Stanbic Uganda Holdings Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2023

Top view of the Kopello lake, Bugata camp and trekking route to weismanns peak in highland. Rwenzori mountains national park in Uganda.

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LIST OF ACRONYMS

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

FINANCIAL DEFINITIONS

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

ABOUT STANBIC UGANDA HOLDINGS LIMITED

We are purpose-led

UGANDA IS OUR HOME, WE DRIVE HER GROWTH.

The Stanbic Uganda Holdings Limited report explains how we are fulfilling our purpose, delivering the strategic priorities and measuring our financial and non-financial progress. This information includes all entities over which we have significant influence over. The largest proportion of the information relates to Stanbic Bank Uganda Limited which is still the biggest and main operating entity throughout the period under review.

This report includes additional information up to the date of Board of Directors approval on 22 March 2024. The scope of information presented is largely medium term and assesses the opportunities, risks and impact influencing the ability to create sustainable shared value as we begin to realize our mid term vision while delivering on our purpose. This report is prepared for SUHL's different stakeholders with detailed information about who we are, our strategy, our performance, governance and expectations for the future in context of the environment we operate in.

Stanbic Uganda Holdings is part of the Standard Bank Group, Africa's largest bank measured by footprint and assets. Standard Bank group has an on the ground representation in 20 African countries. In Uganda SUHL has a wide network of branches that have been and continue offering a wide spectrum of financial services and products to the retail and corporate segments for the past 32 years.

Scope and Reporting Boundary

This report covers the period 1 January 2023 to 31 December 2023 and includes material events and information up to the date of the Board approval on 22 March 2024. The data in this report both financial and non-financial pertains to Stanbic Uganda Holdings Limited as the reporting entity including all entities over which we have control or significant influence. Certain metrics, however, relate to specific categories of activities only and are clearly noted as such. The reporting boundary includes the strategic narrative pertaining to the Group's business model, strategy, performance and prospects.

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

Capitals

Financial capital

Intellectual capital

Human capital

Manufactured capital

Social and relationship capital

Natural capital

Key Frameworks

To satisfy various compliance reporting requirements, disclosure requirements of the following corporate reporting and regulatory frameworks and guidelines among others are considered when preparing reports in our suite.

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

OUR PURPOSE

Uganda is our home, We drive her growth.

OUR VISION

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

OUR VALUES

Serving our customers

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

Delivering to our shareholders

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

Working in teams

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

Respecting each other

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

Growing our people

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

Being proactive

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

Constantly raising the bar

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

Upholding the highest levels of integrity

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

OUR ORGANISATION STRUCTURE

OUR COMPANY STRUCTURE

STANDARD BANK GROUP**

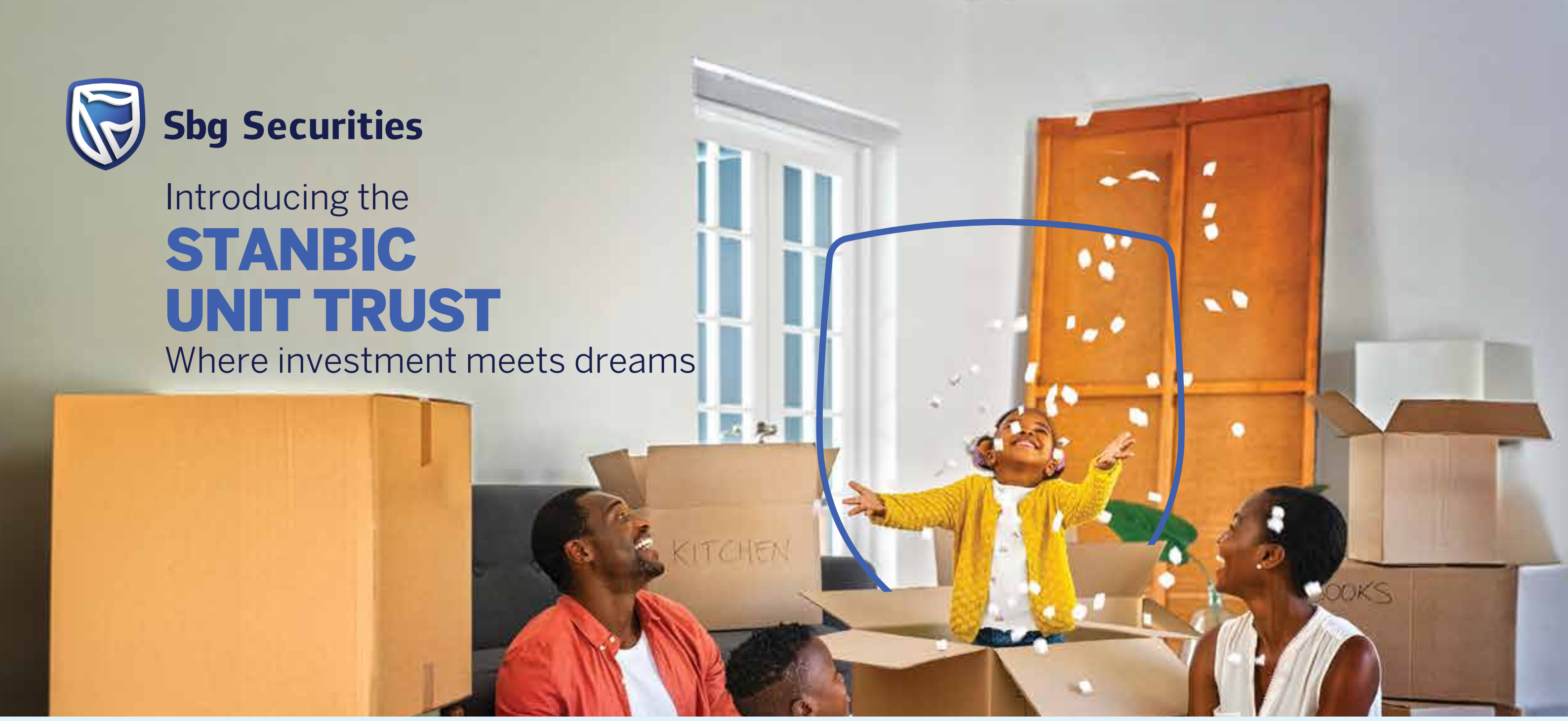
MINORITY SHAREHOLDERS (OWNERSHIP)
20%

STANBIC AFRICA HOLDINGS LIMITED
80%

STANBIC UGANDA HOLDINGS LIMITED* (SUHL)
100%

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

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



What is the Stanbic Unit Trust?

The Stanbic Unit Trust is an investment vehicle that enables you to pool your money together with several investors, to be invested in the capital markets by a professional fund manager. The fund managers aims to deliver a favourable return on your investment through investing in a range of securities that include treasury bills, treasury bonds, fixed deposits, and shares.

Does it offer a fixed rate of return on your investment?

The rate of return on your investment depends on the trends in the investment environment and the financial markets.
Our expert teams ensure that the likelihood of no return on investment is low.

What funds are available for me with the Stanbic Unit Trust?

SBG Securities Money Market Fund: This fund is for investors with a short-term savings (under 12 months) goal seeking a competitive yield.
SBG Securities Bond Fund: This fund is for investors saving for a medium goal (2 -5 years)

SBG Securities Balanced Fund: This fund is for investors that intend to save for a long term goal (more than 10 years)

Do I have control over what the Unit Trust invests in?

No, the Unit Trust Manager, SBG Securities Uganda Ltd makes all investment decisions based on the guidelines in the Fund's Trust Deed.

How do I start investing with Stanbic Unit Trust?

Digital Onboarding:
- Visit our website www.sbgsecurities.co.ug, click 'Our offerings' then go to the forms tab, look for Unit Trust forms and proceed to fill out the relevant application forms.
- Upon completion, download the form, attach your passport size photograph, both faces of your National ID and a fully completed form.
- Send the documents to the email address sbgsinvest@stanbic.com.
- A confirmation will be sent to your registered email.

Physical Onboarding Process:
- Visit our offices at Crested Towers with a copy of your National ID (Ugandans) copy of your passport (Foreigners) plus a passport size photograph.
- Proceed to deposit funds into our Bank account via the designated bank channels (Direct transfer, Flexipay, Internet Banking, Agent Banking) Details of the account will be provided.
- A confirmation will be sent to your registered email.

How do I make an additional cash investment towards my Stanbic Unit Trust?

By simply making an additional transfer via the designated bank channels (Direct Transfer, Flexipay, Internet Banking, Agent Banking) to our bank accounts (Money Market Fund, Balanced Fund or Bond Fund). Please ensure to quote your name and the Unit Trust number as your narration.

What's the minimum initial amount that can be invested?

You can start from as low as **UGX 100,000** with a minimum subsequent amount of **UGX 50,000**

Can I invest for my children, with my partner and my investment club?

Yes, it's possible to invest for minors, jointly with your partner and savings group.

How to open a Minor Account.
Attach parent's National ID, child's Birth Certificate, passport-size photographs
of the parent and the child and submit to sbgsinvest@stanbic.com.

How to open a Joint Account.
- Complete the sign-up form Individually.
- Attach each of your passport size photos and National Ids (Ugandans) Passport (Foreigners)

How to open a Corporate Account (SACCOS, Investment Clubs, Companies).
- Complete the sign-up form.
- Attach a Certificate of Incorporation, Board resolution to open a unit trust account with Sbg Securities, Certified copy of Constitution / Memorandum and Articles of association, Form 1 for registered entities, Passport sized photos and National IDs (Ugandans) Passport (Foreigners) for Directors and signatories.

How will I monitor my investments?

In addition to a monthly statement, all investment related information can be accessed through SBG Invest online portal via our website sbgsecurities.co.ug

How do I redeem my investment?

The product offers flexibility for you to redeem your money.
Fill out the redemption forms available on the website sbgsecurities.co.ug and submit to sbgsinvest@stanbic.com Your redemption shall be processed within 24 to 48 hrs.

What are some of the benefits of investing in the Stanbic Unit Trust?

- Competitive returns.
- Our geographical presence across the country to serve our customers better
- Flexibility - lets you make top-ups and redemptions without incurring any penalties/charges as is the case for Fixed Deposits.
- Convenience - in addition to having full access to your Stanbic Unit Trust account, you will also find it easy to transact.
- Transparency - you will retain visibility of your account status and be able to follow the investment moves by your fund manager.

Statutory Disclosure:

This publication contains material for promotional purposes. Clients are advised that the value of Unit trusts may vary depending on market conditions. Past performance is not necessarily a guide to the future performance of the Fund. It is advisable that one consults a Financial/Investment Advisor before making an investment. Please refer to the Terms and Conditions pertaining to our product available on our website and application forms.

SBG Securities is regulated by the **Capital Markets Authority** of Uganda

The **Stanbic Unit Trust** is product of **SBG Securities Uganda Limited**

To open an account, reach out to us at **Crested Towers, Block D, Ground Floor, Plot 17 Hannington Road** Email: **sbginvest@stanbic.com** Website: **www.sbgsecurities.co.ug** Tel: **0312 224 965/972**

WHO WE ARE

A brief history of Stanbic Uganda Holdings Limited (SUHL)

Stanbic Uganda Holding Limited traces its history in Uganda as a commercial bank called the National Bank of India (NBI) in 1906.After several name changes, NBI rebranded to Grindlays Bank. In 1991, Standard Bank Group (SBG) acquired Grindlays Bank. The new owners renamed the Ugandan Subsidiary, Stanbic Bank Uganda Limited (SBUL).

In February 2002, SBG acquired 90% of the shareholding in Uganda Commercial Bank Limited with sixty-five branches. SBG merged their new acquisition with the existing SBUL to form Uganda's largest commercial Bank by assets and branch network.

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

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

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

SUHL now has five subsidiaries i.e Stanbic Bank Uganda Limited, Stanbic Properties Limited, Stanbic Business Incubator Limited, FLYHUB Uganda Limited and SBG Securities Uganda Limited.

Facts about Stanbic Uganda Holdings Limited as at 31 December 2023.

Total Assets
UShs 9.3tn

Headquarters
Crested Towers,
Plot 17 Hannington Road,
Kampala

Employees
1,973

Point of Sale Machines
1,968

Market Capitalisation
UShs 1,638 tn

Number of CSPs
13

Shareholders
22,416

Bank Agents
6,483

Number of Branches
70

Number of Customers
739,257

Number of Subsidiaries
5

Cash Dispensers	Intelligent ATMs	Cash Deposit machines
115	40	21

STANDARD BANK GROUP FOOTPRINT

We are Africa focused, client led and digitally enabled

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

We drive inclusive growth and sustainable development

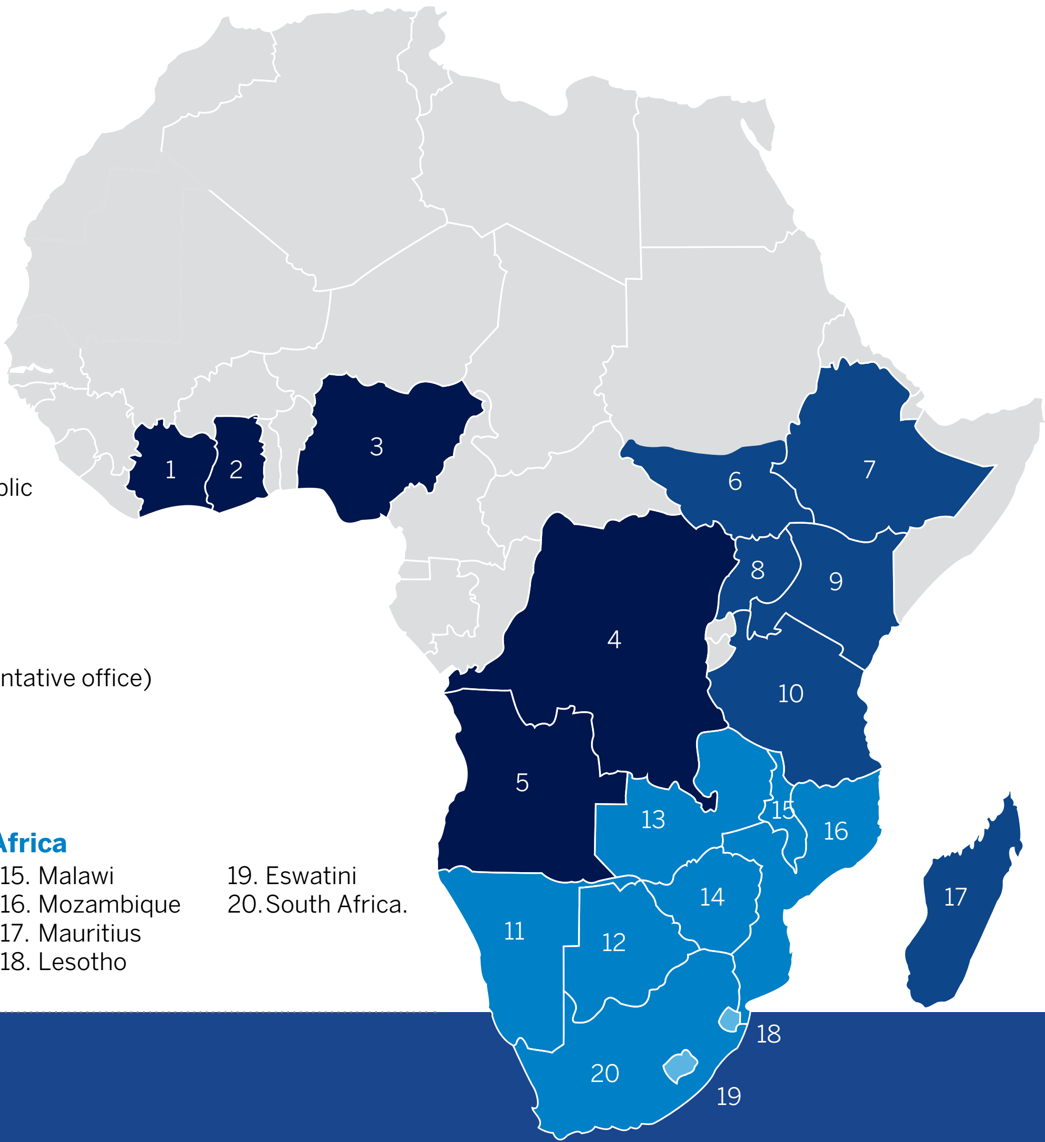
161 years of serving our clients in Africa

Market Capitalization
USD19 Billion (ZAR 439Billion)

20 Sub-Saharan African countries

4 global centres:
Beijing, Dubai,London,Newyork

2 offshore hubs:
Isle of Man, Jersey



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

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

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

#1 bank by assets | #1 banking brand[1] | #1 Global markets franchise[2] | #1 Sustainable Finance mandated lead arranger | #3 asset manager[3] | Strategic co-operation with ICBC

1 Most valuable banking brand in Africa and South Africa by Brand Finance for the second year in a row.
2 Global Markets foreign exchange in Angola, Kenya, South Africa and Uganda.
3 By assets under management/administration (AUM/AUA).

