to understand service offerings that appeal to the real needs of our customers in a manner that builds confidence and trust.</li> </ul>

<b>Objective 4:</b> Develop an inclusive green finance market.	<ul style="list-style-type: none"> <li>➤ We have launched public awareness campaigns to promote green financing, encouraging environmentally sustainable investments within the community.</li> <li>➤ PostBank continues to invest in better data quality by implementing cutting edge analytics tools that will improve overall green data availability and quality that will ultimately reduce the cost of gathering data for green products reporting and monitoring.</li> </ul>
<b>Objective 5:</b> Promote gender-inclusive finance.	<ul style="list-style-type: none"> <li>➤ Our account opening process is inclusive and unbiased, actively encouraging both men and women to access and benefit from our services.</li> <li>➤ Our focus on financial inclusion in rural areas through our country wide branch network, our payments solution Wendi and our mobile vans collectively provide even more women the opportunity to be financially included.</li> </ul>





# Awards and Certificates

As we strive for Banking excellence and aim to meet the expectations of our customers, we have received numerous awards and accolades. We view these achievements as a distinct affirmation of our success as a Bank, serving as motivation to persist in our journey and enhance the Bank even further.

- Gold  
Banking Innovation Excellence  
Digital Impact Awards Africa
- The Best Visionary-  
Government Performing Bank of the year  
The 12th Visionaries of Uganda Awards



- Best CEO of the  
Year Uganda 2024  
Global Business and Finance  
Awards
- Bronze  
Social Good Category  
Silver Back Awards



- Best Financial  
Institution Uganda 2024  
Global Business and Finance  
Awards

Outlook for 2024 and beyond

- 1st Runner Up  
Banking Services  
General Banking  
Financial Reporting  
Awards
- Bronze  
Excellence in Integrated  
Reporting Fire Awards



- Finance Team of The Year  
2024 Accountancy Service  
Awards
- Best use of digital  
Marketing campaign  
Zeroflex account  
Uganda Marketing  
Excellence Awards



- Compliance and  
Governance Award 2024  
ACCA Uganda CFO Awards

Short term	Medium term	Long term
<div>Enhance our brand equity.</div> <div>Improve interface between Bank systems for faster processing and turnaround times.</div> <div>Leverage on our widening distribution network to allow our customers to carry out transactions more conveniently country wide.</div>	<div>Build an innovation driven culture.</div> <div>Bolster operational excellence through digital transformation.</div>	<div>Foster prosperity for Ugandans.</div>



### 3. Manufactured Capital



#### ➔ What Manufactured Capital means to PostBank

Our manufactured capital encompasses our infrastructure— whether owned, leased, or controlled—that includes physical, material, and technological assets used for the sustainable delivery of products and services to our customers.

#### ➔ How Manufactured Capital supports our sustainable value - creation

Manufactured Capital - allows us to extend a hybrid distribution channel of our financial services across Uganda. We are physically present in 40 districts in Uganda while our technology assets deliver financial services to over 2 million Ugandans annually. This focus promotes financial inclusion and aligns with our sustainability goals, ensuring long-term success and community well-being.

#### ➔ Key inputs

- ➔ Property and equipment.
- ➔ Right of use assets.
- ➔ Intangible assets.
- ➔ Virtual touch points and digital channels.
- ➔ Digital infrastructure.

#### ➔ Key outputs

Customer touch points:

**Number of branches**  
**57**  
(2023: 60)

**Mobile vans**  
**14**  
(2023: 14)

**Number of agents**  
**5,920**  
(2023: 2,672)

**Number of ATM's**  
**61**  
(2023: 60)

**Number of Internet Banking customers**  
**265,854**  
(2023: 42,237)

**Number of ATM recyclers**  
**51**  
(2023: 51)

#### ➔ Fixed and tangible assets

Netbook value of fixed assets  
**Ushs 68.4 Bn**  
(2023: Ushs 63.7 Bn )

Netbook value of intangible assets  
**Ushs 16.2 Bn**  
(2023: Ushs 19.2 Bn)

#### ➔ Key challenges in 2024

- ➔ Resistance to change among new and existing customers due to inherent mistrust in digital solutions.
- ➔ Protracted public procurement processes.
- ➔ High costs of Information System Security maintenance.
- ➔ Evolving customer requirements.
- ➔ Competing interests in financial capital investments.

#### ➔ Key opportunities in 2024

- ➔ Contribute to solving financial inclusion by offering additional channels to potential customers.
- ➔ Enhance digital capabilities for sustainable value creation.
- ➔ Continue providing responsive solutions to meet PostBank's evolving needs.

#### ➔ How we grow our manufactured capital

- ➔ Widening our country wide reach and presence.
- ➔ Build transformative momentum by enhancing customer experience through improved efficiencies.
- ➔ Enhance our operational processes by integrating our physical and digital infrastructure.

#### ➔ Approaches to managing outcomes

- ➔ Identifying the right balance between investing in physical or digital assets.
- ➔ Optimizing the procurement process to secure cost-effective investments in our manufactured capital.
- ➔ Harnessing Manufactured Capital alongside other resources to meet and exceed stakeholder expectations.

#### ➔ Value created for stakeholders



**Customers**  
Enhanced banking convenience with a multi- channel experience tailored to all customer segments.



**Employees**  
Maximizing Manufactured Capital enhances skills and capabilities of our staff.



**Suppliers**  
Supply us with the infrastructure and technology that makes up our manufactured capital.



**Regulators**  
Timely submission of regulatory reports.



**Development partners**  
Rely on ability to use our manufactured capital to facilitate payments to people of concern.



**Society**  
Banking solutions that address real societal needs.



**Government/ shareholder**  
Efficient and sustainable banking processes maximise profitability.



➔ Leveraging our manufactured capital

**Financial capital**  
Sustainable improvements and the implementation of new systems create job opportunities, programs, expansion, creation and training capacity value.

**Intellectual capital**  
Branch expansions enhance brand visibility.

**Social and relationship capital**  
Digital infrastructure fosters robust connections with customers and suppliers.

**Natural capital**  
Digitalization reduces our carbon footprint and enhances efficiency by lowering costs.

➔ Potential trade offs






- ➔ **Financial capital**  
Substantial investments in manufactured capital may divert financial resources from other areas, such as savings or investments in financial assets, impacting financial stability and liquidity.
- ➔ **Intellectual capital**  
Focusing solely on physical assets may lead to neglecting investments in intellectual capital, such as research and development or knowledge management systems.
- ➔ **Human capital**  
Over emphasis on investing in physical infrastructure or technology may reduce investment in human capital development, such as training programs or employee welfare initiatives. This can result in decreased employee satisfaction, lower productivity, and diminished innovation.
- ➔ **Social and relationship capital**  
Focusing more on investments in manufactured capital rather than on social capital—like community engagement programs or CSR initiatives— can weaken relationships with customers, communities, and stakeholders.
- ➔ **Natural capital**  
Investments in manufactured capital, like infrastructure projects, can negatively impact the environment by depleting natural resources or causing habitat destruction.

➔ Connectivity with stakeholders, material and short to medium-term strategic priorities

Related Stakeholders   

Material Matters  

➔ Contribution to SDGs

-  Harness solar energy for branch energy needs.
-  Provide easy access to banking services by expanding our distribution network.
-  Transform our products and services through investments in physical infrastructure.
-   Digital banking reduces our consumption of paper.

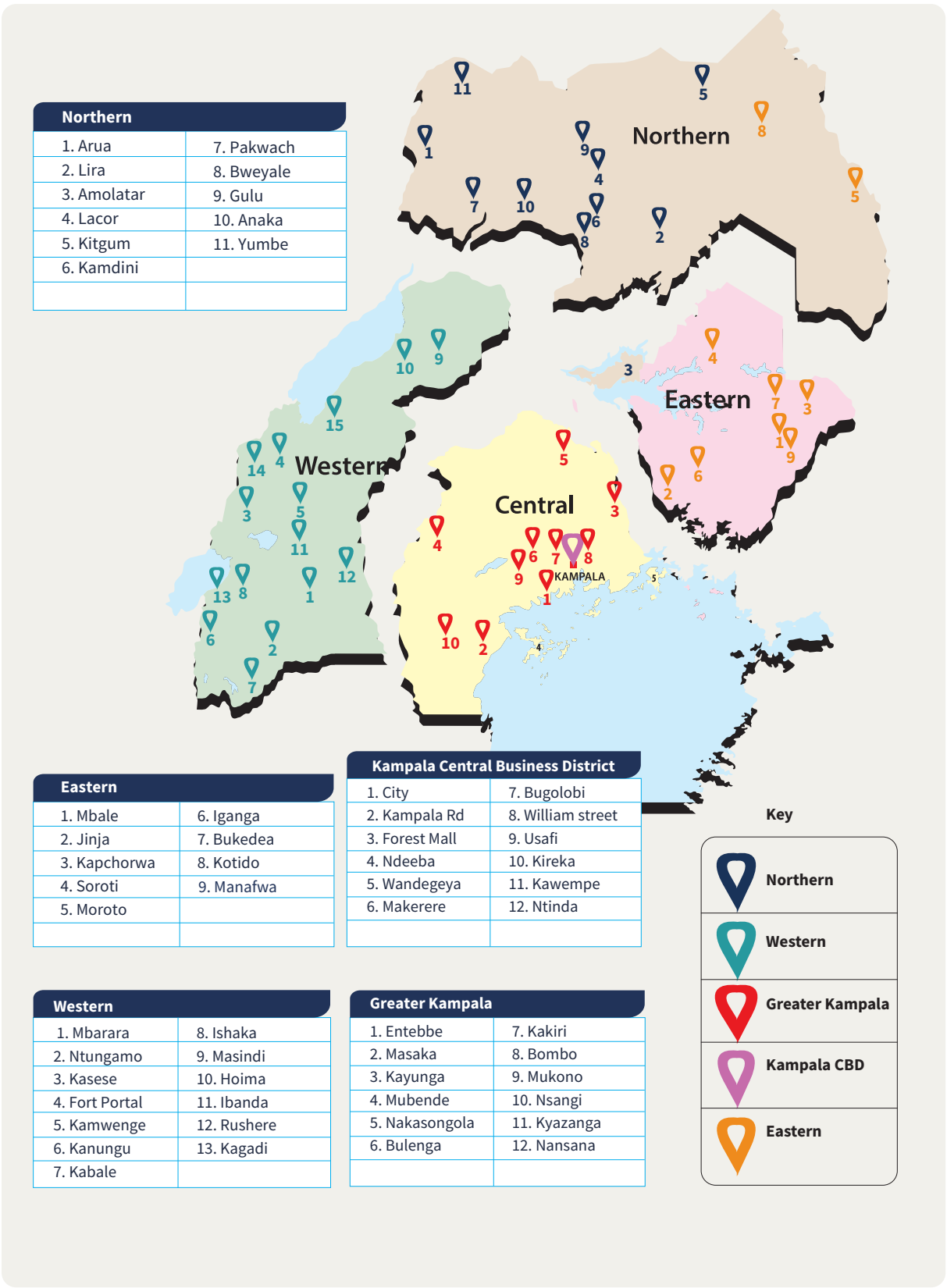




1. Extending our country wide reach and presence **GRI 202-2**

We continue to extend our coverage of Uganda through our branch network. We believe that financial inclusion can only be achieved by providing products and services closer to the financially excluded.

Our footprint includes 57 branches, 14 mobile Banking vans ‘branch on wheels’ 5,920 agents, 61 Automatic Teller Machines. We have a branch in at least 40 districts across Uganda.





### Country wide network

Branches serve as essential physical touchpoints for customers, embodying the concept of 'the people's bank.' Despite the rapid rise of digital technologies, many clients—particularly those who are financially excluded—still favor face-to-face banking interactions.

Hybrid distribution Network to accommodate banking needs of Ugandans		
Physical branches	57 physical branches	Located in 40 districts
Wendi Subscribers	1.5million	Located countrywide
Agents	5,920 agents	Located country wide
Mobile Vans	14 vans	Located in 14 districts
Mobile banking subscribers	265,854	Located country wide
ATMs	61 ATMs	Located in 40 districts

### Our value proposition to our customers is:

- Improved access to financial product chains by every Ugandan.
- Digital transformation across the value creation processes and services through convenience.
- Interoperable physical and digital infrastructure that allows customers and development partners access to financial services.



## 2. Improving physical infrastructure for better customer experience.

During the year we relocated the following branches.

S/n	Branch/location	Region	Outcome/status
1.	Soroti branch	East	Relocated to a new location that will enhance our customers banking experience.
2.	Kasese branch	West	Relocation works were at 95% as at 31 December 2024. Once complete, the new location will improve our banking services in the area.
3.	Kapchorwa branch	East	Fully updated the branch look and feel in line with our new branch layout.
4.	Kamwenge branch	West	We revitalized the branch's appearance and atmosphere to match our updated branch layout, giving it a fresh and modern feel.
5.	Kitgum branch	North	We moved to a new location designed to significantly improve our customers' banking experience.
6.	Archives and storage center	Central	Phase II works are at 87% completion following the successful delivery of Phase I.

### Outlook for 2024 and beyond

#### Short term

- Simplify technology to improve uptake and trust in new technology.
- Integrate our new and upgraded systems to be able to meet our customer's needs better, faster, and cheaper through additional channels.

#### Medium term

- Continue to expand distribution network to at least 70 branches countrywide.
- Enhance our digital banking solutions.

#### Long term

- Become an efficient financial distribution platform that fosters prosperity for Uganda.



## The Commercial Value We Deliver



1. Our Financial Capital

2. Our CFO's review

3. Financial Highlights

Finance Team





## Financial Capital

The Commercial Value We Deliver



### What Financial Capital means to PostBank

At PostBank, financial capital refers to our “capital” or “equity”, that includes economic resources such as credit and various other types of financing. These resources are the foundation upon which we accumulate wealth and generates value for our stakeholders.

### How financial capital supports our sustainable value creation

Financial capital serves as the foundation for achieving our value-creation objectives, reinforcing our position in the Banking industry. It enables us to consistently deliver sustainable value to our customers, employees, shareholders, and the wider community.

### Value transformation

Through the strategic allocation of financial capital to initiatives that foster growth, efficiency, and sustainability, PostBank redefines its value proposition to stakeholders. This approach not only strengthens our financial performance but also elevates our competitive standing, enhances our reputation, and secures long-term sustainability.

### Key Inputs

- Cash and cash equivalents
- Deposits from customers
- Share capital and reserves
- Long- and short-term borrowings

### Key Outputs

#### Strategic performance

Total revenue growth

**20.2%**  
(2023: 30%)

Total revenue

**Ushs 248.1 Bn**  
(2023: 207.5 Bn)

Cost-to-income ratio

**84%**  
(2023: 83%)

Profit after tax

**Ushs 35.4 Bn**  
(2023: 27.5 Bn)

#### Shareholder Value

Total revenue growth

**2.5%**  
(2023: 2.6%)

Return on equity

**17.3%**  
(2023: 16.8 Bn)

#### Growth in loans and deposits

Loans and advances

**718.7 Bn**  
(2023: 603 Bn)

Deposits mobilized

**Ushs 990 Bn**  
(2023: 789.8 Bn)

#### Strong capital and liquidity

Tier 1 Capital ratio

**20.5%**  
(2023: 19.2%)

Tier 1 + 2 Capital ratio

**21.8%**  
(2023: 20.4 Bn)

#### Controlled credit loss provisions

Profit and loss impairment charge

**Ushs 12.6 Bn**  
(2023: 9.1 Bn)

Expected credit losses

**1.8%**  
(2023: 1.5%)

### Key challenges in 2024

- Raising capital to meet BASEL II minimum capital requirements.
- High tradeoffs between income generated from lending and lucrative Government Paper.
- Increased competition for MSME’s among commercial Banks.
- Exposure to effects of economic trends such as inflation and exchange rates.

### Key opportunities in 2024

- New income generating avenues.
- Increased operational excellence.
- Reduced cost of capital.
- Increase in share capital by shareholders.

### How we grow our financial capital

- Strong strategic performance through stable growth in profitability by widening revenue streams and optimising costs.
- Delivering balance sheet growth through lending amidst a challenging landscape.
- Ensuring strong capital position levels that meet regulatory requirements within our risk appetite.
- Securing sufficient funding and managing liquidity levels to ensure optimum running of our operations while building confidence within the financial services sector.

### Approaches to managing outcomes

- Constant monitoring of financial performance metrics and tracking of key performance indicators.
- Conducting financial risk assessments to identify threats to capital, market, liquidity and operational risks.
- Allocation of capital to areas with the highest impact and return while considering capital allocation efficiency and our strategic ambitions.
- Diversifying capital sources and managing liquidity.

### Value created for stakeholders



#### Customers

Access to affordable Banking services and products.



#### Employees

A supportive and inclusive work environment with career prospects and incentives that are linked to the achievement of our financial targets.



#### Suppliers

Strong business relationships built on trust through access to finding, and competitive contracts that are settled in a timely manner.



#### Regulators

Compliance with regulatory capital requirements to foster stability in the Banking sector.



#### Development partners

Rely on our ability to use our financial capital in the implementation of grants.



#### Society

Investments in Corporate Social Responsibility initiatives and the preservation of natural resources contribute to the economic and social well being of the people of Uganda.



#### Government/shareholder

Efficient and sustainable return while contributing to the achievement of social economic agenda and National Development plans.

### How we leverage our financial capital



#### Manufactured capital

Investments in digital and physical infrastructure strengthen the Bank’s asset base.



#### Human capital

Investing in learning and development for improved employee skills and efficiency.



#### Social and relationship capital

We create and preserve value for our communities through supporting CSR initiatives.



#### Intellectual capital

Financing our employee abilities and brand image bolsters intellectual capital.



#### Natural capital

Financially supporting sustainability initiatives reduces the Bank’s carbon footprint.



➔ **Connectivity with stakeholders, material matters, and short to medium-term strategic priorities**

**Related stakeholders**



**Material matters**



➔ **Potential trade offs**



**Manufactured capital**

Financial capital used to upgrade our branch network and technology could come at the expense of investing in other financial opportunities.



**Intellectual capital**

Investments in new financial opportunities might require substantial investments in research and development that diverts resources from our lending.



**Human capital**

Investing in technology and infrastructure boosts efficiency but may affect jobs and require workforce upskilling.



**Social and relationship capital**

Prioritizing high-interest loans can boost profits but risks harming the Bank's image as a socially responsible lender that is solving financial inclusion problems.



**Natural capital**

Excessive focus on financial capital may contribute to the depletion of natural capital.

➔ **Contribution to SDG's**

**Primary UN SDG's**



Training and development provide employees with education and equal opportunities that will bring about true social economic development and better living standards in the community.



Funding both digital and physical infrastructure supports innovation in products and services.



**Secondary UN SDG**

Building resilient, economically sustainable communities through our CSR initiatives as well as sourcing and outsourcing opportunities at the expense of investing in other financial opportunities.





# Our Chief Financial Officer's Review

Peter Ssenyange



## Our CFO's review of 2024

Uganda's economic performance in 2024 demonstrated resilience and strong upward momentum across all key sectors. The economy expanded with a GDP growth rate of 4.8%, surpassing the 3.5% achieved in 2023. This growth was driven by the services sector, which contributed approximately 43% of the GDP, alongside significant strides in the agricultural and manufacturing sectors.

Uganda's FY2023/24 budget was guided by the theme 'Full Monetisation of Uganda's Economy through Commercial Agriculture, Industrialisation, Expanding and Broadening Services, Digital Transformation and Market Access'. With this theme in mind, we coined our purpose of Fostering Prosperity for Ugandans into two high impact goals, that is, Drive sustainable financial inclusion which aligns with the National Financial Inclusion Strategy, and Stimulate entrepreneurship and services that focuses on vital financing for Small and Medium-sized Enterprises (SMEs) and large businesses.

our commitment to optimise operational efficiency, offer sustainable products and enhance overall customer experience through our continued strategic investments in both technology and infrastructure.

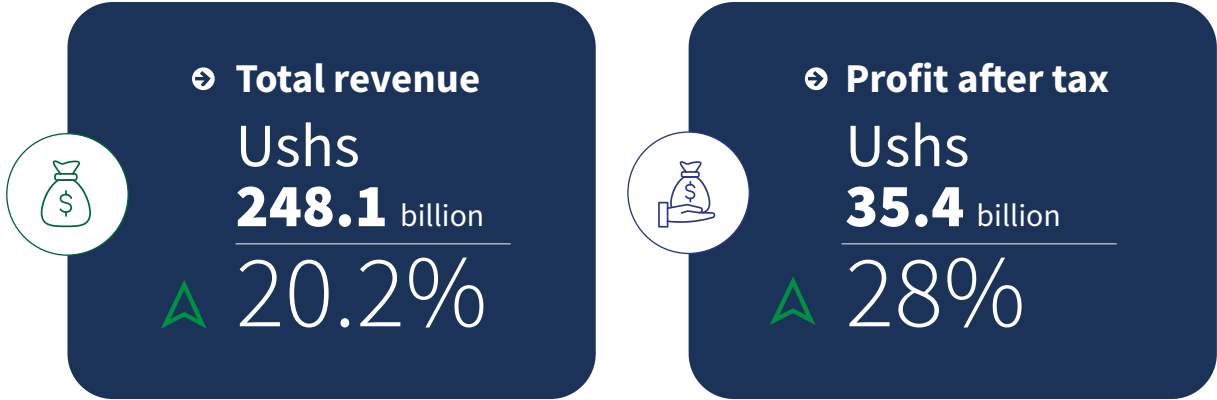
The upward trajectory, especially in our loan book coupled with the Bank's investment in groundbreaking digital solutions such as Wendi, has created a positive trend for individual consumers and businesses particularly SMEs that now have more access to affordable financing.

In 2024, these two driving high impact goals steered the Bank to report significant increases in not only revenue and profitability, but also financial access to Ugandans through the growth of our loan book, that is, the Bank recorded a Profit After Tax of Ushs 35.4 billion, an increase of 28.7% from the prior year. Our total revenue stood at Ushs 248.1 billion, a growth of 20.2%, and our loan book closed at Ushs 718.7 billion marking a commendable increase of 19% compared to the previous year. The growth in these key metrics despite the dynamic macro-economic trends and changing regulatory environment further reflects

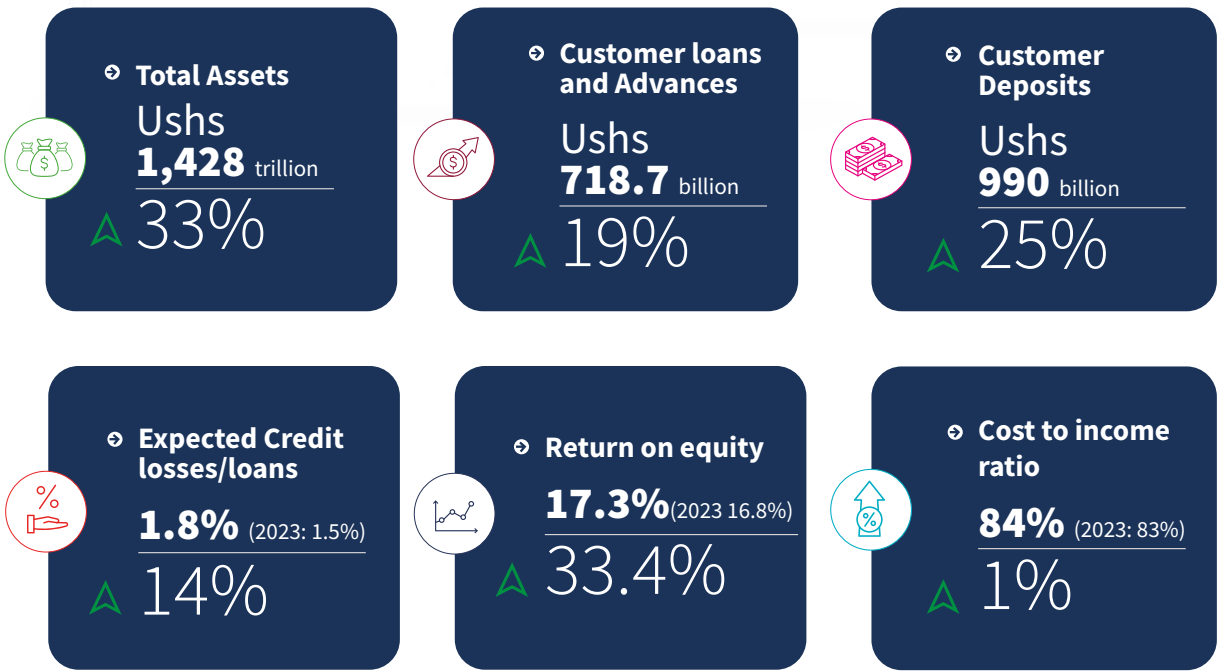
Looking ahead, we remain focused on executing our strategic initiatives and enhancing digital capabilities that will strongly position us for continued success. I am optimistic about the future and the Bank's commitment to deliver sustainable value to our stakeholders.

On a personal level, I express my deepest appreciation to the finance team for its exceptional efforts and continued hard work which was spotlighted at the 2024 ICPAU Awards where the team scooped the "Finance Team of the Year" Accolade.

## Financial overview



## Key financial metrics at a glance





### 3. Financial Highlights

#### 1. Strong strategic performance

##### Objective:

- To attain a target cost to income ratio below 80% in 2024.

##### Results:

- There was an increase in our cost to income ratio from 83% to 84% that is attributed to the higher growth rate of total expenses (21%) as compared to the 20% rise in total income. The increased growth rate in total expenses was mainly due to growth in administrative expenses which was driven by the increased business growth activities.

##### Objective:

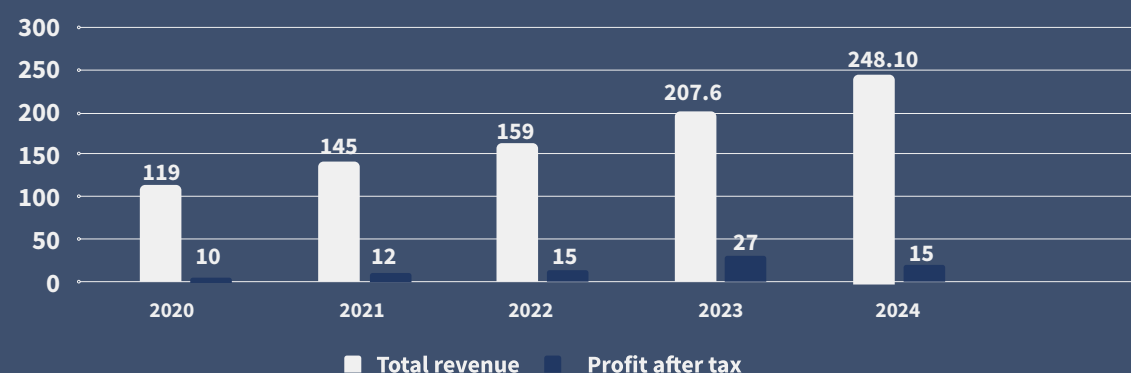
- To maintain a strong quality customer lending portfolio with a credit loss ratio of 3.2%.

##### Results:

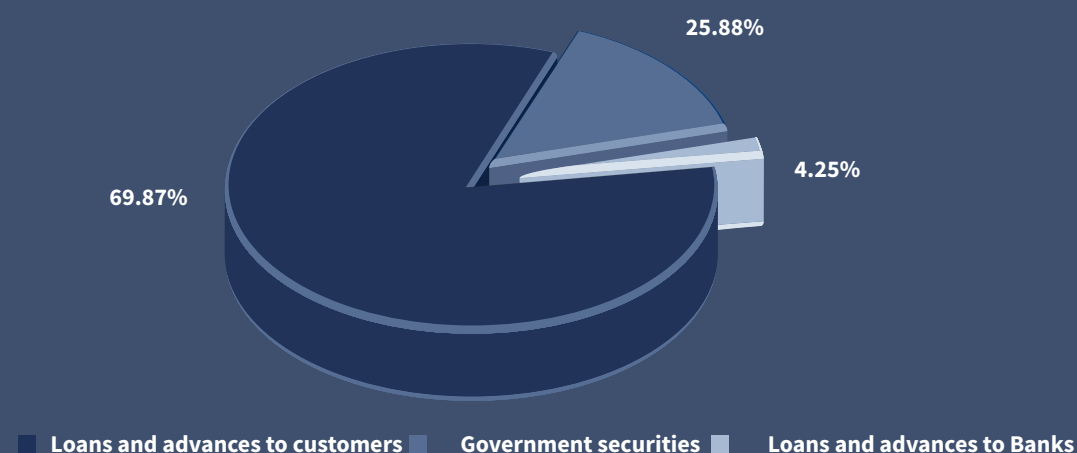
- Our credit loss ratio increased to 1.8%, from 1.5% in 2023 reflecting an increase in our bad debts by 39% from Ushs 9.1 Bn to Ushs 12.6 Bn largely due to 19% growth in the loan book.

Our total revenue stood at Ushs 248.1 Bn reflecting an increase of 20.2% over last year with our profit after tax closing at Ushs 35.4 Bn up from Ushs 27.5 Bn. The growth in revenue and profit after tax reflects the Bank's relentless pursuit of common goals ensuring prosperity for its customers and stakeholders through offering pioneering solutions in various communities. The total revenue comprises of interest income and fee and commission income.

Total revenue and profit after tax (Ushs Bn)



Composition of interest income



#### Interest income

Interest income experienced significant growth in 2024, rising from Ushs 167 billion to Ushs 217 billion. This was driven by a commendable 19% increase in the loan book, which closed at Ushs 718.7 billion, as well as a notable rise in investments in Government securities, which grew from Ushs 183 billion to Ushs 365 billion. These developments showcase the Bank's strategic efforts and strong financial management.

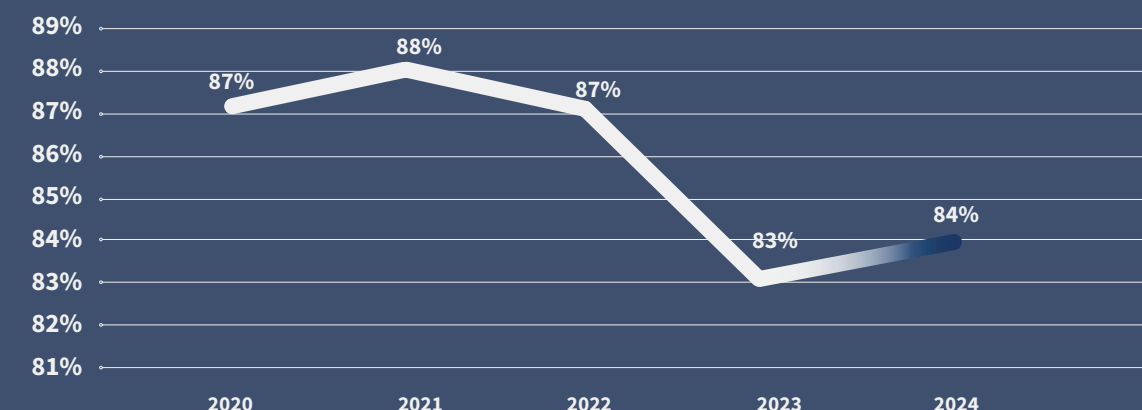
#### Fee and commission income

Fee and commission income posted a 22% decrease, primarily due to an 88% year-on-year reduction in net trading income and a rise in Wendi Agent Commission expenses, which grew significantly from Ushs 126.8 million to Ushs 1.59 billion as a result of increased agent transactions.

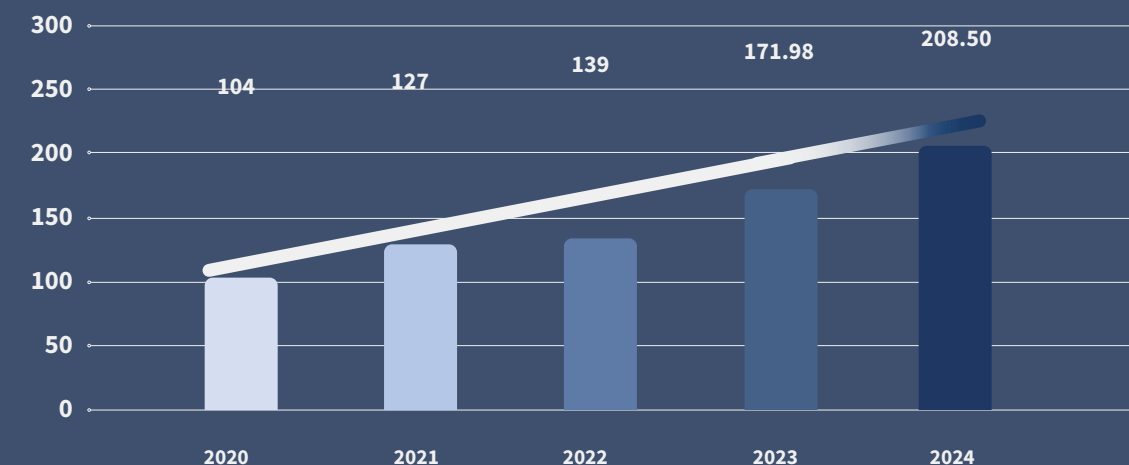
#### Cost to income ratio

Our cost-to-income ratio rose from 83% to 84%, driven by a higher growth rate in total expenses (21%) compared to the 20% increase in total income. This increase in expenses was primarily attributed to administrative costs, which grew as a result of expanded business activities supporting our growth strategy.

Cost to income ratio

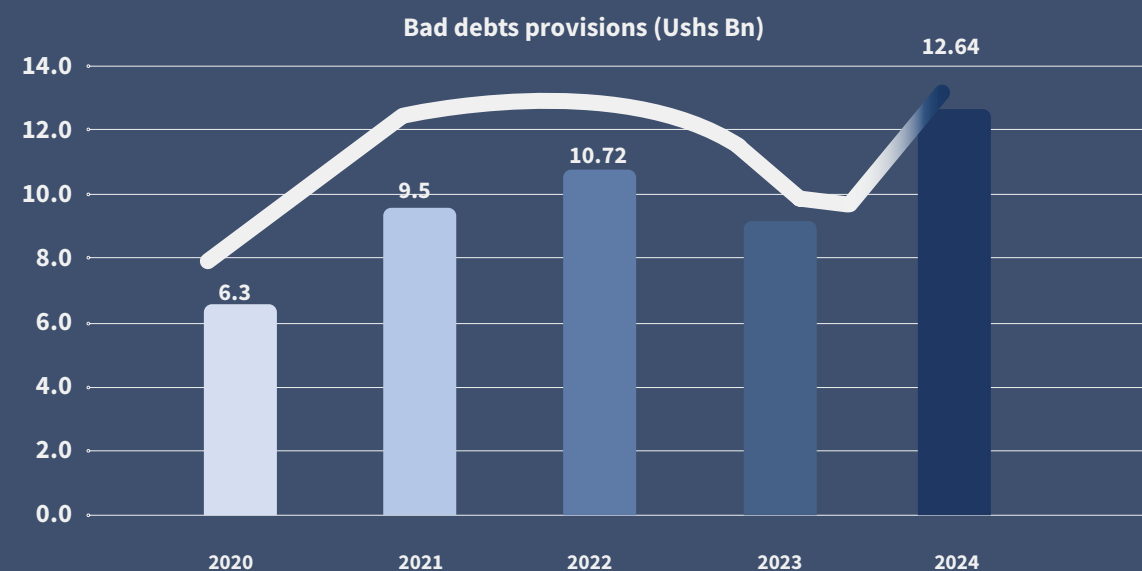


Total expenses (Ushs Bn)





Bad debt provisions rose by 39%, increasing from Ushs 9.1 billion to Ushs 12.64 billion. This growth was directly linked to the 19% expansion in our loan book during the year.