Stanbic Uganda Board Chairmen from 2002 to date.

From left to right : Mr. Damoni Kitabire (first on the left), Mr. Hannington Karuhanga (second on the left), the Late Dr. Martin Aliker (seated)Mr. Japheth Katto, Professor Patrick Mageheni ,and Mr. Baker Magunda (extreme right).

LEADERSHIP INSIGHTS

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

CHAIRMAN'S STATEMENT

Baker Magunda, Board Chairman, SUHL

Dear Shareholders,

In June 2023, I joined the Board of Stanbic Uganda Holdings as director and Chairman. It has been an exciting first 9 months on the Board of this great organisation. I have had the opportunity to interact with our regulators, management, staff, and customers and I am enthused by the contribution we are making to Uganda's economy, in line with our purpose – Uganda is our home, we drive her growth. I look forward to working with the Board and management to strengthen our focus on strategy execution and delivery, to sustain the growth momentum we continue to witness across the organisation.

Strategy and Risk

Our strategy is anchored on three strategic levers: transforming customer experience; executing with excellence; and driving sustainable value. I am pleased to note the tremendous progress we have made across these three levers, the details of which are contained in the Chief Executives and Business Units' reports.

The Standard Bank Group (the "Group") aspires to become a significant player in East Africa. Stanbic Uganda is uniquely positioned to pursue this aspiration through leveraging our Holding Company structure and the synergies created across our subsidiaries. The East Africa growth opportunity is particularly critical to our strategy, on account of the positive economic growth outlook for the region that stands at 6%, and the volumes of inter-regional trade volumes that stand at over USD 6 billion.

As we pursue our strategy, the Board remains mindful of the top risks that continue to impact our organisation including conduct risk, financial crime risk, people risk, compliance risk as well as cybersecurity risk. Given the potential to derail our strategy execution that the materialization of these risks have, the Board will continue to provide keen oversight on the enterprise-wide risk management strategy. The details on risk management are contained in the Risk statement on **Page 60-70**.

Performance

The results of our dedicated focus on strategy execution are evident in our strong performance, the challenging operating environment domestically and globally not withstanding. I am pleased to report that we delivered **a profit after tax growth of 15.2% to UShs 412 billion, a revenue growth of 15.1%, a cost-to-income ratio of 48.9%, and a Return on Equity of 22.5%,** largely driven by our anchor subsidiary, the Bank. The beyond-bank subsidiaries continue to grow, and we are confident that in time, they will make a strong contribution to our overall performance.

This performance was made possible by the continued support of our customers, shareholders, regulators and all our stakeholders as well as the relentlessness of Management and all our staff in consistently delivering on our mandate.

The Chief Executive's Statement highlights further details on our performance metrics.

Operating Environment

The operating environment in which we delivered our performance was remarkably challenging, on account of heightened geo-political tensions in Europe and the Middle East, heightened inflation, as well as rising fuel and commodity prices which resulted in slower than projected economic growth globally and domestically. It is noteworthy however, that there was a steady downward trend domestically across all the key macro-economic indicators as the year progressed but the growth outlook going forward is positive.

Despite the difficult operating environment, we demonstrated business resilience and delivered double digit growth of 15% on PAT. We also innovatively supported our clients to navigate the heightened interest environment, especially smallholder farmers, women-owned businesses, civil servants, and the government of Uganda.

Corporate Governance

During the year, there were several changes the Boards of the Holding Company, the Bank subsidiary, and the beyond banking subsidiaries.

Mr. Yinka Sanni and Mrs. Mona Muguma Ssebuliba were appointed to the Board of the Holding Company while Mr. Kenneth Ogwang and Mr. Haller Guido were appointed to the Board of the Bank. Dr. John Muhumuza Kakitahi was appointed to the Board of Stanbic Properties Limited, while Grace Semakula was appointed as Chief Executive, SBG Securities Uganda Limited. We would like to welcome the newly appointed directors and wish them a fruitful tenure of service in Stanbic Uganda. Additionally, in line with the Group's pan-African employment policy, a few Ugandans were appointed to senior management positions within the Group, notably, Ms. Doreen Rwakatungu, who was appointed Group Chief Audit Officer. We congratulate Ms. Rwakatungu on her appointment and all other Ugandans that continue to assume leadership roles across the Group.

During the year, Mr. Andrew Mashanda, the Holding Company Chief Executive was re-assigned to Standard Bank Group while Ms. Anne Juuko, the Bank Chief Executive, was elevated to Regional Head of Global Markets for East Africa. Subsequently, Mr. Francis Karuhanga was appointed the new Chief Executive of the Holding Company effective 1 January 2024. We would like to commend Mr. Mashanda and Ms. Juuko for their service to the organisation during their respective tenures and wish them success in their next endeavours.

The Board is confident that the organisation remains under effective leadership, and is firmly on course to pursue its objectives, the changes in leadership not withstanding. Please refer to the Corporate Governance Report on **Page 95-109** for details.

Regulatory Landscape

The regulatory landscape of the organisation continues to evolve, and the Board is cognizant of this evolution. Accordingly, the Board maintained a keen focus on the heightened regulatory risk across the organisation to ensure we maintain our license to operate.

During the year, the Competition Act of 2023, which has a bearing on our operations given the position as a market leader, was assented to by the President. The Board will ensure compliance with Act and all other applicable laws and regulations, in line with our cardinal virtue of responsible corporate citizenship.

In addition to the new legislation, Bank of Uganda issued draft Financial Holding Company Guidelines, which when adopted will have implications on the operating model of our Holding Company structure. The Board participated in consultative processes with Bank of Uganda on the guidelines, and we will continue these engagements to ensure a favorable outcome. The Capital Markets Authority also issued draft Corporate Governance Guidelines, impacting the Holding Company and SBG Securities Uganda Limited and the consultative process on the guidelines is ongoing.

The Board will continue to prioritize proactive engagements with all our regulators and other industry stakeholders given the criticality of the regulatory landscape to our operations.

Dividend

On account of our solid financial performance, the Board will recommend a final dividend of UShs 3.03 per share, and a total of UShs 155 billion, subject to regulatory approval. The recommendation for payment of a final dividend for the year ended 31 December 2023 will be presented to the shareholders for consideration at the forthcoming Annual General Meeting on 31 May 2024.

Awards

Our stakeholders continued to demonstrate confidence in Stanbic Uganda franchise, which confidence was demonstrable in the numerous awards and recognitions we received during the year.

We received several Financial Reporting Awards for outstanding achievement in Integrated Reporting and Corporate Governance Reporting. The Bank subsidiary received several awards for its excellent performance, notably, the Digital Impact Awards Africa, the Best Bank in Uganda (EMEA/ Euromoney/Global Finance), Best Corporate Banking Brand in Uganda (The European), Best Investment Bank in Uganda (EMEA Finance) and Best ESG Report (PRAU) among others.

ESG

The Board's focus on ESG is driven by our philosophy to engage in responsible business and balance the needs of the present generation, while ensuring we preserve the ability of future generations to meet their own needs. Our aspirations in this regard are spelt in our Social Economic Environmental (SEE) Framework, the Corporate Social and Investment Policy and the Environmental Social and Governance (ESG) Policy and Standards.

I am pleased to report an upward trajectory across all our initiatives in the SEE Framework. Notably, we continue to implement our maternal health interventions and impacted **210,000 women in 2023, representing a 169% increase from 2022. Our National Schools Championship has impacted over 640,000** beneficiaries since inception in 2016 and will continue to be implemented. Progress was also registered in the Stanbic For Her value proposition, and the program impacted **over 15,000 women who received over UShs 80 billion in financing, and over 30,000 women have been trained in financial literacy and business management skills.** Other key initiatives undertaken included our efforts to protect natural resources in partnership with the Ministry of Water & Environment and the private sector as well as increasing our financing of green businesses.

I commend Management for the progress made in implementing our ESG-linked initiatives and underscore the Board's commitment to continue providing oversight to our sustainability agenda. Please refer to **Page 78** for details on our ESG strategy.

Appreciation

It is an honour and privilege for me to serve as Chairman of the Board of this amazing organisation. I am proud of the work our organisation is doing to create material impact on Uganda's economy and on our communities under the collective stewardship of our incredibly committed board colleagues.

I would like to extend my appreciation to all the Chief Executives, the Management teams, and our staff, who continue to deliver brilliantly in the execution of the organisation's strategy. Additionally, I would like to thank our regulators, customers, partners, the Standard Bank Group, and other stakeholders for their continued support without which realising our objectives would be less assured.

I wish to thank you, our shareholders, for entrusting my board colleagues and I with the opportunity to serve. I will count on your collaboration, support, and partnership as we pursue our purpose. I assure you, dear shareholders, that our commitment to the success of the organisation remains strong and fervent.

SUHL CHIEF EXECUTIVE STATEMENT

Francis Karuhanga

"Despite the increasing spectrum of challenges, as Stanbic we have over the years navigated our way through and built a strong and resilient business while maintaining our leading position in the country, anchored on our banking franchise."

Overview

It is a pleasure to share with you the overview of our business for 2023, our strategy progress and outlook for 2024. The last four years have been a test of resilience for all businesses across the globe, with a succession of unprecedented events ranging from global to national pandemics, geopolitical strains which are still ongoing and extreme weather patterns among others. These shocks and their attendant challenges affected the global growth projections, with a record low of only 3.3% in 2023. The local scene was not spared either, with the growth levels still below pre-COVID-19 figures of over 6%.This forced many businesses to rethink their operating models in a bid to survive. The financial sector specifically has witnessed the emergence of new entrants especially from non-traditional spaces like telecoms, fintechs, and payment service providers, hence increasing the competitive landscape.

Despite the increasing spectrum of challenges, as Stanbic we have over the years navigated our way through and built a strong and resilient business while maintaining our leading position in the country, anchored on our banking franchise. In 2023 we posted record earnings of UShs 412 billion, a 15.2% growth year on year and maintaining the lead market share of 28% for the banking subsidiary. On our balance sheet, we grew to UShs 6.3 trillion from UShs 6.1 trillion on customer deposits and UShs 4.2 trillion from UShs 4.1 trillion on customer loans while maintaining the leading market share of over 19% for both metrices. Our total capital remained strong at 24.7% compared to the regulatory requirement of 12% which gives us sufficient headroom to meet client future needs, manage any shocks and give our shareholders a decent return. A detailed analysis of our performance can be found on **pages 38-47** of this report.

This sustained strong performance over the years is a clear demonstration of a well thought out strategy hinged on;

1. **Operating a diversified business model by size, client mix, revenue streams and interest rate environments;**
2. **Skilled and diversified staff appropriately positioned to meet our diverse client needs and**
3. **Effectively managing risk.**

Our progress on the key priorities:

In 2023 we focused on three key priorities; transforming our client experience; executing with excellence; which then resulted in the third priority of delivering sustainable growth and value to our stakeholders.

Transforming client experience.

Our clients are the reason for our existence, hence we have continued to structure our business around our client needs. We created a new business unit; Insurance and Asset Management (IAM), to the three existing ones CIB, PPB and BCB. The COVID-19 pandemic highlighted the need for a cushion against the impact of uncertainties which could be achieved through either insurance or easily accessible/liquid investments. We believe that this new business unit and the beyond-bank business will help us meet that need, and to continue enhancing our value proposition to our clients, beyond our traditional offerings under the three business units i.e CIB, PPB and BCB. That said, these business units have continued to deliver good results with positive customer feedback inspite of challenges

0.9%

RETURN ON EQUITY

22.5%

(2022: 21.6%)

1.3%

TOTAL CAPITAL ADEQUACY

24.7%

(2022: 23.4%)

Our all-round growth aspirations remain ambitious with a key target of strengthening our balance sheet growth even with increasing competition from both traditional and non-traditional sources.

in our BCB business that were largely operating environment-driven. Further details on the each of these businesses is found on **pages 49-55.**

Executing with excellence

To maintain our leading position and remain relevant to our clients, our focus will remain on consistently enhancing execution/service delivery to our clients and automating our processes. Key to this will be continuously building the capability of our staff to address ever-changing client needs, hand in hand with enhancements to our technology platforms to ensure functionality and safety. As a result of these investments, we witnessed a 70% reduction in system incidents from the previous year.

A critical area of focus for us will be cybersecurity to ensure protection of client data, and regulatory compliance. Further details of our risk management can be found on pages **60-70**

Deliver sustainable growth and value.

Our aim is to consistently deliver value to our shareholders, and to the communities in which we operate. I am happy to report that on our financial value metrics, we have maintained a strong performance albeit slower growth in some areas. Beyond the financial metrics, our attention to environmental impact continues to grow hence the set up of a Sustainability unit within the Bank to ensure that we run our business in a sustainably responsible manner. In our report to society, we have shared some of the initial steps on this journey, as well as more thoughts on what we hope to achieve in the long run. That said , we will continue to support our communities in the selected areas under our SEE framework i.e Social with focus on women and youth who form the biggest percentage of our population; Economic, focusing on SME capacity building and enabling financial inclusion; and Environmental protection through tree planting and green business financing, all which are detailed in the sustainability section of this report on **pages 74-84.**

2024 outlook and priorities

Last year's results are proof of the effectiveness of our strategy, therefore we will maintain our focus on the same three priority areas we believe will help us achieve our growth goals as indicated in the detailed strategy review on **pages 30-33.**

Our all-round growth aspirations remain ambitious with a key target of strengthening our balance sheet growth even with increasing competition from both traditional and non-traditional sources. This means we continue to invest in our systems to ensure stability and safety, and our people to broaden their skill set which should translate into greater value to our customers that will better position us in the marketplace. We will also maintain a tight grip on our costs with a focus of keeping our cost to income ratio below 50%.

We remain awake to the challenging environment; however, we believe that with a strong strategy that presents us with clear direction on where we want to go, appropriate resources (financial, human and technology), and a strong and agile leadership, we will achieve our 2024 goals and long-term objective of delivering sustainable value to our shareholders.

Appreciation

I would like to thank my predecessor, Mr. Andrew Mashanda for his contribution towards building the foundation of our beyond-banking diversification strategy. I would also like to thank Ms. Anne Juuko, the outgoing Chief Executive of Stanbic Bank for her leadership of the Bank for the last four challenging years.

A special appreciation to all our key stakeholders, our customers, staff members, board members, our regulators, and shareholders for walking the journey with us over the years, and especially in 2023 to deliver an outstanding year.

As we move forward, we will continue to rely on your continued support and faith in our abilities to contribute to the transformation and growth of our country. We remain committed to driving Uganda's growth in alignment with our purpose; Uganda is our home, we drive her growth.

HOW WE CREATE VALUE

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

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

HOW WE SERVE OUR CLIENTS

Our operating model is client led and structured around our business units, who are responsible for designing and executing the client value proposition. Business units own the client relationship and create multi-product client experiences distributed through our client engagement platforms.

Corporate Investment Banking

A long history and on-the-ground experience enables us to drive growth and development across Uganda.

CIB serves large companies (multinational, regional and domestic), governments, parastatals, and institutional clients (across Uganda and internationally). Our clients leverage our in-depth sector and regional expertise, our specialist capabilities, and our access to global capital markets for advisory, transactional, risk management and funding support.

Products

Global markets (forex, money markets/fixed income and credit trading, structured derivatives)

Investment Banking (corporate finance, debt capital markets, debt solutions)

Transactional products and services (cash & liquidity management, trade, investor services)

Business and Commercial Banking

BCB provides strong relationships underpinned by a deep understanding of our clients' businesses and their growth opportunities.

BCB provides broad-based client solutions for a wide spectrum of small and medium sized businesses as well as large commercial enterprises. Our client coverage extends across a range of industries, sectors, and solutions, delivering the necessary advisory, networking and sustainability support required by our clients to enable their growth.

Products

- Savings & investments
- Term financing
- Trade finance
- Payments
- Collections
- Current accounts

Personal and Private Banking

Growing traditional financial services, while innovating to offer a broader range of solutions and enhanced client value.

PPB offers tailored and comprehensive banking and investment services. We serve clients across Uganda ranging from high net worth and affluent to main market clients by enabling their daily lives throughout their life journeys.

Products

- Transactional accounts
- Personal lending
- Savings and investment
- Student account
- Internet banking, Mobile banking, Business online, Point of sale, Automated Teller Machines, Debit and credit cards (VISA enabled), Pay plus, Payment service solution, Agent banking, Flexipay, School pay, Bill payments.

Insurance and Asset Management

IAM offers solutions to individual clients, corporate and institutional clients who want to build and protect their wealth and lifestyle which include short term insurance, health, investment and asset management needs.

Products

Individual insurance
- Stanbic MediProtect
- Personal Accident
- Stanbic FlexiProtect
- Individual life / endowment plans
- Motor Comprehensive insurance
- Householders / Houseowners
- Travel insurance
- Credit Life insurance

Business insurance
- Employee Benefits
- Property
- Liability
- Engineering
- Specialised covers

Beyond banking services

SBG Securities Limited.
- Assets management
- Securities brokerage services
- Investment advisory
- Research and advisory

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

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

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

Corporate Functions

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

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

Legal Entity
- SUHL
- SBUL
- SPL
- SBIL
- SBGS
- FLYHUB

*Details of each of the products and services offered by our business units and beyond Bank subsidiaries can be found on **Pages 230-232.**

OUR APPROACH TO VALUE CREATION

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

OUR CLIENTS

Strategy

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

More details in the Strategy Report on pages 30 to 33

Business units and corporate functions

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

More details in the Business Unit Report on pages 49 to 55

Operating context

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

Further details on pages 38 to 47

Risk appetite

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

More details in the Risk Management on pages 60 to 70

GOVERNANCE APPROACH TO VALUE CREATION OVER TIME

Our governance approach

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

Performance linked to value creation

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

Remuneration that drives value over time

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

RESPONDING TO OUR STAKEHOLDERS

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

Details of how we respond to our stakeholders has been included on pages 26-29.

Creating value for Stanbic Uganda

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

1. Transforming client experience through;
   - Client focus
   - Employee engagement
2. Executing with excellence
   - Risk and conduct
   - Operation excellence
3. Driving sustainable growth and value

Ethical and effective leadership

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

Creating value for society

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

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

Corporate citizenship

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

Driving Uganda's growth over the long term

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

Sustainable development

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

CLIENTS

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

EMPLOYEES AND THEIR REPRESENTATIVES

Permanent
Temporary
Contract

GOVERNMENTS AND REGULATORS

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

SHAREHOLDERS AND INVESTMENT ANALYSTS

Investors
Shareholders
Analysts

COMMUNITIES AND CIVIL SOCIETY

Suppliers
Media Advocacy Groups
Public

OUR STAKEHOLDERS AND MATERIAL ISSUES

Our stakeholders provide the resources and capital we need to achieve our strategy and purpose, and thereby create shared value. They influence the environment in which we operate and confer legitimacy to our activities.

Our stakeholders are the individuals, groups and organisations that materially affect or could be materially affected by our business activities, products, services and performance.They include our clients, employees and regulators, our shareholders, partners and service providers, and the communities in which we operate.

We are committed to:

1. **Constructive engagement,** listening to concerns and suggestion with an open mind.
2. **Being transparent** in our engagements.
3. **Responding appropriately** to legitimate concerns.
4. **Ensuring that our code of ethics and our values** underpin and inform our engagements.
5. **Being accessible**

How we engage with our stakeholders

Our stakeholder engagement principles govern our engagements, providing a guideline for our operations across geographical areas while accommodating local contexts.

We listen to and constructively engage with all legitimate stakeholders through a de-centralised stakeholder engagement approach. Executives and managers across the organisation regularly engage with various stakeholders on relevant issues and are responsible for reporting material stakeholder priorities and concerns. Oversight is provided by executive management, boards and ultimately the SUHL board.

Guidelines and policies for engagements with specific groups of stakeholders supplement our engagement principles, ensuring that the right group representatives have appropriate mandates for engagement.

Proactive engagement with our stakeholders provides us with insights that help shape our strategy, informs the identification of our material issues, and ultimately enables us to manage and respond to their concerns.

Our stakeholder engagements during the year informed executive and board level discussions relating to the following issues:

- Greater global political and macroeconomic uncertainty and volatility, and increase in geopolitical tensions, with associated impact on supply chains, interest rates, and inflation and consumer resilience.
- Our competitiveness in a rapidly evolving market where client expectations are constantly changing.
- Increasing risk of cybercrime globally.
- Rapidly digitising to ensure future competitiveness while ensuring service delivery excellence today, strengthening the reliability of our digital transaction channels, and improving communication with clients and other stakeholders when problems arise.
- Standing by our clients during difficult economic times.
- Varying pace of, and approaches to regulatory changes in each of our subsidiaries
- Progress on embedding of our sustainability strategy into our business operations within the bank and the beyond bank subsidiaries.
- Ensuring the wellbeing of our people and our ability to attract and retain talent.
- Meeting the expectations of our shareholders and delivering improvements in ROE.

How we determine our material issues.

Our material issues are those that matter most to our stakeholders and providers of capital; and that impact on our ability to create value in the short, medium and long term.

Our material determination process.

We use the concept of double materiality to ensure that our process of determination is complete and comprehensive. We have identified the issues that may materially impact on our business, our six strategic value drivers and our ability to achieve our strategic aspirations, as well as how our business activities materially impact society. This approach is critical in ensuring that we deliver both attractive financial outcomes and positive SEE impacts. The steps alongside show our process to identify and adequately interrogate our material issues.

1. The **economic, social and environmental** context in which we operate.
2. The **risks, threats and opportunities** facing our business that have been identified through our enterprise risk process.
3. **An assessment of priority ESG risks** and **opportunities** identified by internal stakeholders.
4. The **expectations and concerns of our diverse stakeholders** that have been identified through various engagement mechanisms.
5. How we **impact on society and environment,** particularly the seven SEE impact areas where we believe we have the greatest potential impact, both positive and negative.

Stakeholder priorities in 2023

We assess the quality of our relationships and engagements with our stakeholders based on the nature of the relationship, how constructive our dialogues are and the outcomes of our relationship metrics over time. The complexity and scale of our relationships mean that the overall relationship quality for each stakeholder group can evolve over time and with each engagement. Our reported outcomes are therefore only indicative of a point-in-time assessment.

Clients

Over 700k Clients

How we engage	Two-way engagement methods that can include client surveys, online communication channels, call centres, social media and in-person.
Capitals impacted	• Social and relationship capital • Human capital • Intellectual capital • Manufactured capital • Financial capital
How we measure the quality of relationships	• Net Promoter Score (NPS) and Client Satisfaction Index (CSI)
Priorities and concerns	• Personalised solutions relevant for individuals and businesses. • Omnichannel options, speed, and straight through-processing. • Digital convenience and human interaction when needed, accessibility, affordability and relevance of services. • System stability and reliability, and data security protection from fraud and cybercrime.

Our Response

- Differentiated personalised offers for retail clients on our digital channels informed by data analytics.
- Expansion and enhancement of mobile app functionality and introduction of additional financial and beyond solutions.
- Improved system stability and resilience, and significantly improved response and recovery times.
- Increased awareness of cyber and fraud risks through targeted campaigns.
- Improved cyber incident detection and response time.
- Further strengthened anti-financial crime controls.

Related material issues.

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

Employees

1,973 Employees

How we engage	Two-way engagement methods that include employee surveys, online communication channels and in-person sessions.
Capitals impacted	• Social and relationship capital • Human Capital • Intellectual Capital • Manufactured Capital • Financial Capital
How we measure the quality of relationships	• Employee Net Promoter Score • Emotional promoter score • Organisational alignment score • Engagement dimensions score (work satisfaction) • Diversity and inclusion • Average learning hours per person • Workforce return on investment.
Priorities and concerns	• Digital skills development, career growth • Work-life balance • Flexibility/hybrid working (where applicable) • Recognition, appreciation and good communication • Compensation and benefits • Diversity and inclusion

Our Response

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

Related material issues.

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

Shareholders and Investors

Over 22,400 Shareholders

How we engage	Two-way communication, including investor and market participant feedback, AGM, presentations and roadshows.	**Our Response** • Regular engagements with investors • Engagement with credit ratings agencies.
Capitals impacted	• Social and Relationship Capital • Human Capital • Intellectual Capital • Manufactured Capital • Financial Capital.	
How we measure the quality of relationships	• Shareholder value created – ROE, earnings growth, and dividends. • Investor and other market participant feedback.	**Related material issues.** • Delivering sustainable value to shareholders
Priorities and concerns	• Delivery of targets • Competitiveness of offering • Access to appropriate skills • Governance, ethics, market conduct, internal controls • System stability • SEE metrics and target setting • Strength of ESG risk management	

Regulators and Government

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

How we engage	Two-way communication through a range of regulatory engagements and discussions.	**Our Response** • Engagement on material issues to ensure understanding of expectations, challenges. • Enhanced client due diligence, record keeping, suspicious and unusual transaction reporting (STR) and risk management • Strengthened internal reporting on conduct risk and metrics • Automation and machine learning to improve risk management
Capitals impacted	• Social capital • Financial Capital • Intellectual Capital	
How we measure the quality of relationships	• Constructive and positive engagements with our regulators	
Priorities and concerns	• Financial crime controls, anti-money laundering and combatting the financing of terrorism (AML/CFT) • Cybersecurity and data protection • Fintech, regulation of cryptocurrencies, digital platforms, open banking, cloud computing • Climate related risk • Financial inclusion and affordability • Conduct	**Related material issues.** • Culture of responsible risk-taking • Integration of ESG risk management • Information security, data privacy, cybersecurity • Third-party risk as we transform to a platform and ecosystem business • Digital skills

Communities and civil society

Non-Governmental Organisations (NGOs), community representatives

How we engage	Two-way engagement methods that can include online communication channels and in-person discussions.	**Our Response** • Robust screening, due diligence and engagement to assess economic, social and environmental risks and opportunities associated with our business activities.
Capitals impacted	• Social and environmental impacts feedback • Human Capital. • Intellectual Capital. • Natural Capital.	
How we measure the quality of relationships	• Constructive engagements, media monitoring.	**Related material issues.** • Delivery of positive SEE impact with a focus on sustainable finance solutions and supporting a just energy transition.
Priorities and concerns	• Social and environmental impacts of business activities.	

Our Value Outcomes

Client Focus +	• Strong relationships with diverse and growing client base of over 700,000 clients. • Recognized brand strength and legitimacy. • Strong strategic partnerships support and excellent client experience • Growing revenue from non-financial services and solutions. • Physical and digital presence supports omnichannel service and distribution capability.	**Creating and distributing financial value** By contributing to the prosperity of African economies, we grow our client base and potential markets and by thinking long- term, we ensure that our markets remain viable and prosperous into the future. **New loans** **UShs 4.7bn** 2022: UShs 3.9bn
Employee Engagement +	• Strong executive and leadership teams. • Deeply skilled and experienced people • 1,973 employees • High performance, ethical culture connected to our purpose.	**Invested in our people** **UShs 253bn** 2022: UShs 212bn
Risk and Conduct +	• Trusted relationships with stakeholders • Mature governance and control systems • Well-developed risk and capital management framework	**Direct and indirect taxes to governments and regulators** **UShs 161bn** 2022: UShs 149billion
Operational Excellence =	• Strategic partnerships and digital capabilities support developing innovative solutions. • Resilient and secure systems focused on providing 'always on, always secure' services. • Increasingly simplified systems architecture.	**Invested in our operations, suppliers and third parties** **UShs 169 bn** 2022: UShs 171bn
Financial Outcome +	• Large and well-balanced portfolio • Robust capital structure and strong balance sheet • Future-focused resource allocation	**Returns to shareholders** **UShs 280bn** 2022: UShs 235bn
SEE Impact	• Well-developed SEE approach • Focused positive impact in seven areas	**Reinvesting in the business** **UShs 257bn** 2022: UShs 172bn

OUR STRATEGY

We place the interests of our clients and communities impacted by our business at the centre of our decision-making, ensuring that we act in accordance with what is good for the group and for society.

Our purpose
The reason we exist.

Our Strategic Priorities
What we need to do to deliver our strategy in the medium term

Our short-term progress
What we commit to deliver

Medium and Financial targets
The value we intend to create for our stakeholders

UGANDA IS OUR HOME, WE DRIVE HER GROWTH

TRANSFORM CLIENT EXPERIENCE

We will transform the client experience using digital technology to support the human touch.
We aim to understand our clients as deeply and empathetically as we can, so we can use our human skill and digital capabilities optimally to help meet their needs and enable them to achieve their goals

- Client Focus
- +
- Employee Engagement

>10% Revenue growth

GROWTH AND SCALE

EXECUTE WITH EXCELLENCE

We will execute with excellence, delivering innovative and cost-effective products and services ourselves and in partnership with others.
Our values-led culture is underpinned by the principle of doing the right business, the right way.

- Risk and Conduct
- +
- Operational Excellence

<50% Cost to income ratio

EFFICIENCY AND RESILIENCE

DRIVE SUSTAINABLE GROWTH AND VALUE

We will drive long-term, environmentally and socially sustainable growth and value.
We will responsibly allocate our resources and strive to deliver positive impacts.

- Financial Outcome
- +
- SEE Impact

>20% Return on equity (RoE)

LEGITIMACY

Long term outcomes

Our 2024 aspirations

Our strategic priorities create a framework within which we work.

Everything we do will further these three priorities and we have set targets against which we will track our progress.

	Our success measures and value drivers	Our specific measures	Our target outcomes
TRANSFORM CLIENT EXPERIENCE	Client Focus	**Client Focus** · Net Promoter Score(NPS) +30 · Customer Satisfaction Index(CSI) +8.5%	Growth and Scale
	+ Employee Engagement	**Employees** · Employees NPS +70 · Regrettable attrition < 5%, · · Total attrition of <10%	
EXECUTE WITH EXCELLENCE	+ Risk and Conduct	**Risk & Conduct** · Managing credit risk · Keep Operational losses <1% of revenue. · Credit Loss Ratio <2.5% · NPL < 6.5% · emerging technologies to support AI	Efficiency and resillience
	+ Operational Excellence	**Operational Excellence** · Increase digital transactions >90 · Digital on- boarding> 80% · Increased system Stability	
DRIVE SUSTAINABLE GROWTH AND VALUE	= Financial Outcome	**Financial Outcome** · Cost to income ratio< 50% · Return on Equity >20% · Revenue growth >10%	Legitimacy
	+ SEE Impact	**Focus areas are below.** · Financial inclusion · Uganda is Young: Youthcustomer value proposition · Green energy drive participation · Focus on sustainability Development Goals	

Our Strategic Outcomes

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

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

CLIENT EXPERIENCE

CLIENT FOCUS

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

Measure	Metric	Actual 2023	Actual 2022	Actual 2021	Target
Client experience	Net Promoter Score (NPS)	**+29**	+22	+19	+30
	Customer Satisfaction Index (CSI)	**+8.4**	+8.2	+8.8	+8.0

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

EMPLOYEE ENGAGEMENT

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

Measure	Metric	Actual 2023	Actual 2022	Actual 2021	Target
Employee engagement	eNPS	**+67**	+70	+72	+70
Employee retention	Total Employee Attrition	**3.7%**	8.2%	6.4%	<10%
	Regrettable Attrition	**2.3%**	2.4%	1.9%	<3%
Employee Diversity	Employee Diversity (%of female managers)	**42%**	42%	41%	38%

To determine engagement levels, we consider the following:

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

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

EXECUTE WITH EXCELLENCE

RISK & CONDUCT

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

Measure	Metric	Actual 2023	Actual 2022	Actual 2021	Target
Responsible risk taking	Liquid Assets to Deposit Ratio	**50.8%**	52.2%	50.8%	20%
	Capital Adequacy	**24.7%**	23.4%	21.9%	12%
	Liquidity Coverage Ratio	**152%**	214%	360%	>100%
	Bank of Uganda CAMELS* risk rating.	*	Satisfactory	Acceptable	Satisfactory
	Credit Loss Ratio(CLR)	**1.6%**	1.5%	1.8%	>2.5
Conduct	Compliance Training	**98%**	96%	96%	>95%

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

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

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

*2023 rating yet to be received at the time of the report preparation

DRIVE SUSTAINABLE GROWTH AND VALUE

FINANCIAL OUTCOME

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

Measure	Metric	Actual 2023	Actual 2022	Actual 2021	Target
Shareholder value	Return on Equity (ROE)	**22.5%**	21.6%	19.4%	>20%
	Cost to Income Ratio (CTI)	**48.9%**	47.7%	51.3%	<50%
	Dividend pay-out Ratio	**68%**	66%	19%	40-50%
	Dividend Per Share (DPS)*	**5.47***	4.59*	0.98	Continued growth

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

* Total dividend paid or to be paid for the year

SEE IMPACT

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

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

Additionally, we provided support to our clients through loan restructures, awareness campaigns etc. further details of our initiatives can be found in our **Abridged Report to Society** on pages 74-85.