Procurement Team

## 1. Delivering balance sheet growth

Our growth strategies continue to deliver strong year-on-year impact, reflected in a 33% growth in our asset base from Ushs 1,071 billion in 2023 to Ushs 1,428 billion in 2024. This growth was primarily driven by a 19% expansion in our loan book, which increased from Ushs 602.6 billion to Ushs 718.7 billion, showcasing our continued focus on lending sustainably and addressing customer needs. Investments also contributed significantly, growing by a remarkable 91% from Ushs 207 billion to Ushs 394 billion.

Our funding base expanded by 35%, with customer deposits rising by 25% from Ushs 790 billion to Ushs 990 billion. Additionally, there was a notable increase in amounts due to Banking institutions, which grew from Ushs 7 billion in 2023 to Ushs 91 billion in 2024, representing a substantial rise of 1,262%. These gains were fueled by strengthened partnerships and initiatives aimed at enhancing financial inclusion.

We remain committed to fulfilling Tier 1 capital requirements, backed by strong shareholder support. Shareholders' funds rose by 25%, increasing from Ushs 164 billion to Ushs 205 billion. With a positive outlook for the future, we anticipate that the combination of retained earnings and capital injections will continue to bolster our long-term strategy and ensure regulatory compliance.

### Statement of financial position (Bn)

	2020 Ushs	2021 Ushs	2022 Ushs	2023 Ushs	2024 Ushs	YoY Change %
<b>Assets</b>						
Cash and Bank balances	31	42	99	130	162	24%
Investments	229	160	258	206	394	91%
Loans and advances	335	455	480	603	718.7	19%
Other assets	23	38	39	49	49.2	74%
Fixed and intangible assets	57	47	67	83	103.8	0%
<b>Total assets</b>	<b>675</b>	<b>742</b>	<b>943</b>	<b>1,071</b>	<b>1,428</b>	<b>33%</b>
<b>Liabilities</b>						
Customers deposits	449	507	689	790	990	25%
Due to Banking institutions	1	2	12	7	91	1262%
Borrowed funds	63	64	53	41	44	6%
Other liabilities	61	52	53	70	98	40%
<b>Total liabilities</b>	<b>574</b>	<b>625</b>	<b>807</b>	<b>908</b>	<b>1,223</b>	<b>35%</b>
<b>Shareholders equity</b>	<b>101</b>	<b>117</b>	<b>136</b>	<b>163</b>	<b>205</b>	<b>25%</b>
<b>Total liabilities and equity</b>	<b>675</b>	<b>742</b>	<b>943</b>	<b>1,071</b>	<b>1,428</b>	<b>33%</b>



## Shareholder value

We remain committed to delivering a robust return on equity for our shareholders while championing financial inclusion and advancing the National Development Plan (NDP IV) agenda. Our approach emphasizes sustainability, ensuring that our efforts contribute meaningfully to long-term economic growth and community empowerment.

### Objective:

- To deliver consistent returns (ROE) with a target minimum threshold set at > 16%.

### Results:

- ROE was up 6% from 2022 and right on target in 2023. The strong growth was supported by the effective deployment of capital to enable investments in higher yielding assets, and a strong quality customer lending portfolio, and hence growth in PAT.

### Objective:

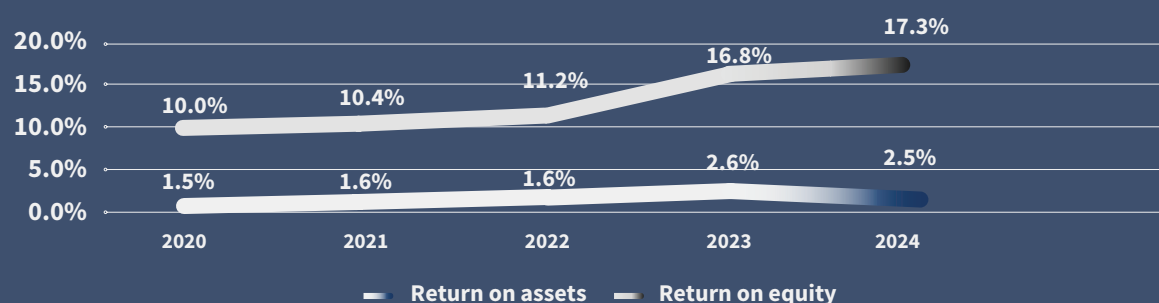
- To effectively deploy the Bank's liquidity into the optimal balance of assets that generate consistent returns, above the Internal benchmark of 2%.

### Results:

- ROE was up by 0.5% from 2023. The increase is due to the Bank's continued deployment of capital to enable investments in higher yielding assets, and a strong quality customer lending portfolio, and hence growth in PAT.

Further, ROA grew by 0.1% from 2023 and above the 2024 target. This growth was attributed to high contribution of earning assets to the total asset.

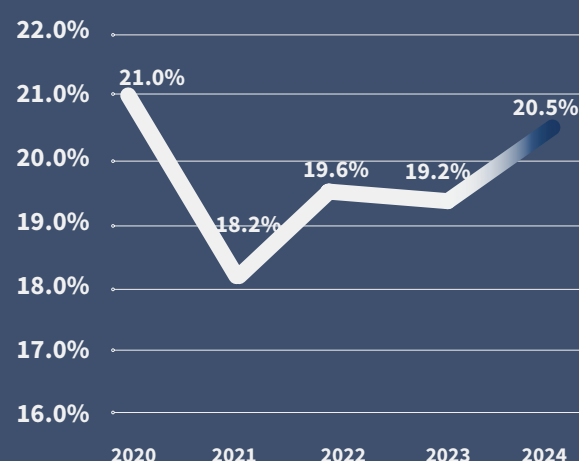
### Return on Equity and Assets (%)



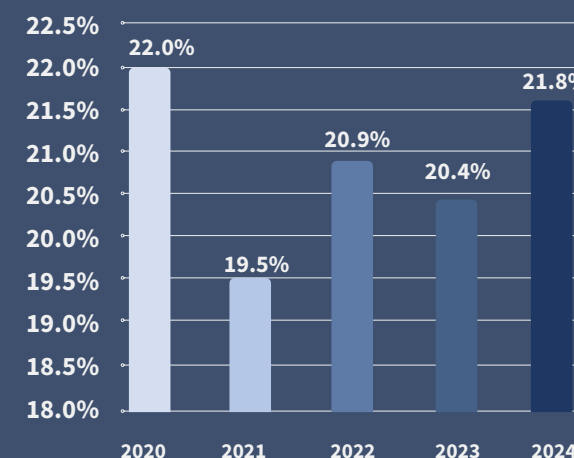
## Capital adequacy

We are actively taking measures to ensure compliance with our capital requirements. As of 31 December 2024, we proudly exceeded the regulatory minimum thresholds for both Core Capital Adequacy and Total Capital Adequacy, demonstrating our financial resilience and commitment to sustainable growth.

### Core Capital Adequacy



### Total Capital Adequacy



### Objective:

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

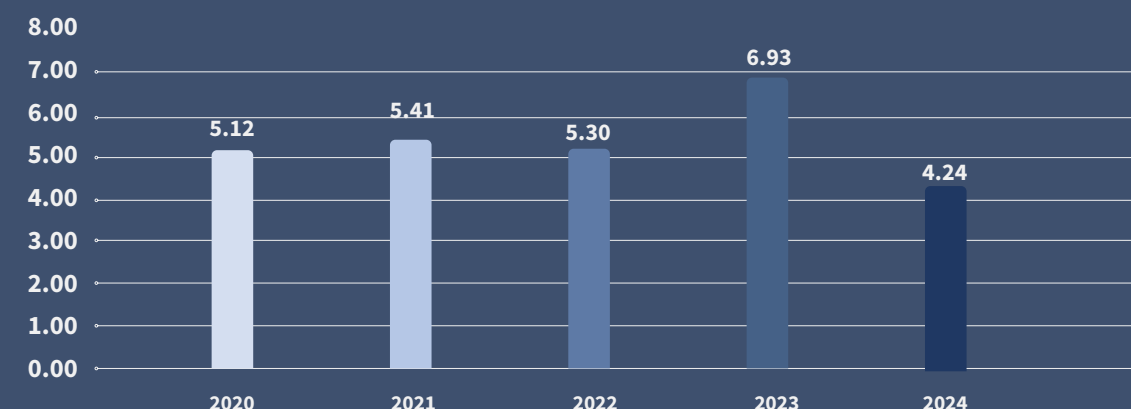
### Results:

- Total capital closed at 21.8%, above the minimum regulatory requirement of 14.5% and above buffered requirement of 17%. The capital position remains sufficient to cover the growth aspirations.

## 2. Contributions towards taxation

Throughout the year, we contributed Ushs 4.24 billion in direct taxes, a decrease from Ushs 6.93 billion in 2023. This decline was primarily due to our substantial investment in government securities and the overpayment of taxes in the previous year.

### Corporation tax paid (Ushs Bn)



## Outlook for 2025 and beyond

### Short term

- We will sustain our focus on meeting regulatory capital requirements, ensuring the financial strength and stability of our operations.
- We remain committed to maximizing profits generated through sustainable and responsible business practices, delivering long-term value to our stakeholders.

### Medium term

- We are dedicated to meeting the financial objectives outlined in our budgets and strategic plan, ensuring consistent growth and alignment with our long-term vision.
- We aim to raise capital to expand our lending capabilities, further enhancing access to financial services and promoting inclusive economic growth.

### Long term

- We remain committed to ensuring consistent and sustainable returns for our shareholders, reflecting the strength and resilience of our business model.
- We actively contribute to the achievement of Uganda's National Development Plan III (NDP IV) and other government-led initiatives, aligning our efforts with broader socio-economic goals for long-term progress.



## The Social Value We Contribute



1. Social and Relationship Capital



2. Natural Capital

PostBank staff cheer on for one of the longest serving members at the Bank





## Social and Relationship Capital

Fostering trust, creating value



- What Social and Relationship capital means to PostBank**

Sustainable value creation through social and relationship capital hinges on promoting collective well-being. By fostering relationships that facilitate sustainable value, we ensure that our value is both generated and maintained. Social and relationship capital encompasses our interactions with stakeholders and the communities we serve, ultimately contributing to Uganda's overall prosperity.
- How Social and Relationship capital supports our sustainable value creation**

PostBank has carefully nurtured its Social and Relationship Capital to guarantee lasting success and positive community impact. Through meaningful engagement with stakeholders, the Bank has aligned its goals and services with the primary objective of delivering excellent customer service and developing initiatives that create mutual value over time.

**Value transformation**

- Attracting and retaining the right customer base.
- Attracting and retaining the right set of skills.
- Leveraging on learning and development to continuously develop our employees.
- Effective media engagement.
- Long term customer relationships.
- Effective service delivery and engagement with suppliers.

**Key Inputs**

- Unwavering support from our Shareholder.
- Employee feedback and engagement.
- Strong customer relationships.
- Effective supplier management practices.
- Effective collaboration with regulators.

**Key Outputs**

**Customer centric service**

Mobile Banking and USSD users

**265,854 users**  
(2023: 43,237 users)

Customer complaints resolved

**7,584 complaints**  
(2023: 8,039)

**Responsible procurements**

Local suppliers

**Ushs 38.9 Bn**  
(2023: Ushs 34.4 Bn)

Foreign suppliers

**Ushs 4.68 Bn**  
(2023: Ushs 1.8 Bn)

**Key challenges in 2024**

- Economic and climatic factors causing interruptions to our customers' businesses.
- Balancing competing stakeholder expectations.
- Managing evolving stakeholder needs and conflicts of interest.
- Allocating resources efficiently to meet diverse stakeholder demands.
- Risk of reputational harm if positive relationships are not upheld.

**Key opportunities in 2024**

- Continue to capitalize on social and relationship capital to foster sustainable value creation.
- Align our community engagements with the goals of our shareholders (NDP IV).
- Promote sustainable initiatives that enhance the overall value to our communities.
- Aim to create a lasting positive impact on our communities.

- How we grow our social relationship capital**

  - Developing robust relationships with business partners.
  - Strengthen adherence to regulatory requirements.
  - Foster thriving communities for societal growth.
  - Cultivate a satisfied and loyal customer base.
- Approaches to managing outcomes**

  - Implementing customer relationship management processes to monitor interactions, preferences, and feedback.
  - Maintaining personalized relationships with customers while ensuring transparency and accountability in all business operations.
  - Investing in employee training and development in areas such as communication and conflict resolution.
  - Utilizing digital platforms and social media channels to engage with customers and build online communities.
  - Providing online support and facilitating productive discussions to enhance customer engagement and satisfaction.

**Value created for stakeholders**



**Customers**

Exceptional client services from products and services that are responsive to customer needs.



**Employees**

Work environment fosters growth and personal development.



**Suppliers**

Our supplier relationships foster mutually beneficial value propositions.



**Regulators**

We strive to maintain a conducive environment for our regulators to effectively exercise oversight.



**Development partners**

Can count on us to amplify their efforts through our seamless Banking operations and processes that are aimed at fostering prosperity.



**Society**


We play our part in facilitating positive impacts that promote wellbeing of both the society and the environment.



**Government/shareholder**


We deliver both sustainable value creation and amplify Governments development initiatives through trust, transparency and long-term financial success.

**How we leverage our social and relationship capital**




**Manufactured capital**

Efforts in digitalization amplify the capabilities and value of manufactured capital.




**Human capital**

CSR initiatives raise awareness, bolster team spirit, and support a healthy work-life balance.




**Financial capital**

When customers are satisfied and loyal, it leads to continuous financial success by enhancing brand loyalty and equity.



**Intellectual capital**

Focusing on customer-centricity, ensuring strong regulatory compliance, practicing responsible procurement, and investing in the communities where we operate all play vital roles in enhancing our customer loyalty, brand strength, and reputation.



**Natural capital**

Adhering to regulatory compliance helps preserve natural resources, thus contributing to sustainability.



## ➤ Connectivity with stakeholders, material matters, and short to medium-term strategic priorities

### Related stakeholders



### Material matters



## ➤ Potential trade offs



### Manufactured capital

Investing in social capital can set aside investments in physical assets. A balance is required for long-term sustainability.



### Intellectual capital

A strong focus on relationships might lead to a preference for established partnerships over pursuing disruptive innovations.



### Human capital

Strong relationships, and positive reputations take time to build, sometimes at the expense of employee learning and development.



### Financial capital

Any social interventions that we undertake require financial resources that directly impact short-term profitability.



### Natural capital

Initiatives that boost social and relationship capital lead to greater resource use that could potentially accelerate the depletion of natural capital.

## ➤ Contribution to SDG's



We prioritize financial inclusion in our projects to combat poverty and inequality.



Through community initiatives, we promote literacy and education and provide financial aid for educational purposes.



Sustainable infrastructure projects benefit both the environment and community.



Our stringent procurement process supports responsible consumption and production.



Cake at the RACE-UP launch





# Message from our Chief Operating Officer

Ms. Janey Rachel Nakato

2024 was an eventful year for the COO domain because we embarked on several transformation initiatives that were targeted at enriching the Bank’s offerings to both our core Bank and Wendi wallet customers. We enhanced our internal governance and risk management processes, and improved our internal efficiency, all of which were focused on improving service to our customers and the communities that we serve.

## Alternative channels



PostMobile:-  
\*263#, PostApp



PostAgent



PostOnline



PBU- ATMs



WendiWallet:-  
\*229#, WendiApp.

Our Retail Mobile and Internet Banking solution was revamped to a modern platform providing a more seamless customer journey but also introduced new self-service capabilities. Our customers are now able to manage their accounts portfolio and perform a wide range of payments and transactions including international transfers conveniently and more securely. This has eliminated the need for our retail customers to come to our branches for more than 90% of their needs.

Several enhancements were made to the Wendi wallet system including integrations to seven (7) Banks allowing us to collaboratively deepen financial inclusion for the unserved and underserved communities. Other enhancements included the introduction of international money remittances, SACCO management capabilities, and an e-commerce mall. The Operations teams were at the forefront to streamline the support mechanisms for all our partners to ensure quality service delivery to all our customers.

We operationalized six (6) regional cash centers to enhance service in our upcountry branches and automated the end-to-end agent onboarding process which is now initiated online in the field with better turn-around time

for online assessment and approval. This will continue to facilitate the drive to massively onboard Wendi agents and bring Banking closer to all our customers.

There was also emphasis on enforcing the resilience of our systems. We strengthened our Network Operations Center for real time monitoring, while boosting the robustness of all our critical systems for reliability and scale. Throughout these improvements, we have endeavoured to keep security at the heart of all the Bank’s initiatives and offerings by continuously investing in high-grade security systems and designs to boost protection of our customer data and systems and achieve near real-time cybersecurity detection and response times. In June 2024, the Bank was certified under the Payment Card Industry Data Security Standards (PCI-DSS) for all our card systems and offerings.

## 2025 and beyond

In 2025, we will continue to put the customer first in everything we do by delivering real solutions that are responsive to their needs.





# 1. Developing robust relationships with business partners (Business Partner Capital)

Our “business partner capital” represents the value derived from interconnected business relationships that ensure the efficient and seamless delivery of products and services. These partnerships include correspondent Banks, suppliers, outsourcing service providers, and various other associates.

## Our approach to business partner capital

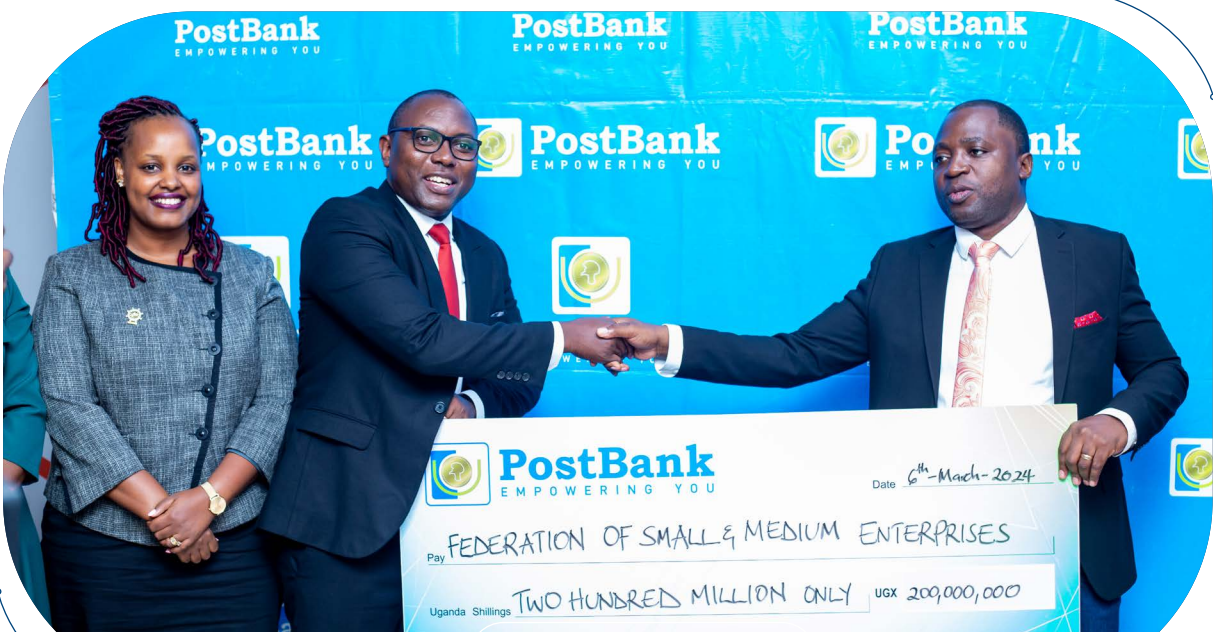
At PostBank, our business partners play a crucial role in our operations, significantly impacting our profitability and sustainability. To this end, we maintain transparency in all our transactions, adhering to policies that govern the entire process. Our goal is to foster long-lasting, sustainable business relationships that bring mutual benefits.

### Strategies to enhance value

- Consistent and stable transactions
- PPDA compliant procurement practices.

### Value generating drivers for building strong partnerships

- Responsible and compliant procurements (PPDA).
- Mutual value and benefit to service providers.
- Strengthening strategic alliances.



A team of FSME led by the Executive Director – John Walugembe (2nd right) after receiving a dummy cheque from PostBank Uganda team led by Ssenyange Peter (middle) – Chief Finance Officer at Kingdom Kampala

## Fostering prosperity through financial inclusion and grant partnerships

We have forged partnerships with development organizations to facilitate payments for refugees and vulnerable individuals, as well as to offer loan products that foster prosperity through financial inclusion and improve livelihoods. We consciously utilize our financial capital to generate value that extends beyond mere profitability.

## Input

### Heifer grant

We entered into a 50-50 partnership with Heifer International to enhance agricultural loans.

## Outcomes

- Over Ushs 2 Bn in agriculture loans extended to the youth.
- 1,000+ youth have been able to benefit from the project funds.
- Meaningful projects introduced into communities where the funds were disbursed.

### Activities during 2024

The project was concluded in 2024.

### Norwegian Refugee Council (NRC) grant

We received Ushs 366 Mn from NRC in collaboration with TENT foundation to improve livelihoods of young, displaced men, women, and children in Uganda.

- Young women, men and children in Uganda have been able to benefit from the project funds.
- Meaningful projects introduced into communities where the funds were disbursed.

### Activities during 2024

- The project was partly affected by the Covid 19 pandemic, and the Bank continues to assess performance of the portfolio for proper implementation.

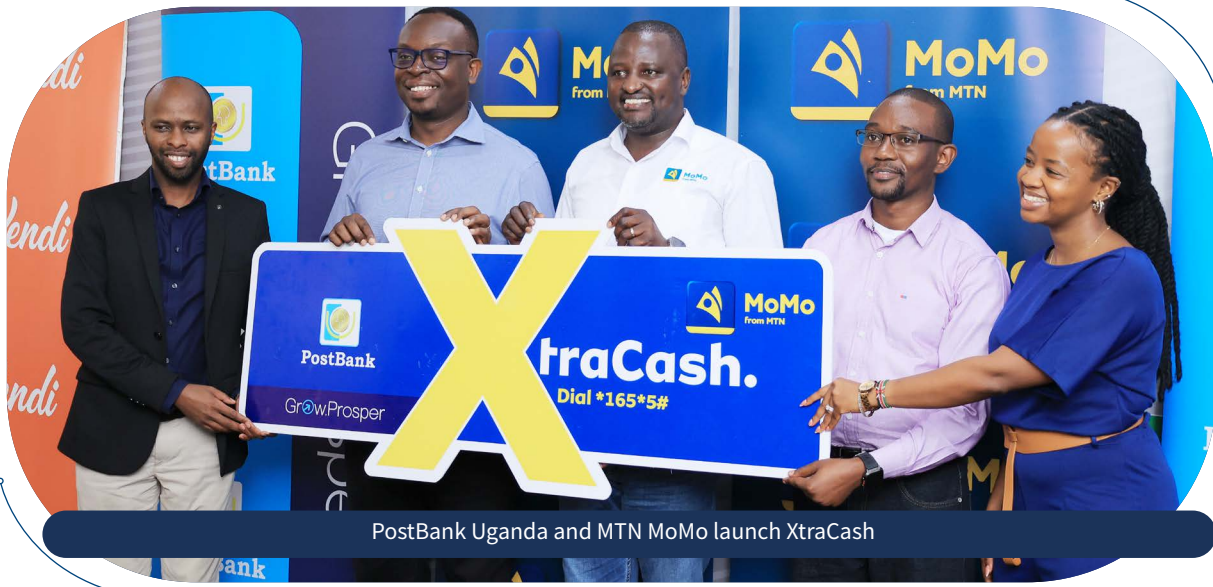
### Eurogiro grant

We entered into a partnership with Eurogiro to create a digital solution that would enhance financial inclusion for the intended beneficiaries.

- Provision of payment solutions with competitive transaction costs targeted at including 7,000 beneficiaries across the country.

### Activities during 2024

- The project completion date is 31 March 2024.



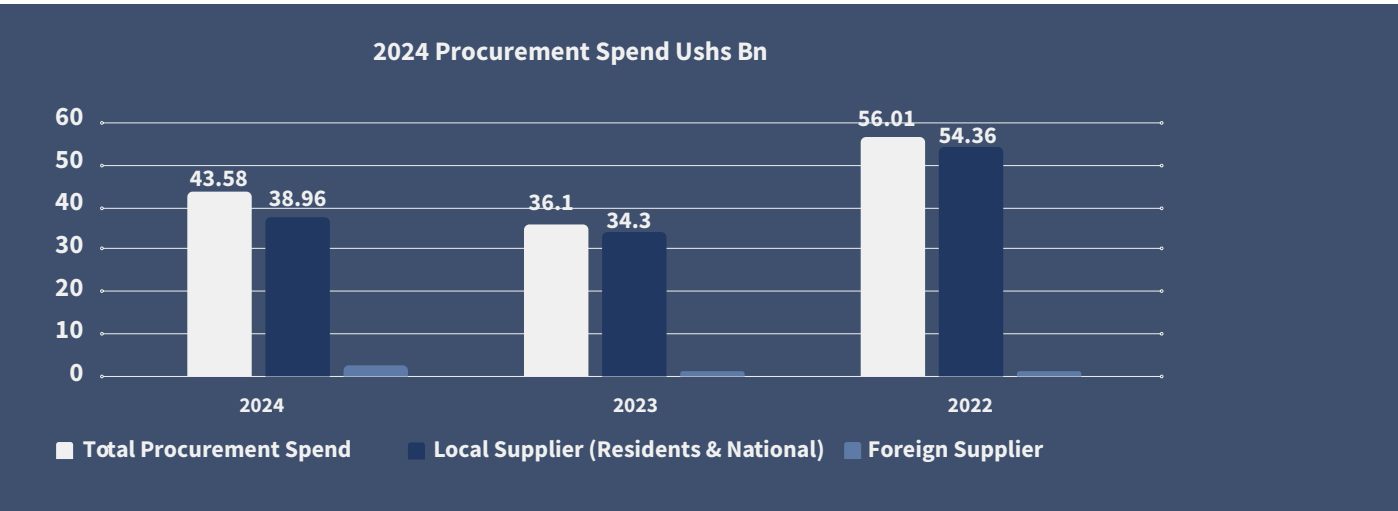


Responsible procurement

GRI 204 - 1

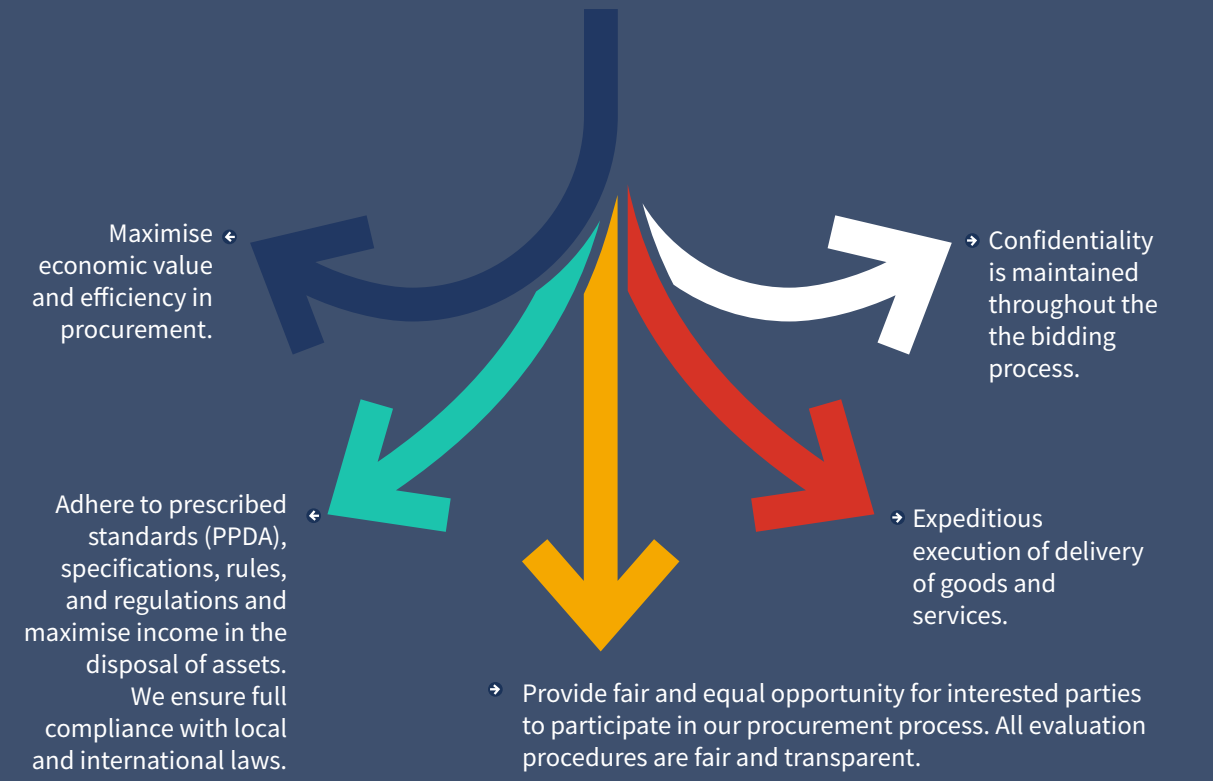
We regard our suppliers as strategic partners and hold them to the highest standards of quality, service, and ethical practices, as their performance directly influences our service delivery.

	2024	2023	2022	2021
% of BUBU in our procurement spend	89.0%	95.1%	95.9%	97.1%
% of indigenous Ugandan businesses in total spend	49.0%	52.3%	43.9%	48.6%
% of indigenous Uganda business in local spend	52.8%	55.0%	45.7%	50.1%



We partner with local suppliers who comply with the criteria set forth in the Public Procurement and Disposal of Public Assets Act for delivering goods and services to us.

Our supplier selection process is rooted in transparency, with a focus on principles such as non-discrimination, equal treatment, confidentiality, fairness, openness, and accountability. To ensure well-rounded value creation, we maintain a diverse supply chain.



We update our procurement plan annually to reflect our evolving requirements. Our trusted suppliers assist us with acquiring fixed assets, consumables, printing, marketing and promotional activities, maintenance and construction services, and consultancy for special cases. Our policy clearly outlines the procedures for various procurements in accordance with the PPDA Act and regulations.

Although the procurement function is executed by the Bank, the procedures are overseen by the procurement committee, which is appointed by the CEO and approved by the Permanent Secretary, Ministry of Finance, Planning, and Economic Development.

Our procurement process embeds economic, social, and environmental impacts into the process. Selection criteria includes:

- Quality of services or products.
- Competitiveness of prices.
- Experience and competence.
- Financial soundness.
- Flexibility and capacity.
- Demonstrated compliance with legal requirements.

2. Strengthen adherence to regulatory requirements. [Regulatory Capital]

We believe that the core objective of regulatory capital is to ensure both financial and social stability. In the financial services sector, regulatory capital performs several vital roles, including loss absorption, fostering public trust, controlling excessive asset growth, and safeguarding depositors.

Our approach to regulatory capital

We are incorporated under the Companies Act of Uganda and licensed and regulated by the Bank of Uganda. Given this significant responsibility, we are committed to complying with all regulatory requirements and upholding sound corporate governance principles. This fosters customer trust and contributes to a stable economy. Additionally, we are dedicated to fulfilling our tax obligations, positively impacting the economic development of Uganda, our country.

Strategies to enhance value

- Establish mechanisms to identify, assess, and respond to regulatory changes.
- Bolster operational resilience.
- World class stress testing methods.

Value generating drivers for strengthening regulatory compliance

- Zero non-compliance with laws and regulations.
- Anti Money laundering, bribery, and corruption.
- Strong governance and prudent risk management.

Compliance with regulations

Adhere to the provisions of the:

- Financial Institutions Act, regulations, and amendments.
- Financial institutions licensing regulations.

Anti-money laundering, bribery, and corruption:

Identification of three principal risk areas in the age of digitisation:

- Anti-money laundering.
- Cybersecurity.
- Fraud prevention.

Maintain close relationships with:

- The Ministry of Finance, Planning and Economic Development.
- Uganda Revenue Authority.
- Office of the Auditor General.
- Parliament .

Submit periodic information related to the Bank’s operations in compliance with the directives issued by Bank of Uganda.



### Strong governance and prudent risk management

- ❖ Implement a rigorous governance system and a stringent risk management policy.
- ❖ Prioritize the reinforcement of a risk-aware culture in the short to medium term.
- ❖ Sustain a robust risk culture that proficiently anticipates, manages, and mitigates risks from both internal and external sources.

### Contributions to the Government.

- ❖ Pay and collect taxes on behalf of the Government.
- ❖ Pay all relevant taxes payable on behalf of and in respect of our employees.
- ❖ Pay all applicable statutory dues to the Government and the other relevant regulatory and statutory authorities.
- ❖ Pay dividend on income earned.

- ❖ For further discussions on risk management, please refer to pages 100 to 115 of the Report, specifically under the Material Matters Risks and Opportunities section.



## 3. Cultivate a satisfied and loyal customer base. [Customer Capital]

Customer capital at PostBank signifies the value derived from our interactions with customers, directly contributing to both current and future value. Essentially, it encompasses the outcomes of our customer relationships.

### Our approach to customer capital

Our relationship with our clients is a major part of what we do and greatly impacts on the quality of our work. We implement a comprehensive strategy that depends on various channels to deliver exceptional customer service. PostBank clients can offer immediate feedback as they interact with us physically at our extensive branch network, along with mobile/internet Banking and other platforms that guarantee that they enjoy optimal access to our services.

#### Strategies to enhance value

- ❖ Delivering exceptional customer service by enhancing our digital service model.
- ❖ Measuring and monitoring customer satisfaction performance indicators.
- ❖ Holding individual staff accountable for doing everything possible to enhance the customer experience.