Measure	Metric	Actual 2023	Actual 2022	Actual 2021	Target
Delivering shared value	**Social:** CSI Investments (UShs bn)	**4.2**	4.2	3.5	1% of PAT
	Economic: Loans disbursed (UShs bn)	**4.7**	3.9	3.0	Growth
	Procurement percentage spent on local suppliers	**88%**	80%	81%	>75%
	Enviromental:				
	Water consumed (kilolitres)	**23,872***	18,201	21,205	reduction in consumption
	Fuel consumed (litres)	**444,411***	420,333	378,235	
	Paper consumed (tonnes)	**18**	26	40	

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

Financial inclusion

Job creation and enterprise growth

Infrastructure

Climate change and sustainable finance

Education

Health

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

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

BUSINESS REVIEW

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

2023 AT A GLANCE

▲ 15.2%
PROFIT AFTER TAX
UShs **412**bn
2022: UShs 357bn

▲ 0.9 %
RETURN ON EQUITY
22.5%
2022: 21.6%

▲ 14.3%
EARNINGS PER SHARE
8.0
2022: 7.0

▲ 1.3%
TOTAL CAPITAL ADEQUACY
24.7%
2022: 23.4%

▼ -0.3%
NON-PERFORMANCE LOAN RATIO
2.6%
2022: 2.9%

▲ 1.2%
COST TO INCOME RATIO
48.9%
2022: 47.7%

▲ 3.3%
CUSTOMER DEPOSITS
UShs **6.3**tn
2022: UShs 6.1tn

▲ 3.4%
CUSTOMER LOANS
UShs **4.2**bn
2022: UShs 4.1bn

▲ 5.4%
OFF BALANCE SHEET
UShs **2.1**tn
2022: UShs 2.0tn

▲ 52.4%
STANBIC SHARE PRICE
UShs **32**
2022: UShs 21

▲ 2.7%
TOTAL ASSETS
UShs **9.3**tn
2022: UShs 9.1tn

▲ 2.7%
TOTAL SHAREHOLDERS EQUITY
UShs **1.9**tn
2022: UShs 1.8tn

AWARDS

CONSUMER CHOICE MAGAZINE

Best Bank in Uganda 2023

PRAU EXCELLENCE AWARDS

Best Sustainability Report 2023

FIRE AWARDS

Best Integrated Report SUHL 2023

PETROLEUM AUTHORITY OF UGANDA

Best National Content Partner 2023 (Stanbic Incubator)

THE EUROPEAN

Best Banking CEO Uganda 2023

THE EUROPEAN

Most Innovative Financial Solutions 2023

THE EUROPEAN

Best Corporate Banking Brand 2023

Stanbic Bank Credit Ratings 2023

Fitch Ratings

Local Rating	AAA(Uga) Stable
International Rating	B+(Negative Outlook)

Moody's

Local Currency Deposit Rating
Counter-party Credit Risk Rating/
Foreign Currency deposit rating

OPERATING AND FINANCIAL REVIEW

Ronald Makata, Chief Finance and Value Management Officer

In 2023, the global economy faced slowdowns due to geopolitical tensions, inflationary pressures, and continued tight monetary policies by major central banks. Notably, the US Federal Reserve and the European Central Bank (ECB) continued to raise interest rates to combat inflation. Economic slowdowns were observed across several economies, with projections indicating a deceleration in global growth from 3.3% in 2022 to around 2.9% in 2023.

Despite the challenges, the global economy showed resilience with signs of stabilization. Inflation rates started to decline in response to the monetary policy tightening and easing of supply chain issues. However, growth projections were adjusted downward, reflecting continued uncertainties, that included geopolitical tensions and potential energy shortages.

Overall, the global economy experienced a challenging year with fluctuating growth rates, significant inflationary pressures, and proactive monetary policy responses. A number of the economies showed signs of resilience and adaptation to the changing macroeconomic landscape.

Domestically, inflation trends were marked by initial increases followed by gradual declines towards the end of the year. In the first half of the year, headline inflation averaged 8% having opened the year at 10.4%. Monetary policy adjustments included interest rate hikes aimed at controlling inflation, with eventual stabilization or reductions as inflationary pressures eased. The economy showed signs of recovery, supported by various sectors such as services and agriculture, with projections of continued growth albeit at a moderated pace.

Towards the end of the year, inflation stabilised and dropped consistently to an average of 3% in the last six months of the year as the economy showed signs of stabilization. The easing inflationary pressures were attributed to the central bank's monetary policy adjustments and a slight decrease in global commodity prices. Growth projections were cautiously optimistic, with expectations of a mild recovery into the following year.

Overall, the domestic economy in 2023 was characterized by inflationary pressure, with central bank interventions playing a crucial role in stabilizing the market. Economic growth moderated and remained positive, reflecting the resilience of the domestic economy amidst global uncertainties.

The yield curve experienced a stable trend in interest rates throughout the year. Treasury bill rates for the 3 months saw the biggest drop of more than 50bps influenced by monetary policy direction as the Bank of Uganda dropped the policy rate (Central Bank Rate) by 0.5% in the second half of the year to 9.5%. The long end of the curve was largely stable through the year with an average drop in yields of about 5bps and no significant shift in the shape of the curve. This was largely due to government debt policy, market liquidity, and external debt strategies.

The Ugandan shilling experienced volatility against the USD closing the year with approximately 3% depreciation driven by increased demand, limited USD supply, and negative market sentiments, including reactions by the world bank to the Anti-Homosexuality Act and global market trends.

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

Regulatory changes in the year:

During the year, Bank of Uganda amended the computation of Cash Reserving Ratio (CRR) by reducing the proportion of vault cash in the computation of eligible reserves to 0.01%. This was originally 10% for all commercial banks with more than 10 branches out of Kampala and 5% for banks with at least ten branches outside Kampala.

Bank of Uganda issued guidelines for Internal Liquidity Adequacy Assessment Process (ILAAP) and other liquidity risk measures for implementation in 2024. This marked another step in the implementation of Basel 3 guidelines with the introduction of an ILAAP process and amendments to the computation of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

Outlook for the year 2024

We forecast a robust Gross Domestic Product growth for the FY2023/24 at 5.9% and FY 2024/25 at 6.2% due to an uptick in economic activity expected over the coming year driven by increased investment in the oil sub-sector, a stable macroeconomic environment as inflation remains range-bound and favourable base effects.

Rising USD demand from consumer and capital imports will continue to apply pressure on the shilling with cushion expected from coffee exports and increase in portfolio investment inflows as real yields on government debt remains attractive.

The currency has traded under pressure in the first quarter of 2024 due to seasonal factors, persistent demand from offshore player investing in higher yielding frontier and emerging markets.

The pressure is expected to cool in the second quarter of the year as coffee export season kicks off and this should improve dollar supply. The demand pressure should then resume in third quarter as a result of half year dividend demand from multinationals and then cool off slightly towards the tail end of the year as business activity slows down and remittance inflows improve supply.

In general, we expect a weaker UShs this year as donor funding has reduced following a withdrawal in funding from some donors following the signing of the controversial Anti-Homosexuality Act. Furthermore, inflows from offshore participants expected to be minimal as they opt for alternative investments in other emerging and frontier markets which are offering better returns.

Financial Review

The Group's 2023 results demonstrated resilience amidst local and global challenges. The group closed with a profit after tax of UShs 412 billion, representing 15.2% above 2022 performance, despite the lag effects of geopolitical tensions, and resultant supply chain disruption, depreciation of local currency mainly towards end of year, a stable yield curve due to fiscal discipline by government, and heightened credit risk environment profoundly under small and medium enterprises impacted by the knock-on effect from higher interest rates.

We continued to focus on deepening our client relationships, transforming client experience by improving our system capability, investing in our growth engine; FlexiPay and Agent Banking, investing in our employees to better serve our clients while maintaining a proactive risk stance.

As a result, we recorded continued client franchise growth. The groups capital ratios closed with total capital to risk weighted assets (tier 1 and tier 2) capital ratio of 24.7% (2022: 23.4%). Return on equity (RoE) improved to 22.5% (2022: 21.6%). This was supported by growth in Net Interest Income (20.3%) attributable to relatively stable interest rates in the financial year ended 31 December 2023, growth in average Loans to customers and government securities. This was in parallel with growth in net fees and commission income by 15.4% supported by increased businesses activity and fees from a one-off transaction with the Government of Uganda (GOU). Trading revenue edged up (3.3%) from increased foreign currency activity.

The groups operational costs increased resulting from increased investment in our people as key business enabler, investments in technology to improve security, increase monitoring and drive innovation. The reintroduction of indirect tax on imported services in 2022 also contributed to cost growth by (17.9%) with the full year impact felt in 2023.

KEY HIGHLIGHTS WERE:

▲ 3.4%
Growth in net customer loans

▲ 3.3%
Growth in customer deposits

▲ 11.3%
Growth in trading book

1.6%
Well managed credit risk

Our Performance

Income Statement

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

	2023 UShs Mn	2022 UShs Mn	Change %
A Net Interest Income	**708,893**	589,413	20.3%
B Non-Interest Revenue	**485,251**	448,486	8.2%
Total Income	**1,194,144**	1,037,899	15.1%
C Credit impairment charge	**(69,454)**	(59,572)	16.6%
Total income after credit impairment charge	**1,124,690**	978,327	15.0%
D Operating expenses	**(583,743)**	(495,291)	17.9%
Profit before direct taxation	**540,947**	483,036	12.0%
Direct taxation	**(129,416)**	(125,655)	3.0%
Profit for the period	**411,531**	357,381	15.2%
Cost to Income ratio	**48.9%**	47.7%	1.2%
Credit loss ratio	**1.6%**	1.5%	0.1%
Return on Equity	**22.5%**	21.6%	0.9%
Return on Assets	**4.5%**	4.0%	0.5%

A Net interest income

What is it: The difference between interest received on lending products and financial investments, and the interest paid on deposits and debt funding and subordinated debt.

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

B Non-interest revenue

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

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

C Credit impairments

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

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

D Operating expenses

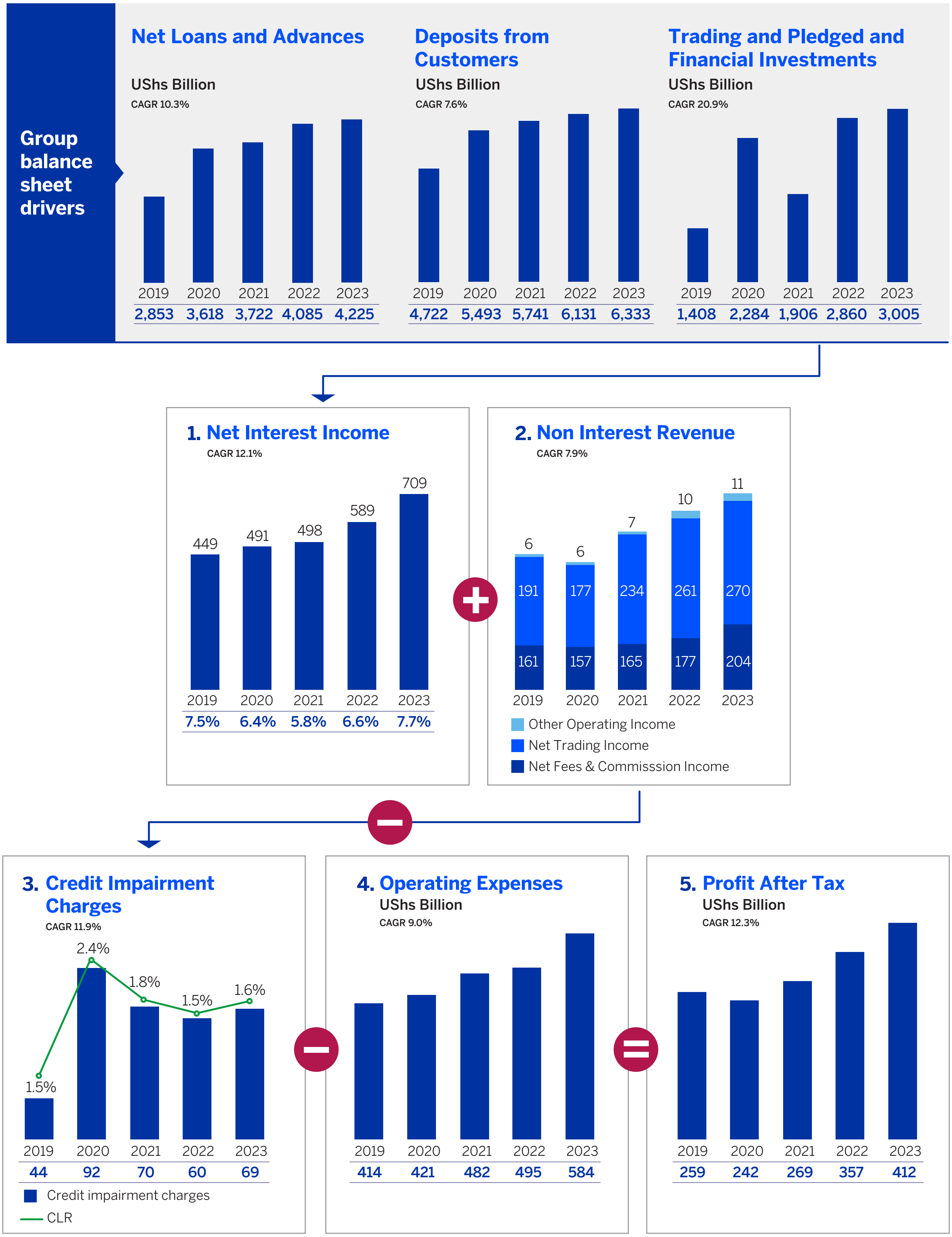
What it is: Operating expenses represent the costs that were incurred to support current and future revenues. Inflation and foreign exchange rates are key external indicators that contribute to the increase in such expenses. Many internal factors also affect the growth in operating expenses, such as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

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

Measuring our financial outcome

Profit after tax

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



1. Net interest income

Net interest income increased by 20.3% to UShs 709 billion from UShs 589 billion recorded in 2022. The upward trend was as a result of the increased investment in interest-bearing assets, notably customers loans and advances amidst higher and stable interest rates, together with increased investments in government securities held at fair value through other comprehensive income (FVOCI) and investments in government securities measured at amortised cost.

2. Non interest revenue

Non interest revenue edged up by 8.2% closing at UShs 485.3 billion from UShs 448.5 billion recorded in 2022. The increase was registered under fees and commission income, trading revenue, as highlighted below:

Net Fees and Commission

Net fees and commission income increased by UShs 27.2 billion (15.4%) to close at UShs 204.1 billion from UShs 176.9 billion recorded in 2022. The performance of fees and commissions was attributable to increased activity from general increase across transactional fee and commission lines and fees received from a transaction with Government of Uganda.

Trading Revenue

Trading revenue closed at UShs 270.1 billion from the UShs 261.4 billion recorded in 2022. The trading revenue growth Year on Year was attributable to increase in forex revenue by UShs 7.2 billion driven by the uplift in forex transactions. The interest rate desk made ground through increase in structure and restructuring opportunities presented by the volatility in the currency, and increased investment in open market operations to close UShs 1.2 billion above prior year, despite the adverse impact of movements in the rates on the forward and swap curve.

3. Credit impairment charges

The impairment charge increased by UShs 9.9 billion year on year to UShs 69.5 billion from UShs 59.5 billion in 2022, with the credit loss ratio closing the year at 1.6% in 2023 compared to 1.5% in 2022. The upward trend resulted from lower recoveries after write offs as compared to the prior year coupled with increase in provisions under Business and Commercial Banking business segment. This was partially offset by relative stability under Corporate and Investment Banking together with a reduction in provisions under Personal and Private Banking business segment.

4. Operating expenses

Operating expenses went up by (17.9%) closing the year at UShs 584 billion compared to UShs 495 billion in 2022. The continued investment in our human resources saw an uptick in the Staff costs reflecting a growth of 19.1% from UShs 212 billion in 2022 to UShs 253 billion.

Other operating costs increased by 16.9%, closing at UShs 330.8 billion from UShs 282.9 billion in 2022. This increase was attributed to increased investment in technology to achieve improved stability, efficiency, security, and convenience for our clients.

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

5. Profit after tax

Profit after tax reflected a strong performance, up 15.2% year on year closing at UShs 412 billion from UShs 357 billion. Brief reviews of other key factors impacting the performance of Stanbic Group are reflected below:

Margins

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

The net interest margins (NIMs) registered growth year-on-year off slight uplift in interest rates due to the tight monetary policy and fiscal discipline maintained by government within the year. This resulted in higher yields on the assets and NIMs growing by 110 basis points from 6.6% in 2022 to 7.7% in 2023.

Credit Loss

The credit-loss ratio (CLR) is the impairment charge expressed as a percentage of the closing loans and advances book. It represents the loss the Group incurs as a result of delinquencies from customers and provisions on performing loans.

Credit loss ratio closed low under Corporate and Investment Banking (CIB) business segment attributed to relative stability in the loan book, coupled with reduced risk under Private and Personal Banking (PPB) business segment. There was elevated impairment and payment risk in the Business & Commercial Banking (BCB) portfolio in the year 2023 reflected in increased debt provisions as businesses struggled to meet their obligations.

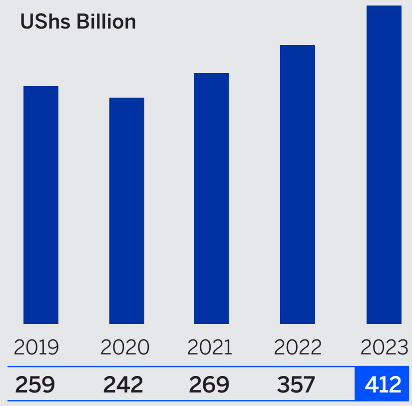
As a result, the credit loss ratio marginally increased from 1.5% in 2022 to 1.6% in 2023. This was driven by pressures on our retail loan book portfolio under Business and Commercial Banking (BCB) where impairments were raised, and some exposures were written off. However, there was drop in expected credit losses (ECL) provisions from economic recovery and business growth and provisions on performing loans.

Return on equity

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

Profit After Tax

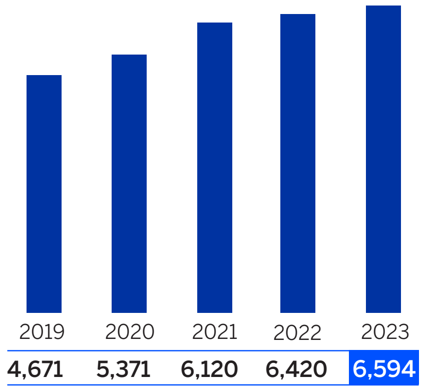
UShs Billion



Our **Group average RWA** increased by 2.7% to UShs 6.6 billion, supported by growth in the balance sheet.

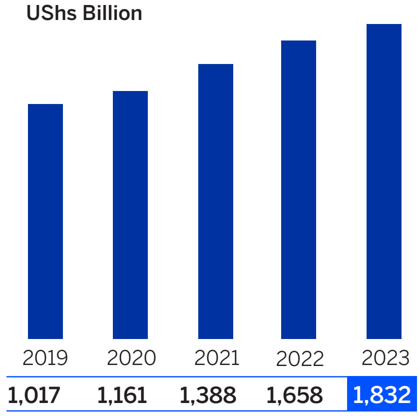
Group Average RWA

UShs Billion



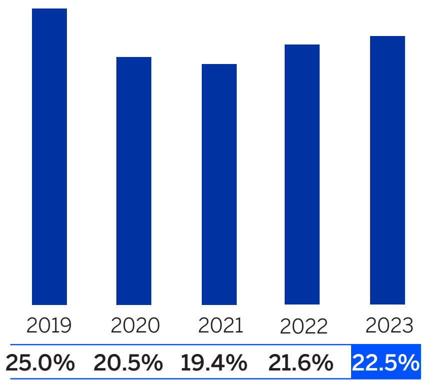
Average Shareholders' Equity

UShs Billion



The **Group's average shareholders'** equity increased by 10.5%, supported by strong profit growth.

Return on Equity



In 2023, the **group's ROE** increased to 22.5%, above our target of 20%.

Our resilient balance sheet

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

	Balance sheet as at 31 December 2023	2023 UShs Mns	2022 UShs Mns	Change (%)
	Assets			
A	Cash and balances with Bank of Uganda	**1,079,036**	1,085,102	-0.6%
	Derivative assets	**99,209**	111,325	-10.9%
B	Trading assets	**1,778,938**	1,598,476	11.3%
B	Pledged assets	**4,661**	5,505	-15.3%
B	Financial investments	**1,221,181**	1,255,701	-2.7%
A	Loans and advances to banks	**240,585**	296,045	-18.7%
C	Net loans and advances to customers	**4,225,122**	4,085,001	3.4%
A	Amounts due from group companies	**330,065**	228,474	44.5%
	Other assets	**128,773**	204,248	-37.0%
	Deferred tax assets	**59,371**	46,097	28.8%
	Property, equipment and right of use assets	**83,683**	75,544	10.8%
	Goodwill and other intangible assets	**52,775**	67,429	-21.7%
	Total assets	**9,303,399**	9,058,947	2.7%
	Shareholders' equity and liabilities			
	Shareholders' equity			
	Ordinary share capital	**51,189**	51,189	0.0%
	Fair value through other comprehensive income reserve	**7,226**	10,129	-28.7%
	Retained earnings	**1,667,988**	1,536,457	8.6%
	Proposed dividends	**155,000**	185,000	-16.2%
	Total shareholders' equity	**1,881,403**	1,782,775	5.5%
	Liabilities			
	Derivative liabilities	**135,160**	149,082	-9.3%
	Current tax liability	**21,989**	11,290	94.8%
D	Deposits from customers	**6,332,852**	6,131,256	3.3%
	Deposits from banks	**96,705**	142,093	-31.9%
	Amounts due to group companies	**243,593**	220,080	10.7%
	Borrowed funds	**16,627**	37,325	-55.5%
	Subordinated debt	**77,641**	75,931	2.3%
	Other liabilities	**497,429**	509,115	-2.3%
	Total liabilities	**7,421,996**	7,276,172	2.0%
	Total equity and liabilities	**9,303,399**	9,058,947	2.7%

A Cash and Balances with Bank of Uganda, loans and advances to banks and group companies

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

The cash and balances with banks and group companies went up by 2.5% against prior year, due to increase in placements with group companies by UShs 102 billion (44.5%) from deployment of excess foreign currency liquidity. This was offset by drop in loans and advances to banks by UShs 55 billion (18.7%) resulting from drop in placements with foreign banks largely under Nostro balances UShs 177 billion (79.6%) on the back of maturities in foreign currency swaps and forward contracts with offshores. This was offset by growth in placements with local banks by UShs 121 billion (179%) a ripple effect of increased interest in repo agreements due to increased liquidity needs from local players mainly towards the end of year. Cash and balances with the central bank marginally dropped by UShs 6.1 billion (0.6%) attributable to revision of cash reserve requirement from 10% in 2022 to 9.5% in 2023.

B Trading assets, pledged assets and financial investments

Government securities holdings increased year on year under the trading book by UShs 180 billion (11.3%) while financial investments dropped by UShs 35 billion (2.7%) attributable to lower rates towards end of year.

C Net Loans and advances to customers

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

Net loans and advances grew by 3.4% (UShs 140 billion) in 2023 but below 2022 growth rate of 9.8% (UShs 363 billion) following slowdown in private sector growth from 10.3% in 2022 to 8.4% in 2023. This was mainly due to reduced activity under Small and Medium Enterprises despite efforts to support the sector through client restructuring opportunities. The growth year on year was supported by growth under Personal and Private Banking (PPB) resulting from the asset campaign, and Corporate and Investment Banking (CIB) due to increased demand for trade facilities and working capital loans offset by drop under Business and Commercial Banking (BCB).

D Deposits from customers

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

Customer deposits grew by 3.4% (UShs 202 billion) in 2023. This growth was from both new clients and increased flows from existing clients across all business units supported by improved economic activity. This was combined with efficient onboarding & digitization, defending key payment mandates and investment in the collection capabilities that included FlexiPay, and agent banking.

Our Cash flow statement

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

The group closed the financial year ended 31 December 2023 with a positive net cash flow which reflected a net increase in cash and cash equivalents by UShs 502 billion compared to a net decrease of UShs 953 billion in the prior year. Highlighted below is the breakdown of the group's cash flow.

Cash flows from operating activities

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

The group's net cash from operating income of UShs 873 billion exceeded its net income for the financial year ended 31 December 2023 which reflects the group's ability to remain solvent and grow its operations.

Cash flows from investing activities

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

There was increase in expenditure on property and equipment year on year by UShs 9.2 billion (53.1%) to support the group's operation and competitiveness. The Group also registered increase in cash inflows in investing activities by 44.6% from the sale and disposal of fixed assets.

Cash flows from financing activities

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

There was increase in cash out flow from financing activities by 44.6% (UShs 109.6 billion) mainly due to increase in the dividend pay-out to investors which reflects the group's ability to constantly meet its obligations and pay-out dividends to Shareholders.

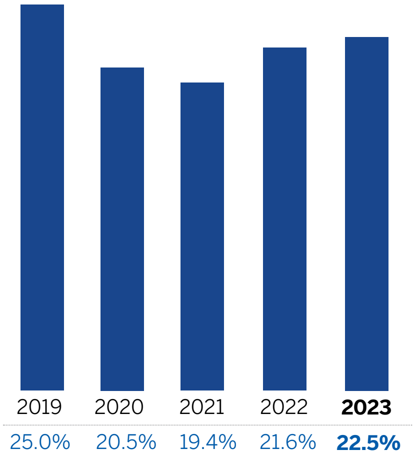
5 Year Performance

	2023	2022	2021	2020	2019
INCOME STATEMENT (USHS'M)					
Profit before income tax	**540,946**	483,036	351,210	318,613	349,634
Profit after tax	**411,531**	357,381	269,312	241,686	259,094
FINANCIAL POSITION (USHS'M)					
Shareholder's equity	**1,881,403**	1,782,775	1,533,303	1,243,439	1,116,866
Total assets	**9,303,398**	9,058,947	8,720,096	8,578,898	6,650,825
Loans and advances to customers	**4,225,122**	4,085,001	3,722,073	3,618,353	2,852,647
Property and equipment	**83,682**	75,544	75,545	81,418	86,438
Customer deposits	**6,332,851**	6,131,256	5,741,043	5,493,480	4,722,204
RETURNS AND RATIOS					
Return on average equity	**22.5%**	21.6%	19.4%	20.5%	25.0%
Return on average assets	**4.5%**	4.0%	3.1%	3.2%	4.3%
Loan to deposit ratio	**69.0%**	66.6%	64.8%	65.9%	60.4%
Cost to income	**48.9%**	47.7%	53.3%	50.6%	51.3%
CAPITAL ADEQUACY					
Tier 1 capital ratio	**22.6%**	21.3%	19.9%	15.8%	15.8%
Tier 1 + Tier 2 capital ratio	**24.7%**	23.4%	21.9%	18.0%	18.2%
Risk weighted assets (UShs'm)	**6,763,186**	6,425,004	6,415,439	5,825,212	4,917,214
SHARE STATISTICS					
Closing number of shares in issues (in millions)	**51,189**	51,189	51,189	51,189	51,189
Earnings per share - basic and diluted	**8.04**	6.98	5.26	4.27	5.06
Dividends per share - proposed and/or paid	**3.03**	3.61	0.98	-	2.15
OTHER INFORMATION					
Number of employees	**1,973**	1,907	1,756	1,612	1,667

KEY PERFOMANCE INDICATORS

Profitability

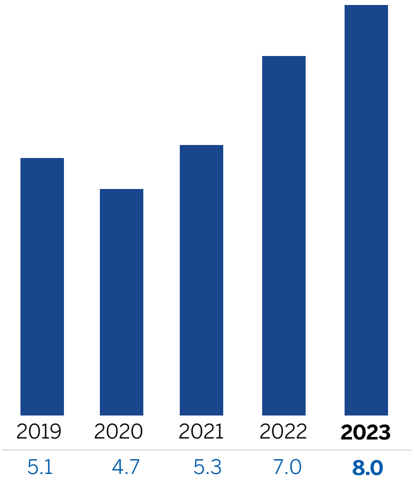
Return on Equity



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

Result: **ROE was up 0.9% from 21.6% in 2022 and above 2023 target.** The strong growth was supported by effective deployment of capital to enable investment in higher yielding assets plus well managed costs and hence growth in PAT. This plus the large dividend payment supported a much stronger ROE.

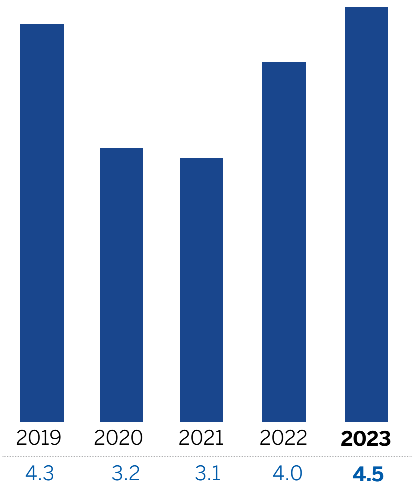
Earnings per Share



Objective: To deliver consistent earnings per share growth with a minimum threshold set at GDP growth plus inflation.

Result: **EPS was up by UShs 1.0 to 8.0 from 7.0** the previous year in line with the rise in profits by 14.3%

Return On Assets

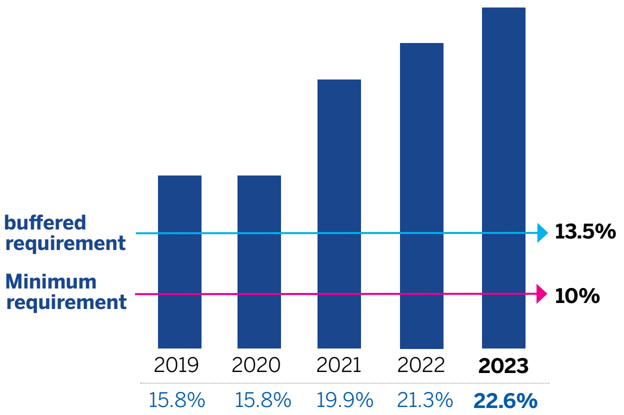


Objective: To effectively deploy the Bank's liquidity into the optimal balance of assets that generates consistent returns above the internal benchmark of 4%.

Result: **ROA closed 2023 at 4.5% up 0.5% from prior year and right on target.** This growth was attributed to high contribution of earning assets to the total asset base in addition to driving non-asset-based revenues such as foreign exchange and trading derivatives income.

Capital Adequacy

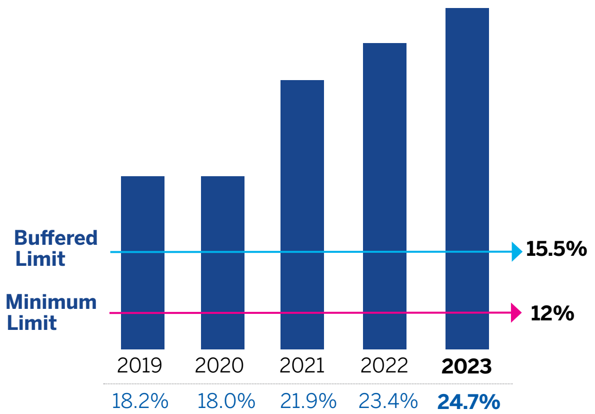
Core Capital Adequacy



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

Result: **Core capital closed at 22.6% , above the minimum regulatory requirement of 10% and above buffered requirement of 13.5%.** (Buffered requirement includes DSIB buffer of 2.5% and counter cyclical buffer of 1%).

Total Capital Adequacy

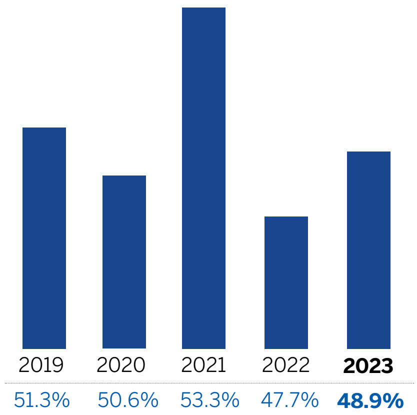


Objective: To maintain adequate levels of capital required to cover for regulatory capital adequacy requirements, business growth and investment prospects

Results: **Total capital closed at 24.7% compared to the 12% minimum regulatory requirement** and also above the buffered requirement of 15.5% (includes DSIB buffer of 2.5% and countercyclical of 1) . The capital position remains strong and sufficient to cover the growth aspirations.

Efficiency

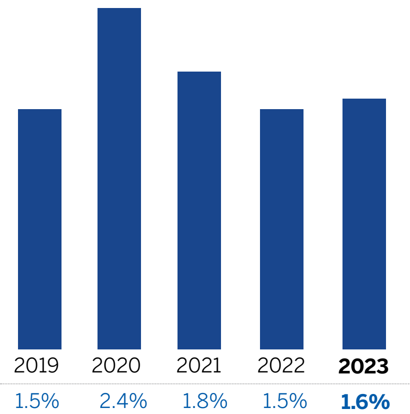
Cost to Income Ratio



Objective: To attain a target cost to income ratio below 50% target in 2023.

Results: **Cost to income ratio rose 1.2% to 48.9%** however, still below set target of 50%. This mainly on a count of continued cost discipline while investing in key areas that would support revenue growth.

Credit Loss Ratio (CLR)

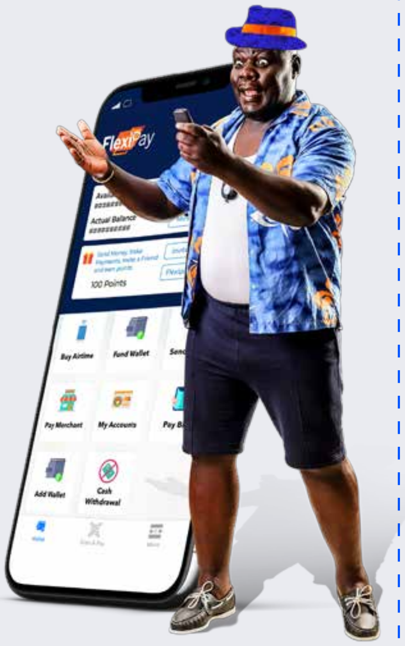


Objective: To maintain a strong quality customer lending portfolio with a credit loss ratio below 2.5%.