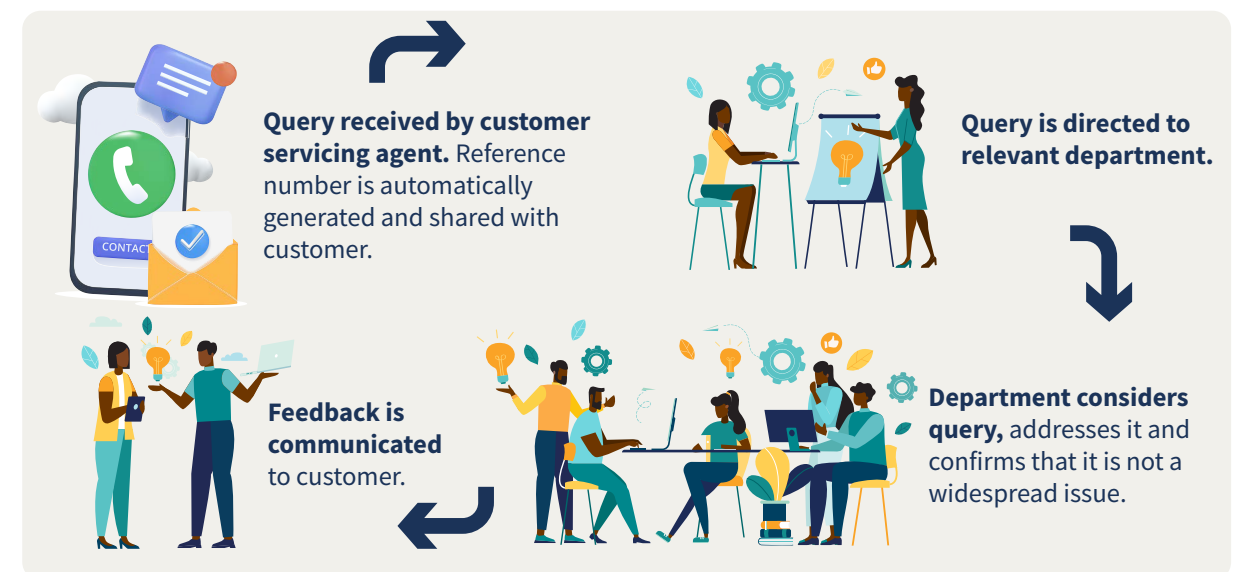
#### Value generating drivers for strengthening regulatory compliance

- ❖ Deliver an exceptional customer experience.
- ❖ Enhance customer satisfaction.
- ❖ Effectively address and resolve customer complaints.
- ❖ Protect customer data and privacy.

### Solving customer problems

Our call center offers customers the chance to discuss potential business opportunities or resolve grievances. For quality and continuous improvement purposes, all calls are recorded and managed by our highly trained and skilled customer service representatives. Our customer service process follows the following cycle:

- ❖ Initial contact and assessment of customer needs.
- ❖ Resolving queries or grievances through appropriate channels.
- ❖ Providing follow-up support and ensuring customer satisfaction.



Each month, a report on customer complaints and the actions taken to address them is compiled and presented to the Management. We continuously equip our employees with the necessary skills to handle customer complaints, resolve issues, and turn challenging situations into positive outcomes.



## Customer satisfaction statistics



Number of complaints received.

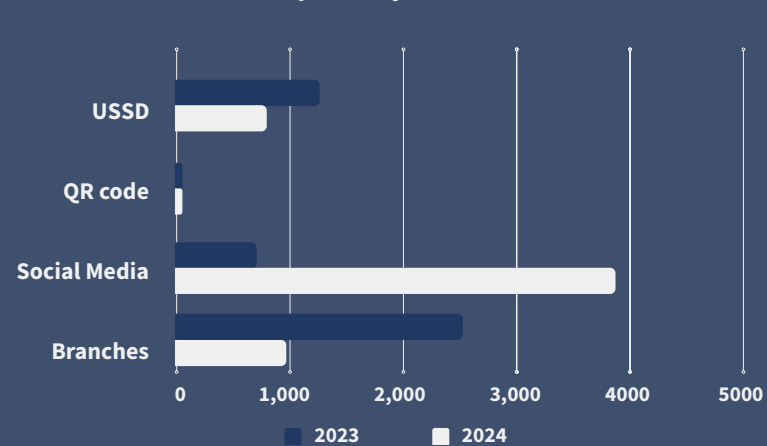
**7,584**  
(2023 – 8,039)



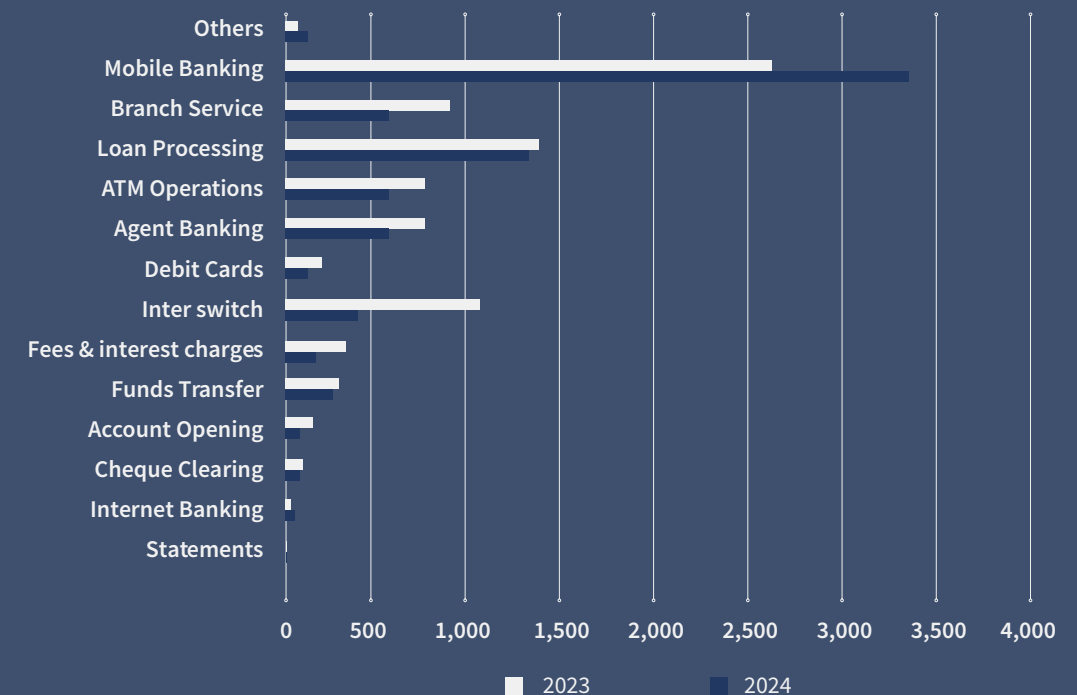
Number of complaints resolved.

**7,508**  
(2023 – 7,971)

### 2024 customer inquiries by channel



### 2024 complaints by category



Loan disbursement turnaround time  
**Target 4 hours**

**17.1 hours**  
(2023 -20 hours)



Loan processing error rate  
**Target <5%**

**18%**  
(2023 – 24%)



Alternate distribution channels uptime (ATMs, internet Banking, Mobile App and Agency Banking).  
**Target 98%**

**88.6%**  
(2023 – 90%).



Over the counter error rate.  
**Target <0.2%**

**0.1%**  
(2023 – 0.1%)



Mobile Banking onboarding turnaround time.  
**Target 1day.**

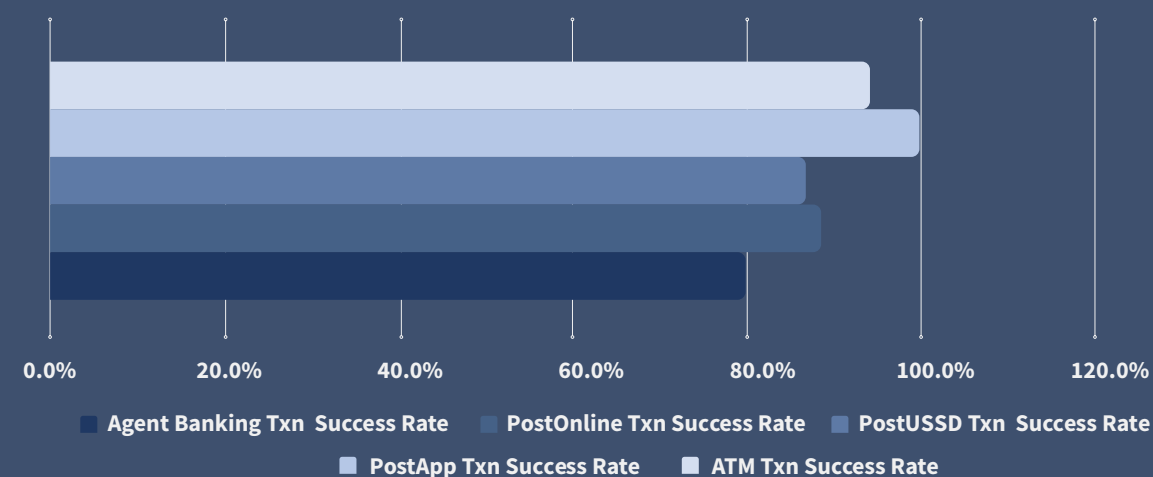
**3.6 days.**  
(2023 -3.6 days)



Complaints resolution rate.  
**Target 90%.**

**89.1%**  
(2023 – 99.1%)

### Transaction Success Rate By Application



Staff at the RACE UP launch pose for a picture





# Head ICT Security and Governance

Steven Mwesige

## Protecting our customer data with cyber security

PostBank Cybersecurity and Data Security Framework 2024

Cybersecurity is fundamental to financial services in an era of rapid digital transformation.

As cyber threats grow in complexity, PostBank remains committed to protecting customer data, securing digital transactions, and ensuring operational resilience. Our Cybersecurity and Data Security Framework is designed to anticipate, prevent, and mitigate risks while aligning with global security standards and regulatory requirements.

By implementing robust security measures, industry best practices, and cutting-edge technology, PostBank strengthens its position as a leader in cybersecurity excellence. In 2024, we achieved PCI

DSS v4 certification, fully implemented a Data Loss Prevention (DLP) system, maintained zero system breaches, and enhanced our operational framework. These milestones reflect our proactive approach to threat management, regulatory compliance, and digital trust.

We continue investing in advanced threat intelligence, cybersecurity awareness, and security-first development strategies, ensuring that our customers and stakeholders can confidently Bank in an evolving digital landscape.



### Customer-Centric Cybersecurity

At PostBank, we prioritise our customers’ security and trust, ensuring their financial transactions and personal information remain protected. Our cybersecurity strategy is designed to enhance user confidence while delivering seamless and secure digital experiences as follows:

**Frictionless Security Measures:** We integrate advanced security technologies that protect customer data without compromising convenience. Multi-factor authentication (MFA), biometric verification, and AI-driven breach detection ensure secure, user-friendly transactions.

**Proactive Threat Mitigation:** We identify and neutralise threats through real-time monitoring and predictive analytics before they impact on our customers. This approach minimises phishing attacks, identity theft, and unauthorized access risks.

**Transparent Security Communication:** Educating our customers on cybersecurity best practices. We provide regular updates, awareness campaigns, and fraud prevention tips to empower customers to safeguard their accounts and financial data.

**Secure Digital Banking Enhancements:** In 2024, we introduced additional security layers in mobile and online Banking, including end-to-end encryption, secure session management, and automated fraud alerts, ensuring a resilient Banking environment.

**Key Cybersecurity Milestones in 2024**

**Enhanced Payment Security:** PostBank achieved PCI DSS v4 certification, improving payment security by strengthening authentication, encryption, and fraud detection. This reduces fraud risks and boosts trust in our financial services.

**Data Loss Prevention System Launched:** In 2024, PostBank introduced a system to monitor, detect, and prevent unauthorized access and data leaks. This ensures we comply with global data protection laws and protect against internal threats through strict access policies and real-time monitoring.

**No System Breaches Due to Continuous Monitoring:** Our 24/7 Cybersecurity Operations Center (CSOC) uses advanced technology to prevent breaches, ensuring that customer data remains safe and unchanged. In 2024, this proactive approach successfully kept our systems secure.

**Improved Security in Software Development:** We integrated security into every stage of software development, using automated scans, vulnerability assessments, and CI/CD security controls. This approach speeds up deployment and minimizes vulnerabilities, ensuring strong digital Banking security.

**Data Protection and Customer Privacy**

PostBank remains fully committed to compliance with Uganda’s Data Protection and Privacy Act, 2019. We are registered as a Data Collector, Controller, and Processor under the Act. To further strengthen our data governance, we have:

**Strengthened Privacy Enforcement:** Expanded our Data Protection Focal Points across all departments and branches, ensuring effective implementation of security and privacy controls.

**Automated Data Security:** Integrated data protection controls into our digital platforms, improving real-time monitoring and securing customer data from unauthorized access.

**Proactive Privacy Measures:** Maintained zero customer data breaches for the third consecutive year, reinforcing customer trust through rigorous threat detection and mitigation.

**Enhanced Data Security Governance:** Strengthened our privacy-by-design framework with comprehensive privacy impact assessments, ensuring compliance with evolving data protection regulations.

**Advanced Encryption and Access Controls:** Implemented end-to-end encryption and strict access policies, reducing insider threats and ensuring that only authorized personnel access critical data.



Sustainability Disclosure

Cybersecurity and Data Privacy Metrics

Table 1 Sustainability Disclosure Data Security Metrics

Metric	2024	2023	2022
Number of data breaches	0	0	0
Percentage of personal data breaches	N/A	N/A	N/A
Number of account holders affected	N/A	N/A	N/A
Card-related fraud losses (card-not-present)	0	0	0
Card-related fraud losses (card-present)	0	0	0
Total monetary losses from privacy-related legal proceedings	Ushs 0	Ushs 0	Ushs 0

Looking Ahead

Cybersecurity and Innovation in 2025

Data Protection – Our customers’ safety is fundamental to our success.

Cybersecurity preparedness

- AI-Powered Fraud Detection Systems:** PostBank is advancing its fraud detection capabilities through AI-driven analytics and machine learning models that analyse real-time transaction patterns. These systems proactively identify anomalous activities, suspicious behaviors, and potential fraud threats before they escalate, significantly reducing customer financial risks. Automated fraud alerts and dynamic authentication enhance response mechanisms, ensuring seamless yet secure transactions.
- Zero-Trust Security Model Implementation:** Strengthening our security posture, PostBank is adopting a Zero-Trust Architecture (ZTA) to enforce strict access control policies, continuous verification, and least privilege principles across all digital systems. Every access request undergoes multi-factor authentication, behavior-based risk analysis, and endpoint security validation, ensuring no implicit trust within the network. This proactive approach minimizes insider threats, unauthorized access, and data breaches.
- ISO 27701 Certification Pursuit:** As part of our commitment to data privacy and regulatory compliance, PostBank is pursuing ISO 27701 certification, a globally recognised privacy information management standard. This certification will bolster our governance framework for handling personal data, ensure enhanced compliance with data protection laws (e.g., GDPR, and Uganda’s Data Protection and Privacy Act), and improve transparency in managing customer data. Achieving ISO 27701 will reinforce customer trust and regulatory alignment in an evolving privacy landscape.
- Cybersecurity Awareness and Inclusion:** PostBank is expanding its role as a cybersecurity advocate by launching community-driven awareness programs to educate individuals, SMEs, and partners on digital security best practices, fraud prevention, and online safety. We aim to empower more users to navigate the financial ecosystem securely through workshops and digital literacy campaigns. Additionally, we are advancing inclusive cybersecurity programs to promote equal access to financial security resources, ensuring that marginalized communities benefit from our cybersecurity initiatives.

PostBank remains dedicated to safeguarding financial transactions, protecting customer data, and ensuring operational resilience in an increasingly digital world. Our unwavering commitment to cybersecurity positions us as a trusted and secure financial partner for our customers and stakeholders.

Outlook for 2025 and beyond

Short term

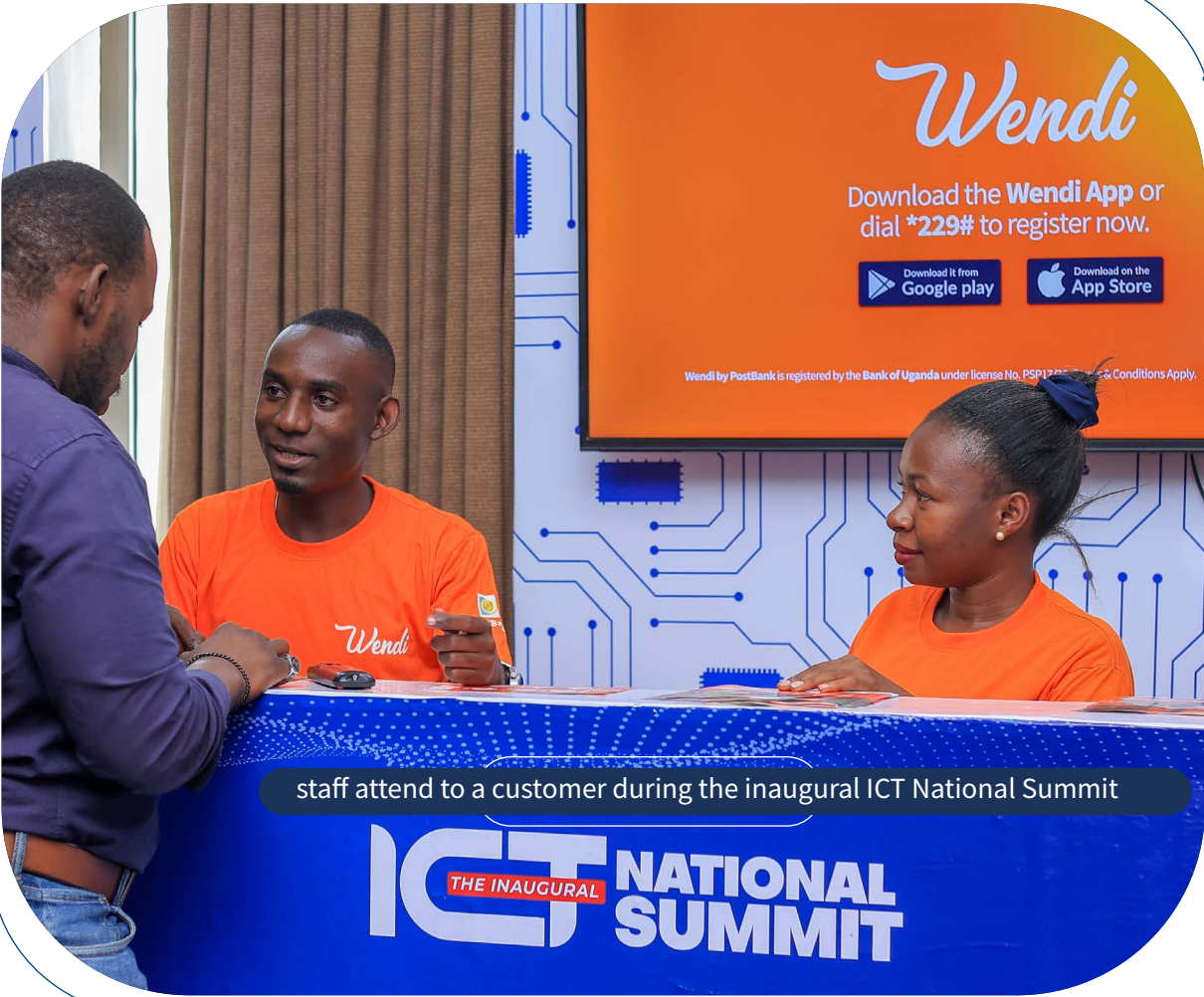
- Revitalize existing products to provide renewed value.
- Showcase key products and services that drive financial inclusion and foster social and economic transformation.
- Develop brand strategies to strengthen our image as the Bank for the people.

Medium term

- Improve our digital Banking solutions to simplify the Banking experience.
- Expand opportunities for the unBanked and financially exclude to access our services.
- Implement strategies that align with NDP IV and the UN Sustainable Development Goals (SDGs).

Long term

- Develop a safe, trusted, and stable financial ecosystem for our esteemed customers.



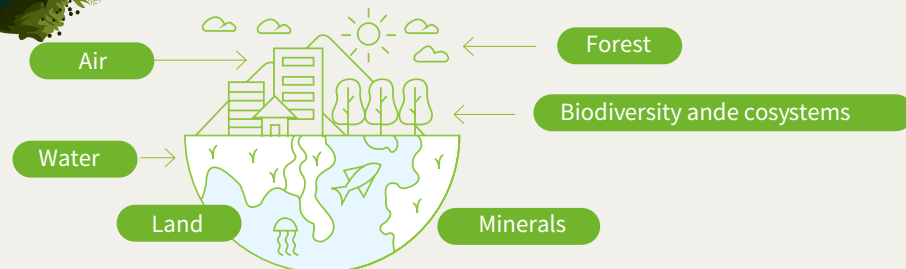
staff attend to a customer during the inaugural ICT National Summit





## Natural Capital

### PostBank's Environmental Stewardship



#### Value transformation

- Disbursing loans for renewable energy projects while prioritizing businesses with strong environmental performance credentials.
- Optimising new and existing branches for efficient energy consumption, reducing paper use through digitisation of our processes and adopting 'green' focused procurement policies.
- Evaluating the environmental impact of our operations including the sustainability practices of our borrowers to mitigate the risks associated with the environment and climate degradation.
- Adopting the Global Reporting Initiative (GRI).

#### Key Inputs

#### What Natural Capital means to PostBank

Natural capital includes the global repository of natural resources, encompassing geology, soil, air, water, and all forms of life. These resources are critical for organizations, as they contribute to economic production by supplying natural resource inputs and offering environmental services.

#### How natural capital supports our sustainable value creation

By acknowledging the inherent worth of natural resources and ecosystems, we incorporate Natural Capital considerations into our business strategy and decision-making processes. As we continue to use Natural Capital for sustainable value creation, we are dedicated to conserving Uganda's valuable resources for future generations.

#### Key Outputs

##### Responsible consumption

###### Electricity

**1.95 Mn KWH**  
(2023: 1.91 Mn KWH)

###### Water used

**56.8 Mn Litres**  
(2023: 36.1 Mn Litres)

###### Paper used

**29,767 Kgs**  
(2023: 42,358 Kgs)

###### Fossils fuel

**229,546 Litres**  
(2023: 447,161 Litres)

##### Sustainable financing

###### Water and Sanitation loans

**Ushs 679.2 Mn**  
(2023: Ushs 1.1 Bn)

##### Carbon emissions: Tonnes of CO<sub>2</sub>e

	2024	2023
Scope 1	609	1,064
Scope 2	226	168
Scope 3	1,922	1,812
Total	2,757	3,044

#### Key challenges in 2024

- Creating stakeholder awareness on the importance of managing natural capital and green projects.
- Green initiatives continue to cost more.
- Complexities in lowering carbon footprint.
- Difficulties in measuring the true environmental impact.

#### Key opportunities in 2024

- Efficient use of natural resources often results in cost savings.
- Building environmental considerations into business decisions makes managing environmental impact easier.
- Our intention to be here for generations to come provides a strong reason to use natural resources conservatively.

#### How we grow our natural capital

- Fostering responsible consumption.
- Incorporating sustainable financing into our lending practices.
- Shift towards environmentally friendly buildings and practices.

#### How we leverage our natural capital



##### Manufactured capital

Provides a chance to implement innovative new solutions to modernize traditional Banking models. Investing in sustainable buildings and renewable energy enhances the Bank's physical assets.



##### Human capital

Sustainability consciousness creates a workforce that is aware of the wider environment.



##### Financial capital

Investing in renewable energy and sustainability initiatives lowers costs over the long-term. An increased market share in green financing will boost revenue and profit in the future.



##### Intellectual capital

Bolsters our position as a Bank that takes sustainable operations seriously.



##### Social Relationship capital

Maintaining long-term relationships with suppliers through sustainable value chains.



Our Managing Director/CEO receives an award during the Annual HR event



## ➤ Connectivity with stakeholders, material matters, and short to medium-term strategic priorities

### Related stakeholders



### Material matters



## ➤ Potential trade offs



### Manufactured capital

Funding infrastructure projects that improve manufactured capital, such as buildings, frequently causes environmental disruption.



### Intellectual capital

Diverting resources to research and development in sustainable practices may shift funds away from other potentially profitable but less sustainable ventures.



### Human capital

The degradation of natural capital, including air and water pollution, can directly harm human health and thereby diminish the quality of human capital.



### Financial capital

Intensive use of natural capital may result in environmental degradation, necessitating substantial financial resources for restoration and consequently having a negative impact on financial capital.



### Social Relationship capital

Participating in environmentally harmful projects can harm the Bank's reputation and its relationships with stakeholders.

## ➤ Contribution to SDG's



We are making every effort to reduce our water consumption in the coming year. We continue to seek out innovative methods to use water wisely and ensure that our employees are aligned with our practices.



Energy-efficient electrical components were implemented during the renovation of existing facilities and the construction of new branches and facilities.



The efficient design of new branches guarantees a considered and necessity-driven approach to expanding our branch network.



Our digital transformation journey involves shifting from a 'paper light' to a 'paperless' organization. Employees optimize the use of our vehicles and backup power systems (generators) during work hours.



## Efficient energy use and conservation GRI 302-1, 303-5

We understand that minimising our carbon footprint and environmental impact are critical to our ability to create sustainable value founded in operational efficiency. Our comprehensive energy use rationalisation approach ensures that we implement measures to optimise energy usage and promote renewable energy solutions across our operations.

### 'Green buildings'

We have taken intentional steps to ensure all our new and renovated buildings are equipped with the latest technologies and concepts, resulting in reduced energy, water, and natural resource consumption. This has also indirectly improved the quality of work life for our employees.

The addition of larger glass windows enhances natural light and air circulation, reducing energy consumption for air conditioning and lighting. Upgrading our air-conditioning systems to more energy-efficient and quieter units has significantly improved working conditions. The creation of new baby/lactating rooms for mothers has lowered overall fuel consumption and daycare costs, as new mothers no longer need to visit daycare centers on their way to work.

### 'How digitisation will reduce our resource consumption and lower our carbon footprint'

During the year more new accounts were opened by our customers digitally. As result, we have used 12,591 Kgs less paper than we did last year. Other ways we continue to lower paper usage include the gradual integration and automation of processes that previously relied on paper usage. Digitalization plays a crucial role in our long-term sustainability by reducing the use and waste of natural resources and, consequently, lowering our carbon footprint. Our extensive range of digital products and services encourages customers to utilize our digital channels and internet Banking services.

### Energy consumption GRI 302-1

At PostBank, our primary energy consumption sources include electricity from the National Grid, solar panels installed at our branches, diesel, and petrol. We are committed to managing these resources responsibly to benefit future generations. Our measures include restricting the use of backup systems to working hours, installing CFC-free inverter AC units to save energy, discouraging staff from working on public holidays, promoting recycling, and involving employees in energy conservation as both a cost-cutting and environmental preservation tool.

### Water consumption GRI 303-5

In 2024, our water consumption reached 56.8 million liters. To address this, we are implementing measures to reduce usage in 2025. This includes educating employees on efficient water use and installing new plumbing systems that require less water than previous installations.

### Green financing

Our dedication to sustainable financing is reflected in our lending practices, which take into account the potential negative environmental impact of lending actions. We integrate ESG considerations into our credit and risk evaluation processes to ensure long-term sustainable development. Transactions with high ESG risks undergo additional scrutiny. For more details, please refer to our sustainability report on pages 71.

### 'Climate change impact'

Adverse weather conditions have a direct impact on our business. Approximately 48% of SME loan disbursements where to the Agriculture sector, making it vulnerable to climate change risks, such as reduced production levels. This leads to decreased income and a higher likelihood of loan defaults. Additionally, these events can have a ripple effect on the national economy and overall spending, which in turn impacts the repayment capacity of borrowers in non-agricultural sectors.



Outlook for 2025 and beyond

Short term

- Promote digital solutions that reduce carbon footprint internally (Banking operations) and externally enhance digital solutions to our customers.
- Adopt best practices of IFRS S1 and S2.

Medium term

- Drive our sustainable finance agenda and increase green products and services.

Long term

- Invest and develop long term green initiative and preservation products.



Project Management Team

GRI Index

Statement of use

PostBank has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.

GRI Standard	Disclosure	Page
GRI 2: General Disclosures 2021	2-1 Organizational details	27,30-31
	2-3 Reporting period, frequency and contact point	13
	2-6 Activities, value chain and other business relationships	32
	2-7 Employees	136-153
	2-8 Workers who are not employees	142
	2-9 Governance structure and composition	50-55
	2-10 Nomination and selection of the highest governance body	68
	2-11 Chair of the highest governance body	50-51
	2-12 Role of the highest governance body in overseeing the management of impacts	58-61
	2-13 Delegation of responsibility for managing impacts	52-53
	2-14 Role of the highest governance body in sustainability reporting	74
	2-15 Conflicts of interest	55,61
	2-17 Collective knowledge of the highest governance body	62
	2-18 Evaluation of the performance of the highest governance body	62-63
	2-19 Remuneration policies	67
	2-20 Process to determine remuneration	66-67
	2-22 Statement on sustainable development strategy	71-74
	2-29 Approach to stakeholder engagement	85-94
GRI 3: Material Topics 2021	3-1 Process to determine material topics	12,100
	3-2 List of material topics	102
	3-3 Management of material topics	110 - 115
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	83
	201-3 Defined benefit plan obligations and other retirement plans	150
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	144
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	194,202
GRI 302: Energy 2016	302-1 Energy consumption within the organization	212
GRI 303: Water and Effluents 2018	303-5 Water consumption	212
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	26,84
	305-2 Energy indirect (Scope 2) GHG emissions	26,82
	305-3 Other indirect (Scope 3) GHG emissions	26,82
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	143 -144, 149
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	145-146, 150
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	145
	404-2 Programs for upgrading employee skills and transition assistance programs	145
	404-3 Percentage of employees receiving regular performance and career development reviews	149
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	54, 147-148
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	148
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	210

Note that omitted information under the GRI standards is due to non-applicability.



# 09 | FINANCIAL STATEMENTS

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220 Our Financial Statements



## Corporate Governance Report

PostBank Uganda Limited holds good governance as one of its core values and confirms its commitment to the implementation of effective corporate governance principles in its business operations.

The Directors endorse the principles of corporate governance as stated in the Financial Institutions (Corporate Governance) Regulations No.25 of 2024 and the Bank's Governance Charter.

The Board of Directors of PostBank Uganda Limited has the overall responsibility for ensuring that the highest standards of corporate governance are maintained and adhered to by the Bank. In order to promote effective governance of the Bank, the following structures have been put in place for the execution of PostBank Uganda Limited Corporate Governance Strategy:

- Board of Directors.
- Board Committees; and
- Executive Management Committees.

### A). THE Board

As at 31st December 2024, the Board consisted of eight (8) members, five (5) independent Non-Executive Directors including the Chairman, one(1) Non-independent Non-Executive Director and two (2) Executive Directors i.e. the Managing Director and the Executive Director. Their profiles are presented below:

#### • Andrew Otengo Owiny – Independent Non-Executive Director/Board Chairman

Andrew has over 34 years of practical experience in Banking, particularly Investment Banking, Corporate Finance/Financial and Investment Advisory and Capital Markets activities in USA, Europe and Africa. He holds a Master of Business Administration (MBA) Degree in Finance and Accounting from The Wharton School of the University of Pennsylvania, Philadelphia, USA, and a Bachelor of Commerce (BCom) Degree (Hons) from Makerere University, Kampala (MUK).

Andrew has, over the years served, and continues to serve, on numerous other Boards of organizations across Africa. From Rwanda Stock Exchange (RSE) and ICEA Life Assurance Company Limited Uganda. And previously G4S Secure Solutions (Uganda) Limited, National Council of Sports, Uganda Securities Exchange (USE), National Social Security Fund (NSSF), aBi Finance Limited, Uganda Rugby Union (URU), CAL Merchant Bank Limited (now Cal Bank Limited) in Accra, Ghana; National Merchant Bank of Zimbabwe Limited ('NMBZ') in Harare, Zimbabwe, to Securities Discount Company Limited ('sDC') in Accra, Ghana.

#### • Lawrence Kasenge – Non-Executive Director

Lawrence is a Principal Economist with the Ministry of Finance, Planning and Economic Development with over 16 years' experience in public finance and policy analysis and management. He holds a Bachelor's degree of Science (Hons) in Quantitative Economics, a Master of Business Administration in Accounting and Finance (MBA) and a Master of Arts in Economic Policy and Planning (MAEPP), all from Makerere University.

#### • Beatrice Lagada - Independent Non- Executive Director

Beatrice has over 37 years' experience in education administration and politics. She holds a Bachelor of Education from Makerere University, an International Diploma in Planning for Rural Development from National Institute for Rural Development India, and a diploma in Education from National Teacher's College, Kyambogo.

Beatrice has served on various Boards over the years, including at National Medical Stores, Lira University Council, Kyambogo University Council, National Information and Technology Authority, among others.

#### • Farida Mukasa Kasujja Independent Non-Executive Director

Mrs Farida Mukasa Kasujja boasts of over 26 years of experience in International Commercial and Regional Development Finance. She holds a Bachelor of Arts in Economics from Makerere University and is currently undertaking a Chartered Banker Master of Business Administration at Bangor University Business School, United Kingdom.

Mrs Kasujja worked for Standard Chartered Bank for 22 years in various functions, including Transaction Banking and Relationship Management. Her last position before she left the Standard Chartered Bank group to join the African Export-Import Bank (AfreximBank) was Executive Director and Country Head of Global Banking at Standard Chartered Bank Uganda.

Farida is currently a Senior Specialist at AfreximBank, East Africa Regional Office in Uganda and serves on various Boards including Carewise Investments Limited, Case Med-Insurance and Greensteds International School.

## Financial Statements

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Directors' Report

Independent Auditor's Report

Statement of directors' responsibilities

Supplementary Information

Financial Statements

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

## Corporate Information

Directors	Position	Appointment Date
• Mr. Andrew Otengo Owiny	Board Chairman	01 February 2021
• Mr. Lawrence Kasenge	Board Member	22 November 2017
• Ms. Beatrice Lagada	Board Member	01 July 2019
• Ms. Farida Mukasa Kasujja	Board Member	01 February 2021
• Mr. Joseph Areu	Board Member	01 December 2022
• Mr. Johnson Mugulusi	Board Member	18 October 2023
• Mr. Julius Kakeeto	Managing Director	14 October 2019
• Mr. Andrew Kabeera	Executive Director	08 May 2020

### Lawyers

Arcadia Advocates  
3rd Floor Acacia Place  
Plot 6 Acacia Avenue  
P. O. Box 28997  
Kampala, Uganda

### Registered Office

PostBank Head Office Building  
Plot No. 4/6, Nkrumah Road  
P. O. Box 7189  
Kampala, Uganda

### Auditor

KPMG  
Certified Public Accountants  
3rd Floor, Rwenzori Courts  
Plot 2and4A, Nakasero Road  
P. O. Box 3509  
Kampala, Uganda

### Acting Company Secretary

Emmanuel Partaker A.A  
PostBank Head Office Building  
Plot No. 4/6, Nkrumah Road  
P. O. Box 7189  
Kampala, Uganda



#### Joseph Areu – Independent Non-Executive Director

Joseph Areu joined PostBank as a Non-Executive Director with 35 years of experience in Banking, business development and investment and advisory with emphasis on capital markets securities in Eastern and Southern Africa. He holds a Master of Business Administration (MBA) from the University of Missouri, Columbia. He is a CFA UK (Level 4) holder. He also holds a Bachelor of Statistics and Diploma in Computer Science from Makerere University.

Joseph brings a wealth of experience from CDC Group PLC and the World Bank Group (IFC) where he was responsible for managing investment portfolios and coordinating IFC's advisory services, respectively. He also worked with the Uganda Development Bank where he served as a Senior Principal Loans Officer.

Currently, he serves as an Independent Non-Executive Director on the Boards of CIC Africa Life Assurance Ltd. Joseph is an Independent Financial Advisor (IFA) providing services to SACCOS, NGOs, Investment Groups, Companies, and Individuals.