Results: **The credit loss ratio of 1.6%, was 0.1% higher than 1.5% attained in 2022** and below target risk appetite level of 2.5%.

What is FlexiPay?

FlexiPay is a digital wallet that allows you to do transactions for less, safely and conveniently. **It's everything you need and more!**



Sign up for FlexiPay

USSD
- Dial ***291#** & follow the prompts
- Enter your personal information

APP:
- Download the App from the Google Play Store/App Store
- Enter your personal information

What can you do?

1 Pay your power and water bills

including Yaka, UEDCL, NWSC, Solar payments etc

- Dial ***291#** or log on to the **FlexiPay APP**
- Select **payments**
- Select your Biller (Pay TV/UMEME/NWSC/URA/etc)
- Follow the prompts
- Confirm details and submit

2 Pay for **goods** and **services**

- Dial ***291#** or log on to the **FlexiPay APP**
- Select pay **merchant**
- Enter merchant code
- Enter amount
- Confirm details and follow the prompts

3 Pay your **school fees**

- Dial ***291#** or log on to the **FlexiPay APP**
- Select **Payments**
- Select **School Fees**
- Enter **School Pay**
- Enter amount
- Confirm details and submit

4 Buy **airtime/ data bundles**

- Dial ***291#** or log on to the **FlexiPay APP**
- Select **buy airtime**
- Enter mobile number
- Enter amount and follow the prompts

You can **deposit** through;

- **Agents**
- **Stanbic account**
- **Mobile money**

Coming soon!

Savings & Lending
Enjoy favourable interest rates on saving.

Receive money from abroad
Receive money from abroad, at no cost.

Kikole For Less! For more information, call **0800 251 251**

CORPORATE AND INVESTMENT BANKING

Paul Muganwa, Head Corporate and Investment Banking

After two years of executing our medium-term strategy (2022-2025), I reflect on our performance and note that we are on track to achieve the objectives we set, most notably, the ambitions of our clients and expectations of our shareholders.

Enabling NDPIII

We continue to make progress in supporting the broader needs of our country and community, with our approach anchored in enabling the National Development Plan (NDP III). It is estimated that up to 67% of the resources required to enable NDP III will be publicly financed, necessitating efficient domestic revenue collections. As the largest financial institution in the country, we recognize the important role we play in facilitating seamless payments of taxes for our clients, and accordingly, we are committed to delivering world class systems capability for tax collections, payments and reconciliations. In recognition of our efforts, we received the "Best Client service" award in 2023 from the Uganda Revenue Authority. In addition to domestic revenue mobilization, and in support of NDPIII, we also enabled access to new pools of liquidity for fiscal budget support. A notable transaction that represented scale and innovation is the successful execution of a first of its kind "Euro 500m Cross-Currency-Repo" facility.

The East African Growth Vector

Enabling the growth and deeper integration of the East African Community is one of our key medium term strategic pillars. Several of our clients are pursuing regional expansion plans; given our presence in majority of the core markets, we are well placed to enable our client's ambitions by providing expansion capital, market insight and market access. In 2023, we attained financial closure on substantive regional expansion transactions in the Consumer and Infrastructure sectors, representing over USD 50m in new financing. This is likely to double by the end of 2024.

Energy Transition

The past 2 decades have been characterised by positive developments in Uganda's energy sector, resulting in healthy renewable electricity generation capacity. However, energy poverty remains a stark reality; solving for this national challenge by enabling Energy Transition is core to our ambitions. Accordingly, we have extended over UGX 235bn (~USD 62m) in new credit facilities in 2023 to clients in the sector that are critical to addressing energy poverty. We are committed to enabling energy transition and will continue support key public and private stakeholders in progressing this critical objective.

Satisfied Clients and Engaged People

Overall, 2023 was an exceptional year for our business as we made significant strides in improving

i) Client experience with a positive movement in our Client Satisfaction Index (CSI) from 8.2 to 8.4,

ii) Significant jump in our employee engagement levels to a record 78 from 62 in 2023,

iii) A shift in our Digital Transformation journey which closed 2023 above 55% from under 40% at the start of 2023 and;

iv) Sustained a 5 year growth trajectory, delivering a Return on Equity of 28%, well above the total banking sector average of 17% in 2023.

Looking Ahead

Looking ahead, we are confident about remaining a Trusted Adviser / Partner to our clients and retaining the prestigious credential of the leading Corporate and Investment Bank in Uganda (over 80% of our clients have consistently rated as number one CIB player in the Uganda market). The next decade is going to be pivotal in the economic transformation of Uganda, with GDP growth expected to increase to 7% by 2026. We are well positioned to support our clients attain their ambitions. Uganda is our home; we drive her growth.

PERSONAL AND PRIVATE BANKING

Samuel Fredrick Mwogeza, Head Personal and Private Banking

Our clients

We provide services to a range of individuals, broadly clustered as wealth and investment, private banking and personal banking clients. We have a large and growing client base with over 550,000 customers.

Our solutions

We offer a comprehensive range of products to our clients, including home loans, vehicle and asset finance, personal loans, credit card, transactional banking, and forex solutions as well as certain insurance and investment offerings available. We are also increasing our range of non-banking value-add offerings and are supported by capabilities in our two offshore hubs in the Isle of Man and Jersey. Our clients have access to our physical branches, ATMs and call centres, retail partners and digitally via our mobile banking channels and internet banking.

Our competitive position

We have a strong competitive position with strong market share (top 2) in personal lending, retail current and savings accounts and Bancassurance, and rank in the top three in card. We do have a strong home loans portfolio that we continue to grow with a target to achieve market leading status for retail mortgage financing by close 2026.

Our competitive advantages

Our deep knowledge of our clients enables us to build meaningful relationships and allows us to meet their needs through relevant client value propositions. Our client value propositions are delivered via personalised digital channels and a powerful distribution force of bankers, relationship managers and financial advisors.

As a deeply rooted local bank with a strong Pan African regional presence and global linkages we are uniquely set to leverage our rich understanding of the local context across Uganda and East Africa. Our capabilities enable us to leverage our full suite of financial products and solutions to meet clients' changing needs. Our offshore presence in Jersey and Isle of Man further enriches our client offerings. We catalyse opportunities for growth, enabling a better life for our clients across Uganda and across generations. We have deeply skilled Experienced people and continue to invest further to deepen our capabilities. These competitive advantages position us well to capture the significant untapped opportunities present in Uganda and grow our diversified and resilient client franchise.

Our strategic execution

Our broad strategic pillars remain unchanged; fully aligned to the group strategy while also reflecting the context relevant to opportunities within Uganda. We recognise that to remain relevant to our existing clients and attract new clients we need to commit to providing consistent superior client experience. We recognize that all our clients are on a unique life journey and are deeply committed to partnering with our clients on their journeys. We purposefully invest in our people, processes and systems to ensure we are able to deliver fit-for-purpose solutions and excellent service to our clients in a way that addresses their unique context. we continued to enable these across our defined execution streams as shared below.

Our deep focus on client

We are focused on understanding our existing clients better and offering them a broader range of relevant solutions as and when they need them across our various channels. We have over the past year strengthened our ability to do this more effectively through strengthening our personalization and data science capabilities. Notably we rolled out "Next Best Action" (NBA) which is a tool that enables customer centric contextually relevant recommendations, including real time conversations by the Sales teams with our clients. This roll-out commenced with the Private Bank clients with strong early wins noted on improving client experience scores, product uptake and overall transactability. We expect to commence a further roll-out to our non-relationship managed client base (Personal Banking) within 2024.

Engaged People

At the heart of our ability to deliver to our clients is a strong and committed 1000+ force of our people serving and solving for our clients tirelessly every day. We continue to prioritize the investment required to strengthen our teams mastery across the defined competence areas and noted a significant year-on-year increase in trainings undertaken. We are building the capabilities and skills needed for the future, with a focus on data and behavioural sciences, as well as deepening our relationship management capabilities and overall risk management competence.

Optimising our business

We continue to simplify while enriching our client value propositions, drive adoption of our digital services and solutions and optimise our infrastructure to improve the client experience and manage costs tightly. Our save-to-invest approach remains key to ensuring we have the resources available to continue to invest in the delivery of our strategy. Our robust core banking platform is supported by a deeply competent Technology team; both within Uganda and further supported by our group office to ensure we continue to strengthen our digital journey. Our digital platforms (*290# USSD mobile banking, Internet Banking, Stanbic App and Flexipay) are where a significant number of client interactions take place and therefore system stability and security remain top of mind. Notably we registered >70% improvement in our system stability year-on-year.

Sustainable Enterprise

We continue to maintain a robust risk appetite framework which we refine continuously to align with market conditions. We remain committed to being a growth partner to our clients through all economic cycles. We understand that to maintain this commitment we must conduct our business activities in the right way with sound risk management practices and in line with ESG principles. We further continued to elevate the role of all our staff as the first line of defence for our customers and the bank against any suspicious or fraudulent activity and these trainings and sensitizations have continued into 2024.

Our Performance in 2023

Our business was able to register a commendable performance for the year supported by well diversified revenues and well managed credit impairment. The strength of our earnings at a record 130Bn and with RoE >50% continued to be anchored in our strategic value drivers as shared above and was also reflective of an improving macro-economic environment. We noted increased interest from our clients in strengthening their investment portfolios with particular interest on bonds, property, personal businesses and offshore investment. This was in addition to the general financing requirements for critical personal expenses, such as tuition fees, health et al. We were able to support our clients on these financing needs through tailored financing solutions and consequently registered a 9% increase in customer lending. We continue focus on seamless take-up of our financing offers on our digital platforms with over 50% of loans disbursed digitally. It continues to be a priority for us to empower our customer to access required financing at the lowest rates possible and conducted a series of impactful campaigns under the tagline “Wumula ka Stress” to enable this.

We also continued to win customers trust with their deposits with a good growth of 9%. Notably our Savings product grew by >20%. This solid growth was off the back of improved customer engagement and stronger partnership and collaboration with the CIB and BCB Business Units to solve for the individual clients in these ecosystems. Supported by this strong balance sheet growth, our operating revenues increased by 22% with good growth noted on both the Net Interest Income 24% and also Non-Interest revenues 16.5%.

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

Our credit impairment registered a 10% improvement with generally improved credit quality across the lending portfolio. Notably also the investment we made on strengthening our loan recoveries capability has continued to reap strong benefit resulting in stronger collections on delinquent loans. The solid performance was further supported by strong client engagement through an ecosystem approach.

Our continued focus on improving operational efficiencies also recorded good gains for us with our cost to income (CTI) dropping from 48% to 44%. We continued to register good gains on our physical channel transformation journey and also continued to strengthen our alternative channel capabilities specifically under our digital platforms resulting in further migration of customer transactions from the branches to these non-branch channels. As at end of the year we had less than 6% of transactional activity being processed at our branches. The transformation of our channels to make them more convenient and more valuable to our clients continues to be a priority. We believe we are making good progress on this strategic pathway and expect to see stronger wins registered in 2024.

Looking Ahead

Our focus in 2024 continues to be shaped by our aspiration to make the lives of our customers better. We remain to be committed to enabling our customers and the next generation have a better life through availing relevant and affordable financial and “beyond financial” solutions that meet their needs. Our most important strategic priorities to enable this remain unchanged.

Following marked improvement in the country’s health, education and income levels, further enabled by Oil & Gas dividend expected, we believe Uganda remains set to experience further growth in its middle class. We believe we are well placed to effectively serve these clients through our strong solutions offering, solid bankers and financial advisors and strong distribution.

We will continue to support financial intermediation in the informal sector, particularly among the women and the youth. This will be enabled through our financial fitness academies and low-cost solutions across transactional, financing and investment offerings.

The safety of our customers as they transact on their accounts through our varied channels remains a key focus. 2023 registered unprecedented digital based fraud across the industry with notable increase on account takeovers. We continually invest in ensuring our platforms are always secure and have continued to heighten customer education to help them counter the increasing risk of cyber and other financial fraud risks on their accounts.

We believe we have the momentum and capabilities to achieve our long-term aspiration to be the leading retail financial services and advisory advisory partner and Uganda, and enable our clients have a better life.

BUSINESS AND COMMERCIAL BANKING

Melisa Nyakwera, Acting Head, Business & Commercial Banking

Our clients

Business and Commercial Banking (BCB) provides banking and other financial services to over 52,000 clients in the Commercial Segment (commercial corporates) and the Enterprise Segment which are micro small and medium enterprises (MSMEs).

There are over 1 million MSMEs in Uganda, that contribute significantly to GDP and employ over 3 million Ugandans. Serving these clients is in line with our purpose – Uganda is our home, we driver her growth.

Our Solutions

We offer a wide range of products to our clients that include current accounts, savings & investment accounts, short term financing, trade finance, term financing, vehicle and asset finance, payments and collections solutions and digital services.

We have continued the journey of deepening financial inclusion through the FlexiPay wallet; a digital wallet that enables Ugandans send and receive money, pay bills conveniently at the lowest cost in the market. By end of 2023, there were close to 1 million flexipay wallets, with a 151% and 36% growth in volumes and values transacted respectively.

Our competitive position

Our sectorized approach to client solutioning for client needs allows us to offer winning value propositions specifically designed to meet our client needs. Our focus sectors cover the Education Sector, Agribusiness Sector, SACCOs (Savings and Credit Co-Operatives includes producer co-operatives), local content players in the Oil & Gas Sector and Consumer Sector.

These focus sectors have been selected based on their significant contribution to Uganda's GDP and growth as well as relevance to the community.

Our Staff

We believe Our Staff are our greatest strength and that our business will grow through execution of our strategy by our people. We therefore aim to have the best people working with us that we can trust to execute on our vision. As such, continuous Learning and Development of our people is critical for us. We saw an increase in training and self-learning hours in our team that has contributed to how we provide exceptional service to our clients.

Financial Performance 2023

In 2023, Stanbic Bank Uganda continued to work with and support the small and medium enterprises. The external environment we faced was mixed with global economic pressures spilling over to affect the domestic economy leading to supply chain disruptions, high inflation rates and slow economic growth for the first half of the year. These pressures led to heightened credit risk for some businesses more than they did for others in various sectors. The most impacted sectors included agriculture (tea, grain, poultry), construction sector and the downstream fuel trading sector. As a result, the bank took on increased specific debt provisions and write offs, tightened the credit underwriting process and risk appetite for some of the most impacted sectors. As a result of this, we recorded an 8% decline in our customer loan book from UShs 1Tn to UShs 945Bn.

Despite these challenges, we remained committed towards the transformation of our client experiences and we were able to extend credit worth UShs 400Bn in revolving credit to MSMEs, UShs34Bn to 211 SACCOs countrywide and UShs 7Bn under our Stanbic for Her proposition.

As is noted from the above; our continued focus on development of end-to-end customer value propositions for the unbanked and underbanked category through provision of affordable financing, Capacity Building Programmes in collaboration with the Business Incubator and the provision of digital channels such as Flexipay continues to yield positive results and demonstrate our relevance to the communities in which we operate. As an example we were

We extend credit worth **UShs 400 billion** in revolving credit to MSMEs, **UShs 34Bn** to **211 SACCOs** countrywide and **UShs 7 billion** under our Stanbic for Her proposition.

able to distribute over UShs 25Bn of the Government of Uganda Parish Development funds to the respective beneficiaries via our digital channel FlexiPay.

During the course of the year we enhanced our risk appetite in the Oil and Gas Sector from USD 15m to USD 25m to allow our local content players access credit for fulfilment of contract works within the ongoing project in Tilenga and KingFisher. We also resumed the extension of construction loans to the education sector to further drive the recovery of this sector from the effects of COVID 19 restrictions as well as doubled our portfolio cap for our Distributor banking CVP.

Clients continued to pick us as their bank of choice which is demonstrated by the growth in our customer base from 48 871 to 50 935 as well as the client deposits growth by 5% to UShs 1.9Tn. This clearly shows that there's an improved customer engagement model and was further demonstrated from the client NPS score improvement from +17 to +37. The client growth numbers is supported by the strong partnership and collaboration with CIB for acquisition within the selected client value chains and or ecosystems.

We offer a wide range of products to our clients that include current accounts, savings & investment accounts, short term financing, trade finance, term financing, vehicle and asset finance, payments and collections solutions and digital services.

Looking Ahead

As the economy continues to recover with projected GDP growth forecast at 6%, driven by the investments in the oil sub-sector and low inflation rates; as the leading bank in Uganda, we will continue to support the sectors that contribute to this growth. Priority sectors for us remain the Education Sector which has over 18m learners, the agriculture sector that contributes 24% to GDP, Oil and Gas with an estimated investment of over USD 15Bn over a 5 year horizon, the manufacturing sector that contributed 16% to GDP and Trade both at local, regional and international level.