#### Johnson Mugulusi-Independent Non-Executive Director

Johnson is a professional Accountant with over 20 years of experience. He's a Certified Public Accountant (CPA) in Uganda, a Fellow of the Association of Chartered Certified Accountants (FCCA) in the UK, and a CPA in Canada. He has a Bachelor of Commerce (Honors) in Accounting from Makerere University and an MBA from Oxford Brookes University.

Johnson has served as Managing Director and CFO of Air Serv Ltd, Audit Manager at the Office of the Auditor General of Bermuda, and currently, he's the Managing Director of the Paget Business Consulting Group. He has worked for PricewaterhouseCoopers, Kampala, and Ernst and Young, Bermuda.

Johnson is a Board member at Padre Pio Insurance Brokers Ltd and Treasurer for Kyambogo Dons Investment Club.

Johnson has extensive experience in various countries, such as Uganda, Bermuda, Tanzania, Rwanda, Malawi, Zimbabwe, Mozambique, the Republic of South Africa, Nigeria, South Sudan, and the Democratic Republic of Congo.

#### Julius Kakeeto – MD/CEO

Julius Kakeeto is the Managing Director/ Chief Executive Officer of PostBank. Previously he worked at Orient Bank as the Managing Director/CEO.

He boasts of extensive Banking experience gained in Uganda, South Africa and the United Kingdom when he worked with CitiBank in various capacities with his last posting being in London in Citi Global Markets where he was a Vice President in the Investment Banking Division, focusing on Emerging Markets, before returning home as Finance Director at Equity Bank in 2009. He is the current Chairperson of the Uganda Bankers' Association and outgoing Council President of the Uganda Institute of Banking and Financial Services (UIBFS).

Julius is a Fellow Chartered Accountant (FCCA), a member of the Institute of Certified Public Accountants of Uganda (ICPAU) and holds an MBA from Manchester Business School.

#### Andrew Kabeera – Executive Director

Andrew Kabeera is the Executive Director and Chief Digital and Financial Services Officer at PostBank Uganda Limited. With over 16 years of experience in Uganda's financial sector, he has expertise in credit risk, retail and commercial Banking, strategic planning, and innovation.

He previously held senior roles at Standard Chartered Bank, as Head of Corporate and Institutional Banking and Commercial Banking Operations. He later joined PostBank as Chief Operating Officer and Chief Change and Innovation Officer.

Andrew holds an MBA in Accounting and Finance from Uganda Martyr's University Nkozi and a bachelor's degree in economics from Makerere University. He is also an alumnus of Saïd Business School at the University of Oxford.

#### Responsibility of the Board

The roles of Chairperson and Chief Executive Officer are separated and clearly defined. The Chairperson is primarily responsible for the working of the Board whilst the Chief Executive Officer is responsible for the running of the Bank and implementation of Board strategy and policy. The CEO is assisted in managing the Bank on day-to-day basis by

the Executive Management Committee, which he chairs and comprises all the Executive Officers. The Board is responsible for the Bank's structure and areas of operation, financial reporting, ensuring there is effective system of internal control and risk management. The Board meets quarterly, and additional meetings are convened as the need arises. In 2024, the Board met Seven (7) times. In execution of its duties, the Board delegates some of its responsibilities to the Board Committees.

The Board carries out its responsibility through its standing committees. These are: Board Risk and IT Committee, Board Audit Committee, the Board Asset and Liability Committee, the Human Resource and Compensation Committee and the Board Credit Committee. Through the workings of these Committees, the Board sets broad policy guidelines and ensures the proper management and direction of the Bank. In addition to the Board Committees, there are a number of Management Committees, which ensure effective and good corporate governance at the managerial level.

#### B). Board COMMITTEES

The Board of PostBank Uganda Limited has five (5) Committees namely, Board Audit, Board Risk and IT, Board Human resource and Compensation, Board Credit and Board Asset and Liability (ALCO) Committee.

##### Board Audit Committee

The Board Audit Committee was set up in order to review and strengthen internal controls, operating procedures, systems, and financial systems of the Bank.

##### Human Resource and Compensation Committee

The Human Resource and Compensation Committee assists the Board regarding compensation of Directors, officers, and key management personnel of the Bank as well as approval of structural changes.

#### Board Risk and IT committee

The Committee advises the Board on its oversight responsibilities in relation to risk management activities including strategic, compliance, credit, market, liquidity, operational and other risks. The Committee reviews and recommends reasonable prudent policies, standards and procedures.

#### Board Asset and Liability (ALCO) Committee

The Board ALCO Committee assists the Board establish guidelines for liquidity, capital adequacy, funding and reviewing the performance of the Bank against the budget.

#### Board Credit Committee

The Board Credit Committee provides oversight on credit operations in line with the Bank's credit strategy. Reviews, approves and/or declines credit applications and assists the Board in discharging its responsibility by reviewing the quality of the loan portfolio.

#### C). EXECUTIVE MANAGEMENT COMMITTEES

These are committees comprising of senior management of the Bank. The Committees are also risk driven as they are basically set up to identify, analyse and make recommendations on risks arising from day-to-day activities of the Bank. They also ensure that the risk limits as contained in the Board and regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and ensure that the recommendations of the Board Committees are effectively and efficiently implemented. Some of the Executive Management Committees include the Executive Management Committee (ExCo), Asset and Liabilities Committee (ALCO), Executive Credit Committee and the Risk Management Committee.



## Director's Report (continued)

### 6. Approval of Financial Statements

The financial statements were authorised for issue by the Board of Directors on 3 April 2025.

#### By Order of the Board



Company Secretary

Date: 3 April 2025

### 7. Preparation of the Financial Statements

The financial statements for PostBank Uganda Limited for the year ended 31 December 2024 have been prepared by

CPA Peter Ssenyange (FM2313).



Signature

The Directors present their report together with the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of PostBank Uganda Limited (the Bank).

### Corporate Profile

PostBank Uganda Limited was established in accordance with the Communications Act of 1997. The Bank was incorporated in February 1998 as a limited liability company to take over the operations of the former Post Office Savings Bank which had been in existence since 1926.

PostBank Uganda Limited is 100% owned by the Government of Uganda and is run by the Board of Directors. Its day-to-day operations are run by a management team headed by the Managing Director.

PostBank Uganda Limited has 57 branches, 14 mobile vans, 5,920 agents and 61 Automatic Teller Machines.

### 1. Principal Activities

The Bank is engaged in the business of commercial Banking and the provision of related services as licensed under the Financial Institutions Act, Cap. 57. Laws of Uganda.

### 2. Results and Dividends

The profit for the year ended 31 December 2024 of Ushs 35,360 million (2023: Ushs 27,535 million) has been transferred to retained earnings.

During the year, the Bank issued 2,767,989 bonus shares at par value of Ushs 10,000 totalling Ushs 27,679 million out of retained earnings. (2023: 1,909,518 bonus shares at par value of Ushs 10,000 totalling Ushs 19,095 million).

The Directors do not recommend the payment of dividends. (2023: Nil)

### 3. Directors' and their Benefits

The Directors who held office during the year and up to the date of this report are indicated on page 220.

During the current year and up to the date of this report, no Director has received or become entitled to receive any benefit other than Directors' fees and amounts receivable by the executive Directors under their employment contracts. The aggregate amount of emoluments for Directors' services rendered during the year is disclosed under Note 37 to the financial statements.

Neither at the end of the financial year nor at any time during the year did there exist any arrangement to which the Bank is a party whereby Directors might acquire benefits by means of acquisition of shares in or debentures of the Bank or any other body corporate.

### 4. Auditor

The external auditor, KPMG Certified Public Accountants, has expressed willingness to continue in office in accordance with section 163(2) of the Companies Act Cap. 106 Laws of Uganda and the Financial Institutions Act, Cap. 57 Laws of Uganda.

### 5. Regulatory Capital Status

For the year ended 31 December 2024, the Bank complied with the minimum statutory capital requirements.



## Statement of Directors' responsibilities

The Companies Act, Cap. 106 Laws of Uganda requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of financial affairs of the Bank as at the end of the financial year and of the results of operations of the Bank for that year. It also requires the Directors to ensure the Bank keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

The Directors accept responsibility for the annual 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 (IFRS Accounting Standards) and in the manner required by the Companies Act Cap. 106, Laws of Uganda and the Financial Institutions Act, Cap. 57 Laws of Uganda. The Directors are of the opinion that the financial statements of PostBank Uganda Limited ("the Bank") set out on pages 14 to 97 give a true and fair view of the state of the financial affairs of the Company and of its profit in accordance with IFRS Accounting Standards and have been prepared in the manner required by the Companies Act Cap. 106 Laws of Uganda and the Financial Institutions Act Cap. 57 Laws of Uganda. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors have assessed the Company's ability to continue as a going concern. In performing this assessment, the Bank's paid up minimum capital was above the prudential requirement of Ushs 150 billion as at 30 June 2024.

The Directors hereby report that nothing has come to their attention to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

### Approval of the financial statements

The financial statements of PostBank Uganda Limited, were authorised for issue on 3 April 2025.

Director

Director

Director

Secretary

Date: 3 April 2025



**KPMG**  
Certified Public Accountant of Uganda  
3rd Floor, Rwenzori Courts  
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## Independent auditor's report

### TO THE MEMBERS OF PostBank UGANDA LIMITED

#### Report on the audit of the financial statements

##### Opinion

We have audited the financial statements of PostBank Uganda Limited ("the Bank") as set out on pages 232 to 312, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, Cap 106 Laws of Uganda and the Financial Institutions Act, Cap. 57 Laws 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 financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### Key Audit Matter

##### | How the Matter was addressed in the audit

##### Expected credit loss on loans and advances to customers

The disclosures associated with loans and advances are set out in the Financial Statements in the following notes:

- ❖ Note 4: Material accounting policies.
- ❖ Note 5: Significant accounting judgements, estimates and assumptions.
- ❖ Note 6: Financial risk management.
- ❖ Note 22: Loans and advances to customers.

The Bank has recognised Expected Credit Losses ("ECL") on financial instruments which involves significant judgement and estimates.

Our audit procedures in this area included:

KPMG Uganda is a registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

KPMG is regulated by the institute of Certified Public Accountants of Uganda (ICPAU)

Partners Edgar Isingoma  
Asad Lukwago  
Stephen Ineget  
Judith Erone



## Independent auditor's report

TO THE MEMBERS OF PostBank UGANDA LIMITED

Report on the audit of the financial statements (Continued)

Key Audit Matter	How the Matter was addressed in the audit
<p>ECL on loans and advances to customers is considered a key audit matter because the directors make significant judgements over both timing of recognition of impairment and the estimation of the size of any such impairment.</p> <p>As at 31 December 2024, the Bank's loans and advances to customers net of ECL amounted to Ushs 719 billion, representing 50.3% of total assets, with total expected credit loss ("ECL") allowances of Ushs 26.0 billion recognized.</p> <p>The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Bank's determination of ECL are:</p> <ul style="list-style-type: none"> <li>Model estimations - inherently judgmental modelling is used to estimate ECL which involves determining probabilities of default ("PD"), loss given default ("LGD"), and exposures at default ("EAD"). The PD models used in the portfolios are the key drivers of the Bank's ECL results and are therefore the most significant judgmental aspect of the Bank's ECL modelling approach.</li> <li>Significant Increase in Credit Risk ("SICR"); the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Bank's ECL calculation as these criteria determine whether a 12-month or lifetime provision is recorded.</li> <li>Economic scenarios; IFRS 9 Financial Instruments requires the Company to measure ECLs on a forward-looking basis reflecting a range of future economic conditions. Significant judgment is applied in determining the Forward-Looking Information (FLI) economic scenarios (i.e. base case, optimistic case and pessimistic case) used and the probability weightings applied to them.</li> <li>Presentation of the key assumptions and judgements made in the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>Performing end to end process walkthroughs to identify and assess the design and implementation and the operating effectiveness of key controls used in the system applications and controls in the ECL processes.</li> <li>Selecting a sample of facilities from the Bank's loan book and evaluating whether the facilities sampled are correctly staged/ classified and valued in accordance with on IFRS 9 considering the Bank's definition of significant increase in credit risk and default.</li> <li>Evaluating the appropriateness of the Bank's ECL impairment methodologies by involving our internal financial risk modelling specialists to benchmark them with the requirements of IFRS 9.</li> <li>Challenging the appropriateness of the assumptions used in modelling the probability of default and loss given default by benchmarking the parameters used such as time to realization and historic default rates against actual outcomes for reasonability.</li> <li>Obtaining on a sample basis the key inputs used in the ECL calculations to macroeconomic forecasts, PD, LGD and EAD by agreeing the key inputs such as historical macroeconomic data, customer details, customer outstanding balances, interest rates and unique collateral data to source documentation and involving our specialist to reperform the PDs and economic forecasts.</li> <li>Evaluating key aspects of the Bank's SICR considerations by assessing the qualitative factors and quantitative factors such as days past due that were used by management in their evaluation of the classification of the financial instruments into stages 1, 2 and 3. This included performing credit reviews and re-aging the loan portfolio to evaluate the days past due.</li> <li>Challenging key assumptions made by the Bank in determining forward looking information by involving our financial modelling specialist to assess the completeness of the macro-economic variables considered such as gross domestic product, government final consumption, Imports goods and services, total final consumption and total domestic demand to model the economic scenarios and probability weightings made to the economic scenarios and the correlation between the Bank's credit risk parameters and the macro-economic variables.</li> <li>Assessing the adequacy of disclosures in the financial statements with regards to the key assumptions, judgements and credit risk disclosures in accordance with IFRS 7 <i>Financial Instruments Disclosures</i>.</li> </ul>

## Independent auditor's report

TO THE MEMBERS OF PostBank UGANDA LIMITED

Report on the audit of the financial statements (Continued)

### Other Matter relating to the National Audit Act

In addition to fulfilling our statutory responsibilities, we were also required by the Auditor General under Section 23(1) of the National Audit Act, Cap. 170 Laws of Uganda to audit the financial statements of the Bank. This report responds to this requirement based on the accounting framework and laws and regulations stipulated in this report and assists the Auditor General to comply with his requirements included in the National Audit Act, Cap. 170 Laws of Uganda, Public Enterprises Reform and Divestiture Act Cap. 98 Laws of Uganda regarding his audit of public corporations.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the *PostBank Uganda Limited Annual Report and Financial Statements for the year ended 31 December 2024* but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies Act, Cap. 106 Laws of Uganda, and the Financial Institutions Act, Cap. 57 Laws of Uganda, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank'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 company or to cease operations, or have no realistic alternative but to do so.





## Independent auditor's report

TO THE MEMBERS OF PostBank UGANDA LIMITED

Report on the audit of the financial statements (Continued)

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Bank'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 Bank'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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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.



## Independent auditor's report

TO THE MEMBERS OF PostBank UGANDA LIMITED

### Report on other Legal and Regulatory Requirements

As required by the Companies Act, Cap. 106 Laws of Uganda, we report to you solely based on our audit of the financial statements, that:

- (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account have been kept by the Bank so far as appears from our examination of those books; and,
- (iii) The Bank's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Asad Lukwago P0365.

**KPMG**  
Certified Public Accountants  
3rd Floor, Rwenzori courts  
Plot 2 and 4A, Nakasero Road  
P. O. Box 3509  
Kampala, Uganda

**Date:** 14 April 2025

CPA Asad Lukwago





## Statement of comprehensive Income for the year ended 31 December 2024

	Notes	2024 Ushs'000	2023 Ushs'000
Interest income calculated using effective interest rate method	7	217,448,592	167,217,107
Interest expense	8	(44,502,372)	(29,388,898)
<b>Net interest income</b>		<b>172,946,220</b>	<b>137,828,209</b>
Fee and commission income	9	31,936,157	31,590,462
Fee and commission expense	9	(2,673,587)	(1,247,887)
Net trading income	10	1,013,736	8,434,856
Other operating income	11	370,483	394,944
Impaired losses on financial instruments	12	(12,644,322)	(9,101,712)
<b>Net operating income</b>		<b>190,948,687</b>	<b>167,898,872</b>
Employee benefits expense	13	(72,705,494)	(60,440,740)
Depreciation and amortisation	14	(21,505,150)	(18,170,535)
Other operating expenses	15	(57,142,706)	(54,873,868)
<b>Administrative and operating costs</b>		<b>(151,353,350)</b>	<b>(133,485,143)</b>
<b>Profit before income tax</b>		<b>39,595,337</b>	<b>34,413,729</b>
Income tax expense	16	(4,235,373)	(6,878,348)
<b>Profit for the year</b>		<b>35,359,964</b>	<b>27,535,381</b>
<b>Other comprehensive income</b>			
Gain on property revaluation	26	2,332,901	-
Deferred tax on property revaluation	16	(699,870)	-
<b>Total other comprehensive income</b>		<b>1,633,031</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>36,992,995</b>	<b>27,535,381</b>

The notes on pages 236 to 312 are an integral part of these financial statements.

## Statement of financial position as at 31 December 2024

	Notes	2024 Ushs'000	2023 Ushs'000
<b>ASSETS</b>			
Cash and balances with Bank of Uganda	17	161,964,481	130,328,392
Placements and deposits with other Banks	20	29,428,458	23,294,041
Government securities	19	364,509,844	183,266,957
Loans and advances to customers	22	718,656,259	602,596,870
Other assets	23	45,841,590	25,922,398
Receivables from business contracts	24	3,177,776	584,839
Intangible assets	25	16,175,621	19,186,631
Tax recoverable	16	134,779	1,099,696
Property and equipment	26	68,443,463	63,696,603
Right-of-use assets	27	19,227,543	20,758,424
<b>TOTAL ASSETS</b>		<b>1,427,559,814</b>	<b>1,070,734,851</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Deposits from Banks	28	90,773,313	6,665,438
Customer deposits	29	990,275,448	789,826,515
Other liabilities	32	92,980,281	62,560,737
Borrowings	30	43,922,890	41,463,193
Deferred grants	31	1,652,012	913,739
Provisions	36 (a)	901,219	1,080,072
Deferred income tax liability	16 (c)	2,157,907	4,401,024
<b>Total liabilities</b>		<b>1,222,663,070</b>	<b>906,910,718</b>
<b>Equity</b>			
Share capital	33	165,095,322	133,335,812
Retained earnings		35,404,297	27,679,894
Revaluation reserve	34	4,397,125	2,808,427
<b>Total equity</b>		<b>204,896,744</b>	<b>163,824,133</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,427,559,814</b>	<b>1,070,734,851</b>

The financial statements on pages 232 to 312 were authorised for issue by the Board of Directors on 3 April 2025 and signed on its behalf by:

Director 

Director 

Director 

Secretary 

The notes on page 236 to 312 are an integral part of these financial statements.



	Share capital Ushs'000	Revaluation reserve Ushs'000	Regulatory credit risk reserve Ushs'000	Retained earnings Ushs'000	Total equity Ushs'000
<b>Year ended 31 December 2023</b>					
<b>At 1 January 2023</b>	113,569,025	2,952,941	-	19,095,183	135,617,149
<b>Other comprehensive income:</b>					
Profit for the year	-	-	-	27,535,381	27,535,381
Revaluation gain	-	-	-	-	-
Deferred tax on revaluation	-	-	-	-	-
Total comprehensive income for the year	-	-	-	27,535,381	27,535,381
<b>Transactions with owners:</b>					
Issue of shares for cash (Note 33)	671,603	-	-	-	671,603
Issue of bonus shares (Note 33)	19,095,184	-	-	(19,095,184)	-
Transfer of excess depreciation to retained earnings	-	(144,514)	-	144,514	-
<b>At 31 December 2023</b>	133,335,812	2,808,427	-	27,679,894	163,824,133
<b>Year ended 31 December 2024</b>					
<b>At 1 January 2024</b>	133,335,812	2,808,427	-	27,679,894	163,824,133
<b>Other comprehensive income:</b>					
Profit for the year	-	-	-	35,359,964	35,359,964
Revaluation gain	-	2,332,901	-	-	2,332,901
Deferred tax on revaluation	-	(699,870)	-	-	(699,870)
Total comprehensive income for the year	-	1,633,031	-	35,359,964	36,992,995
<b>Transactions with owners:</b>					
Issue of shares for cash (Note 33)	5,079,616	-	-	-	5,079,616
Issue of bonus shares (Note 33)	27,679,894	-	-	(27,679,894)	-
Costs attributable to increase in share capital	(1,000,000)	-	-	-	(1,000,000)
Transfer of excess depreciation to retained earnings	-	(44,333)	-	44,333	-
<b>At 31 December 2024</b>	165,095,322	4,397,125	-	35,404,297	204,896,744

The notes on pages 236 to 312 are an integral part of these financial statements.

## Statement of cash flows for the year ended 2024

	Notes	2024 Ushs'000	2023 Ushs'000
<b>Cash flows from other operating activities</b>			
Cash flows used in operating activities	38	(95,326,907)	(72,126,683)
Working capital changes in;			
Receivables from business contracts		(2,592,937)	1,950,460
Cash reserve requirement		(4,960,000)	(3,145,000)
Loans and advances to customers	22 (a)	(131,657,042)	(137,150,094)
Customer deposits	29	196,029,170	97,983,530
Other assets	23	(21,961,149)	(8,194,792)
Other liabilities	32	30,640,954	17,285,668
Investment in government securities	19	(169,488,263)	(13,722,127)
Due from other Banks	20	(6,919,864)	54,560,951
Due to other Banks	28	84,107,875	(5,198,169)
Interest paid on borrowings	30	(7,765,588)	(6,281,080)
Interest paid on customer deposits		(31,064,215)	(19,472,668)
Interest received		205,023,711	159,284,714
Payment of interest on lease obligations	32 (b)	(1,387,304)	(1,096,319)
Payments made for litigations		(80,337)	(473,387)
Income tax paid	16 (b)	(6,213,443)	(6,662,144)
<b>Net cash flows generated from operating activities</b>		<b>36,384,661</b>	<b>57,542,860</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	26	(15,364,813)	(23,657,231)
Prepayments under right of use assets		(441,852)	(175,829)
Purchase of intangible assets	25	(1,630,122)	(6,534,016)
Proceeds from sale of property and equipment	26	-	207,637
<b>Net cash flows used in Investing activities</b>		<b>(17,436,787)</b>	<b>(30,159,439)</b>
<b>Cash flows from financing activities</b>			
Proceeds from grants	31	1,405,500	402,578
Repayments from grants	31	-	(571,727)
Repayments of borrowings	30	(9,397,594)	(11,448,347)
Proceeds from borrowings	30	11,991,789	-
Repayment of principal component of lease liabilities	32 (b)	(2,559,782)	(5,371,288)
Issue of ordinary share capital	33	5,079,616	671,603
Tax paid on issue of additional shares		(1,000,000)	-
<b>Net cash flows used in financing activities</b>		<b>5,519,529</b>	<b>(16,317,181)</b>
<b>Net increase in cash and cash equivalents</b>		<b>24,467,403</b>	<b>11,066,240</b>
Cash and cash equivalents at the start of year		100,373,530	89,384,043
Effect of exchange rate fluctuation		(16,391)	(76,753)
<b>Cash and cash equivalents at the end of year</b>	<b>18</b>	<b>124,824,542</b>	<b>100,373,530</b>



## 1. General information

PostBank Uganda Limited ('the Bank') is a limited liability company, incorporated and domiciled in Uganda. The address of its registered office is: PostBank Head Office Building Plot No. 4/6, Nkrumah Road. P. O. Box 7189, Kampala, Uganda.

For purposes of reporting under the Companies Act Cap. 106 Laws of Uganda (herein referred to as the Ugandan Companies Act) the balance sheet is represented by the statement of financial position and the profit or loss account is represented by the statement of comprehensive income in these financial statements.

## 2. Basis of preparation

The financial statements are prepared in compliance with IFRS Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the companies Act and FIA. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Uganda Shillings rounded to the nearest thousand (Ushs '000).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The areas involving more judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 to the financial statements.

## 3. Changes in accounting policies and disclosures

### 3.1. New and amended standards and interpretations.

**Relevant newly effective standards and amendments adopted by the Bank during year.**

The Bank adopted the following relevant standards during the year;

Standard/Amended standard	Effective date	Narration
❖ Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases.	Annual periods beginning on or after 1 January 2024.	The adoption of the standard did not have any impact on the financial statements of the Bank.
❖ Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements.	Annual periods beginning on or after 1 January 2024.	The adoption of the standard did not have any impact on the financial statements of the Bank.
❖ Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements.	Annual periods beginning on or after 1 January 2024.	The adoption of the standard did not have any impact on the financial statements of the Bank.

### Notes to the financial statements (continued)

#### 3. Changes in accounting policies and disclosures (continued)

##### 3.1 New and amended standards and interpretations.(continued)

#### New and revised standards and interpretation which have been issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Bank has not early adopted the new and amended standards in preparing these financial statements. These are included in the table below;

Standard/Amended standard	Effective date	Narration
❖ Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.	The amendments are effective for periods beginning on or after 1 January 2025.	The amendments are not expected to have a material impact on the Bank as the Bank currently does not have supplier financing arrangements.
❖ Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	The amendments are effective for periods beginning on or after 1 January 2026.	The amendments are not expected to have a material impact on the Bank.
❖ Lack of Exchangeability – Amendments to IAS 21.	The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.	The amendments are not expected to have a material impact on the Bank as the Bank currently does not have transactions in currencies where there is lack of exchangeability.
❖ Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.	The amendments are effective for periods beginning on or after 1 January 2026.	The amendments are not expected to have a material impact on the Bank because it's not under a group structure.



## Notes to the financial statements (continued)

**4. Material accounting policies****4.1 Functional and presentation currency**

These financial statements are presented in Uganda Shillings (Ushs), which is the Bank's functional currency. All amounts are rounded to the nearest thousand ('000') unless otherwise indicated.

**4.1.1 Translation of foreign currencies**

Transactions in foreign currencies are translated into Uganda shillings at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

**4.2 Revenue from contracts with customers**

PostBank Uganda Limited has disclosed in the notes, the amount of revenue recognised from contracts with customers separately from other sources of revenue. A further note for the disaggregation of the revenue has also been provided. These revenues include fee and commission income obtained from making field payments to World Food Programme (WFP), Danish Refugee Council (DRC), Community Road Empowerment Programme (CORE), Red Cross, Catholic Relief Society (CRS), Lutheran World Federation (LWF), Oxfam and World Vision. The commissions earned from these contracts do not attract any interest.

**Contract balances**

In line with IFRS 15 requirements, PostBank Uganda Limited presents contract assets, contract liabilities and receivables separately in the statement of financial position.

**Receivables**

Receivables are recognised only when PostBank's right to consideration is unconditional, that is, only the passage of time is required before payment of that consideration is due). Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Bank holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

**Variable consideration**

The Bank does not have customer contracts with variable consideration. Revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when Banking services have been provided to the customers. While payments from the customer may be delayed in rare circumstances, the delay never exceeds two months. The transaction price is therefore not adjusted for the effects of a significant financing component.

**Non-cash consideration**

The Bank bills the customers for the number of beneficiaries paid, as such PostBank has a right to invoice the customer in the amount that corresponds directly with the value of PostBank's performance completed to date in accordance with IFRS 15. In this respect, there is no non-cash consideration.

**Consideration payable to a customer**

There was no consideration payable to the customer as there is no reduction in prices for this line of business.

**Assets recognised from the costs to obtain or fulfil a contract**

The Bank recognises the incremental costs of obtaining a contract with a customer as an asset, if the Bank expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Bank incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense when incurred unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. The Bank recognises the incremental costs

## Notes to the financial statements (continued)

**4. Material accounting policies (continued)****4.2 Revenue from contracts with customers (continued)**

of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

**Disaggregation of revenue**

The Bank has disaggregated income on the basis of how information is used by management, or users of the financial statements, to evaluate financial performance or make resource allocation decisions. The revenue has been disaggregated per project. This is because each project has its own agreement.

**Assets and liabilities related to contracts with customers**

The timing of revenue recognition, invoicing and cash collections results in invoiced accounts receivable and unbilled receivables (contract assets), on the Statement of Financial position. In our contracts, amounts are invoiced in accordance with agreed-upon contractual terms upon achievement of contractual milestones. Generally, invoicing occurs subsequent to revenue recognition, resulting in contract assets. Contract assets relates to our conditional right to consideration for our completed performance under the contract. Accounts receivables are recognised when the right to consideration becomes unconditional.

**Impairment of contract assets**

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented, and disclosed on the same basis as financial assets that are within the scope of IFRS 9.

**Fee and commission income**

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Fees and commissions expenses are recognised on an accrual basis when the service has been received.

Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Bank's revenue contracts do not typically include multiple performance obligations.

The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer. The services provided through the Bank's revenue transactions are satisfied at a point in time, once control of the services is transferred to the customer, at the completion of the underlying transaction or service.

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

**4.3 Revenue recognition****Net interest income**

Interest income and expense are recognised in profit or loss using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The calculation of the effective interest rate includes all fees and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums and discounts. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.



**Notes to the financial statements (continued)****4. Material accounting policies (continued)****4.4. Financial instruments**

The Bank's financial instruments are limited to cash and Bank balances, due from Banks, loans and advances to customers, debt instruments at amortised cost (government treasury bills), customer deposits, borrowings, guarantees and due to other Banks, as at 31 December 2023. The policy on initial recognition, initial measurement, subsequent measurement, derecognition, offsetting and impairment under IFRS 9 are discussed below;

**4.4.1 Initial recognition**

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

**4.4.2 Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments as described in note 4.4.4. Financial instruments are initially measured at their fair value, plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

**4.4.3 Day 1 profit or loss**

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

**4.4.4 Measurement categories of financial assets and liabilities**

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at amortised cost. The Bank does not have any financial instruments classified at fair value through other comprehensive income (FVOCI) or, fair value through profit and loss. The Bank does not have any derivative instruments and neither does it have equity instruments classified at fair value through profit or loss (FVTPL) or FVOCI.

**(a) Financial instruments at amortised cost**

The Bank only measures Due from Banks, Loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

**(b) Business model assessment**

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations,

**Notes to the financial statements (continued)****4. Material accounting policies (continued)****4.4 Financial instruments (continued)****4.4.4 Measurement categories of financial assets and liabilities (continued)**

the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

**4.4.5. Loans and advances to customers and due from Banks**

After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included as in profit or loss. This category generally applies to interest-bearing loans.

**Borrowings**

After initial recognition, borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss.

**4.4.6. Reclassification of financial assets and liabilities**

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

**4.4.7. Derecognition of financial assets and liabilities****(a) Derecognition due to substantial modification of terms and conditions**

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes unless the new loan is deemed to be Purchased or Originated Credit Impaired (POCI).

When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded. For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

**(b) Derecognition of financial assets other than for substantial modification.**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has



**Notes to the financial statements (continued)****4. Material accounting policies (continued)****4.4 Financial instruments (continued)****4.4.7. Derecognition of financial assets and liabilities (continued)**

both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset; Or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

1. The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
2. The Bank cannot sell or pledge the original asset other than as security to the eventual recipients.
3. The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset; Or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and

the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**(c) Derecognition of financial liabilities other than for substantial modification**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

**4.4.8. Offsetting**

Financial assets and liabilities are offset, and the net amount presented in the Statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the recognised amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards and for gains or losses arising from a group of similar transactions such as in the Bank's trading activity.

**4.4.9 Impairment of financial assets****(a) Overview of the Expect Credit Loss principles**

The expected credit losses allowance is based on the credit losses expected to arise over the life of the asset (lifetime expected credit loss), unless there has been no significant increase in credit risk since origination,

**Notes to the financial statements (continued)****4. Material accounting policies (continued)****4.4 Financial instruments (continued)****4.4.9 Impairment of financial assets (continued)**

in which case, the allowance is based on the 12 months' expected credit loss. Expected credit losses are recognised on the following: cash and balances with Bank of Uganda (note 17), due from Banks (note 20), and debt instruments at amortised cost (note 19), loans and advances to customers (22), and other assets included in the scope of IFRS 9 (note 24).

The 12 months ECL is the portion of lifetime expected credit losses that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 6.4.6. Expected credit losses are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Bank groups its loans into Stage 1, Stage 2 and Stage 3 as described below:

**Stage 1:** When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

**Stage 3:** Loans considered credit-impaired (as outlined in Note 6.4.2). The Bank records an allowance for the lifetime expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

**(b) Calculation of ECLs**

The Bank calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance

with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

**PD** The Probability of Default is an estimate of the likelihood of default over a given time horizon. Default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio. Refer to note 6.4.3 for further details.

**EAD** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. Refer to note 6.4.4 for further details.

**LGD** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. Refer to note 6.4.5 for further details.

When estimating the ECLs, the Bank considers three scenarios:

- (i) A base case,
- (ii) Opportunistic and
- (iii) Pessimistic estimate. Each of these is associated with a different PD, EAD and LGD when computing ECLs. Refer to Note 6.4.8 for details.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The mechanics of the ECL method are summarised below:

**Stage 1:**

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.



**Notes to the financial statements (continued)****4. Material accounting policies (continued)****4.4 Financial instruments (continued)****4.4.9 Impairment of financial assets (continued)****Stage 2:**

When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs, EADs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

**Stage 3:**

For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

**Financial guarantees, Letters of credit and undrawn loan commitments.**

These contracts are in the scope of the ECL requirements. The Bank computes ECLs on financial guarantees, and undrawn loan commitments using the same approach as the on-balance sheet items.

The Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, that are approved for issuance are not recorded on the statement of financial position.

ECLs on off-balance sheet items, were only assessed on financial guarantees and undrawn loan commitments.

**4.4.10 Forward looking information**

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as:

- Gross Domestic Product growth
- Inflation rates
- Central Bank rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

**4.4.11 Collateral valuation**

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, motor vehicles, land and buildings, letters of guarantees among others. The fair value of collateral is generally assessed at a minimum at inception of the first loan issued to the customer and subsequently re-assessed after every four years if the loan is not fully paid off. The Bank uses a panel of approved valuers to evaluate and advise on the market and forced sale values to the pledged securities.

**4.4.12. Collateral repossessed**

The Bank's policy is to sell the repossessed asset to recover the outstanding loan. In its normal course of business, the Bank does not physically repossess properties or other securities held, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. Because of this practice, the securities held under legal repossession processes are not recorded on the statement of financial position.

**4.4.13 Write-offs**

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains, which will be presented in 'net impairment loss on financial assets' in the statement of profit or loss. Any subsequent recoveries are credited to credit loss expenses on financial assets.

**Notes to the financial statements (continued)****4. Material accounting policies (continued)****4.4 Financial instruments (continued)****4.4.14 Modified loans**

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

**4.5 Borrowings**

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in the income statement over the term of the borrowings using the effective interest rate method.

**4.6 Grants**

Grants are recognised when received and there is reasonable assurance that all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

**4.7 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Bank recognises a right-of-use asset and a lease liability. The lease liability is measured at the present value of the lease payments that are not paid on that date.



4.8 Leases

4.8.1 Bank as a Lessee

The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Bank is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Bank’s incremental borrowing rate is used. For leases that contain non-lease components, the Bank allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

At inception of a contract, the Bank assesses whether the contract is, or contains a lease. A contract contains, a lease if it conveys the right to control the use of an identified asset.

At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments (excluding VAT and other non-lease components) are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Bank’s incremental borrowing rate is used.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, variable lease payment, or revised fixed lease payments.

All right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liabilities. Depreciation is calculated using the straight-line method to write-down the cost of each asset to its residual value over its estimated useful life. If the ownership of the underlying asset is expected to pass to the Bank at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset if of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

4.9. Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any 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, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Repairs and renewals are charged to profit or loss when the expenditure is incurred. Subsequently, all buildings are measured at revalued amounts less accumulated depreciation and impairment losses recognised after the date of the revaluation. Revaluations are carried out by external independent valuers to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity.

However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset’s original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. The depreciation methods are reviewed annually. The assets’ residual values and useful lives are reviewed, and adjusted, if appropriate, at each reporting date. On revaluation, the re-valued amount is depreciated over the remaining period of the asset. The excess depreciation is transferred from revaluation reserve to retained earnings, annually until the asset is fully depreciated or is disposed of.

The table below contains the depreciation rates applied during the year for each class of asset.

Furniture and fittings	12.50%
Buildings	1.88%
Right of use asset	Over the shorter of the useful life and lease term
Leasehold land	Over remaining lease term
Motor vehicles	25%
Other computer equipment	20%
Branch refurbishments	10%
Office equipment	12.5%
Servers	12.5%
ATMs	12.5%

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised. Any gain or loss on disposal of an item of property and equipment is recognised within other operating income in profit or loss.

4.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss. There are no intangible assets with indefinite useful lives. Intangible assets are amortised at a rate of 20% p.a.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.



**Notes to the financial statements (continued)**  
**4. Material accounting policies (continued)**

**4.11 Income tax**

**(i) Current Income tax**

Income tax expense is the aggregate of the charge to profit or loss in respect of current income tax and deferred income tax. 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.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised directly in equity or other comprehensive income and not in profit or loss. The Bank periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(ii) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**4.12 Provisions**

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Notes to the financial statements (continued)**  
**4. Material accounting policies (continued)**

**4.13 Employee benefits**

**(i) Retirement benefit obligations**

The Bank and all its employees contribute to the National Social Security Fund, which is a defined contribution retirement benefits scheme. A defined contribution scheme is a retirement benefits scheme under which the Company pays fixed contributions into a separate entity and the Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Bank's contributions to the defined contribution retirement benefits scheme are charged to the statement of comprehensive income in the year to which they relate.

**(ii) Other entitlements**

The estimated monetary liability for employees' accrued annual leave entitlement at the Statement of Financial Position date is recognised as an expense accrual. All other benefits are expensed in profit or loss.

**4.14 Financial guarantees, letters of credit and undrawn loan commitments**

The Bank issues financial guarantees, letters of credit and loan commitments. Financial guarantees issued or commitments to provide a loan are initially measured at fair value. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in profit or loss, and ECL provision as set out in Note 36. The fees received are recognised in profit or loss in Net fees and commission income on a straight-line basis over the life of the guarantee. The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the Statement of financial position. Liabilities arising from financial guarantees and loan commitments are included within provisions.

**4.15 Dividends**

The Bank recognises a liability to pay dividends when the distribution is authorised at the Annual General Meeting and the distribution is no longer at the discretion of the Bank. A corresponding amount is recognised directly in equity.

**4.16 Impairment of non-financial assets**

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. The fair value less costs of disposal is based on the recent market transactions for similar properties in the same locations. The recoverable amount is determined for an individual asset unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Value in use is based on the estimated future cash flows, 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. The impairment calculation is based on the most recent budgets and forecast calculations, which are prepared separately for each of the Bank's cash generating units, to which individual assets are allocated. The forecast calculations are prepared annually.

Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation. At each reporting date, an assessment is made whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Bank establishes the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carrying at a revalued amount, in which case, the reversal is treated as a revaluation increase.



**Notes to the financial statements (continued)**  
**4. Material accounting policies (continued)**

**4.17. Mobile Money Float**

The Bank has a platform that enables its customers to conduct mobile money transactions. Cash balances (float) held with telecom companies are accounted for at amortised cost and recognised under other assets.

**4.18. Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Bank's fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Bank's Management Committee determines the policies and procedures for fair value measurement. External valuers are involved in the valuation of land and buildings and are appointed every time the Bank's premises are to be revalued by the Management Committee with prior approval from the Board of Directors.

Annually, the finance department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Bank's accounting policies. For this analysis, the finance department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Finance department, in conjunction with the Bank's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for land and buildings, that are measured at fair value is disclosed in note 39. The Bank does not have any other assets held at fair value.

**4.19. Contingent Liabilities**

Contingent liabilities consist of guarantees, letters of credits and loan commitments to extend credit. These are accounted for as off-balance sheet items and disclosed as contingent liabilities. The Bank measures expected credit losses on these items, and they are recognised as liabilities.

**Notes to the financial statements (continued)**  
**4. Material accounting policies (continued)**

**4.20. Deposits**

Customer deposits consist of current account accounts, savings accounts and fixed deposit accounts. These are disclosed as customer deposits and recognised as liabilities.

**4.21. Comparatives**

The Bank has consistently applied the accounting policies above to all periods presented in the financial statements except if otherwise mentioned.

**5. Material accounting judgements, estimates and assumptions**

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Bank bases its assumptions and estimates on parameters available at the reporting date. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Bank. Such changes are reflected in the assumptions, when they occur.

**5.1. Revaluation of land and buildings**

The Bank's land and building are initially measured at cost and are subsequently measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. The revaluations are carried out by Bank's approved external independent valuers to ensure that the carrying amounts do not differ materially from the fair value at the end of the reporting period. The valuation methodology adopted by the Bank's valuers is depreciated replacement cost model and reference to transaction involving properties of similar nature, location and condition with changes in fair value being recognised in other comprehensive income (OCI). The carrying amounts of the affected assets are disclosed in note 26.

**5.2. Current income tax**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Bank establishes provisions, based on reasonable estimates, and in response to audits by the tax authorities. The amount of such provisions is based on various factors such as experience of previous tax audits and differing interpretations of tax regulations by the Bank and the tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing. Based on the Bank's assessment that the probability for litigation and subsequent cash flows with respect to taxes is remote, no provisions and contingent liabilities have been recognised.

**5.3 Provision for expected credit losses of financial assets and liabilities under IFRS 9**

The Bank's financial assets include loans and advances to customers, government treasury bills, due from other Banks and cash and Bank balances while financial liabilities include amounts due to other Banks, customer deposits, other payables, borrowings, and guarantees. The Bank uses a provision matrix to calculate ECLs for contract assets and guarantees. The probability of default rates are computed for groups of various customer segments that have similar loss patterns based on days past due (the Bank's historical observable default rates.) The Bank then adjusts the historical credit loss experience with forward-looking information that has good correlation with historical default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Bank's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Estimation of expected credit loss on government treasury bills, due from other Banks and cash and Bank balances is determined by getting a predefined default rate relating to the issuer of the treasury bills and the Bank where the cash is held, respectively, as established by one of the top credit rating agents namely Standards and Poor's, Fitch and Moody's. These default rates are then used to estimate the



**Notes to the financial statements (continued)****5. Material accounting judgements, estimates and assumptions (continued)****5.3 Provision for expected credit losses of financial assets and liabilities under IFRS 9(continued)**

expected credit losses on the outstanding amounts of the above respective financial assets. The information about the ECLs on the Bank's government treasury bills, due from other Banks, loans and advances to customers and cash and balances with Bank of Uganda are disclosed in Notes 19, Note 20, Note 22 and Note 17, respectively.

**6. Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established several Board committees and policies to manage its emerging risks. The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Bank's top risks arising from the use of financial instruments include credit risk, liquidity risk, interest risk and foreign exchange risks.

*The table below shows the carrying amounts of the categories of financial assets and financial liabilities held by the Bank as at 31 December 2024:*

	Notes	2024 Ushs'000	2023 Ushs'000
<b>Financial assets</b>			
<i>Measured at amortised cost:</i>			
Cash and balances with Bank of Uganda	17	161,964,481	130,328,392
Due from Banks	20	29,428,458	23,294,041
Debt instruments at amortised cost	19	364,509,844	183,266,957
Loans and advances to customers	22	718,656,259	602,596,870
Receivables from business contracts	24	3,177,776	584,839
Other assets*	23	33,977,633	20,462,146
		<b>1,311,714,451</b>	<b>960,533,245</b>
<b>Financial liabilities</b>			
<i>Financial liabilities measured at amortised cost:</i>			
Amount due to other Banks	28	90,773,313	6,665,438
Customer deposits	29	990,275,448	789,826,515
Lease liabilities	32(b)	17,074,285	17,330,363
Other liabilities**	32(a)	68,060,594	38,240,464
Borrowings	30	43,922,890	41,463,193
		<b>1,210,106,530</b>	<b>893,525,973</b>

\*Excludes prepayments, consumables, deferred employee benefits and security deposit assets.

\*\*Excludes provisions for legal cases and expected credit losses on off balance sheet items.

**Notes to the financial statements (continued)****6. Financial risk management (continued)**

The Bank accepts deposits from customers at fixed rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. The Bank 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. As such, the Bank is exposed to liquidity and credit risks resulting from such investment decisions. The Bank also carries out money market transactions to take advantage of short-term market movements in bills, currency and interest rates. This exposes the Bank to foreign exchange and liquidity risks. The Board ALCO committee places trading limits on the level of exposure that can be taken in relation to these transactions. Foreign exchange exposures are normally offset by managing the positions. The Board audit committee is responsible for reviewing the internal controls, operating procedures and systems, and management information systems of the Bank. The Board is assisted by internal audit department that ensures management is taking appropriate corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations and other problems identified.

The Bank takes on exposure to credit risk through issuing of loans and advances to customers and other financial institutions. The risk management and credit committee of the Board provides oversight to management credit committees to ensure that the credit risk is mitigated.

The Risk Department is responsible for implementing and maintaining risk related procedures to ensure an independent control process. The Risk Department is responsible for monitoring compliance with risk principles, policies and limits, across the Bank including monitoring the risk exposures against limits and the assessment of risks of new products and structured transactions. This department also ensures the complete capture of the risks in risk measurement and reporting systems.

Below is the detailed information about the Bank's exposure to each of the identified risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

**6.1. Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

**Management of market risk**

The Bank separates its exposure to market risk between trading and held to maturity portfolios. Trading portfolios are managed on a mark to market basis. Overall authority for market risk is vested in Asset and Liability Committee (ALCO). Risk Management Department is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

Market risk arises from the Bank's trading and underwriting activities, as well as its structural Banking activities. The magnitude and importance of these activities to the enterprise, along with the potential volatility of market variables, call for diligent governance and a robust market risk management framework that ensures effective identification, measurement, reporting and control of market risk exposures.

**6.1.1 Foreign exchange risk**

Foreign exchange risk is the potential for losses as a result of adverse exchange rate movements during a period in which the Bank has an open position, in an individual foreign currency. Currently, the Bank operates in 4 foreign currencies (namely USD, GBP, EUR, and KES), but USD has the most significant exposure.

The Bank manages its foreign exchange risk by seeing to match the foreign currency denominated liabilities. Additionally, the Bank's Assets and Liabilities Committee sets limits on the level of exposure the Bank can take on by currency.



The table below summarises foreign currency exposure to the Bank as at the end of the year.

At 31 December 2024	US dollar Ushs'000	Pound Sterling Ushs'000	Euro Ushs'000	Kshs Ushs'000	Tzs Ushs'000	Total Ushs'000
<b>Assets</b>						
Cash and Bank balances with the Central Bank	6,807,136	577,247	662,916	3,189	45	8,050,533
Due from Banks	1,169,573	41,518	161,980	-	-	1,373,071
Loans and advances to customers	1,655,062	-	-	-	-	1,655,062
Other assets	6,594,587	724	127	-	-	6,595,438
<b>Total assets</b>	<b>16,226,358</b>	<b>619,489</b>	<b>825,023</b>	<b>3,189</b>	<b>45</b>	<b>17,674,104</b>
<b>Off balance sheet items</b>						
Letters of credit	<b>1,933,375</b>	-	-	-	-	<b>1,933,375</b>
<b>Liabilities</b>						
Customer deposits	11,419,143	34,599	314,628	-	-	11,768,370
Other Liabilities	6,470,273	36,716	32,881	-	-	6,539,870
<b>Total liabilities</b>	<b>17,889,416</b>	<b>71,315</b>	<b>347,509</b>	<b>-</b>	<b>-</b>	<b>18,308,240</b>
<b>Net Exposure at 31 December 2024</b>	<b>(1,663,058)</b>	<b>548,174</b>	<b>477,514</b>	<b>3,189</b>	<b>45</b>	<b>(634,136)</b>
<b>At 31 December 2023</b>						
<b>Assets</b>						
Cash and Bank balances with the Central Bank	4,999,183	423,150	607,988	7,446	45	6,037,812
Due from Banks	1,131,779	236,461	144,998	77	-	1,513,315
Loans and Advances to Customers	1,519,689	-	-	-	-	1,519,689
Other assets	184	755	136	-	-	1,075
<b>Total assets</b>	<b>7,650,835</b>	<b>660,366</b>	<b>753,122</b>	<b>7,523</b>	<b>45</b>	<b>9,071,891</b>
<b>Liabilities</b>						
Customer deposits	5,055,265	21,549	150,836	-	-	5,227,650
Other Liabilities	1,506,322	-	35,726	-	-	1,542,048
<b>Total liabilities</b>	<b>6,561,587</b>	<b>21,549</b>	<b>186,562</b>	<b>-</b>	<b>-</b>	<b>6,769,698</b>
<b>Net Exposure at 31 December 2023</b>	<b>1,089,248</b>	<b>638,817</b>	<b>566,560</b>	<b>7,523</b>	<b>45</b>	<b>2,302,193</b>

The table below summarises the sensitivity of the Bank's assets and liabilities to changes in the foreign exchange rates and the resulting impact on profit after tax, and equity:

Currency	2024			2023		
	Change in currency rate in %	Carrying Amount Ushs'000	10% appreciation/ depreciation Ushs'000	Carrying Amount Ushs'000	10% appreciation/ depreciation Ushs'000	
Assets						
US dollar	+/-10%	18,159,734	907,987	7,650,835	382,542	
Pound Sterling	+/-10%	619,489	30,974	660,366	33,018	
Euro	+/-10%	825,023	41,251	753,121	37,656	
Tshs	+/-10%	45	2	45	2	
Kshs	+/-10%	3,189	159	7,523	376	
		19,607,480	980,373	9,071,890	453,594	
Liabilities						
US dollar	+/-10%	17,889,417	894,471	6,561,587	328,079	
Pound Sterling	+/-10%	71,315	3,566	21,549	1,077	
Euro	+/-10%	347,509	17,375	186,562	9,328	
		18,308,241	915,412	6,769,698	338,484	
Currency	2024			2023		
	Effect on profit before tax Ushs'000	Effect on equity Ushs'000	Change in currency rate in %	Effect on profit before tax Ushs'000	Effect on equity Ushs'000	
Assets						
US dollar	27,032	18,922	+10%	108,925	76,247	
Pound Sterling	54,817	38,372	+10%	63,882	44,717	
Euro	47,751	33,426	+10%	56,656	39,659	
Tshs	5	3	+10%	5	3	
Kshs	319	223	+10%	752	527	
	129,924	90,946		230,220	161,153	



Notes to the financial statements (continued)
6. Financial risk management (continued)
6.1.1 Foreign exchange risk (continued)

At 31 December 2024 if the Shilling had weakened/strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been **Ushs 27.032 million** (2023: Ushs 108.9 million) higher/lower and **Ushs 18.922 million** (2023: Ushs 76 million) higher/lower on Equity, mainly as a result of US dollar denominated receivables, payables and Bank balances.

6.1.2 Interest rate

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Bank’s exposure to the risk of changes in market interest rates relates primarily to the Bank’s long-term debt obligations with floating interest rates.

The Bank manages interest rate risk on its financial assets by disbursing loans to customers and other financial institutions at a fixed interest rates that cater for any movements in the central Bank lending rate. The fixed rates charged are derived by taking

into consideration any anticipated changes in the central Bank lending rate, duration of the loan being disbursed, and the credit risk associated with the customer.

At 31 December 2024 if the interest rate had changed by 5%, post-tax profit for the year would have been **Ushs 1,768 million** (2023: Ushs 1,376 million) higher/lower and equity for the year would have been **Ushs 1,238 million** (2023: Ushs 963 million)

Earnings Sensitivity is a measure of the impact of potential changes in interest rates on the projected 12-month pre-tax net income of a portfolio of assets, liabilities and off-balance sheet positions in response to prescribed parallel interest rate movements. On the financial liability side, the Bank manages its interest risk by acquiring external borrowings at fixed interest rates. The table below summarises the Bank’s exposure to interest rate risk. Included in the table are the Bank’s assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates;

Notes to the financial statements (continued)
6. Financial risk management (continued)
6.1.2 Interest rate (continued)

At 31 December 2024	Assets	Less than 3 months Ushs'000	3 to 12 Months Ushs'000	1 to 5 Years Ushs'000	Over 5 Years Ushs'000	Non-Interest Bearing Years Ushs'000	Total Ushs'000
	Cash and Bank balances with Bank of Uganda (Note 17)	-	-	-	-	161,964,481	161,964,481
	Government securities (Note 19)	-	10,028,884	-	354,480,960	-	364,509,844
	Placements and deposits with other Banks (Note 20)	-	29,428,458	-	-	-	29,428,458
	Loans and advances to customers (Note 22)	79,052,188	366,514,692	201,223,753	71,865,626	-	718,656,259
	Property plant and Equipment (Note 26)	-	-	-	-	68,443,463	68,443,463
	Right of Use (Note 27)	-	-	-	-	19,227,543	19,227,543
	Tax recoverable	-	-	-	-	134,779	134,779
	Intangible Assets (Note 25)	-	-	-	-	16,175,621	16,175,621
	Receivables from business contracts (Note 23)	-	-	-	-	3,177,776	3,177,776
	Other assets (Note 23 and 24)	-	-	-	-	45,841,590	45,841,590
	<b>Total assets</b>	<b>79,052,188</b>	<b>405,972,034</b>	<b>201,223,753</b>	<b>426,346,586</b>	<b>314,965,253</b>	<b>1,427,559,814</b>
	<b>Off-balance sheet items (Note 36 (b))</b>						
	Amounts guaranteed	-	3,659,005	6,349,850	-	-	10,008,855
	Letters of Credit	-	1,559,955	-	-	-	1,559,955
	Commitments	-	191,307	34,708,252	-	-	34,899,559
	<b>Total undiscounted commitments and guarantees</b>	<b>-</b>	<b>5,410,267</b>	<b>41,058,102</b>	<b>-</b>	<b>-</b>	<b>46,468,369</b>
	<b>Liabilities</b>						
	Customer deposits (Note 29)	193,473,875	217,860,599	578,940,974	-	-	990,275,448
	Amounts due to other Banks (Note 28)	90,773,313	-	-	-	-	90,773,313
	Lease liabilities (Note 32 (b))	1,177,444	3,898,314	9,232,962	2,765,565	-	17,074,285
	Other liabilities (Note 32)	-	-	-	-	92,980,281	92,980,281
	Provisions (Note 36 (a))	-	-	-	-	901,219	901,219
	Borrowings (Note 30)	91,740,375	30,264,783	4,951,082	-	-	126,956,240
	<b>Total liabilities</b>	<b>377,165,007</b>	<b>252,023,696</b>	<b>593,125,018</b>	<b>2,765,565</b>	<b>93,881,500</b>	<b>1,318,960,786</b>
	<b>Interest repricing gap as at 31 December 2024</b>	<b>(298,112,819)</b>	<b>148,538,071</b>	<b>(432,959,367)</b>	<b>423,581,021</b>	<b>221,083,753</b>	<b>62,130,659</b>
	<b>Interest repricing gap as at 31 December 2023</b>	<b>(253,099,852)</b>	<b>(102,987,312)</b>	<b>52,649,119</b>	<b>274,436,848</b>	<b>214,186,462</b>	<b>185,185,265</b>



**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.2. Liquidity risk**

Liquidity risk is the risk that the Bank 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. The Bank is exposed to daily calls on its available cash resources from overnight deposits, savings accounts and maturing deposits. The Bank 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 Assets and Liabilities Committee sets limits on the minimum proportion of maturing funds available to meet such calls and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. The Central Bank also requires the Bank maintain minimum cash reserve. The Bank also has a line of credit with Uganda Development Bank of Ushs 120Bn to meet any liquidity gaps incase the strategies above are inadequate.

The objective of the Bank in managing liquidity is that the Bank seeks to maintain a stable funding base primarily consisting of amounts due to other Banks, corporate and retail customer deposits, deposits from escrow accounts and borrowings. The Bank invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

In the new regulations under The Financial institutions (liquidity) Requirement 2023, additional liquidity regulations were introduced as indicated below;

**1. Liquidity Coverage Ratio (LCR):** Where the Bank is required to maintain the ratio of stock of high quality liquid assets net cash outflows over a period of thirty days. This should be equal or higher than one hundred percent or as prescribed by the Central Bank.

**2. Net Stable Funding Ratio (NSFR):** The Bank is required to maintain the ratio of available stable funding to the required stable funding that is not less than one hundred percent.

**3. Internal Liquidity Adequacy Assessment Process (ILAAP):** Where the Board of Directors of the Bank is required to implement an Internal Liquidity Adequacy Assessment Process (ILAAP) to verify that all material risks are identified, effectively managed and covered by a sufficient level of high-quality liquidity buffers. The assessment shall be carried out at least every two years and a report submitted to the Central Bank. However, the Central Bank may require the Bank to submit the ILAAP report on a more frequent basis.

<b>6.2 (a) Compliance assessment for the Liquid assets ratio</b>	<b>2024</b>	<b>2023</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>
Total Liquid assets held(A)*	196,762,129	196,210,316
Weekly average deposits(B)	965,991,748	784,450,915
Total Liquid assets ratio(A/B)	20%	25%
<b>Prudential requirement:</b>	<b>20%</b>	<b>20%</b>

\*Liquid assets shall include: notes and coins which are legal tender in Uganda, balances held at the Central Bank for cash reserves and clearing purposes, moneys at call and balances at Banks in Uganda, other than the Central Bank, after deducting balances owed to those Banks, Uganda treasury bills with a tenor within a period not exceeding ninety one days, marketable government securities that are held by a financial institution for trading purposes and uncommitted balances at Banks outside Uganda withdrawable on demand and money at call outside Uganda after deducting the balances owed to Banks outside Uganda.

**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.2. Liquidity risk (continued)****6.2 (b) Compliance assessment for the Liquidity Coverage Ratio****Stock of high-quality liquid assets**

	<b>Conversion Factor</b>	<b>2024</b>	<b>2024</b>
		<b>Ushs'000</b>	<b>Ushs'000</b>
Cash	100%	74,555,583	74,555,583
Balances with BOU	100%	87,409,145	87,409,145
Nostro Balances	100%	1,373,071	1,373,071
Investment Securities maturing in 30 days	100%	-	-
Marketable Securities Maturing in 91 days	100%	-	-
Marketable Securities with maturity of more than 91 days	20%	-	-
Electronic money balances	100%	2,386,633	2,386,633

<b>Total Value of stock of highly liquid assets</b>	<b>165,724,432</b>	<b>165,724,432</b>
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**Cash outflows**

Savings and demand deposits (maturing in 30 days)	20%	161,374,808	32,274,962
Time deposits (maturing in 30 days)	100%	15,793,703	15,793,703
Due to Financial institutions in Uganda (Maturing in 30 days)	100%	89,000,000	89,000,000
Due to Financial institutions abroad (Maturing in 30 days)	100%	-	-
Other liabilities (maturing in 30 days)	100%	15,909,035	15,909,035
Off-balance sheet items	5%	2,762,960	138,148

<b>Total cash outflows</b>	<b>284,840,506</b>	<b>153,115,848</b>
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**Cash inflows**

Loans and advances (maturing in 30 days)	50%	60,752,999	30,376,500
Due from Financial institutions in Uganda (maturing in 30days)	100%	19,876,890	19,876,890
Due from Financial institutions abroad (maturing in 30days)	100%	-	-

<b>Total cash inflows</b>	<b>80,629,889</b>	<b>50,253,390</b>
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<b>Total cash net cash outflows=Total cash outflows minus min [total cash inflows,75% of gross outflows]</b>	<b>204,210,617</b>	<b>102,862,458</b>
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<b>Liquidity Coverage ratio= (Total Value of stock of high-quality liquid assets/net cash outflows)</b>	<b>161%</b>
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<b>Prudential Requirement</b>	<b>100%</b>
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During the current period, new regulatory guidelines were issued by BOU, which changed the weighting for computing the LCR. The LCR ratio has been computed basing on the new guidelines that became effective on 1st December 2024.



**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.2. Liquidity risk (continued)****Stock of high-quality liquid assets**

	Conversion Factor	2023 Ushs'000	2023 Ushs'000
Cash	100%	78,677,911	78,677,911
Balances with BOU	100%	49,420,399	49,420,399
Investment Securities maturing in 30 days	100%	9,926,072	9,926,072
Marketable Securities Maturing in 91 days	100%	-	-
Marketable Securities with maturity of more than 91 days	20%	-	-
Electronic money balances	100%	6,556,330	6,556,330
<b>Total Value of stock of highly liquid assets</b>		<b>144,580,712</b>	<b>144,580,712</b>
<b>Cash outflows</b>			
Savings and demand deposits(maturing in 30 days)	15%	119,426,268	17,913,940
Time deposits (maturing in 30 days)	100%	57,221,746	57,221,746
Due to Financial institutions in Uganda (Maturing in 30 days)	100%	5,346,211	5,346,211
Due to Financial institutions abroad (Maturing in 30 days)	100%	-	-
Other liabilities (maturing in 30 days)	100%	11,620,009	11,620,009
Off-balance sheet items	5%	12,084,723	604,236
<b>Total cash outflows</b>		<b>205,698,957</b>	<b>92,706,142</b>
<b>Cash inflows</b>			
Loans and advances (maturing in 30 days)	15%	19,476,039	2,921,406
Due from Financial institutions in Uganda (maturing in 30days)	100%	22,773	22,773
Due from Financial institutions abroad (maturing in 30days)	100%	1,490,541	1,490,541
<b>Total cash inflows</b>		<b>20,989,353</b>	<b>4,434,720</b>
<b>Total cash net cash outflows=Total cash outflows minus min [total cash inflows,75% of gross outflows]</b>		<b>184,709,604</b>	<b>88,271,422</b>
<b>Liquidity Coverage ratio= (Total Value of stock of high-quality liquid assets/net cash outflows)</b>			<b>164%</b>
<b>Prudential Requirement</b>			<b>100%</b>

**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.2 (b) Compliance assessment for the Liquidity Coverage Ratio (continued)**

At 31 December 2024 Assets	On balance Ushs'000	Less than 3 months Ushs'000	3 to 12 months Ushs'000	1 to 5 Years Ushs'000	Over 5 years Ushs'000	Total Ushs'000
Cash and Bank balances with Bank of Uganda	161,964,728	-	-	-	-	161,964,728
Government securities	-	7,030,000	56,158,200	182,232,800	119,088,844	364,509,844
Placements and deposits with other Banks	-	-	29,428,458	-	-	29,428,458
Loans and advances to customers	93,664,835	207,388,714	233,615,698	257,861,864	77,174,712	869,705,823
Receivables from business contracts	-	3,177,776	-	-	-	3,177,776
Other assets	2,292,080	8,709,902	34,839,608	-	-	45,841,590
<b>Total assets</b>	<b>257,921,643</b>	<b>226,306,392</b>	<b>354,041,964</b>	<b>440,094,664</b>	<b>196,263,556</b>	<b>1,474,628,219</b>
<b>Off-balance sheet items</b>						
Amounts guaranteed	-	3,659,005	5,646,330	703,520	-	10,008,855
Letters of Credit	-	1,559,955	-	-	-	1,559,955
Commitments	-	191,307	30,013,110	4,508,017	187,125	34,899,559
<b>Total undiscounted commitments and guarantees</b>	<b>-</b>	<b>5,410,267</b>	<b>35,659,440</b>	<b>5,211,537</b>	<b>187,125</b>	<b>46,468,369</b>
<b>Liabilities</b>						
Customer deposits	96,495,030	174,622,649	314,970,013	416,724,091	-	1,002,811,783
Amounts due to other Banks	90,773,313	-	-	-	-	90,773,313
Lease liabilities	-	1,177,444	3,898,314	9,232,962	2,765,565	17,074,285
Other liabilities	4,635,254	7,416,406	46,352,541	34,576,080	-	92,980,281
Borrowings	-	520,781	7,146,929	45,963,841	-	53,631,551
<b>Total undiscounted financial liabilities</b>	<b>191,903,597</b>	<b>183,737,280</b>	<b>372,367,797</b>	<b>506,496,974</b>	<b>2,765,565</b>	<b>1,257,271,213</b>
<b>Net liquidity position</b>	<b>66,018,046</b>	<b>37,158,845</b>	<b>(53,985,273)</b>	<b>(71,613,847)</b>	<b>193,310,866</b>	<b>170,888,637</b>



At 31 December 2023	On demand Ushs'000	Less than 3 months Ushs'000	3 to 12 months Ushs'000	1 to 5 Years Ushs'000	Over 5 years Ushs'000	Total Ushs'000
<b>Assets</b>						
Cash and Bank balances with Bank of Uganda	130,330,007	-	-	-	-	130,330,007
Government securities	9,669,774	197,798	16,176,385	-	183,252,200	209,296,157
Placements and deposits with other Banks	-	-	23,294,041	-	-	23,294,041
Loans and advances to customers	36,288,627	13,595,018	117,236,593	407,738,558	107,833,589	682,692,385
Receivables from business contracts	-	584,839	-	-	-	584,839
Other assets	2,723,158	4,084,736	19,114,504	-	-	25,922,398
<b>Total assets</b>	<b>179,011,566</b>	<b>18,462,391</b>	<b>175,821,523</b>	<b>407,738,558</b>	<b>291,085,789</b>	<b>1,072,119,827</b>
<b>Off-balance sheet items</b>						
Amounts guaranteed	-	805,974	1,633,844	1,501,665	-	3,941,483
Letters of Credit	-	1,680,078	-	-	-	1,680,078
Commitments	-	-	218,704	11,121,523	164,656	11,504,883
<b>Total undiscounted commitments and guarantees</b>	<b>-</b>	<b>2,486,052</b>	<b>1,852,548</b>	<b>12,623,188</b>	<b>164,656</b>	<b>17,126,444</b>
<b>Liabilities</b>						
Customer deposits	160,813,037	47,342,025	125,334,231	467,127,441	-	800,616,734
Amounts due to other Banks	6,665,438	-	-	-	-	6,665,438
Lease liabilities	-	495,571	3,250,909	15,787,155	1,985,600	21,519,235
Other liabilities	2,193,958	7,678,852	12,066,767	24,370,874	-	46,310,451
Borrowings	-	3,811,047	13,325,259	31,038,538	-	48,174,844
<b>Total undiscounted financial liabilities</b>	<b>169,672,433</b>	<b>59,327,495</b>	<b>153,977,166</b>	<b>538,324,008</b>	<b>1,985,600</b>	<b>923,286,702</b>
<b>Net liquidity position</b>	<b>9,339,133</b>	<b>(43,351,156)</b>	<b>19,991,809</b>	<b>(143,208,638)</b>	<b>288,935,533</b>	<b>131,706,681</b>

## Notes to the financial statements (continued)

## 6. Financial risk management (continued)

## 6.3. Capital management

The Bank monitors the adequacy of its capital using ratios established by the Financial Institutions Act Cap. 57, as amended. These ratios measure capital adequacy by comparing the Bank's eligible capital with its balance sheet assets and off-balance sheet commitments at weighted amounts to reflect their relative risk.

The Bank's objectives when managing capital, which is a broader concept than the equity on the balance sheet, are:

- To comply with the capital requirements set by the Financial Institutions Act Cap. 57, as amended; and
- To safeguard the Bank's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

Capital adequacy and use of regulatory capital are monitored regularly by management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Central Bank for supervisory purposes. The required information is filed with the Central Bank on monthly basis.

The Bank is always required to maintain a core capital (Tier 1) of not less than 12.5% of total risk adjusted assets plus risk adjusted off balance sheet items and a total capital (Tier 1 + Tier 2) of not less than 14.5% of its total risk adjusted assets plus risk

adjusted off balance sheet items in line with the Financial Institutions (Capital Buffers and Leverage Ratio) Regulations, 2020. Off-balance-sheet credit related commitments and forwards are considered by applying different categories of credit conversion factors, designed to convert these items into balance sheet equivalents. The resulting credit equivalent amounts are then weighted for credit risk using the same percentages as for balance sheet assets.

The Financial Institutions (Capital Buffers and Leverage Ratio) Regulations, 2020 require regulated financial institutions to maintain a capital conservation buffer of 2.5% of risk weighted assets over and above the core capital ratio and total capital ratio prescribed in the Financial Institutions act, a systemic risk buffer for domestically systemically important Banks ranging from 0% to 3.5% of risk weighted assets over and above the capital conservation buffer, a countercyclical capital buffer of 2.5% of risk weighted assets and a minimum leverage ratio of 6% of the total balance sheet and off balance sheet assets.

Tier 1 capital consists of equity comprising of paid-up share capital, share premium and retained earnings less intangible assets, deferred income tax assets and other deductions, such as foreign exchange gains. The law allows for inclusion of subordinated debt while computing Tier 2 Capital. Tier 2 capital is also limited to 100% of Tier 1 capital.

The table below summaries the composition of regulatory capital and ratios for the Bank. The Bank complied with all of the externally imposed capital requirements to which they are subject.



Notes to the financial statements (continued)  
6. Financial risk management (continued)  
6.3. Capital management (continued)

	2024 Ushs'000	2023 Ushs'000
<b>Core capital (Tier 1)</b>		
Permanent shareholders' equity	165,095,322	133,335,812
Retained earnings	35,404,297	27,679,894
<b>Less:</b> intangible assets (Note 25)	(16,175,621)	(19,186,631)
<b>Tier 1 capital</b>	<b>184,323,998</b>	<b>141,829,075</b>
<b>Supplementary capital (Tier 2)</b>		
Revaluation reserve	4,397,125	2,808,427
Unencumbered general provisions for losses	7,318,464	6,113,431
<b>Tier 2 capital</b>	<b>11,715,589</b>	<b>8,921,858</b>
<b>Total capital (Tier 1 +Tier 2)</b>	<b>196,039,587</b>	<b>150,750,933</b>

In November 2022, the Minister of Finance Planning and Economic Development issued a statutory instrument raising the minimum paid cash capital requirements for Banks from Ushs 25 billion to Ushs 120 billion by 31 December 2022 and Ushs 150 billion by 30 June 2024.As at 31 December 2024, the Bank complied with the regulatory capital requirement of Ush 150 billion.