The Distributor CVP solutions for local trade by ensuring that there is uninterrupted supply of raw material to the manufacturers and distribution of finished goods to the end consumer through their respective distribution channels. This proposition not only meets the needs of the BCB clients but also serves the needs of the CIB clients that seek to ensure that they have raw materials in the right quantity and quality as well as have their finished products reach the markets they serve on time.

We will also continue to connect businesses to new markets, through our Africa China Trade and our transregional proposition; and in March 2024, we enabled Borderless Banking on Enterprise Online to enable our clients trading in the region transfer funds digitally across the region in real time.

In a bid to improve our clients experience, we will continue to provide digital solutions to ease client onboarding, transacting, automation and simplification of the Enterprise and non-complex commercial credit processes.

We shall also strive to improve the way we engage our clients by utilising data science and machine learning to guide our relationship management teams on the client needs. In this regard, we recently rolled out our ProTips tool which provides each banker with daily conversation guides tailored to each client based on their account behaviour. This enables the Banker to have a timely meaningful conversation with their client about solutions that have been personalised to their needs.

INSURANCE AND ASSET MANAGEMENT

Tich Makonese Head, Insurance & Asset Management

As part of the future-ready transformation and drive to deepen our client relationships, the Insurance and Asset Management businesses have been carved out and elevated into the fourth independent business unit focused on creating value by enabling individual clients, Corporate and Institutional clients to build and protect their wealth and lifestyle.

Strategically, Insurance and Asset Management (IAM) is envisioned to further broaden the bank's revenue base in alignment with the overall group direction – to transform client experience, execute with excellence, and drive sustainable growth and value. Consequently, the business set out three key strategic imperatives to deliver in 2023:

Financial resilience – enabling our customers to build resilience against financial risks and uncertainties, aligning with the broader goal of transformation, sustainable growth, and value creation.

Financial fitness – equipping our customers with the necessary financial acumen to navigate the journey to multi-generational wealth creation.

Financial inclusion – a commitment to pioneering insurance solutions that serve the needs of the uninsured population by addressing key barriers such as affordability, relevance, and claim payment.

I am pleased to confirm that good progress has been made on these priorities. A sustainable insurance-related business thrives on the ability to make good on claim payments as and when these arise. 427 customer claims worth UShs 2.8 billion were paid within the year on key risk events such as retrenchment, death, disability, accidental property damage etc.

We continue to demonstrate steadfast commitment to financial inclusion exemplified by our recognition by the Insurance Regulatory Authority (IRA) over the years in the annual Insurance Innovation Awards:

- **2021 - 1st runner up** - Ministry of Health Insurance Proposition
- **2023 - Winner** - Most Innovative Bancassurance Solution – SafeBoda Plus Rides

We held Financial Fitness Academies sessions for 87 employers/ community groups, equipping more than 29,000 individuals with critical financial skills, and through which we were able to extend 7.8 billion shillings in financing to 931 individuals through the BCB and PPB businesses.

427 customer claims worth UShs 2.8 billion were paid within the year on key risk events such as retrenchment, death, disability, accidental property damage etc.

2023 Performance

The insurance industry in Uganda has experienced steady growth in recent years, driven by factors such as increasing awareness, economic development, and regulatory reforms.

Although the challenge of low insurance penetration persists (sub 0.9%), the insurance industry holds potential for further expansion and development, of which Bancassurance Agents play a critical part; Bancassurance is a nascent industry, introduced in 2017 but already plays a significant role in shaping the financial landscape of the country, contributing 14% of total industry Gross Written Premiums (GWP) as at end of 2023.

Based on the IRA Quarterly reports, Stanbic Bancassurance Agent dominated the non-life bancassurance space, with a 22% commission market share, and this can be attributed to a deliberate drive to position relevant insurance solutions such as motor insurance, personal accident insurance, health insurance etc. Similarly, we remain a Top 3 player in the life bancassurance space, with a market share of 19%.

In terms on financial outcome, 2023 saw us deliver a solid set of results; a 12% four-year CAGR in commission and 22% year-on-year growth in revenue to close at UShs 12.2billion.

The Growth Opportunity

In the current global landscape, as governmental support diminishes, individuals are actively pursuing alternative avenues to ensure the safety and well-being of themselves and their loved ones. Consequently, there has been a notable uptick in the demand for insurance services. This trend underscores a distinct opportunity for financial institutions to address this growing need for security, thereby positioning themselves to provide essential support and cultivate deeper relationships with their clientele.

What does this mean for our business:

- Innovation and simplification will play a key role in reducing the access barriers to insurance and asset management solutions.
- Prioritising client experience and expectations will directly influence the level of entrenchment and repeat-buys / renewals that we can hope to achieve.
- Continuously updating the bancassurance offering, outside of the traditional solutions, is a non-negotiable component of our future-ready transformation.
- Distribution must evolve in line with client expectations for convenience and accessibility.

How we have positioned ourselves for success

Our commitment remains to playing a leading role in pioneering solutions that bring positive and sustainable transformation to our customers, our communities, and our country.

In 2023 we made critical decisions around the technological investments required to enable world-class policy servicing and fulfilment.

We strongly believe that the successful implementation of our strategy is hinged on the capability of our people and so we have invested heavily in upskilling our insurance advisory team to meet regulatory standards as a bare minimum.

Looking Ahead

Our priorities remain client-driven with an overarching view to position the business for market dominance:

- Scaling our bancassurance business even further by harnessing collaboration across the four businesses to win in the respective client segments.
- Strengthening our distribution capability by leveraging our footprint of seventy branches countrywide.
- Continued innovation and digitisation to broaden insurance appreciation, keep pace with the evolving customer needs, and drive operational efficiency.
- Partnerships to drive scale and deepen insurance penetration.
- Claims and servicing excellence to enhance the overall customer experience.
- Investment in our people to ensure continued productivity, engagement, long-term success and sustainability of the business.

STANBIC PROPERTIES LIMITED

Spencer Sabiiti Chief Executive, SPL

Overview

Stanbic Properties Limited continued to demonstrate resilience through the year and remained profitable throughout the year. The company maintained a keen focus on expanding its property portfolio across the country, marked by the completion of landmark project developments in Mbarara and Gulu. The two projects have resulted in additional 1,000 sqm and 2,500 sqm of lettable space respectively and will go a long way in boosting the company's revenues. The execution of these key projects is in line with the company's strategy to continue unlocking value in Stanbic Uganda's property portfolio with a view to enhancing shareholder value and return.

Strategy Execution

Our dedicated focus on executing our strategy of optimising the commercial value of our property portfolio has started to bear fruit – which is evident in the additional revenue we see from our new projects. In order to consolidate the traction we are gaining, we are intent on retaining the right talent with superior project execution capabilities as we continue to implement this strategy.

We will continue to leverage the Stanbic Uganda Ecosystem to extend the boundaries of what we can deliver to our customers. Th Stanbic Uganda ecosystem is central to our growth objectives and a key gateway to new markets, clients, and partners. As such we will pursue key partnerships with our Private Banking and Corporate & Investment Banking segment clients and position ourselves as the real estate provider of choice in Uganda and in the region.

Looking Ahead

The company will continue to identify and pursue opportunities for unlocking more value in the existing property portfolio of the Group, while remaining mindful of the sustainability objectives of the organisation. We will also maintain a keen focus on diversifying our product offering, in partnership with key partners including the Bank, to solution for the most pressing needs of our customers – especially in the housing sector.

FLYHUB

Joel Muhumuza Chief Executive, Flyhub

Overview

2023 has been a particularly remarkable year for Flyhub, on account of the significant milestones we made towards achieving our goal of becoming the leading technology services hub across the continent, driving the transformational ambitions of the Standard Bank Group. Our strategy to achieve this goal is split into three phases and I am pleased to report that during the year, we laid the foundation for exponential growth by successfully executing on phase one of this strategy.

Strategy Execution

During the year, we focused on building the essential infrastructure for a robust technology hub. Central to this effort was setting up a secure and scalable cloud environment, enhancing our software development capabilities and optimizing our talent pool and pipeline.

As a result of these critical interventions, we saw a 300% increase in year-on-year revenue, a 56% growth in service delivery and an increase in ongoing and executed projects from 3 in prior year to 14 in 2023. We also executed key projects for the Group, which will go along way in enhancing operational efficiencies and client experience in all our product offerings. Looking a head over the next 3 – 5 years, our focus will be on executing phase two and three of our strategy. We will look to driving integration of more Stanbic Uganda services into economic value chains and fostering greater access to financial and digital solutions particularly in the underserved areas in Uganda. We will also accelerate our innovation initiatives to solutions for the dynamic needs of Uganda and the region and leverage our existing capabilities in partnership with key players to support the burgeoning fintech ecosystem in Uganda.

We will also remain keen on engaging in anchor sustainability programs and will support the national digital transformation agenda that is led by the government of Uganda as well as providing skilling opportunities for the young population through our toolbox sessions.

Appreciation

Innovation remains the only sure path for growth, and we are confident Flyhub is well positioned to drive the Group's journey into new frontiers and markets. We are grateful to all our partners, regulators, clients, and staff with whom achieving the progress we have made would be much more difficult. We are excited to continue contributing to Stanbic Uganda's transformation and fostering a vibrant digital ecosystem within the Ugandan economy.

STANBIC BUSINESS INCUBATOR

Tony Okao Otoa, Stanbic Business Incubator

Overview

In 2023, the Stanbic Business Incubator continued to execute on its core mandate of supporting micro, small and medium size enterprises (MSMEs) in various sectors of Uganda's economy through our various programs and interventions, especially through our flagship program – the Enterprise Development Program (EDP) and others. Our programs are designed to enhance the capacity of these MSMEs to scale, become more sustainable and create meaningful impact on Uganda's economy.

I am pleased to report that through the year, we impacted over 2,348 individuals, who received timely training in the areas of business & financial modelling, go-to-market strategies, business compliance, design thinking, and business accounting among others. Additionally, these individuals were matched with mentors and coaches following the completion of the training to support them with implementation of the skills they were equipped with. I am also pleased to report that we expanded the EDP program to 10 districts, which districts include those along the oil & gas corridor. This expansion will enable us support local businesses as they participate in this critical sector of the economy as we journey towards first oil.

Strategy and Outlook

Our focus will continue to be supporting MSMEs navigate the bottlenecks that impede their ability to grow, such as access to low cost financing solutions. As such, we will continue to pursue partnerships that will enable us unlock financing opportunities for this business. We made progress on this frontier in 2023 and implemented various grant funding opportunities through the US African Development Foundation (USADF), Palladium and the NSSF Hi Innovator Program to a tune of over USD 25 million and credit facilities of over USD 8 million extended to beneficiary business by Stanbic Bank.

Appreciation

Without the valuable partners with whom we work, delivering on our strategic objectives would not be possible. Accordingly, I would like to extend my sincere gratitude to all our partners including USAID, GIZ, the Petroleum Authority of Uganda, Uganda National Oil Company, NSSF/Outbox, Palladium and USADF among others for their critical support through the year.We will continue to nurture these meaningful partnerships, to ensure we are able to execute on our purpose, Uganda is our home – we drive her growth. We are convinced that there is not better way to achieve this purpose than through supporting the growth of local enterpises, which in turn will catalyze economic growth.

SBG SECURITIES LIMITED

Grace Semakula Chief Executive, SBG Securities
Appointed March 2024

Overview

SBG Securities Uganda Limited, Stanbic Uganda Holdings Limited's asset management and securities trading business, entered its third year of operation in 2023. The business continued to focus on strategy execution and the pursuit of its ambitious growth objectives, the results of which are evident in the 128% year-on-year increase in headline revenue. This growth is largely attributable to the asset management segment of the business, a new business segment that commenced operations in August 2022.

Operating Environment

During the year, the equity market turnover surged by 308% to UShs 155 billion, boosted by the Africa Capital Works' acquisition of a 51.18% stake in Quality Chemicals Limited in a transaction valued at UShs 92 billion and the initial public offering and listing of Airtel Uganda Limited on the Uganda Securities Exchange in the fourth quarter. Market liquidity however remained constrained in both local and regional equity markets, attributable to limited foreign investor participation amidst weak macroeconomic conditions and lower equities allocations from local fund managers given the higher yields in the fixed-income asset class. SBGS accounted for 18.8% of total value traded during the year.

The Collective Investment Scheme industry registered further growth in 2023, with sector Assets Under Management (AUM) up 52.5% in the year to September 2023. SBGS posted a weighted average AUM of UShs 37 billion.

Strategy and Outlook

The collective investment schemes sub-sector continues to grow exponentially on account of heightened financial literacy initiatives by the regulator and various industry players and a growing public demand for investment opportunities and solutions. Accordingly, our focus in the year ahead will be leveraging this immense growth opportunity, accelerating our business momentum and widening our customer product range to complement our long-term market leadership position in the securities trading segment.

Additionally, we will maintain a focus on a wide range of technology enhancements on our digital channels and digitization of key processes to transform our client's experience and to drive efficiency in business operations. We will also continue to invest meaningfully in the capacity of our staff as we seek to deliver meet our clients' aspirations brilliantly and innovatively.

RISK MANAGEMENT AND CONTROL

Our risk universe and approach to risk management and control

CHIEF RISK OFFICER'S REVIEW

Martin Sekaziga, Chief Risk Officer

Our Risk Management Systems remain resilient despite the evolving and challenging operating environment. Doing the right business, the right way is at the heart of everything we do and as a result the franchise was able to deliver exceptional value to our stakeholders without any material risk appetite breaches. We remain committed to maintaining a healthy and sustainable franchise.

Reflections on the Year

We continued to serve the needs of our clients throughout the year despite the challenging and ever evolving macro-economic environment. The Ugandan economy is resilient but remains vulnerable to global economic challenges including geopolitical shocks arising from escalating conflicts, rising inflation, high interest rates, exchange rate depreciation and supply chain dislocations. The continent was not spared from these macro-economic challenges as higher interest payment obligations continued to place pressure on sovereigns with high debt levels, and foreign exchange liquidity shortages.

The Banking and financial system that we know continues to evolve and innovate as FinTechs and BigTechs are providing services/solutions that were typically provided by Banks. We continue to innovate and strengthen our digital service offerings to enhance customer experience.

Our ability to effectively manage risks was greatly enhanced by leveraging data and automation to proactively identify and respond to potential risks. This is also underpinned by a robust risk culture and risk appetite statement.

SUHL remains committed to continually improving risk, governance, and controls as we strive to build an enduring franchise that exceeds stakeholder expectations. As an important institution within our economy, the deep obligation to develop our society is entrenched in our business practices, including compliance with laws and regulations. We promote and reward responsible risk-taking that results in sustainable growth. Each business is responsible for monitoring behaviour that is contrary to our ethos and taking disciplinary action in line with our conduct risk management standards.

Capital and Liquidity Risk

SUHL maintained a strong capital and liquidity position, defined by regulatory and internal risk appetite metrics. Our capital and liquidity posture is subjected stress testing and scenario analysis to ascertain whether the Franchise will endure during times of elevated stress.

The Bank has adopted a robust Internal Capital Adequacy Assessment Process (ICAAP) framework that covers all the business units and risk-taking activities consistent with international best practice and Bank of Uganda's guidelines. The ICAAP is an extensive internal assessment of the quality and robustness of the Bank's governance, risk management, capital management and financial planning frameworks, as well as an assessment of the resilience of the Bank's business model under stress.

Risk Culture

The risk and conduct agenda remained a top priority during the year and we remain resolute in our commitment to addressing any vulnerabilities that led to operational risk events during the year and driving a culture that exhibits the highest level of ethical conduct and integrity.

We leverage the three lines of defence model to build and maintain a strong risk culture. We focus on multiple drivers to enhance our risk culture and emphasise doing the right business the right way.

We educate our people on risk management principles throughout the year via our dedicated learning platforms and through initiatives such as our non-financial risk academy and masterclasses.

Our values and ethics are embedded through policies, compliance training and whistleblowing programmes. We have a policy in place to address any risks associated with the introduction or amendment of our products or services, including business processes, initiatives and partnerships.

Employees are empowered to act with confidence and drive meaningful behavioural changes that place the client at the centre of everything they do.

Our risk management platform, the Risk Market Place (RMP), is available across the organisation and enables anyone to proactively identify, manage and monitor their risks. Responsible risk taking is recognised and incentivized through our performance management processes.

Financial Crime - Fraud

The financial services sector continues to experience increased levels of fraud. The nature and sophistication of the threat continues to evolve driven by external factors such as tough macro-economic conditions, increased digitization of products and services and syndicates deliberating targeting financial institutions. Key internal drivers of fraud include collusion and reliance on third-party service providers.

Stanbic Bank played a central role in organising the first industry-wide fraud risk event that brought together industry experts, the Uganda Bankers Association, security agencies and the judiciary to develop industry solutions that are designed to mitigate the risks.