The following table summarizes the composition of the risk-weighted assets of the Bank;

Notes to the financial statements (continued)  
6 .Financial risk management (continued)  
6.3 Capital management (Continued)

	As at 31 December Nominal Amount		As at 31 December Risk weighted Amount	
	2024 Ushs'000	2023 Ushs'000	2024 Ushs'000	2023 Ushs'000
Cash and balances with Bank of Uganda (Note 17)	161,964,481	130,328,392	-	-
Government securities (Note 19)	364,509,844	183,266,957	-	-
Placements and deposits with other Banks:				
Local Banks (Note 20)	28,124,209	21,803,500	5,624,842	4,360,700
Foreign Banks (Rated B) (Note 20)	1,304,249	1,490,541	652,125	745,271
Loans and advances to customers *	731,846,323	611,343,148	731,846,323	611,343,148
Property and equipment (Note 26)	68,443,463	63,696,603	68,443,463	63,696,603
Right of use assets (Note 27)	19,227,543	20,758,424	19,227,543	20,758,424
Contract assets (Note 24)	3,177,776	584,839	3,177,776	584,839
Tax recoverable (Note 16)	134,779	1,099,696	134,779	1,099,696
Other assets (Note 23)	45,841,590	25,922,398	45,841,590	25,922,398
<b>Total assets</b>	<b>1,424,574,257</b>	<b>1,060,294,498</b>	<b>874,948,441</b>	<b>728,511,079</b>
<b>Off-Balance sheet (Note 36)</b>				
Contingent Claims secured by cash collateral	341,801	513,268	-	-
Guarantees and acceptance	-	-	-	-
Performance bonds	9,667,054	3,428,215	4,833,527	1,714,108
Letters of credit	1,559,955	1,680,078	311,991	336,016
Commitments	34,899,559	11,504,883	17,449,780	5,752,441
<b>Total Off-Balance sheet</b>	<b>46,468,369</b>	<b>17,126,444</b>	<b>22,595,298</b>	<b>7,802,565</b>
<b>Capital requirement basis</b>	<b>1,471,042,626</b>	<b>1,077,420,942</b>	<b>897,543,739</b>	<b>736,313,644</b>
Market risk weighted assets	2,938,592	2,990,417	2,938,592	2,990,417
<b>Total Risk Adjusted Assets</b>	<b>1,473,981,218</b>	<b>1,080,411,359</b>	<b>900,482,331</b>	<b>739,304,061</b>
<b>FIA Capital Ratios</b>			<b>2024</b>	<b>2023</b>
Tier I capital				
Tier I + Tier 2 capital			<b>20.47%</b>	<b>19.18%</b>
<b>FIA ratios</b>			<b>21.77%</b>	<b>20.39%</b>
Core capital			12.5%	12.5%
Total capital			14.5%	14.5%

\*Loans and advances are as per guidelines laid out in the FIA act: gross loans less suspended interest and specific provisions.



**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.3. Capital management (continued)****Leverage ratio**

	2024 Ushs'000	2023 Ushs'000
Core capital (Note 6.2)—A	184,323,998	141,829,072
Total assets (Note 6.2)	1,424,574,257	1,060,294,298
Off balance sheet items (Note 6.2)	46,468,369	17,126,444
<b>Total assets and off-balance sheet items--B</b>	<b>1,471,042,626</b>	<b>1,077,420,742</b>
<b>Leverage ratio -C=A/B</b>	<b>12.53%</b>	<b>13.16%</b>
<b>Prudential requirement</b>	<b>6%</b>	<b>6%</b>

For purposes of the capital adequacy computation, loans and advances were determined as follows:

	2024 Ushs'000	2023 Ushs'000
Gross loans	754,532,446	625,994,473
Specific provision*	14,436,575	9,213,916
Suspended interest	8,249,548	5,437,409
<b>Net Loans per FIA</b>	<b>731,846,323</b>	<b>611,343,148</b>

\*Specific provision is computed based on guidance under the FIA act. All credit facilities classified as standard, doubtful or loss are subjected to specific provisions, regardless of whether the subjective or objective criteria were used in determining classification.

**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.3. Capital management (continued)**

The reconciliation between the gross loans considered for regulatory reporting based on FIA guidance, and gross loans as per IFRS considered for these financial statements is detailed below:

	FIA Ushs'000	IFRS Ushs'000
<b>As at 31 December 2024</b>		
Gross loans	702,566,944	743,999,961
Gross overdrafts	10,532,485	10,532,485
Gross administered funds	41,433,017	-
<b>Total</b>	<b>754,532,446</b>	<b>754,532,446</b>
Less: Interest accrual on stage 3 loans	-	(2,631,465)
<b>Total gross loans</b>	<b>754,532,446</b>	<b>751,900,981</b>

	FIA Ushs'000	IFRS Ushs'000
<b>As at 31 December 2023</b>		
Gross loans	588,365,338	624,089,417
Gross overdrafts	1,905,056	1,905,056
Gross administered funds	35,724,079	-
<b>Total</b>	<b>625,994,473</b>	<b>625,994,473</b>
Less: Interest accrual on stage 3 loans	-	(1,171,046)
<b>Total gross loans</b>	<b>625,994,473</b>	<b>624,823,427</b>

**6.4. Credit risk**

Credit risk is the risk that a counterparty will cause a financial loss to the Bank by failing to discharge an obligation in full when due. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration of the Bank's Loan portfolio, could result in losses that are different from those provided for at the reporting date.

The Bank has a Board risk management and credit committee that performs the following roles to ensure proper risk management.

- ☛ *Reviewing and approving credit policies and manuals for the management of credit risk, monitoring of the risk profile, performance and management of the credit portfolio.*

- ☛ *Determining, approving and reviewing limits and conditions that apply to authority delegated to Management, as well as approving credit facilities and other exposures outside the authority delegated to management.*

- ☛ *Reviewing the Bank's bad debt performance, as well as material changes to the provisioning methodology of the Bank.*

Management credit committee is then tasked with implementation of the Bank's credit policies and procedures, with credit approval authorities delegated from the Board's Risk Management and Credit to ensure good quality and performance of the credit portfolios.



**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.4 Credit risk (continued)**

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits, where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees, but a significant portion is personal lending where no such facilities can be obtained.

The Bank's loan portfolio is well diversified by borrower and none of its borrowers had amounts outstanding exceeding 25% of the total capital.

**6.4.1. Credit-related commitments risks**

The Bank makes available to its customers guarantees that may require that the Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

Impairment assessment on such commitments is set out in Note 4.4.9, and Note 36

**6.4.2. Definition of default and cure**

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 30 days and 90 days past due on its contractual payments for microfinance and commercial loans respectively. The Bank considers treasury and interBank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements. As a part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Bank carefully considers whether the event should

result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- *Internal rating of the borrower indicating default or near-default*
- *Closure of customer business.*
- *Death of the borrower*
- *Loss of employment for salary loans*
- *Diversion of funds.*
- *The borrower requesting emergency funding from the Bank*
- *The borrower having past due liabilities to public creditors or employees*
- *A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral*
- *A material decrease in the borrower's turnover or the loss of a major customer*
- *A covenant breach not waived by the Bank*
- *The debtor (or any legal entity within the debtor's group) filing for Bankruptcy application/ protection.*

It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least a month. The Bank's system is also automated to assign stages depending on the major criteria for default which is days past due. If the days in arrears reduce from past 30 days, loans in stage 2 are automatically cured to stage 1 and vice versa. Similarly, when days past due reduce from 90 days in arrears plus to below 90 days, loans in stage 3 are cured to stage 2 and vice versa.

**6.4.3. The Bank's internal rating and PD estimation process**

The Bank's Credit department operates its internal rating models. The Bank runs separate models for its key portfolios in which its customers are rated using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilize supplemental external information that could affect the borrower's behaviour. Where practical, the Bank also builds on information from credit reference

**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.4 Credit risk (continued)****6.4.3. The Bank's internal rating and PD estimation process (continued)**

bureaus. The internal credit grades are assigned based on these Basel III based grades. PDs are then adjusted for IFRS 9 ECL calculations to incorporate historically collected loss behaviour data and forward-looking information and the IFRS 9 Stage classification of the exposure. Historical PDs are computed using a one-year transitional matrix that show how loans of a certain category behaved one year down the road. It is these historical PDs that are adjusted using the forward-looking information to obtain the adjusted IFRS 9 PDs.

**(i) Treasury, trading, and interBank relationships**

The Bank's treasury, trading and interBank relationships and counterparties comprise majorly financial services institutions, and commercial Banks. For these relationships, the Bank's Risk Management and Credit committee analyses available information such as financial information and other external data, e.g., the rating of credit reference bureaus, or other credible agencies and assigns the internal ratings and cash limits the Bank the place with such institutions.

**(ii) Business and Agriculture business loans.**

For above segment of customers, the borrowers are assessed by credit risk analysis employees of the Bank. The credit risk assessment is based on a mix of expert assessment and credit scoring model that considers various historical, current, and forward-looking information such as:

- Historical financial information by the client. This financial information includes at least 12 months financial statements, audited accounts for the last three years and credit reference data for all loans of Ushs 100 million or more, but less than Ushs 200 million.
- 12 months financial statements, audited accounts for the last three years, credit reference data, and copies of VAT and TIN certificates for loans above Ushs 200 million.
- Any publicly available information on the clients from external parties where applicable.
- Any macro-economic or geopolitical information such as Central Bank Rate, Inflation rates.

- Any other objectively supportable information on the quality and abilities of the client's management relevant for the borrower's performance.

The complexity and granularity of the rating techniques and pre-disbursement information requirements varies based on the exposure of the Bank and the complexity and size of the customer. Some of the less complex small business loans are rated on basis of behaviours opposed to using very complex techniques and also attract less pre-disbursement information.

**(iii) Personal consumer lending and group loans**

Personal consumer lending comprises unsecured personal loans, staff loans, agricultural individual loans while group loans are small loans that are taken out by individuals but require group consent as they are tagged to a group of individuals. These products are assessed on basis of product probability of default history and are driven for ECL by an automated tool primarily driven by days past due. Other key inputs into the models are; Consumer lending products, macroeconomic factors and other collateral securities attached to the loan facilities.

**6.4.3. The Bank's internal rating and PD estimation process****(iv) Bank's internal ratings credit rating grades**

In the process of assessing credit worthiness, the Bank looks at a number of parameters to score its clients that would like to take out credit facilities using its internally generated credit rating tool. The maximum score on the tool is 48 and that automatically qualifies the customer for the loan facility once they have provided all the loan requirements.

The following table shows the Bank's credit rating tool used to assess clients that would like to obtain loans from the Bank.



**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.4 Credit risk (continued)****6.4.3. The Bank's internal rating and PD estimation process (continued)**

Grade	Score	Score description
Very Good	24- 48	Approve the application
Good	18-23	Reduce the loan amount and closely monitor the loan
Fair	14-17	You may finance but at a higher monitoring fee charged
Bad	< 14	Do not lend

Subsequently, all loan facilities that are recorded on the Bank's loan book are graded as follows;

Internal Rating grade	Internal rating description	IFRS 9 Stage	PD Range
<b>Performing</b>			
Grade 1	Normal	1	0% –8%
Grade 2	Watch	2	9%–99%
<b>Non-performing</b>			
Grade 3	Sub-standard	3	100%
Grade 4	Doubtful	3	100%
Grade 5	Loss	3	100%

**6.4.4 Exposure at Default (EAD)**

EAD is modelled on historical data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet EAD includes an estimate of any further amounts to be drawn at the time of default.

**6.4.5. Loss Given Default (LGD)**

LGD is the amount that may not be recovered in the event of default and is modelled based on historical data and reasonable and supportable information about future economic conditions, where appropriate. The Bank computes LGD by taking into consideration the amount and quality of collateral held, the exposure at default and the time it takes the Bank to collect money from the sale of collaterals, where customers have failed to pay off their loans. The loss given default is assessed on individual level for all secured loan facilities by using the EAD and the discounted value of collateral securities attached to the individual loans while for unsecured loans, the Bank computes LGD on a collective basis by considering historical information regarding recoveries from such unsecured loan facilities

**6.4.6. Significant increase in credit risk**

The Bank continuously monitors all assets subject to credit risk. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. The Bank considers an exposure to have significantly increased in credit risk when the customer fails to pay for more than 30 days; and thus in computing ECLs, lifetime PDs must be considered unlike for stage one where the computation is based on the 12-month PDs. Significant increase in credit risk could also be triggered by qualitative characteristics of the customer such as closure of the customer's business, death of the customer, among others. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets (as set out in Note 6.4.8 below), the Bank applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.4 Credit risk (continued)****6.4.7. Grouping financial assets measured on a collective basis**

As explained in Note 4.4.9 (a) above, depending on the factors below, the Bank calculates ECLs either on a collective or an individual basis.

Asset classes where the Bank calculates ECL on a collective basis include.

The Bank groups these exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, as described below:

- ❖ Business Loans (This portfolio includes all business-related loans except agricultural business loans).
- ❖ Agriculture loans (This portfolio includes all agricultural related loans disbursed).
- ❖ Personal Loans (This portfolio includes all loans disbursed on a personal level except for staff loans).
- ❖ Staff Loans (This portfolio includes all staff related loans).
- ❖ Group loans (This portfolio includes all loans that are disbursed to clients in organised small groups).

**6.4.8. Analysis of inputs to the ECL model under multiple economic scenarios**

The macroeconomic factor forecasts - for the three scenarios, base estimate, optimistic and pessimistic estimate - are used to create forecasted values for each of the PDs at portfolio level.

The Bank assigns probabilities of 40% and 20% for base, pessimistic and optimistic case scenarios respectively.

At 31 December	2024			2023		
	Base Case	Optimistic Case	Pessimistic Case	Base Case	Optimistic Case	Pessimistic Case
<b>Scenario Probability Weighting</b>	40%	20%	40%	40%	20%	40%

**6.4.9 (a) Inputs, assumptions and techniques used for estimating impairment**

The Bank identified and documented key risk credit drivers for each portfolio of financial instruments and using an analysis of historical data has estimated relationship between macro-economic variables and credit risk and credit losses.

The Key drivers for credit risk are GDP, imports of goods and services, consumption, and demand.



**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.4 Credit risk (continued)****6.4.9 (a) Inputs, assumptions and techniques used for estimating impairment (continued)**

The table below shows macro-economic assumptions used over a 5-year period and year on year percentage change;

As at 31 December 2024	Nominal GDP, LCU	Imports of goods and services	Total final consumption	Total domestic demand
<b>Base line assumptions</b>				
5 year average	8%	15%	8%	8%
Peak	13%	26%	11%	11%
<b>Best economic assumptions</b>				
5 year average	9%	(2,714%)	6%	6%
Peak	15%	(4,820%)	9%	9%
<b>Worst economic assumptions</b>				
5 year average	7%	2,743%	10%	10%
Trough	11%	4,872%	14%	14%

As at 31 December 2023	Nominal GDP, LCU	Imports of goods and services	Total final consumption	Total domestic demand
<b>Base line economic assumptions</b>				
5 year average	8%	17%	9%	11%
Peak	11%	36%	14%	26%
<b>Best economic assumptions</b>				
5 year average	9%	14%	11%	13%
Peak	13%	30%	17%	30%
<b>Worst economic assumptions</b>				
5 year average	7%	20%	8%	9%
Trough	10%	43%	12%	21%

**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.4 Credit risk (continued)****6.4.9 (b) Inputs, assumptions and techniques used for estimating impairment***Sensitivity of ECLs to future economic conditions*

The table below shows the loss allowance on loans and advances to customers assuming each forward-looking scenario (e.g. best, baseline and worst) were weighted at 100% instead of applying scenario probability weights across the three scenarios.

	2024 Ushs '000			2023 Ushs '000		
	Best	Baseline	Worst	Best	Baseline	Worst
<b>Gross exposure</b>						
Agriculture loans	207,357,522	207,357,522	207,357,522	161,031,801	161,031,801	161,031,801
Business loans	282,517,637	282,517,637	282,517,637	172,802,876	172,802,876	172,802,876
Personal loans	248,918,619	248,918,619	248,918,619	269,418,983	269,418,983	269,418,983
Group loans	1,926	1,926	1,926	5,382	5,382	5,382
Staff loans	15,736,744	15,736,744	15,736,744	13,105,320	13,105,320	13,105,320
<b>Loss allowance</b>						
Agriculture loans	443,840	451,124	459,804	70,564	73,676	76,918
Business loans	394,354	417,775	442,672	77,369	82,630	88,207
Personal loans	19,246,161	19,363,282	19,481,631	12,779,525	13,882,923	15,076,715
Group loans	675	675	675	23	25	27
Staff loans	155,991	157,139	158,298	133,804	139,415	145,543

The Bank sometimes modifies the terms of loans provided due to commercial renegotiations or for distressed loans, with a view to maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays among others. Restructuring policies and procedures are based on indicators and criteria which in the judgement of management, indicate that payment will most likely continue. The policies are kept under continuous review in line with Bank of Uganda guidelines for restructuring facilities and extending moratorium to clients.

The Bank considers loan modification to be an indicator of a deterioration of credit risk.

For the year ended 31 December 2024, modification losses/gains were found immaterial and not recognised in the financials (2023: Nil).

Following the guidance issued by Bank of Uganda, PBU responded and granted relief to its customers

through one or more of the following:

- Rescheduling of instalments and capitalisation of interest.*
- Granting of grace periods.*
- Reduction of interest rates on some loans; and*
- Extension of loan tenure.*

As such the Bank took the following assumptions for assessment of significant increase in credit risk (SICR);

- All boda boda loans that were 30-89 days past due were downgraded to stage 3.*
- All group loans that were 30-89 days past due were downgraded to stage 3 while the group loans which were 15 - 29 days past due were downgraded to stage 2.*
- All other rescheduled loans with 30 days and above past due after the moratorium period were downgraded to stage 3 except individual cases where there are justifiable reasons for not down grading the facility.*



**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.4 Credit risk (continued)****6.4.9 (b) Inputs, assumptions and techniques used for estimating impairment (continued)**

d) The Bank also put into consideration how the pandemic affected the specific products or sectors.

e) The Bank carried out stressed PDs assessment to determine the impact of the pandemic on the forward-looking information (FLI).

**6.4.10 Collateral and other credit enhancements**

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

**The main types of collateral obtained are as follows:**

- a) Charge over land and developments thereon.
- b) Charge over motor vehicles.
- c) Charge over cash and Bank deposits.
- d) Personal and corporate guarantees.
- e) Charge over fixed and floating debentures, among others.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement where necessary. Borrowers are also required to revalue their assets every after four years to ensure that the Bank attaches the right values to the issue loan facilities.

When secured facilities are in default, the Bank follows laid down remedial procedures and eventually recovery from the pledged collateral. In the event of sale of mortgaged properties, all proceeds are applied to payment of the debt and related cost and the residual availed to the debtor. Because of this practice, the properties under legal repossession processes are not recorded on the statement of financial position and not treated as non-current assets held for sale.

The tables on the following pages show the maximum exposure to credit risk by class of financial asset. They also show the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

**6. Financial risk management (Continued)****6.4. Credit risk (continued)****6.4.10 Collateral and other credit enhancements (continued)****Type of collateral or credit enhancement****31 December 2024**

Financial assets	Total exposure to credit risk Ushs'000	Cash Securities Ushs'000	Property Ushs'000	Others Ushs'000	Total Collateral Ushs'000	Net exposure Ushs'000	Associated ECLs Ushs'000
Cash and balances with Bank of Uganda (Note 17)	161,964,481	-	-	-	-	161,964,481	247
Placements and deposits with other Banks (Note 20)	29,428,458	-	-	-	-	29,428,458	70,349
Government securities (Note 19)	364,509,844	-	-	-	-	364,509,844	639,195
Other assets	37,155,409	-	-	-	-	37,155,409	47,738
<b>Loans and advances to customers</b>							
Agricultural Loans (Note 22)	207,312,369	455,280	630,261,332	-	630,716,612	423,404,243	3,129,637
Business Loans (Note 22)	282,489,591	29,248,137	737,018,977	-	766,267,114	483,777,523	2,037,732
Group loans (Note 22)	1,259	281	3,208	-	3,489	2,230	16,708
Personal Loans (Note 22)	246,365,120	2,206,917	90,878,709	-	93,085,626	(153,279,494)	20,669,535
Staff Loans (Note 22)	15,732,640	75,446	20,107,474	-	20,182,920	4,450,280	185,905
<b>Total financial assets at amortised cost</b>	<b>1,344,959,171</b>	<b>31,986,061</b>	<b>1,478,269,700</b>	<b>-</b>	<b>1,510,255,761</b>	<b>1,351,412,974</b>	<b>26,797,046</b>
Off balance sheet items							
Financial guarantees (Note 36 (a))	10,008,855	341,801	-	-	341,801	(9,667,054)	650
Letters of credit	1,559,955	-	-	-	-	(1,559,955)	-
Undrawn commitments	34,899,559	-	24,572,554	-	24,572,554	(10,327,005)	41,864
<b>Total off-balance sheet</b>	<b>46,468,369</b>	<b>341,801</b>	<b>24,572,554</b>	<b>-</b>	<b>24,914,355</b>	<b>(21,554,014)</b>	<b>42,514</b>



**Notes to the financial statements (continued)****6. Financial risk management (continued)****6.4 Credit risk (continued)****6.4.10 Collateral and other credit enhancements (continued)**

The tables below stratify credit exposures from mortgage loans and advances to retail customers by ranges of loan to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for retail loans is based on the collateral value at origination updated based on changes in forced sale value upon revaluation.

LTV	2024 Ushs'000	2023 Ushs'000
Less than 50%	468,890,552	414,492,318
51-70%	99,403,177	77,167,921
71-90%	74,861,321	47,526,902
91-100%	19,375,737	18,396,100
More than 100%	89,370,194	67,240,186
<b>Total</b>	<b>751,900,981</b>	<b>624,823,427</b>

**6.4.11 Reconciliation of changes in the net credit carrying amount of impaired loans**

Credit impaired loans are graded 3-5, representing sub-standard, doubtful and loss respectively using the Bank's internal rating system.

The following table sets out a reconciliation of changes in the net carrying amount of credit impaired loans and advances to customers.

	2024 Ushs'000	2023 Ushs'000
Credit impaired loans and advances to customer 1 January	31,747,191	36,722,459
Change in ECL allowance	(2,222,934)	(1,939,940)
Classified as credit impaired during the year	1,079,350	4,881,708
Transferred to not credit impaired during the year	(20,914,613)	(7,911,595)
Recoveries of amounts previously written off	-	200
Disposals/written offs	-	(5,641)
<b>Credit impaired loans and advances to customers 31 December</b>	<b>9,688,994</b>	<b>31,747,191</b>

**7. Interest income**

	2024 Ushs'000	2023 Ushs'000
<b>Arising on:</b>		
Debt instruments	56,275,851	37,314,865
Loans and advances to customers	151,923,740	120,597,891
Placements with other Banks	9,249,001	9,304,351
<b>Total interest income calculated using effective interest rate method</b>	<b>217,448,592</b>	<b>167,217,107</b>

Interest income is recognised over a period of time.

**Notes to the financial statements (continued)****8. Interest expense**

	2024 Ushs'000	2023 Ushs'000
Savings accounts	11,592,100	10,726,715
Fixed deposits	23,891,878	11,535,786
Interest on borrowings (note 30)	7,631,090	6,030,078
Finance charge on leases (note 32 (b))	1,387,304	1,096,319
	<b>44,502,372</b>	<b>29,388,898</b>

The amounts reported above include interest income and expense calculated under the effective interest method that relate to financial assets and liabilities.

**9. Fee and commission income**

A disaggregation of fees and commission income;

The table below shows a disaggregation of fees and commission income from customers by major service lines.

	2024 Ushs'000	2023 Ushs'000
Commission on EFTs, Swifts and RTGS transfers	4,196,097	4,084,753
ATM related fees and commission	3,209,761	3,053,696
Transactional fees and commission	2,536,435	2,934,102
Commission on guarantees, bonds, and letters of credit	401,341	380,045
Agency Banking fees	2,716,490	1,959,515
Fees from contracts with customers	5,702,976	6,808,139
Money transfer commissions	1,291,001	2,121,750
Ledger fees	7,719,108	8,331,199
Other fees and commission*	4,162,948	1,917,263
	<b>31,936,157</b>	<b>31,590,462</b>

**Fee and commission expense**

Wendi agent commission expense**	(1,586,045)	(126,814)
Agency Banking expenses	(1,087,542)	(1,121,073)

<b>Total fee and commission expense</b>	<b>(2,673,587)</b>	<b>(1,247,887)</b>
<b>Net fee and commission income</b>	<b>29,262,570</b>	<b>30,342,575</b>

\*Other fees and commission include Ushs. 3.1 billion (2023: Ushs. 1 billion) relating to Wendi commission fees. The growth is due to an increase in volume of transactions such as URA payments, transfers to other wallets, utility payments etc.

\*\*The Bank pays out commission to Wendi agents that extend Banking services to both PostBank Uganda Limited customers and non PostBank Uganda Limited customers.

The figure excludes amounts incorporated in determining the effective interest rate on the respective financial instruments.



**Notes to the financial statements (continued)****9. Fee and commission income (continued)**

Type of service	Nature of timing of satisfaction of performance obligation, including significant payment terms	Revenue recognition policies under IFRS15
Fees from contracts with customers.	The Bank provides Banking services to retail and, business and institutional customers, including account management, commission income obtained from making field payments to World Food Programme (WFP), Redcross, Danish Refugee council (DRC) provision of overdraft facilities, foreign currency transactions, credit card and servicing fees.	Revenue from account service and servicing fees is recognised over time as the services are provided.
Money transfer fees, commission on EFTs, Swifts and RTGs, Agency Banking fees, ATM fees, transactional fees, commission on guarantees, bonds and letters of credit, credit related fees and commissions.	<p>Fees for ongoing account management are charged to the customer's account on a monthly basis.</p> <p>Transaction-based fees for intercharged, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place.</p> <p>Periodic servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Bank.</p> <p>The Bank has contracts to pay persons of concerns with World Food program and Danish Refugee Council and earns fees for this service.</p>	Revenue related to transactions is recognised at the point in time when the transaction takes place.

**10. Net trading income**

	2024 Ushs'000	2023 Ushs'000
Foreign currency trading income	1,791,980	2,331,417
Unrealised foreign exchange loss	(334,563)	(78,354)
Other net trading income*	(443,681)	6,181,793
	<b>1,013,736</b>	<b>8,434,856</b>

\*Other net trading income relates to income generated from the sale of bonds by the Bank to meet liquidity requirements. There were no financial instruments held at FVTPL.

**Notes to the financial statements (continued)****11. Other operating income**

	2024 Ushs'000	2023 Ushs'000
Profit on disposal of assets*	-	153,446
Grant income released to profit or loss (Note 31)	108,273	109,072
Other income	262,210	132,426
	<b>370,483</b>	<b>394,944</b>

\*The Bank had no asset disposals during the period.

**12. Impairment losses on financial instruments**

Balances with central Bank (Note 17)	(1,367)	1,019
Government securities (Note 19)	33,930	308,393
Placements with Banks (Note 20)	(25,728)	(185,072)
Loans and advances to customers (Note 22)	16,824,447	12,779,353
Contract assets (Note 24)	38,952	(429,390)
Financial guarantees and commitments (Note 36)	34,668	(33,806)
Recovery of written off loans	(4,260,580)	(3,338,785)
	<b>12,644,322</b>	<b>9,101,712</b>

**13. Employee benefits expense**

	2024 Ushs'000	2023 Ushs'000
Wages and salaries	44,591,511	39,490,762
Pension and retirement benefits*	8,970,604	7,247,932
Staff welfare	5,371,681	5,169,201
Subsistence allowance**	391,824	1,705,173
Staff fair value adjustment	3,591,620	573,083
Staff trainings and conferences***	1,716,975	-
Staff allowances and incentive costs	8,071,279	6,254,589
	<b>72,705,494</b>	<b>60,440,740</b>

\*The Bank established a contributory scheme for the welfare and financial security of its employees at retirement, death, termination, or loss of employment. The Bank contributes an equivalent of 5% of one's basic pay for all staff who have subscribed to the provident fund and with contributions of at least 5% of their monthly basic salary. A staff is however at liberty to make monthly contributions exceeding 5% of their basic monthly salary.

\*\* Subsistence allowances in relation to staff travel were reclassified from employee benefits expense to other operating expenses in the period.

\*\*\*Staff trainings and conferences were reclassified from other operating expenses to employee benefits expense in the period.



## Notes to the financial statements (continued)

## 14. Depreciation and amortisation

	2024 Ushs'000	2023 Ushs'000
Depreciation on property and equipment (Note 26)	11,995,302	9,589,227
Depreciation on right of use assets (Note 27)	4,017,132	4,319,942
Amortisation of intangible assets (Note 25)	5,492,716	4,261,366
	<b>21,505,150</b>	<b>18,170,535</b>

## 15. Other operating expenses

Utilities	1,706,466	1,772,605
Maintenance costs	2,171,207	3,415,718
Stationery and supplies	1,652,489	1,985,824
Office expenses	5,944,179	5,412,134
Security expenses	3,018,385	3,062,320
Sales expenses	4,551,571	2,767,101
Computer expenses*	12,657,715	11,568,701
Audit fees	181,324	208,141
Other professional expenses	2,638,621	2,555,986
Motor vehicle, generator and fuel expenses	3,359,382	3,048,260
Travel expenses	3,964,370	2,221,327
Marketing expenses	3,948,765	4,408,323
Communication costs	944,964	604,081
Bank charges	682,559	374,196
Directors' expenses	2,181,164	2,074,275
Operational losses	823,040	342,775
Credit Reference Bureau and recovery expenses	303,547	446,782
Deposit protection fees	1,960,802	1,212,674
Other operating costs	2,789,918	5,222,576
Loss on disposal of fixed assets	2,592	245,756
Prepaid card costs	613,544	735,674
Loss on revaluation	69,773	-
Contract expenses**	976,329	1,188,639
	<b>57,142,706</b>	<b>54,873,868</b>

\*Computer expenses consist of ICT related licenses and connectivity.

\*\*Contract expenses are field costs incurred in providing services under contracts with partners.

## Notes to the financial statements (continued)

## 16. Taxes

## (a) Current income tax expense

	2024 Ushs'000	2023 Ushs'000
Current income tax	7,178,360	4,771,428
Deferred income tax charge	(2,942,987)	2,106,920
	<b>4,235,373</b>	<b>6,878,348</b>

The tax on the Bank's profit before tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

<b>Profit before income tax</b>	<b>39,595,337</b>	<b>34,413,728</b>
Tax calculated at statutory tax rate of 30%	11,878,601	10,324,118
<b>Tax effects of:</b>		
Expenses not deductible for tax, and incomes not taxed at 30%	(15,225,241)	(10,067,946)
Prior year under provision of deferred tax	403,653	1,850,748
Income taxed at 10%	662,523	390,209
Income taxed at 20%	6,515,837	4,381,219
<b>Income tax expense</b>	<b>4,235,373</b>	<b>6,878,348</b>

## (b) Current income tax (receivable)/payable

At start of year	(1,099,696)	791,020
Current income tax charge for the year	7,178,360	4,771,428
Income tax paid	(6,213,443)	(6,662,144)
<b>At end of year</b>	<b>(134,779)</b>	<b>(1,099,696)</b>

## (c) Deferred income tax liability

Year ended 31 December 2024	At start of year Ushs'000	Charge to profit or loss Ushs'000	Charge to SOCIE Ushs'000	At end of year Ushs'000	Deferred tax assets Ushs'000	Deferred tax liabilities Ushs'000
<b>Deferred income tax liabilities</b>						
Accelerated depreciation on PPE and ROU Asset	8,635,332	289,146	-	8,924,478	-	8,924,478
Revaluation of assets	1,203,611	-	699,870	1,903,481	-	1,903,481
	<b>9,838,943</b>	<b>289,146</b>	<b>699,870</b>	<b>10,827,959</b>	<b>-</b>	<b>10,827,959</b>



**Notes to the financial statements (continued)****16. Taxes (continued)****(c) Deferred income tax liability (continued)**

	At start of year Ushs'000	Charge to profit or loss Ushs'000	Charge to SOCIE Ushs'000	At end of year Ushs'000	Deferred tax assets Ushs'000	Deferred tax liabilities Ushs'000
<b>Deferred income tax assets</b>						
Lease liabilities*	-	-	-	-	-	-
Provisions	(282,416)	(80,297)	-	(362,713)	(362,713)	-
Tax loss	(1,108,554)	(2,140,591)	-	(3,249,145)	(3,249,145)	-
Loan loss provisions	(2,820,869)	(660,014)	-	(3,480,883)	(3,480,883)	-
Provision for bonus	(793,072)	(220,256)	-	(1,013,328)	(1,013,328)	-
Provision for leave	(45,760)	3,195	-	(42,565)	(42,565)	-
Unrealised foreign exchange losses	(169,711)	(110,542)	-	(280,253)	(280,253)	-
Impairment provisions on other financial assets	(217,537)	(23,628)	-	(241,165)	(241,165)	-
	<b>(5,437,919)</b>	<b>(3,232,133)</b>	<b>-</b>	<b>(8,670,052)</b>	<b>(8,670,052)</b>	<b>-</b>
<b>Net deferred income tax liability</b>	<b>4,401,024</b>	<b>(2,942,987)</b>	<b>699,870</b>	<b>2,157,907</b>	<b>(8,670,052)</b>	<b>10,827,959</b>

\*Lease liabilities have been reclassified from deferred income tax assets and included within accelerated depreciation on PPE and ROU assets in deferred income tax liabilities.

**Year ended 31 December  
2023**

	At start of year Ushs'000	Charge to profit or loss Ushs'000	Charge to SOCIE Ushs'000	At end of year Ushs'000	Deferred tax assets Ushs'000	Deferred tax liabilities Ushs'000
<b>Deferred income tax liability</b>						
Accelerated depreciation on						
PPE and ROU Asset	(2,964,307)	6,230,275	-	3,265,968	-	3,265,968
Revaluation of assets	1,309,551	(105,940)	-	1,203,611	-	1,203,611
	<b>(1,654,756)</b>	<b>6,124,335</b>	<b>-</b>	<b>4,469,579</b>	<b>-</b>	<b>4,469,579</b>
<b>Deferred income tax assets</b>						
Lease liabilities	7,158,445	(1,795,717)	-	5,362,728	-	5,362,728
Provisions	(238,120)	(85,901)	-	(324,021)	(324,021)	-
Tax loss	-	(1,108,554)	-	(1,108,554)	(1,108,554)	-
Loan loss provisions	(2,004,536)	(769,753)	-	(2,774,289)	(2,774,289)	-
Provision for bonus	(480,000)	(313,072)	-	(793,072)	(793,072)	-
Provision for leave	(23,191)	(22,569)	-	(45,760)	(45,760)	-
Unrealised foreign exchange losses	(146,205)	(23,506)	-	(169,711)	(169,711)	-
Impairment provisions on other financial assets	(317,533)	101,657	-	(215,876)	(215,876)	-
	<b>3,948,860</b>	<b>(4,017,415)</b>	<b>-</b>	<b>(68,555)</b>	<b>(5,431,283)</b>	<b>5,362,728</b>
<b>Net deferred income tax liability</b>	<b>2,294,104</b>	<b>2,106,920</b>	<b>-</b>	<b>4,401,024</b>	<b>(5,431,283)</b>	<b>9,832,307</b>

**Notes to the financial statements (continued)****17. Cash and balances with Bank of Uganda**

	2024 Ushs'000	2023 Ushs'000
Cash at hand	74,555,583	82,274,665
Balances with Bank of Uganda*	87,409,145	48,055,341
	<b>161,964,728</b>	<b>130,330,006</b>
<b>Provision for expected credit losses</b>	<b>(247)</b>	<b>(1,614)</b>
	<b>161,964,481</b>	<b>130,328,392</b>

\*These are cash balances available for use by the Bank after taking into consideration minimum cash reserve requirements.

**Movement in impairment of cash and balances  
with Bank of Uganda**

	2024 Ushs'000	2023 Ushs'000
As at January 1	1,614	595
Decrease in provision (Note 12)	(1,367)	1,019
<b>As at December 31</b>	<b>247</b>	<b>1,614</b>

**18. Cash and cash equivalents**

For purposes of the statement of cash flows, cash and cash equivalents comprises the following:

**Cash and balances with Bank of Uganda**

	2024 Ushs'000	2023 Ushs'000
Cash and balances with Bank of Uganda	161,964,728	130,330,006
Mobile money float (Note 23)	4,406,586	6,409,591
Placements and deposits due from other Banks	1,398,228	1,618,933
Minimum cash reserve requirement*	(42,945,000)	(37,985,000)
	<b>124,824,542</b>	<b>100,373,530</b>

\*The Bank is required to maintain minimum cash reserve balances for a period of 14 days as shared by the regulator. For the period ended 31 December 2024, the Bank was required to maintain a minimum of Ush 85.89 billion (2023: Ushs 75.97billion) provided the daily balances don't fluctuate below 50% of the minimum. However, the average for the 14days should comply with the minimum regulatory requirement.



## Notes to the financial statements (continued)

19. Government securities	2024 Ushs'000	2023 Ushs'000
Treasury bills	10,028,884	14,776,907
Treasury bonds	355,120,155	169,095,315
Provision for expected credit losses	(639,195)	(605,265)
	<b>364,509,844</b>	<b>183,266,957</b>

Movement in impairment of government securities	2024 Ushs'000	2023 Ushs'000
As at January 1	605,265	296,872
Increase in provision (Note 12)	33,930	308,393
<b>As at 31 December</b>	<b>639,195</b>	<b>605,265</b>

Government securities are debt securities issued by Bank of Uganda for a term of three months, six months or one year and two, three, five, ten, fifteen and twenty years for treasury bonds. The weighted average effective interest rates on treasury bills and bonds were 13.6% and 15.8% respectively. (2023: 9.58% and 17.39%). None of the government securities held by the Bank carries a tenor of 90 days or less. All government securities held by the Bank are measured at amortised cost.

The carrying amount of these instruments are held at amortised cost. There were no transfers across stages and as such all the instruments were classified in stage 1.

20. Placements and deposits due from other Banks	2024 Ushs'000	2023 Ushs'000
Placements with other Banks	28,100,579	21,771,185
Deposits due from other Banks	1,398,228	1,618,933
	<b>29,498,807</b>	<b>23,390,118</b>
Provision for expected credit losses	<b>(70,349)</b>	<b>(96,077)</b>
	<b>29,428,458</b>	<b>23,294,041</b>

The Bank applied Standard and Poor and country ratings to evaluate the credit worthiness of the counter parties for the instruments that were held as at 31 December 2024.

The weighted average effective interest rate on deposits from other Banks was 13.3% (2023:10.12%). Placements with other Banks mature within 1 day to 30 days whilst fixed deposits do not exceed 12 months. There were no transfers across stages and as such all placements and deposits due from other Banks were classified in stage 1.

## Notes to the financial statements (continued)

## 20. Placements and deposits due from other Banks (continued)

Movement in impairment of placements and due from other Banks	2024 Ushs'000	2023 Ushs'000
As at January 1	96,077	281,149
Decrease in provision (Note 12)	(25,728)	(185,072)
<b>As at December 31</b>	<b>70,349</b>	<b>96,077</b>

Detailed breakdown of placements and deposits due	2024 Ushs'000	2023 Ushs'000
Finance Trust Bank Limited	10,594,972	-
Ugafode	2,212,877	-
Standard Chartered Bank Limited	68,822	-
CitiBank Uganda Limited	-	23,628
Stanbic Bank Uganda Limited	-	82,975
Centenary Rural Development Bank	25,157	21,788
Pride Microfinance Limited	9,266,190	15,630,733
Finca Uganda Limited	6,026,540	6,140,453
Sparkasse Aachen Bank	1,304,249	1,490,541
	<b>29,498,807</b>	<b>23,390,118</b>

21. Movement in regulatory credit risk reserve	2024 Ushs'000	2023 Ushs'000
FIA impairment provision (a)		
Specific provisions as per regulations **	14,436,575	9,213,917
General provisions as per regulations**	7,318,464	6,113,431
	<b>21,755,039</b>	<b>15,327,348</b>

IFRS expected credit losses (b)	2024 Ushs'000	2023 Ushs'000
Stage 3	13,955,357	9,926,161
Stage 2	1,303,364	2,743,529
Stage 1	10,784,637	5,947,123
	<b>26,043,358</b>	<b>18,616,813</b>

**Difference between FIA and IFRS 9 ECL [(a) - (b)]\*** **(4,288,319)** **(3,289,465)**

**Transfers to regulatory credit risk reserve** - -

\*The regulatory credit risk reserve relates to the excess of BOU impairment provisions over IFRS 9 impairment provisions. As at 31 December 2024, the Bank held higher IFRS 9 provisions on loans thus no transfers were made to regulatory credit risk reserves.

\*\*The regulations relate to the Financial Institutions Act, Cap. 57 Laws of Uganda.



## Notes to the financial statements (continued)

22. Loans and advances to customers	2024 Ushs'000	2023 Ushs'000
<b>a) Gross Loans</b>		
Agricultural loans	207,312,367	163,538,813
Business loans	282,489,591	175,381,129
Group loans	1,259	5,471
Personal loans	246,365,124	272,604,264
Staff loans	15,732,640	13,293,750
<b>Gross loans and advances</b>	<b>751,900,981</b>	<b>624,823,427</b>
Less allowance for expected credit losses	(26,043,358)	(18,616,813)
Discount on staff loans-marked to market (Note 23)	(7,201,364)	(3,609,744)
	<b>718,656,259</b>	<b>602,596,870</b>
<b>(b) Impairment allowance for loans and advances to customers</b>		
At 1 January	18,616,813	17,031,720
Impaired accounts written off	(9,397,902)	(11,194,260)
Increase in provisions for other loans (Note 12)	16,824,447	12,779,353
<b>At 31 December</b>	<b>26,043,358</b>	<b>18,616,813</b>

Below is an analysis of gross carrying amounts per segments with the expected credit risk losses and transfers across stages for the year 31 December 2024 and 31 December 2023. All write offs in stage under stage 1 and stage 2 are from subjective write off where the Bank Directors have assessed recoverability chances and found them to be zero.

(i) Total loans	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
<b>Gross carrying amount as at 1 January 2024</b>	<b>548,714,904</b>	<b>46,564,514</b>	<b>29,544,009</b>	<b>624,823,427</b>
Disbursements	362,156,176	16,913,243	58	379,069,477
Repayments	(206,297,765)	(17,371,143)	(18,925,113)	(242,594,021)
Transfers to Stage 1	6,542,127	(5,473,657)	(1,068,470)	-
Transfers to Stage 2	(20,468,600)	21,534,497	(1,065,897)	-
Transfers to Stage 3	(22,274,852)	(9,655,645)	31,930,497	-
Other adjustments/ write-offs	(67,358)	(7,079)	(9,323,465)	(9,397,902)
<b>At 31 December 2024</b>	<b>668,304,632</b>	<b>52,504,730</b>	<b>31,091,619</b>	<b>751,900,981</b>

Notes to the financial statements (continued)  
22. Loans and advances to customers (continued)

<b>Gross carrying amount as at 1 January 2023</b>	<b>412,997,457</b>	<b>50,261,350</b>	<b>37,478,566</b>	<b>500,737,373</b>
Disbursements	317,824,036	9,551,660	-	327,375,696
Repayments	(154,646,490)	(17,398,987)	(20,049,905)	(192,095,382)
Transfers to Stage 1	3,308,910	(2,502,066)	(806,844)	-
Transfers to Stage 2	(16,448,843)	18,615,679	(2,166,836)	-
Transfers to Stage 3	(14,285,911)	(11,935,815)	26,221,726	-
Other adjustments/ write-offs	(34,255)	(27,307)	(11,132,698)	(11,194,260)
<b>At 31 December 2023</b>	<b>548,714,904</b>	<b>46,564,514</b>	<b>29,544,009</b>	<b>624,823,427</b>

(ii) Agricultural loans	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
<b>Gross carrying amount as at 1 January 2024</b>	<b>140,232,643</b>	<b>10,942,719</b>	<b>12,363,451</b>	<b>163,538,813</b>
Disbursements	114,314,161	10,647,777	-	124,961,938
Repayments	(66,177,200)	(6,379,914)	(6,074,694)	(78,631,808)
Transfers to Stage 1	920,675	(861,613)	(59,062)	-
Transfers to Stage 2	(6,049,191)	6,049,193	(2)	-
Transfers to Stage 3	(8,838,206)	(2,998,951)	11,837,157	-
Write-offs during the year	-	(419)	(2,556,157)	(2,556,576)
<b>At 31 December 2024</b>	<b>174,402,882</b>	<b>17,398,792</b>	<b>15,510,693</b>	<b>207,312,367</b>

<b>Gross carrying amount as at 1 January 2023</b>	<b>82,195,943</b>	<b>12,092,319</b>	<b>14,039,987</b>	<b>108,328,249</b>
Disbursements	116,223,898	3,808,995	-	120,032,893
Repayments	(49,355,158)	(6,245,338)	(6,013,133)	(61,613,629)
Transfers to Stage 1	279,962	(226,105)	(53,857)	-
Transfers to Stage 2	(4,190,248)	4,446,619	(256,371)	-
Transfers to Stage 3	(4,906,007)	(2,933,771)	7,839,778	-
Write-offs during the year	(15,747)	-	(3,192,953)	(3,208,700)
<b>At 31 December 2023</b>	<b>140,232,643</b>	<b>10,942,719</b>	<b>12,363,451</b>	<b>163,538,813</b>

Corresponding ECLs:	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
<b>ECLs as at 1 January 2024</b>	<b>57,185</b>	<b>(9,608)</b>	<b>1,799,836</b>	<b>1,847,413</b>
ECL Movements	333	(2,805)	1,308,036	1,305,564
Transfers to Stage 2	(1,322)	1322	-	-
Transfers to Stage 3	(2,086)	(533)	2,619	-
Write-offs during the year	-	-	(23,341)	(23,341)
<b>At 31 December 2024</b>	<b>54,110</b>	<b>(11,624)</b>	<b>3,087,150</b>	<b>3,129,636</b>



**Notes to the financial statements (continued)**  
**22. Loans and advances to customers (continued)**

	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
<b>Corresponding ECLs:</b>				
<b>ECLs as at 1 January 2023</b>	<b>26,499</b>	<b>(11,740)</b>	<b>1,872,633</b>	<b>1,887,392</b>
ECL Movements	30,975	2,355	(24,678)	8,652
Transfers to Stage 2	(15)	15	-	-
Transfers to Stage 3	(274)	(238)	512	-
Write-offs during the year	-	-	(48,631)	(48,631)
<b>At 31 December 2023</b>	<b>57,185</b>	<b>(9,608)</b>	<b>1,799,836</b>	<b>1,847,413</b>

**(iii) Business loans portfolio**

	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
<b>Gross carrying amount as at 1 January 2024</b>	<b>142,406,942</b>	<b>23,753,914</b>	<b>9,220,273</b>	<b>175,381,129</b>
Disbursements	191,142,111	3,792,437	-	194,934,548
Repayments	(69,583,153)	(8,321,194)	(6,999,880)	(84,904,227)
Transfers to Stage 1	1,382,560	(1,142,042)	(240,518)	-
Transfers to Stage 2	(7,965,099)	8,753,827	(788,728)	-
Transfers to Stage 3	(5,786,444)	(3,910,654)	9,697,098	-
Write-offs during the year	-	(6,660)	(2,915,199)	(2,921,859)
<b>At 31 December 2024</b>	<b>251,596,917</b>	<b>22,919,628</b>	<b>7,973,046</b>	<b>282,489,591</b>
<b>Gross carrying amount as at 1 January 2023</b>	<b>86,438,224</b>	<b>27,563,057</b>	<b>15,856,913</b>	<b>129,858,194</b>
Disbursements	104,919,472	2,899,001	-	107,818,473
Repayments	(39,708,748)	(7,661,308)	(9,668,203)	(57,038,259)
Transfers to Stage 1	650,853	(548,454)	(102,399)	-
Transfers to Stage 2	(5,874,606)	7,469,567	(1,594,961)	-
Transfers to Stage 3	(4,018,253)	(5,940,642)	9,958,895	-
Write-offs during the year	-	(27,307)	(5,229,972)	(5,257,279)
<b>At 31 December 2023</b>	<b>142,406,942</b>	<b>23,753,914</b>	<b>9,220,273</b>	<b>175,381,129</b>

**Notes to the financial statements (continued)**  
**22. Loans and advances to customers (continued)**

<b>Corresponding ECLs:</b>	<b>76,018</b>	<b>(23,453)</b>	<b>1,535,922</b>	<b>1,588,487</b>
<b>ECLs as at 1 January 2024</b>				
ECL Movements	296,482	(4,403)	182,159	474,238
Transfers to Stage 2	(2,917)	2,917	-	-
Transfers to Stage 3	(1,429)	(6,179)	7,608	-
Write-offs during the year	-	-	(24,992)	(24,992)
<b>At 31 December 2024</b>	<b>368,154</b>	<b>(31,118)</b>	<b>1,700,697</b>	<b>2,037,733</b>

	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
<b>Corresponding ECLs:</b>				
<b>ECLs as at 1 January 2023</b>	<b>47,228</b>	<b>(8,033)</b>	<b>2,271,004</b>	<b>2,310,199</b>
ECL Movements	28,529	(18,345)	(466,973)	(456,789)
Transfers to Stage 1	2,135	(1,034)	(1,101)	-
Transfers to Stage 2	(469)	4,834	(4,365)	-
Transfers to Stage 3	(1,405)	(875)	2,280	-
Write-offs during the year	-	-	(264,923)	(264,923)
<b>At 31 December 2023</b>	<b>76,018</b>	<b>(23,453)</b>	<b>1,535,922</b>	<b>1,588,487</b>

**(iv) Group loans**

	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
<b>Gross carrying amount as at 1 January 2024</b>	<b>5,458</b>	<b>-</b>	<b>13</b>	<b>5,471</b>
Disbursements	-	-	58	58
Repayments	(53)	-	(1,211)	(1,264)
Transfers to Stage 3	(2,414)	-	2,414	-
Other adjustments/ write-offs	(2,991)	-	(15)	(3,006)
<b>At 31 December 2024</b>	<b>-</b>	<b>-</b>	<b>1,259</b>	<b>1,259</b>
<b>Gross carrying amount as at 1 January 2023</b>	<b>31,075</b>	<b>7,927</b>	<b>37,825</b>	<b>76,827</b>
Repayments	(25,617)	(7,927)	(37,812)	(71,356)
<b>At 31 December 2023</b>	<b>5,458</b>	<b>-</b>	<b>13</b>	<b>5,471</b>



**Notes to the financial statements (continued)**  
**22. Loans and advances to customers (continued)**

Corresponding ECLs:	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
<b>Particulars</b>				
<b>ECLs as at 1 January 2024</b>	<b>15,149</b>	<b>(15,126)</b>	<b>15,704</b>	<b>15,727</b>
ECL Movements	-	-	1,006	1,006
Other adjustments/ write-offs	(25)	-	-	(25)
<b>At 31 December 2024</b>	<b>15,124</b>	<b>(15,126)</b>	<b>16,710</b>	<b>16,708</b>

Corresponding ECLs:	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
<b>Particulars</b>				
<b>ECLs as at 1 January 2023</b>	<b>15,280</b>	<b>(14,693)</b>	<b>32,280</b>	<b>32,867</b>
ECL Movements	(132)	(433)	(16,576)	(17,141)
<b>At 31 December 2023</b>	<b>15,148</b>	<b>(15,126)</b>	<b>15,704</b>	<b>15,726</b>

**v) Personal Loans portfolio**

	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
<b>Gross carrying amount as at 1 January 2024</b>	<b>253,570,390</b>	<b>11,716,167</b>	<b>7,317,707</b>	<b>272,604,264</b>
Disbursements	48,384,605	2,473,029	-	50,857,634
Repayments	(65,605,801)	(2,622,168)	(5,326,981)	(73,554,950)
Transfers to Stage 1	4,131,217	(3,470,003)	(661,214)	-
Transfers to Stage 2	(6,433,761)	6,710,928	(277,167)	-
Transfers to Stage 3	(7,195,238)	(2,727,458)	9,922,696	-
Write-offs during the year	(64,367)	-	(3,477,457)	(3,541,824)
<b>At 31 December 2024</b>	<b>226,787,045</b>	<b>12,080,495</b>	<b>7,497,584</b>	<b>246,365,124</b>

<b>Particulars</b>				
<b>Gross carrying amount as at 1 January 2023</b>	<b>231,714,666</b>	<b>10,383,473</b>	<b>6,437,935</b>	<b>248,536,074</b>
Disbursements	93,012,347	2,843,664	-	95,856,011
Repayments	(62,077,294)	(3,448,849)	(3,886,999)	(69,413,142)
Transfers to Stage 1	2,212,318	(1,727,507)	(484,811)	-
Transfers from Stage 2	(6,360,336)	6,675,840	(315,504)	-
Transfers from Stage 3	(4,912,803)	(3,009,454)	7,922,257	-
Write-offs during the year	(18,508)	-	(2,356,171)	(2,374,679)
<b>At 31 December 2023</b>	<b>253,570,390</b>	<b>11,717,167</b>	<b>7,316,707</b>	<b>272,604,264</b>

**Notes to the financial statements (continued)**  
**22. Loans and advances to customers (continued)**

<b>Corresponding ECLs:</b>				
<b>ECLs as at 1 January 2024</b>	<b>6,236,952</b>	<b>2,310,263</b>	<b>6,368,173</b>	<b>14,915,388</b>
ECL Movements	3,438,770	43,340	4,731,642	8,213,752
Transfers to Stage 1	1,344,157	(1,001,539)	(342,618)	-
Transfers to Stage 2	(132,929)	285,369	(152,440)	-
Transfers to Stage 3	(169,687)	(751,967)	921,654	-
Write-offs during the year	(11,874)	-	(2,447,731)	(2,459,605)
<b>At 31 December 2024</b>	<b>10,705,389</b>	<b>885,466</b>	<b>9,078,680</b>	<b>20,669,535</b>

	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
<b>ECLs as at 1 January 2023</b>	<b>6,044,880</b>	<b>2,235,770</b>	<b>4,219,797</b>	<b>12,500,447</b>
ECL Movements	(305,968)	1,128,572	3,432,702	4,255,306
Transfers to Stage 1	747,982	(462,622)	(285,360)	-
Transfers to Stage 2	(139,028)	220,453	(81,425)	-
Transfers to Stage 3	(110,609)	(811,910)	922,519	-
Write-offs during the year	(305)	-	(1,840,060)	(1,840,365)
<b>At 31 December 2023</b>	<b>6,236,952</b>	<b>2,310,263</b>	<b>6,368,173</b>	<b>14,915,388</b>

**(vi) Staff loans**

	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
<b>Gross carrying amount as at 1 January 2024</b>	<b>12,499,470</b>	<b>151,715</b>	<b>642,565</b>	<b>13,293,750</b>
Disbursements	8,315,298	-	-	8,315,298
Repayments	(4,931,557)	(47,867)	(522,351)	(5,501,775)
Transfers to Stage 1	107,675	-	(107,675)	-
Transfers to Stage 2	(20,549)	20,549	-	-
Transfers to Stage 3	(452,550)	(18,581)	471,131	-
Other adjustments/ write-offs	-	-	(374,633)	(374,633)
<b>At 31 December 2024</b>	<b>15,517,787</b>	<b>105,816</b>	<b>109,037</b>	<b>15,732,640</b>



**Notes to the financial statements (continued)**  
**22. Loans and advances to customers (continued)**

**Gross carrying amount as at**

<b>1 January 2023</b>	<b>12,617,546</b>	<b>214,577</b>	<b>1,105,906</b>	<b>13,938,029</b>
Disbursements	3,668,319	-	-	3,668,319
Repayments	(3,479,672)	(34,567)	(444,756)	(3,958,995)
Transfers to Stage 1	165,778	-	(165,778)	-
Transfers to Stage 2	(23,653)	23,653	-	-
Transfers to Stage 3	(448,848)	(51,948)	500,796	-
Other adjustments/ write-offs	-	-	(353,603)	(353,603)
<b>At 31 December 2023</b>	<b>12,499,470</b>	<b>151,715</b>	<b>642,565</b>	<b>13,293,750</b>

**Corresponding ECLs:**

<b>ECLs as at 1 January 2024</b>	<b>49,720</b>	<b>(6,446)</b>	<b>206,525</b>	<b>249,799</b>
ECL Movements	76,727	(5,687)	(51,336)	19,704
Transfers to Stage 3	(522)	-	522	-
Write-offs during the year	-	-	(83,598)	(83,598)
<b>At 31 December 2024</b>	<b>125,925</b>	<b>(12,133)</b>	<b>72,113</b>	<b>185,905</b>

	<b>Stage 1 Collective Ushs'000</b>	<b>Stage 2 Collective Ushs'000</b>	<b>Stage 3 Ushs'000</b>	<b>Total Ushs'000</b>
<b>ECLs as at 1 January 2023</b>	<b>55,910</b>	<b>(2,360)</b>	<b>247,265</b>	<b>300,815</b>
ECL Movements	(15,991)	(4,086)	52,309	32,232
Transfers to Stage 1	10,305	-	(10,305)	-
Transfers to Stage 3	(504)	-	504	-
Write-offs during the year	-	-	(83,248)	(83,248)
<b>At 31 December 2023</b>	<b>49,720</b>	<b>(6,446)</b>	<b>206,525</b>	<b>249,799</b>

**23. Other assets**

	<b>2024 Ushs'000</b>	<b>2023 Ushs'000</b>
Prepayments	3,497,400	2,452,021
Consumables	1,114,821	313,033
Wendi receivables*	25,381,180	7,900,644
Other receivables**	4,055,089	5,052,215
Mobile money float	4,406,586	6,409,591
Staff Fair Value Adjustment	7,201,364	3,609,744
Security deposits	185,150	185,150
	<b>45,841,590</b>	<b>25,922,398</b>

\*Wendi receivables relate to utility items and Wendi money transfers.

\*\*Other receivables majorly include money transfer items relating to Western union, Transfast and money gram.

**Notes to the financial statements (continued)**  
**23. Other assets (continued)**

The Bank assessed other assets and other mobile money balances subject to credit risk for impairment and found the amount to be immaterial for expected credit losses as at 31 December 2024 and 2023. Prepayments, consumables and prepaid employee benefits don't qualify as financial assets.

**24. Receivables from business contracts**

	<b>2024 Ushs'000</b>	<b>2023 Ushs'000</b>
Commission receivable from contract assets	3,225,514	593,625
Provision for expected credit losses	(47,738)	(8,786)
	<b>3,177,776</b>	<b>584,839</b>

The Bank has contracts to pay persons of concerns with World Food program and Danish Refugee Council. The Bank earns fees for this service.

**Movement in impairment for contract assets**

	<b>2024 Ushs'000</b>	<b>2023 Ushs'000</b>
As at January 1	8,786	438,176
Increase in provision (Note 12)	38,952	(429,390)
<b>As at 31 December</b>	<b>47,738</b>	<b>8,786</b>

**25. Intangible assets**

	<b>2024 Ushs'000</b>	<b>2023 Ushs'000</b>
<b>Cost</b>		
At 1 January	31,464,722	20,884,432
Additions	1,630,122	6,534,016
Transfers from work in progress	851,584	4,246,446
Write offs	-	(200,172)
<b>At 31 December</b>	<b>33,946,428</b>	<b>31,464,722</b>

**Amortisation**

	<b>2024 Ushs'000</b>	<b>2023 Ushs'000</b>
At 1 January	12,278,091	8,216,897
Charge for the year	5,492,716	4,261,366
Write-offs	-	(200,172)
<b>At 31 December</b>	<b>17,770,807</b>	<b>12,278,091</b>

**Net carrying amount at 31 December** **16,175,621** **19,186,631**

Intangible assets consist of: the mobile wallet software, Finacle core Banking system, ATM switch upgrade, smart reconciliation application tool, centralised accounts opening tool among others. There were no indicators of impairment for the intangible assets.



26. Property, plant and equipment

Cost / Valuation	Land and Buildings Ushs'000	Furniture, Fittings and Equipment Ushs'000	Computer Equipment Ushs'000	Motor Vehicles Ushs'000	Work In Progress Ushs'000	Total Ushs'000
At 1 January 2024	12,522,129	44,116,379	26,792,443	11,084,364	3,102,249	97,617,564
Gain on revaluation	2,332,901	-	-	-	-	2,332,901
Loss on revaluation	(69,773)	-	-	-	-	(69,773)
Accumulated depreciation on revalued assets	(1,676,447)	-	-	-	-	(1,676,447)
Additions*	-	2,131,961	2,028,164	2,207,055	8,935,922	15,303,102
Additions-branches	-	61,711	-	-	-	61,711
Transfers from WIP	-	2,826,528	-	-	(2,826,528)	-
Transfer to intangibles	-	-	-	-	(851,584)	(851,584)
Asset reclassification	250,824	(250,824)	-	-	-	-
Transfer to leasehold land	-	(25,000)	-	-	-	(25,000)
Write offs	-	-	(19,756)	-	-	(19,756)
At 31 December 2024	13,359,634	48,860,755	28,800,851	13,291,419	8,360,059	112,672,718
Depreciation						
At 1 January 2024	1,398,435	17,505,775	8,994,548	6,022,203	-	33,920,961
Charge for the year	504,159	4,836,013	4,442,665	2,212,465	-	11,995,302
Reversal of depreciation on revalued assets	(1,676,447)	-	-	-	-	(1,676,447)
Write offs	-	-	(10,561)	-	-	(10,561)
At 31 December 2024	226,147	22,341,788	13,426,652	8,234,668	-	44,229,255
Net carrying amount						
At 31 December 2024	13,133,487	26,518,967	15,374,199	5,056,751	8,360,059	68,443,463
At 31 December 2023	11,123,694	26,610,604	17,797,895	5,062,161	3,102,249	63,696,603

\*During the year 2024 the Bank capitalised costs related to refurbished branches, software relating to firewalls, the Wendi group lending software, added onto its motor vehicle fleet, other computer equipment replacements and intangible assets.

Notes to the financial statements (continued)  
26. Property, plant and equipment (continued)

Cost / Valuation	Land and Buildings Ushs'000	Furniture, Fittings and Equipment Ushs'000	Computer Equipment Ushs'000	Motor Vehicles Ushs'000	Work In Progress Ushs'000	Total Ushs'000
At 1 January 2023	10,518,387	37,740,358	26,990,653	10,043,641	9,210,610	94,503,649
Additions	-	7,259,095	7,295,360	3,681,200	3,102,249	21,337,904
Additions-branches	930,858	1,388,469	-	-	-	2,319,327
Transfers from WIP	1,072,884	2,095,129	1,744,579	-	(4,912,592)	-
Transfer to intangibles	-	-	-	-	(4,246,446)	(4,246,446)
Disposals	-	(530,542)	(2,463,186)	(993,415)	-	(3,987,143)
Write offs	-	(3,836,130)	(6,774,963)	(1,647,062)	(51,572)	(12,309,727)
At 31 December 2023	12,522,129	44,116,379	26,792,443	11,084,364	3,102,249	97,617,564
Depreciation						
At 1 January 2024	1,250,896	17,650,787	14,120,614	7,221,754	-	40,244,051
Transfer to right-of-use asset	(77,998)	-	-	-	-	(77,998)
Charge for the year	225,537	4,042,366	3,880,398	1,440,926	-	9,589,227
Disposals	-	(486,117)	(2,453,420)	(993,415)	-	(3,932,952)
Write offs	-	(3,701,261)	(6,553,044)	(1,647,062)	-	(11,901,367)
At 31 December 2023	1,398,435	17,505,775	8,994,548	6,022,203	-	33,920,961
Net carrying amount						
At 31 December 2023	11,123,694	26,610,604	17,797,895	5,062,161	3,102,249	63,696,603
At 31 December 2022	9,267,491	20,089,571	12,870,039	2,821,887	9,210,610	54,259,598



**Notes to the financial statements (continued)****26. Property and equipment (continued)**

(i) Capital work-in-progress represents ongoing construction work at various branches, automation of fixed assets among others.

(ii) The Bank's title to land and buildings on plot 4/6 Nkrumah Road Kampala was pledged as security on the UDB Loan (Note 30).

(iii) Freehold land and buildings were revalued based on the current market. The valuation engagement was carried out in accordance with the International Valuation Standards (IVS,2022) on open market value and depreciated replacement cost basis, respectively, by a professional valuer (Salem Appraisal) as per their report dated 29 July 2024. The resulting surplus on revaluation was adjusted to the book values of the properties and credited to revaluation reserve. The Bank's policy is to revalue its fixed assets of strategic nature after every 5 years.

(iv) The Bank does not have any property and equipment held for sale.

(v) Items of land and buildings were measured using the revaluation model. Below are the carrying amounts that would have been recognized for the assets had they been carried under the cost model.

	2024 Ushs'000	2023 Ushs'000
Cost	5,937,537	5,937,537
Accumulated depreciation	(1,776,658)	(1,478,948)
<b>Net book value</b>	<b>4,160,879</b>	<b>4,458,589</b>

**27. Right of use assets**

Cost / Valuation	Leasehold Land Ushs'000	Office space Ushs'000	Vehicles Ushs'000	Total Ushs'000
<b>At 1 January 2024</b>	<b>1,987,841</b>	<b>30,175,868</b>	<b>-</b>	<b>32,163,709</b>
Additions	-	3,112,039	-	3,112,039
Lease reclassification	25,000	-	-	25,000
Write-offs*	-	(1,215,700)	-	(1,215,700)
<b>At 31 December 2024</b>	<b>2,012,841</b>	<b>32,072,207</b>	<b>-</b>	<b>34,085,048</b>

**Notes to the financial statements (continued)****27. Right of use assets (continued)****Depreciation**

<b>At 1 January 2024</b>	<b>155,997</b>	<b>11,249,288</b>	<b>-</b>	<b>11,405,285</b>
Transfer from PPE	-	-	-	-
Charge for the year	91,907	3,909,908	-	4,001,815
Depreciation on reclassified assets	15,318	-	-	15,318
Write-offs*	-	(564,913)	-	(564,913)
<b>At 31 December 2024</b>	<b>263,222</b>	<b>14,594,283</b>	<b>-</b>	<b>14,857,505</b>
<b>Net book value at 31 December 2024</b>	<b>1,749,619</b>	<b>17,477,924</b>	<b>-</b>	<b>19,227,543</b>
<b>Net book value at 31 December 2023</b>	<b>1,831,844</b>	<b>18,926,580</b>	<b>-</b>	<b>20,758,424</b>

\* Write offs related to terminated branch contracts and expired motor vehicle leases.

Particulars	Lease hold Land Ushs'000	Office space Ushs'000	Vehicles Ushs'000	Total Ushs'000
<b>Cost / Valuation</b>				
<b>At 1 January 2023</b>	<b>1,987,841</b>	<b>28,977,616</b>	<b>4,770,995</b>	<b>35,736,452</b>
Additions	-	2,444,282	-	2,444,282
Lease reassessment	-	1,132,322	-	1,132,322
Write-offs	-	(2,378,352)	(4,770,995)	(7,149,347)
<b>At 31 December 2023</b>	<b>1,987,841</b>	<b>30,175,868</b>	<b>-</b>	<b>32,163,709</b>
<b>Depreciation</b>				
<b>At 1 January 2023</b>	<b>-</b>	<b>9,040,418</b>	<b>4,021,386</b>	<b>13,061,804</b>
Transfer from PPE	77,998	-	-	77,998
Charge for the year	77,999	3,492,334	749,609	4,319,942
Write-offs	-	(1,283,464)	(4,770,995)	(6,054,459)
<b>At 31 December 2023</b>	<b>155,997</b>	<b>11,249,288</b>	<b>-</b>	<b>11,405,285</b>
<b>Net book value at 31 December 2023</b>	<b>1,831,844</b>	<b>18,926,580</b>	<b>-</b>	<b>20,758,424</b>
<b>Net book value at 31 December 2022</b>	<b>1,987,841</b>	<b>19,937,198</b>	<b>749,609</b>	<b>22,674,648</b>



## Notes to the financial statements (continued)

28. Deposits from Banks	2024 Ushs'000	2023 Ushs'000
<b>Amounts due to other Banks</b>	<b>90,773,313</b>	<b>6,665,438</b>
The amounts relate to interBank borrowings and vostro balances. The weighted average effective interest rate on deposits and balances due to other Banks was 11.76% (2023: 2.81%).		
29. Customer deposits	2024 Ushs'000	2023 Ushs'000
Current and demand accounts	63,546,535	31,364,558
Savings accounts*	603,738,752	589,509,064
Fixed deposit accounts	277,471,113	162,329,075
Wendi wallet deposits	45,519,048	6,623,818
	<b>990,275,448</b>	<b>789,826,515</b>

\*As at 31 December 2024, savings deposits include Airtel and MTN deposits amounting to Ushs. 44.875 billion and Ushs. 140.358 billion respectively. While at 31 December 2023, the Airtel deposits amounted to Ushs. 33.068 billion, and MTN Ushs. 191.450 billion.

The weighted average effective interest rates on savings and fixed deposits were 1.41% and 12.22%, respectively (2023: 1.67% and 10.24%, respectively). All fixed deposits have a tenor of twelve months and below.

30. Borrowings	GROW loans Ushs'000	UECCC loans Ushs,000	UDB loans Ushs'000	Total Ushs'000
Year ended 31 December 2024				
At start of year	-	-	<b>41,463,193</b>	<b>41,463,193</b>
Additions	11,807,200	184,589	-	11,991,789
Interest on borrowings	52,010	2,301	7,576,779	7,631,090
Interest paid	-	(2,301)	(7,763,287)	(7,765,588)
Principal repayment	-	-	(9,397,594)	(9,397,594)
<b>At end of year</b>	<b>11,859,210</b>	<b>184,589</b>	<b>31,879,091</b>	<b>43,922,890</b>
Year ended 31 December 2023				
At start of year	-	-	53,162,542	53,162,542
Interest on borrowings	-	-	6,030,078	6,030,078
Interest paid	-	-	(6,281,080)	(6,281,080)
Principal repayment	-	-	(11,448,347)	(11,448,347)
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>41,463,193</b>	<b>41,463,193</b>

The weighted average borrowing rate for these facilities is 4.28% (2023: 6.24%).

## Notes to the financial statements (continued)

## 30. Borrowings (continued)

a) Details of Bank borrowings	Principal Committed Ushs'000	Outstanding Ushs'000
UDB Loan 4	20,000,000	5,316,300
UDB Loan 5	40,000,000	26,576,118
Grow 1	6,000,000	6,044,055
Grow 2	5,807,200	5,815,155
UECCC	184,589	184,589
<b>At 31 December 2024</b>	<b>71,991,789</b>	<b>43,936,217</b>
	Principal Committed Ushs'000	Outstanding Ushs'000
UDB Loan 3	15,000,000	994,588
UDB Loan 4	20,000,000	10,217,314
UDB Loan 5	40,000,000	30,251,291
<b>At 31 December 2023</b>	<b>75,000,000</b>	<b>41,463,193</b>

Both UDB Loan 3 and 4 were 5 year loans and are secured by legal mortgage over land and buildings of the Bank. Loan UDB 5 is secured against the Bank's performing loan book.

UDB Loan 5 matures in 10 years and bears interest at a fixed rate of 5% while UDB Loan 4 bears interest at a fixed rate of 10%. Both facilities are payable semi-annually.

(b) Net debt reconciliation	2024 Ushs'000	2023 Ushs'000
Cash and cash equivalents net of placements and cash reserve requirement	<b>124,824,542</b>	<b>98,754,597</b>
Liquid investments (note 19 and 20)*	39,490,433	38,070,948
Borrowings (note 30)	(43,922,890)	(41,463,193)
Lease liability (note 32(b))	(17,074,285)	(17,330,363)
<b>Net debt</b>	<b>103,317,800</b>	<b>78,031,989</b>

\* Liquid investments include treasury bills and placements with other Banks.

31. Deferred grants	2024 Ushs'000	2023 Ushs'000
Capital grants (Note 31 (b))	389,230	497,503
Operating grants (Note 31 (a))	1,262,782	416,236
<b>At 31 December</b>	<b>1,652,012</b>	<b>913,739</b>



**Notes to the financial statements (continued)****31. Deferred grants (continued)****(a) Operating grants**

	<b>NRC</b>	<b>Heifer Grant</b>	<b>Eurogiro</b>	<b>CARE International</b>	<b>GROW – Lending related activities</b>	<b>GROW- Women incentive</b>	<b>Total</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>
<b>At start of year 2024</b>	308,132	72,378	35,726	-	-	-	416,236
Additions	-	-	-	565,500	480,000	360,000	1,405,500
Repayments	-	-	-	-	-	-	-
Revaluations	-	-	(2,903)	(13,488)	-	-	(16,391)
Grant income to P & L	-	-	-	(517,025)	(25,538)	-	(542,563)
<b>At end of year 2024</b>	<b>308,132</b>	<b>72,378</b>	<b>32,823</b>	<b>34,987</b>	<b>454,462</b>	<b>360,000</b>	<b>1,262,782</b>

<b>At start of year 2023</b>	308,132	72,378	198,132	-	-	-	578,642
Additions	-	-	402,578	-	-	-	402,578
Repayments	-	-	(571,727)	-	-	-	(571,727)
Revaluations	-	-	6,743	-	-	-	6,743
Grant income to P & L	-	-	-	-	-	-	-
<b>At end of year 2023</b>	<b>308,132</b>	<b>72,378</b>	<b>35,726</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>416,236</b>

**(b) Capital grants amortisation**

	<b>Abi Trust Ushs'000</b>	<b>CARE Ushs'000</b>	<b>Total Ushs'000</b>
Year ended 31 December 2024			
<b>Cost</b>			
<b>At 1 January and 31 December 2024</b>	<b>481,610</b>	<b>15,893</b>	<b>497,503</b>
<b>Amortisation</b>			
At start of year	-	-	-
Charge for the year	(104,820)	(3,453)	(108,273)
<b>Net book value at 31 December 2024</b>	<b>376,790</b>	<b>12,440</b>	<b>389,230</b>

Year ended 31 December 2023

<b>Cost</b>			
<b>At 1 January 2023 and 31 December 2023</b>	<b>587,230</b>	<b>19,345</b>	<b>606,575</b>
<b>Amortisation</b>			
At start of year	-	-	-
Charge for the year	(105,620)	(3,452)	(109,072)
<b>Net book value at 31 December 2023</b>	<b>481,610</b>	<b>15,893</b>	<b>497,503</b>

**Notes to the financial statements (continued)****31. Deferred grants (continued)****a) Heifer grant**

The agreement was signed between HEIFER project international, a not-for-profit organization and the Bank on 26 February 2018. The Bank contributes 50% and the HEIFER project contributes 50% to be used to enhance the agriculture loan product. The Bank has so far received Ushs 1,080,000,000 from Heifer Project International to ensure support is extended to the youth. Through the collaboration, 1000+ youth have been able to benefit from the project funds and establish meaningful projects in their communities. The project pends conclusion of the project audit and official closure.

**b) Norwegian Refugee Council (NRC) grant**

The Bank received Ushs. 366 million in 2020 from NRC in collaboration with TENT Foundation to improve livelihoods of young, displaced men, women and children in Uganda. The purpose of funds was to support the refugees to engage in transport business. The project was partly affected by the Covid 19 pandemic, and the Bank continues to assess performance of the portfolio for proper implementation.

**c) Eurogiro grant**

The agreement was signed between Eurogiro and PostBank Uganda Limited in October 2022 to provide customers with a payment solution (“digital solution”) with competitive transaction costs. The project is targeting at least 7,000 beneficiaries receiving remittances across the country. The project completion date is 31 March 2024.

**d) Cooperative for Assistance and Relief Everywhere, INC (CARE)**

This is a grant from CARE under the women financial inclusion program. It was extended to develop a sub wallet product targeting identified women’s individual savings, to enable proximity and access of financial services and to empower women in order to increase their contribution to key development goals.

**e) Abi Development Grant**

This is a grant from aBi Development Limited. It was extended to support opening up of branches like Kotido and Anaka. The grant further supported the Bank in acquisition of Solar ATMs which were installed in several contact centres to ease access of funds and Bank services by several customers in rural areas.

**f) Generating Growth Opportunities and Productivity for Women Enterprises (GROW) Project**

On June 28, 2024, the Bank entered into an agreement with the Private Sector Foundation Uganda (PSFU) to act as a participating financial institution for the GROW Financing Facility (GFF) for women entrepreneurs. This project aims to enhance access to entrepreneurial services for women in target locations, including host and refugee communities. As of the reporting date, the Bank has received Ush. 11.8 billion from PSFU. The project is scheduled to run until December 31, 2027.



## Notes to the financial statements (continued)

## 32. Other liabilities

	2024 Ushs'000	2023 Ushs'000
Accounts payable	2,589,631	4,694,381
Insurance premium	490,987	392,842
National Social Security Fund contributions	662,255	582,069
Indirect taxes payable	2,723,794	2,423,720
Staff accrued payables	3,893,329	3,555,220
Audit fees	61,942	89,835
Cash overs	32,523	28,215
Other payables	22,685,619	18,371,465
Lease liabilities (Note 32(b))	17,074,285	17,330,363
Agriculture Credit Facility	34,458,521	13,951,677
Small Business Recovery Fund	8,264,881	1,133,104
Provision for expected credit losses-off balance sheet	42,514	7,846
	<b>92,980,281</b>	<b>62,560,737</b>

Included in other payables is Small Business Recovery Fund that was established by the Government of Uganda ("GoU") to aid enterprises that were adversely affected by the covid 19 pandemic. In November 2022, an addendum was issued as the uptake of the fund was very low and the Memorandum of Agreement" (MOA") was amended as per the following eligibility criteria; All small businesses operated by individuals, groups, partnership and companies employing 2-49 people and with annual turnover of Ushs 10million-Ushs 300million,the maximum loan amount is Ushs 200 million, the GoU will provide an initial deposit of Ushs 1 billion and Commercial Banks ("PFI") contributing 50% of the loan value of each eligible borrower, at 10% per annum on a reducing balancing method. The fund can be accessed through block allocation for those businesses without collateral and credit facilities to eligible borrowers shall be extended for periods of a minimum of three months and maximum of four years, which shall include a grace period of a maximum of one year depending on the nature of the project and as determined by the PFI.

## (b) Lease liabilities

The movement in the lease liabilities is as shown below:

	2024 Ushs'000	2023 Ushs'000
At 1 January	<b>17,330,363</b>	<b>20,708,063</b>
Additions	2,670,187	2,268,453
Interest expense on lease liabilities	1,387,304	1,096,319
Repayment of interest component	(1,387,304)	(1,096,319)
Repayment of principal component	(2,559,782)	(5,371,288)
Lease reassessment	-	1,132,322
Terminated contracts	(366,483)	(1,407,187)
<b>At 31 December</b>	<b>17,074,285</b>	<b>17,330,363</b>

The movement in net lease liabilities is as shown below:

	2024 Ushs'000	2023 Ushs'000
Gross instalments payable	<b>29,543,828</b>	<b>28,103,638</b>
Future interest	(12,469,543)	(10,773,275)
<b>Net lease liabilities</b>	<b>17,074,285</b>	<b>17,330,363</b>

## Notes to the financial statements (continued)

## 32. Other liabilities (continued)

## (c) Amount recognised in the statement of comprehensive income

	2024 Ushs'000	2023 Ushs'000
Interest expense on lease liabilities	<b>1,387,304</b>	<b>1,096,319</b>
Amortisation of right-of-use asset	3,995,044	4,319,942
<b>Total</b>	<b>5,382,348</b>	<b>5,416,261</b>

## (d) Amount recognised in statement of cash flows

	2024 Ushs'000	2023 Ushs'000
Payment of interest on lease obligations	<b>1,387,304</b>	<b>1,096,319</b>
Payment of principal lease obligations	2,559,782	<b>5,371,288</b>
<b>Total</b>	<b>3,947,086</b>	<b>6,467,607</b>

## 33. Share capital

## Issued and fully paid

	2024 Ushs'000	2023 Ushs'000
At start of year	<b>133,335,812</b>	<b>113,569,025</b>
Bonus issue of shares	27,679,894	19,095,184
Issue of shares for cash consideration	5,079,616	671,603
Costs attributable to increase in share capital*	(1,000,000)	-
<b>At end of year</b>	<b>165,095,322</b>	<b>133,335,812</b>

\*The Bank received a capital injection of Ushs. 5.079 billion from its shareholder and increased its authorized share capital by Ushs. 50 billion. Thus, the Bank paid 0.5% of Ushs. 50 billion (Ushs. 250 million) as stamp duty in accordance to Section 9 (1) of the Stamp Duty Act 2014 and a further 1.5% of Ushs. 50 billion (Ushs. 750 million) as registration fee at URSB.

Ordinary shares have a par value of Ushs 10,000. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Bank in proportion to the number of and amounts paid on the shares held. No dividends were declared in 2024 (2023: Nil).

During the year, the Bank issued 3,175,951 additional ordinary shares comprised of a cash issue of 407,962 shares(2023: 67,160 shares) and a bonus issue of 2,767,989 shares (2023: 1,909,518 shares). The total number of paid-up shares is now 16,509,531 shares (2023: 13,333,580 shares).



**Notes to the financial statements (continued)****33. Share capital (continued)****Number of shares**

	2024 Number	2023 Number
At start of year	13,333,580	11,356,902
Issue of bonus shares	2,767,989	1,909,518
Issue of shares for cash consideration	407,962	67,160
<b>At end of year</b>	<b>16,509,531</b>	<b>13,333,580</b>

As at 31 December 2024, there were twenty one million five hundred thousand (21,500,000) authorised ordinary shares of which 16,509,531 (2023: 13,333,580) were issued and fully paid. All shares have equal voting rights at meetings of the Bank and rank equally with regards to the Bank's residual assets.

The shareholders of the Bank, all of whom have their registered addresses in Uganda, were as follows as at 31 December 2023 and 2024:

	No. shares	% held
Minister of Finance Planning and Economic Development – Uganda	16,509,530	100.00%
Minister of State for Finance (Privatisation) – Uganda	1	0.00%
	<b>16,509,531</b>	<b>100.00%</b>

The Bank is owned by the Government of Uganda as represented by the above shareholders.

**34. Revaluation reserve**

The revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. Revaluation reserves are not distributable.

	2024 Ushs'000	2023 Ushs'000
At start of year	2,808,427	2,952,941
Revaluation gain	2,332,901	-
Transfer of excess depreciation to retained earnings	(44,333)	(144,514)
Deferred tax on revaluation	(699,870)	-
<b>At end of year</b>	<b>4,397,125</b>	<b>2,808,427</b>

**35. COVID-19 pandemic**

Bank of Uganda offered Credit Relief Monitoring (CRM) to financial institutions where borrowers were allowed to restructure their loans during the pandemic. With the expiry of the CRM, the adverse effects of the Covid 19 pandemic and the associated containment measures continue to persist for some sectors and borrowers.

The Bank continues to significantly enhance credit risk management mechanisms by conducting credit risk stress tests that consider the potential effects of the expiry of the CRM, provision for expected credit losses, prudent capital planning and monitor credible liquidity contingency plans to enhance absorption of potential credit losses.

**Notes to the financial statements (continued)****36. Provisions and contingent liabilities****(a) Provisions for litigations**

	2024 Ushs'000	2023 Ushs'000
Legal provisions		
<b>At 1 January</b>	<b>1,080,072</b>	<b>793,734</b>
(Reversals)/additions	(98,516)	759,725
Payments made	(80,337)	(473,387)
<b>At 31 December 2024</b>	<b>901,219</b>	<b>1,080,072</b>

**Provisions and contingent liabilities for litigations**

The Bank is a litigant in several cases which arise from normal day to day Banking activities. Legal provisions arise where the Directors have assessed the outcome of litigation after taking appropriate legal advice and believe that it is probable that an outflow of resources will be required to settle the obligations and the amounts involved can be reliably estimated. These are recognised in the financial statements of the Bank and are extinguished where settlement has been made. Where it is not probable that there will be an outflow of resources to settle the litigation, a provision will not be recognised but the amounts involved will be disclosed.

The Directors believe that the Bank has strong grounds for success in majority of these cases and are confident that the ruling will be in the Bank's favour and none of the cases individually or in aggregate would have a significant impact on the Bank's operations.

The Bank had contingent liabilities estimated at Ushs 901 million (2023: Ushs 1,080 million) arising out of its open legal cases. The directors are of the opinion, after taking appropriate legal advice, that the final outcome of the open legal matters will not give rise to cash outflows beyond amounts provided for above.

Given the sensitive nature of these legal cases, the directors are of the opinion that disclosing the details of each case can be expected to prejudice seriously the position of the Bank. As such, that information has not been disclosed.

**b). Commitments, Guarantees and Letters of Credit**

<b>Guarantees</b>	2024 Ushs'000	2023 Ushs'000
Gross	10,008,855	3,941,483
Provision for expected credit losses (Note 36)	(650)	(1,982)
	<b>10,008,205</b>	<b>3,939,501</b>
<b>Undrawn stand-by facilities (Commitments)</b>	34,899,559	11,504,883
Provision for expected credit losses	(41,864)	(5,864)
	34,857,695	11,499,019
<b>Letters of Credit</b>	1,559,955	1,680,078
	<b>46,425,855</b>	<b>17,188,598</b>

The Bank assesses the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of the stated provisions for expected credit losses. Letters of credit had no provisions since they were fully covered by collateral.



**Notes to the financial statements (continued)****36. Provisions and contingent liabilities (continued)****Movement in impairment of guarantees**

	2024 Ushs'000	2023 Ushs'000
As at January 1	1,982	4,065
(Decrease)/Increase in provision (Note 12)	(1,332)	(2,083)
<b>As at 31 December</b>	<b>650</b>	<b>1,982</b>

**Movement in impairment of loan commitments**

As at January 1	5,864	37,587
(Increase)/decrease in provision (Note 12)	36,000	(31,723)
<b>As at December 31</b>	<b>41,864</b>	<b>5,864</b>

**37. Related parties**

The Bank's immediate and ultimate controlling party is the Government of Uganda. There are other companies i.e., government parastatals that are related to the Bank through common shareholdings. The major significant transaction was equity contribution of Ushs. 5.079 billion, disclosed under note 33. The following transactions were carried out with related parties:

Loans to customers at 31 December 2024 include loans to Directors as follows:

**Loans to Executive and Non-Executive Directors**

At start of the year	826,549	553,784
Loans extended during the year	490,700	767,322
Interest earned	80,198	49,307
Loan repayments during the year	(408,836)	(543,864)
<b>At end of year</b>	<b>988,611</b>	<b>826,549</b>

Loans to Directors as at 31 December 2024 were neither past due, nor impaired (2023: Nil). The loans are secured. The interest earned on loans to Directors during the year 2024 was Ushs 80 million (2023: Ushs 49 million).

**Directors' loans**

Names	Position	Rate	2024 Ushs'000	2023 Ushs'000
Lawrence Kasenge	Non- Executive	12%	151,224	193,449
Beatrice Lagada	Non- Executive	18%	55,832	34,055
<b>Executive Directors</b>				
Julius Kakeeto	Managing Director	10%	386,239	59,227
Andrew Kabeera	Executive Director	10%	395,316	539,818
			<b>988,611</b>	<b>826,549</b>

**Notes to the financial statements (continued)****37. Related parties (continued)****Deposits by Directors**

	2024 Ushs'000	2023 Ushs'000
At start of year	78,999	21,738
Movement for the year	12,945	57,261
<b>At end of year</b>	<b>91,945</b>	<b>78,999</b>

Deposit accounts held by Directors were non-interest bearing (2023: Nil).

**Key management compensation**

	2024 Ushs'000	2023 Ushs'000
Salaries and other benefits	4,851,874	6,145,709
Post-employment benefits	973,386	720,500
	<b>5,825,260</b>	<b>6,866,209</b>

**Directors' remuneration (included in key management compensation above)**

Salaries and other benefits	1,904,360	1,381,452
Post employment benefits	310,435	195,750
Board allowances and other costs	2,181,164	2,074,275
	<b>4,395,959</b>	<b>3,651,477</b>

**38. Cashflows from operating activities**

	Note	2024 Ushs'000	2023 Ushs'000
<b>Profit before income tax</b>		<b>35,359,964</b>	<b>27,535,381</b>
<b>Adjustments for:</b>			
Income tax expense		4,235,373	6,878,348
Depreciation of property, plant and equipment	26	12,010,617	9,589,227
Depreciation of right of use assets	27	4,001,815	4,319,942
Amortisation of Intangible assets	25	5,492,716	4,261,366
Interest income		(217,448,592)	(167,217,107)
Interest expense on borrowings	30	7,631,090	6,030,078
Interest expense on deposits		35,483,978	22,262,501
Interest charge on leases	32 (b)	1,387,304	1,096,319
Expected credit losses on financial assets	12	16,904,902	12,440,498
Reversal in provisions for litigations	36	(98,512)	759,725
Grant release to profit or loss	31	(650,835)	(109,072)
Gain on disposal of fixed assets		-	(153,446)
Lease termination	27 and 32 (b)	284,303	(312,299)
Write off of PPE	26	9,198	408,360
Loss on revaluation		69,772	-
Foreign exchange losses	10	-	83,496
<b>Cash flows from operating activities</b>		<b>(95,326,907)</b>	<b>(72,126,683)</b>



Notes to the financial statements (continued)

39. Fair value measurement

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

**Level 1:** Quoted prices in active markets for identical assets or liabilities. We have no item classified under this level.

**Level 2:** Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This class includes Leasehold land and buildings that are revalued regularly to ensure that the market asset carrying amounts do not materially differ from the fair value.

The Bank revalued its buildings/properties located in Kampala, Mbarara, Luwero, Nwoya, Kiryandongo, Kotido, Amolatar, Busukuma, Manafwa and Nakasongola on 29th July 2024 using market value approach and replacement cost method. This was done by Salem Appraisal, the external, independent property valuers, having appropriate recognised professional qualifications. The fair value measurement for all the properties have been categorised as a level 3 fair value measurement.

Valuation techniques and significant unobservable inputs.

The table below shows the valuation technique used in measuring the fair values of properties as well as the significant unobservable inputs used. The Bank does not have any liabilities measured at fair value.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The appraisal relied on IVS 105,2022 valuation approaches and methods. the valuation approach and methods specifically relied upon were market approach and market approach methods and,cost approach and cost approach methods in paragraph 20.0,30.0 and 60.0 respectively.	<p><b>Cost method:</b> The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset or equal utility.</p> <p><b>Replacement cost method:</b> This is the cost that is relevant to determining the price that a participant would pay as it is based on replicating the utility of the asset, not the exact physical properties of the asset. This is adjusted for physical deterioration and all relevant forms of obsolescence.</p>	<p>The estimated fair value would increase(decrease) if :</p> <p>⦿The cost of the property is higher(lower)</p> <p>⦿ The replacement cost would be higher(lower)</p>

Notes to the financial statements (continued)  
39. Fair value measurement (continued)

At 31 December 2024	Level 3 Ushs ‘000	Total Ushs ‘000
Assets measured at fair value:		
Land and buildings	12,871,219	12,871,219

At 31 December 2023		
Assets measured at fair value:		
Land and buildings	11,123,694	11,123,694

There were no transfers between levels 1, 2 and 3 in the year (2023: no transfers).

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank’s financial instruments, other than those that are measured at fair value.

	Carrying Amount Ushs’000	2024 Fair Value Ushs’000	Carrying Amount Ushs’000	2023 Fair Value Ushs’000
Financial assets				
Cash and balances with Bank of Uganda	161,964,481	161,964,481	130,328,392	130,328,392
Due from Banks	29,428,458	29,428,458	23,294,041	23,294,041
Debt instruments at amortised cost	364,509,844	334,341,002	183,266,957	180,659,035
Loans and advances to customers	718,656,259	704,700,902	602,226,647	600,354,014
Receivables from business contracts	3,177,776	3,177,776	584,839	584,839
Other assets	33,977,633	33,977,633	20,462,146	20,462,146
Financial liabilities				
Borrowings	43,922,890	43,922,890	41,463,193	41,463,193
Deposits from Banks	90,773,313	90,773,313	6,665,438	6,665,438
Customer deposits	990,275,448	990,275,448	789,826,515	789,826,515
Other liabilities	63,602,502	63,602,502	38,240,464	38,240,464

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.



**Notes to the financial statements (continued)****39. Fair value measurement (continued)****As at 31 December 2024**

Assets	Total	Level 1	Level 2	Level 3
Cash and balances with Bank of Uganda	161,964,481	161,964,481	-	-
Financial investments – HTM	334,341,002	334,341,002	-	-
Due from Banks	29,428,458	-	29,428,458	-
Loans and advances to customers	704,700,902	-	704,700,902	-
Receivables from contract assets	3,177,776	-	3,177,776	-
Other assets	33,977,633	-	33,977,633	-
<b>Total assets</b>	<b>1,267,590,252</b>	<b>496,305,483</b>	<b>771,284,769</b>	<b>-</b>
Customer deposits	990,275,448	-	990,275,448	-
Customer placements	90,773,313	-	90,773,313	-
Borrowings	43,922,890	-	43,922,890	-
Other liabilities	63,602,502	-	63,602,502	-
<b>Total liabilities</b>	<b>1,188,574,153</b>	<b>-</b>	<b>1,188,574,153</b>	<b>-</b>

**As at 31 December 2023**

Assets	Total	Level 1	Level 2	Level 3
Cash and balances with Bank of Uganda	130,328,392	130,328,392	-	-
Financial investments – HTM	180,659,035	180,659,035	-	-
Due from Banks	23,294,041	-	23,294,041	-
Loans and advances to customers	600,354,014	-	600,354,014	-
Receivables from contract assets	584,839	-	584,839	-
Other assets	20,462,146	-	20,462,146	-
<b>Total assets</b>	<b>955,682,467</b>	<b>310,987,427</b>	<b>644,695,040</b>	<b>-</b>
Customer deposits	789,826,515	-	789,826,515	-
Customer placements	6,665,438	-	6,665,438	-
Borrowings	41,463,193	-	41,463,193	-
Other liabilities	38,240,468	-	38,240,468	-
<b>Total liabilities</b>	<b>876,195,614</b>	<b>-</b>	<b>876,195,614</b>	<b>-</b>

**Notes to the financial statements (continued)****39. Fair value measurement (continued)****The following methods and assumptions were used to estimate the fair values:****Assets and liabilities for which fair value approximates carrying amounts.**

The Bank assessed that the fair values of cash and Bank balances, due from other Banks, customer deposits, other assets, other liabilities, financial guarantees and contract assets approximate their carrying amounts largely due to the short-term maturities of these instruments. These are determined to be level 2 valuations as the underlying consideration are largely unobservable.

**\*Borrowings**

The estimated fair value of borrowings is based on discounted cash flows using weighted average cost of capital (WACC) or other prevailing money-market interest rates for debts with similar credit risk and maturity. Borrowings are not highly liquid, but inputs used in fair valuation are largely unobservable, and are therefore classified as Level 2.

**Debt instruments at amortised cost**

Debt instruments at amortised cost are treasury bills and bonds issued by the Government of Uganda with fixed interest payments. The fair values of these instruments are based on interpolation of published prices resulting in a Level 2 classification.

**Loans and advances to customers**

The fair values of loans and advances to customers are estimated at their amortised cost as disclosed in the statement of financial position.

**Description of significant unobservable inputs to valuation used in the fair value measurements categorised within Level 3.****Valuation of buildings**

The valuers adopted the cost approach and the income capitalisation approach. The cost which was based on the depreciated replacement cost. With this method, the values for buildings and other improvements are determined by calculating the present-day replacement cost of putting up a similar and functional structure ready to provide the same facilities at the same place but depreciating them accordingly. The valuation technique used is consistent with what was used in the previous valuation. With the income capitalisation method, the valuer considered the net annual income of the property, assuming the property is fully let at market related rentals, and market escalations, with an allowance made for vacancies. The valuer estimated and deducted market related operating expenses resulting in a net annual income which we then capitalised at a market related rate. The valuer also considered the demand given the location of the building.

**Valuation of land**

In determining the fair values, the valuer used the market approach by reference to the open market value which is the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of assessment. The market values considered by the valuers were arrived at after taking into account factors such as location of the property, and proximity to services. The valuation technique used is consistent with what was used in the previous valuation.



40. London Inter Bank Offer Rate (LIBOR)

LIBOR transition is the movement of the financial markets away from using LIBOR as the interest rate benchmark to using alternative risk-free benchmark rates. LIBOR is central and deeply embedded in the pricing mechanism for a significant proportion of financial markets transactions worldwide. The Bank doesn't hold any financial transactions linked to LIBOR.

41. Wendi Wallet

On 7 June 2023, the Bank received a license from Bank of Uganda as a payment service provider-class A (Larger electronic money issuer) to operate its mobile wallet business, known as Wendi.

This innovative platform was designed to promote financial inclusion to all Ugandans by enabling users to securely save, manage, and access their finances conveniently. Users and groups, particularly those with limited access to traditional financial services can transact and pay for various services without requiring a Bank account or smart phone.

Through Wendi, the Bank has partnered with other financial institutions, international money transfer service providers such as Western union, and telecoms (MTN and Airtel) to digitize payments and facilitate seamless transactions.

Wendi wallet trust account balance

	2024 Ushs'000	2023 Ushs'000
<strong>Assets</strong>		
Trust account balances	45,519,048	6,623,818
<strong>Total assets</strong>	<strong>45,519,048</strong>	<strong>6,623,818</strong>
<strong>Liabilities</strong>		
Wendi wallet deposits (Note 29)	45,519,048	6,623,818
<strong>Total liabilities</strong>	<strong>45,519,048</strong>	<strong>6,623,557</strong>

➔ Supplementary Information

BRANCH NETWORK	PHYSICAL ADDRESS/CONTACT
City Branch	Plot 4/6 Nkurumah Road, Kampala. Tel: +256-414-235956
Forest Mall Branch	Plot 3A2 and 3A3, Sports Lane Kampala 0417157502
Kampala Road Branch	Plot 4, Orient House, K'la Rd., Tel: +256-414-250438
William Street Branch	Plot 68/70 William Street, Kampala. Tel: +256-414-258619
Ndeeba Branch	Plot 476, Masaka Road, Kampala Tel: +256-414-272663
Bugolobi Branch	Plot 69/71, Spring Road, Kampala Tel: +256-414-223227
Wandegeya Branch	Plot 359, Bombo Road, Kampala Tel: +256-414-530874
Makerere Branch	Makerere University-CCE, Tel. 0417157200
Kireka	Plot 2889, Block 232 Jinja Road 0417157452
Usafi Branch	Plot 370, Block 12, Kalitunsi Road, Tel. 0417157547/8
Mukono Branch	Plot 42 and 44 Jinja Road, Tel. 0417157640
Entebbe Branch	Plot 8/9, Apollo Square, Entebbe Tel: +256-417157372
Entebbe Airport -Cash Collection Centre	Entebbe International Airport Tel: +256-417157372
Nsangi	Plot 268, Block 359 Kampala-Masaka Highway 0417157687
Nakasongola Branch	Plot 95/96 Rwampanga Road Nakasongola Tel: +256-392-758553
Bombo Branch	Plot 7, Namaliga Estate, Tel: +256-414-630371
Kakiri Branch	Plot 272/273 Hoima Rd., Tel: +256-392-221434
Masaka Branch	Plot 23/25, Edward Avenue, Masaka Tel: +256-4851-420253
Kyazanga Branch	Masaka- Mbarara Highway , Kyazanga Town 0417157606
Mbarara Branch	Plot 49, High Street, Mbarara Tel: +256-392-758551
Bishop Stuart University Mini branch	Mbarara – Ntungamo Highway 0417157404
Ibanda	Plot 189 Block 27 Ibanda 0417157612
Rushere Mini- Branch	Nyakahita Road, Kiruhura district 0417157608
Kamwenge Branch	Plot 8, Fortportal Road, Tel: +256-483-444302
Ishaka-Mini branch	Plot 52 Rukungiri Road 0417157638
Kanungu Branch	KBS Plaza Building, Independence Road, Tel +256-417-157538
Kihihi-Contact Centre	Plot 2 Amama Road 0417157624
Butogota Mini- branch	Bwindi Road, Kanungu district Tel. 0417157626
Ntungamo Branch	Plot 77, Old Kabale-Mbarara Road, Tel: +256-417-157521
Kabale Branch	Plot 6,Vol HQT 1628,4U17 Kabale road Tel: +256-486-422051
Kasese Branch	Plot 68, Margherita street, Tel: +256-483-444285
Fort Portal Branch	Plot 13, Rukiidi3, F.Portal Tel: +256-483-422245
Hima-Contact Centre	Kasese – Fortportal Road 0417157616
Kagadi-Mini branch	Kibaale-Mubende Road 0417157636
Mubende Branch	Plot 49, High Street, Mbarara Tel: +256-464-444457
Hoima Branch	Plot 39 F.Portal Road Tel: +256-414-235956
Masindi Branch	Plot 4, Orient House, K'la Rd., Tel: +256-414-250438
Jinja Branch	Plot 2 Main Street, Jinja Tel: +256-434-4121232
Iganga Branch	Plot 102 Main Street, Iganga Tel: +256-434-4242075
Kayunga Branch	Bugerere Road, Kayunga Tel: +256-392-758552
Kapchorwa Branch	Plot 73, Mbale – Kitale Road, Tel. 0417157545/6
Soroti Branch	Plot 4 Kennedy Square Tel: +256-454-461021



**Supplementary Information (continued)**  
**Branch network (Continued)**

Mbale Branch	Plot 39/41 Republic Street 0454435376
Bukedea Branch	Mbale – Soroti Road, Plot 10 Tel. 0417157200
Lira Branch	Plot 13 Soroti Rd., Lira. Tel: +256-473-420421
Moroto Branch	Lira Road, Plot 72-74 Tel. 0417157200
Kotido Branch	Plot 43, Senior Quarters Road Kotido District 0417157630
Gulu Branch	Plot 31 Air Field Road. Gulu. Tel: +256-473-420421
Kamdini Mini- Branch	Kampala-Gulu Highway Plot 01, Oyam district Tel. 0417157618
Lacor Branch	Juba Rd., Tel: +256-471-432161
Kitgum Branch	Plot 15/16, Ogwok Road, Tel: +256-471-660432
Amolatar Sub-Branch	Plot 22, Apwony kali Road, Tel0417157540/1
Bweyale Branch	Plot 233, Kampala – Gulu Road, Tel. 0417157550
Anaka Branch	Anaka – Gulu Road, Tel. 0417157542/3
Pakwach Branch	Plot 2B, Packwach Road, Nebbi district Tel 0417157585
Arua Branch	Plot 76/84, Avenue Street, Arua Tel: +256-476-420596
Yumbe Branch	Abiriga Road,Yumbe district, Tel. 0417157634
Kawempe Branch	Plot 315 Bombo road
Nansana Branch	Plot 7514 PostBank building hoima road
Manafwa Branch	Plot 03 block 8 wesonga road south Mbale
Bulenga Branch	Plot 1155 Mityana road, Wakiso district

**Supplementary Information (continued)**

## Abbreviations

### ACRONYM

Abi-Trust	Agribusiness Initiative Trust
ACF	Agriculture Credit Fund
AGM	Annual General Meeting
Agric	Agriculture
ALCO	Asset and Liability Management Committee
ALM policy	Assets Liabilities Management
AML	Anti-Money Laundering
ATM	Automated Teller Machine
Bn	Billion
BOU	Bank of Uganda
CBR	Central Bank Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CRS	Corporate Social Responsibility
Dec	December
E- TAX	Electronic Tax
E-Banking	Electronic Banking
ECL	Expected Credit Losses
ED	Executive Director
EPS	Earnings Per Share
EURO	Euro Currency
ExCo	Executive Committee
FIA	Financial Institutional Act
FLI	Forward Looking Information
FSDU	Financial Sector deepening Uganda
FX	Forex
GBP	Great Britain Pound
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für International Zusammenarbeit
GLP	Group Lending Product
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICT	Information Communication Technology
IFAD	International Fund for Agricultural Development
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IT	Information Technology
KYC	Know Your Customer
LTECL	Life Time Expected Credit Losses
MD	Managing Director
MDI	Micro Deposit Institution
MTN	Mobile Telecommunication Network



**Supplementary Information (continued)****Abbreviations (continued)**

NPA	Nonperforming Assets
NSSF	National Social Security Fund
OTC	Over the Counter
PAT	Profit After Tax
PAYE	Pay As You Earn
PBT	Profit Before Tax
PBU	PostBank Uganda
PCL	Personal Consumer Loans
PD	Probability of Default
PFI	Participating Financial Instruction
POS	Point of Sale
PPD	Public Procurement and Disposal Act
RACE UP	Respect, Accountability, Customer solutions, Enabling leadership, Unity of purpose, Peak performance
ROE	Return on Equity
ROU	Right of Use
RWA	Risk Weighted Assets
SACCO	Savings and Credit Organisations
SAGE	Social Assistance Grant for Empowerment Scheme
SICR	Significant Increase in Credit Risk
SIBS	Systemically Important Banks
SFI	Supervised Financial Institution
SME	Small and Medium Enterprises
SOPs	Standard Operating Procedures
SandP	Standards and Poor
TAT	Turnaround Time
TTs	Telegraphic Transfers
UDB	Uganda Development Bank
UECCE	Uganda Energy Capitalisation Company
Ushs	Uganda Shillings
URA	Uganda Revenue Authority
US	United States
USD	United States Dollars
USH	Uganda Shilling
VAR	Value at Risk
VSLA	Village Saving Loans
WIP	Work in Progress
WHO	World Health Organisation
NRC	Norwegian Refugee Council
LWF	Lutheran World Federation
CORE	Community Road Empowerment Program
CRS	Catholic Relief Services

**Supplementary Information (continued)****Abbreviations (continued)**

WV	World Vision Uganda
PPE	Property Plant and Equipment
EPS	Earnings Per Share
MOU	Memorandum of Understanding
WHT	Withholding Tax
PFI	Private Finance Initiative
CRB	Credit Reference Bureau





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