During Q1' 2023, the Bank experienced a Fraud event that regrettable adversely impacted a customer. Our number one priority was to ensure the customer did not suffer any loss. We also hardened the control environment and closed any vulnerabilities that had been exposed by the incident. We remain committed to ensuring that all the perpetrators responsible for this fraud are brought to justice.

The existing threat requires us to continuously assess the robustness of our fraud risk management capabilities. The suite of mitigants includes strengthening internal controls, increased internal and external awareness, and enhancing our internal fraud monitoring capabilities.

Compliance Risk

Uganda was exited from the grey list by Financial Action Task Force (FATF), after adequately addressing anti-money laundering and counter-terrorist financing (AML/CTF) vulnerabilities. This outcome will have a positive impact on the country's reputation and correspondent Banking relationships that are critical for international commerce.

Technology and Third-Party Risk Management

Digital transformation remained at the heart of key strategic initiatives designed to meet the continuously evolving client needs and preferences. The adoption of digital innovation has provided considerable benefit to SUHL and its clients while at the same time exacerbated existing risks. We have invested significant time to ensuring that our risk management capabilities are in lockstep with the innovation strategies. This includes digitizing key risk processes and deploying risk tools to provide data designed to anticipate and respond timely, to risks.

The widespread adoption of AI has reduced costs, improved operational resiliency, improved products and services and improved risk management. However, if not properly managed, this may also elevate the compliance, reputational and operational risks of an institution.

SUHL relies on third parties to perform critical services needed to offer products and services to our clients. We have developed a sound third-party risk management framework that articulates key risk management practices for all stages in the life-cycle of third party relationships. The guidance takes into consideration the level of risk, complexity and nature of the third-party relationship.

Risk Governance and Oversight

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

All employees are responsible for the management of risk, with the ultimate responsibility residing with the Board. We have a strong risk culture which is embedded through clear and consistent communication and appropriate training for employees. Our risk management function is independent of the core business, including the product design, sales, and trading functions and provides credible challenge, appropriate oversight, and balance in risk/reward decisions.

SUHL's approach to risk management is based on set governance frameworks, standards and processes and relies on both individual responsibility and collective oversight, supported by comprehensive reporting.

Climate and ESG Risk

Climate and ESG risks remain a key priority to our strategic goals. Our risk mitigation strategy includes thorough due diligence of transactions including multi-stage approvals. We are committed to providing financial products and services that support positive outcomes. The Franchise's sustainability strategy is articulated in the **Report to Society.**

Board of Directors

The Board of Directors plays a pivotal role in ensuring that SUHL has an effective risk management system. This mandate includes evaluating key risk areas and ensuring the process for risk management and systems of internal control are implemented. The Board has delegated its risk-related responsibilities primarily to the following committees: The Board Risk Management Committee (BRMC), Board Audit Committee (BAC), Board Technology and Innovation Committee (BTIC), Board Asset and Liability Committee (BALCO) and Board Credit Committee (BCC) with each committee focusing on different aspects of risk management.

Board Risk Management Committee, Board Credit Committee Board Technology and Innovation Committee and Board Asset and Liability Committee.

These committees provide independent oversight of operational, compliance, information technology, legal, funding, and capital risks. The committees are responsible for setting the overall direction on risk related matters including approving the risk appetite statement, risk management governance standards, risk management frameworks, and risk management policies. The committees also escalate material matters that adversely impact SUHL's risk posture to the Board.

Board Audit Committee

The BAC reviews SUHL's financial statements and makes recommendations to the Board on matters related to the integrity of financial reporting and the effectiveness of controls designed to protect assets.

Internal Audit

Internal Audit provides independent assurance on the adequacy and effectiveness of the risk management programme.

Management Committees

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

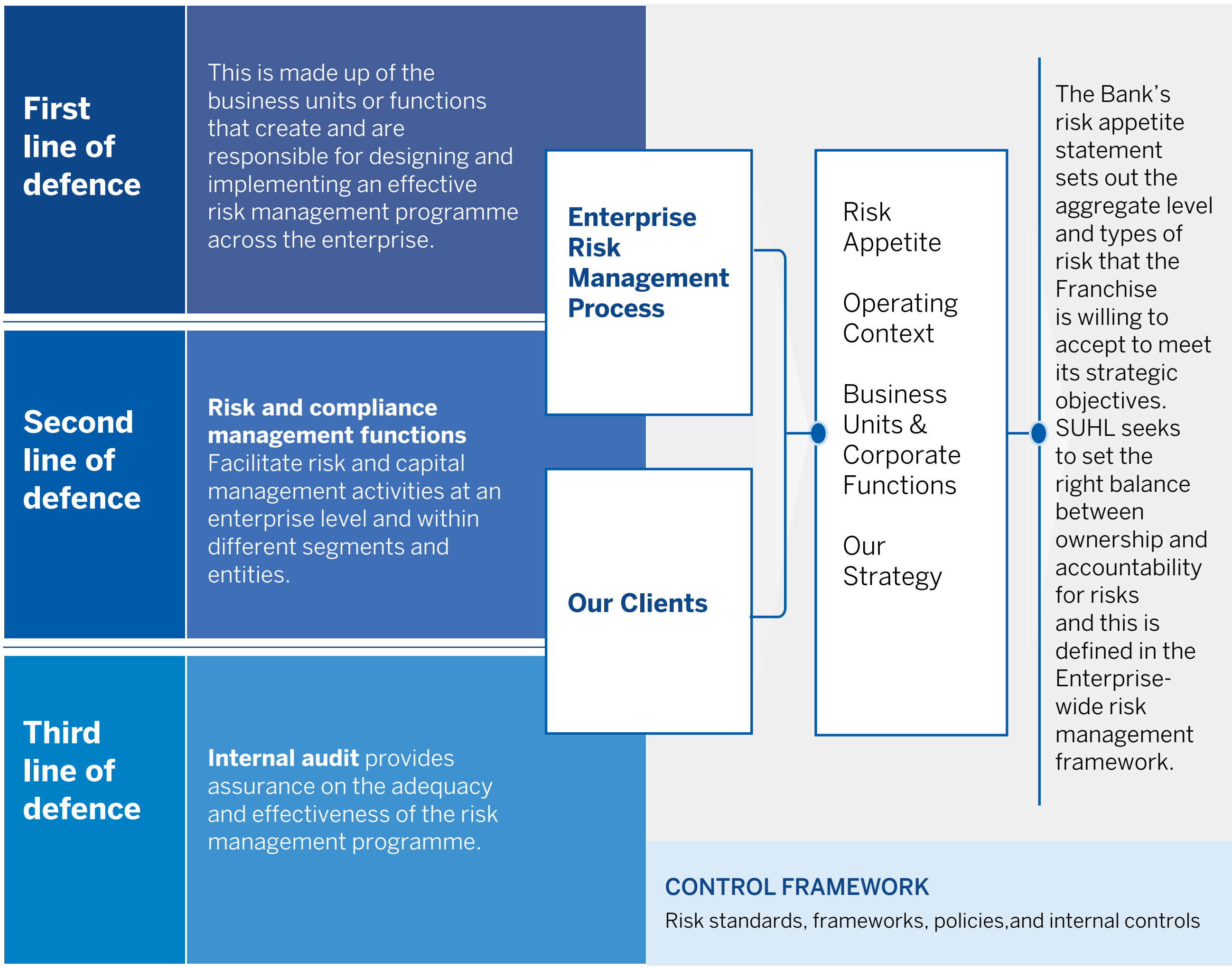
Business Units

Business units own and manage the principal risks inherent in the activities they perform and are also responsible for deploying the appropriate controls to ensure risks are within acceptable tolerances

Governance Documents

These documents set out the requirements for identification, assessment, measurement, monitoring, management and reporting of risks for effective oversight of compliance and effective management of capital. Governance policies are approved by the relevant Board Committee.

Three lines of defence



Risk appetite

Risk appetite

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

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

RISK APPETITE

Portfolio management is performed at a group level across and within business units, risk types and legal entities to ensure that existing and emerging exposure concentrations in countries, sectors, obligors and other risk areas are effectively managed. Risk appetite is reviewed and approved annually in country.

Capital position	We aim to have a strong capital adequacy position measured by regulatory and economic capital adequacy ratios. We manage our capital levels to support business growth, maintain depositor and creditor confidence, create value for shareholders and ensure regulatory compliance.
Funding and liquidity management	We maintain a prudent approach to liquidity management in accordance with prudential guidelines. Each banking subsidiary must manage liquidity on a self-sufficient basis.
Earnings volatility	We aim to have sustainable and well-diversified earning streams in order to minimise earnings volatility through business cycles.
Reputation	We have no appetite for compromising our legitimacy or for knowingly engaging in any business, activity or relationship which could result in foreseeable damage to our reputation or our sustainability.
Conduct	We have no appetite for unfair client outcomes arising from inappropriate judgement and conduct in the execution of business activities, or willful breaches of regulatory requirements. We strive to meet clients' expectations for efficient and fair engagements by doing the right business the right way, thereby upholding the trust of our stakeholders.

Principal Risks Impacting the Bank

Our risk universe comprises the core risk types of our business, grouped into strategic, financial and non-financial categories. We routinely scan our operating environment for changes to ensure we respond appropriately to risk and opportunity.

1 Strategic Risk

The risk to current or projected financial condition and resilience arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to changes in the industry and operating environment

2 Credit Risk

The risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk, concentration risk and country risk.

3 Non-Financial Risk

The risk of loss incurred as a result of the inadequacy of, or failure in, internal processes, people and/or systems or from external events.

4 Funding And Liquidity Risk

The risk that an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

5 Compliance Risk

The risk of legal or regulatory sanction, financial loss or damage to reputation that SUHL may suffer as a result of its failure to comply with laws, regulations, codes of conduct, internal policies, and standards of good practice applicable to its financial activities.

6 ESG Risk

The risk to SUHL's ability to achieve its strategy arising from direct and indirect impacts on the environment, society, and governance.

7 Country Risk

Also referred to as cross-border country risk is the uncertainty that obligors (including the relevant sovereign) will be able to fulfil obligations due to SUHL given political or economic conditions.

8 Legal Risk

The risk of financial or reputational loss that can result from lack of awareness or misunderstanding of, ambiguity in, or reckless indifference to, the way law and regulation apply to SUHL's business, its relationships, processes, products, and services.

10 Market Risk

The risk of a change in the market value, actual or effective earnings, or future cash flows of a portfolio of financial instruments, including commodities, caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange and interest rates, credit spreads, recovery rates, correlations, and implied volatilities in all of these variables.

11 Insurance Risk

The risk that actual future underwriting, policyholder behaviour and expense experience will differ from that assumed in measuring policyholder contract values and in pricing products. Insurance risk arises due to uncertainty regarding the timing and amount of future cash flows from insurance contracts.

12 Reputational Risk

The risk of potential or actual damage to the SUHL's image which may impair the profitability and/or sustainability of its business.

Credit Risk

YEAR IN BRIEF 2023	Gross loans and advances grew by 3.1% year-on-year (y/y) supported by positive asset growth in CIB and PPB by UShs 108Bn. Uplift in PPB assets was underpinned by digital up take and risk appetite supporting growth in key value chains. In CIB asset growth was driven by capital investment & working capital demand. BCB recorded a decrease in assets of UShs 83Bn due to a loan buy-off in the agriculture sector as well as risk asset write offs in trade and construction sectors. Asset Quality : NPLs and CLR at 2.6% and 1.6% respectively showed a downward trend and remained below industry average 0f 5.6%. To manage risk in the BCB portfolio, the Bank has made provisions to cover potential losses. The discounted value of security and loan loss provisions held are assessed to be adequate to cover for these NPLs
FOCUS AREAS FOR 2024	The outlook remains positive anchored by the favorable economic growth; nascent oil and gas sector provides opportunities that will be weighed cautiously. Key growth drivers will be:- Portfolio diversification through targeted origination. Ecosystem prioritization of select value chains on targeted anchor clients. Strategic Partnerships leverage digital platforms & data to unlock economic value.

Country Risk

YEAR IN BRIEF 2023	The year was characterised by slowing inflationary pressure as we saw inflation drop from its peak to below the Bank of Uganda medium target. However, monetary policy remained tight as global geopolitical shocks and a strengthening dollar continued to create risks of inflationary pressures. The balance of fiscal restraint and the monetary policy stance helped maintain interest rates in a stable range through the year. The shilling was stable most of the year but however faced some volatility largely driven by negative sentiment and portfolio outflows to safe haven assets.
FOCUS AREAS FOR 2024	The year has began with benign movements in inflation and volatility in the shilling. Bank of Uganda has already lifted the central bank rate by 50bps in 2024 highlighting possible inflationary pressure from a depreciating shilling impacted by continued portfolio outflows to higher yielding frontier markets. GDP growth is still expected to be robust in the medium term as the ramp up in oil investments continues.

Funding and Liquidity Risk

YEAR IN BRIEF 2023	Sufficient liquidity was maintained to fund business requirements within regulatory and internal appetite limits. Bank of Uganda dropped the Cash Reserving Ratio from 10% to 9.5% as part of the monetary policy cycle as inflation returned to medium term targets.
FOCUS AREAS FOR 2024	Dynamic forecasting of funding and liquidity requirements considering the evolving macro and micro economic landscape to ensure liquidity risk remains well managed. Continued balance sheet optimization to ensure the right tenors in the right amount, in the right currency at the right cost to support the Bank's strategy. Bank of Uganda continues to provide liquidity to supervised financial institutions through the standing lending facility program through the monetary policy tightening cycle.

Insurance Risk

YEAR IN BRIEF 2023	Insurance played a pivotal role as a secondary loss mitigant tool in the organisation's risk management function. The insurance team collaborates closely with other assurance partners to fortify our internal control framework. Throughout the year, despite a rise in both the number and magnitude of insurance claims, our trusted insurance partners efficiently resolved most of these claims within satisfactory timeframes. Particularly noteworthy was the insurance program's invaluable assistance in promptly settling significant-value claims, especially those tied to financial policies.
FOCUS AREAS FOR 2024	In 2024, our primary focus shall remain on maximizing the value derived from our insurance program by addressing residual claims from previous years. Our dedicated team will concentrate on meticulously documenting outstanding claims to facilitate proper recoveries. Collaborating with our diverse assurance partners, we aim to leverage insights gained from past claims to inform our risk mitigation strategies, identify emerging risks and threats, as we support the enhancing of processes that support loss mitigation.

Market Risk

YEAR IN BRIEF 2023	The Uganda shilling traded relatively stable against the US dollar for the year 2023 compared to most East African currencies. The currency faced depreciation pressures as the year ended closing at 3750/3790 levels due to higher corporate demand mainly from oil, telecommunication and manufacturing firms coupled with lower US dollar supply as the year ended. In the interest rate environment, Bank of Uganda (BOU) cut Central Bank rate (CBR) by 50Bps to 9.5% in August 2023 to stimulate economic activity while maintaining inflation below the 5% target. Short end rates remained stable with the 182 day and 364-day rate remaining unchanged in the last Tbill auction in December at 12.4% and 12.8% respectively. On the long end the yields in the primary market edged slightly higher, the 3-year and 20-year bonds moved from 13.5% to 14% and 15.51% to 15.99% respectively.
FOCUS AREAS FOR 2024	The Bank will continue to focus on monitoring and managing the trading book and Banking book market risk, own equity-linked transactions, foreign currency risk and associated hedges in the context of current market volatility, including monetary policy decisions and rate changes.

Capital management

YEAR IN BRIEF 2023	The Bank manages its capital levels to support business growth, maintain depositor and creditors' confidence, and create value for its shareholders strictly within regulatory and internal risk appetite limits as approved by the board. This function is managed under oversight of the Asset and Liability Committee (ALCO). As part of the transition to Basel II Capital Accord, Bank of Uganda issued the Pillar 3 Market Discipline: Guidelines on Disclosure Requirements. The Pillar 3 Disclosure Requirements are designed to promote market discipline by providing market participants with key information on a Bank's risk exposure and risk management processes. The disclosures are published to the Bank website and Stanbic Bank Uganda Limited Bank is compliant with this requirement.
FOCUS AREAS FOR 2024	The transition to Basel II Capital Accord including holding capital for Non-Financial risks remains a key influence in the Bank capital management. All while supporting business growth within regulatory and internal risk appetite limits. The Bank will continue to adjust it's capital management strategy to be responsive to the evolving business landscape.

Compliance Risk

YEAR IN BRIEF 2023

The year was characterized by significant changes in the regulatory landscape thereby elevating the cost of compliance. The heightened regulatory scrutiny, issuance of new laws and amendments to existing laws were largely driven by Uganda's grey list status. Similarly, AML/CFT trends and typologies also continued to evolve from traditional to digital financial crime. The need for alignment to global and regional regulatory framework, emergence of new sector players like Financial Technology (FinTechs) entities, Payment Service providers & operators and Global geo-political wars coupled with the need to strengthen the financial services industry were also key drivers in regulatory change.

The Banking Industry has experienced a shift in regulatory compliance with more stringent requirements and sanctions for non-compliance. Notably, key changes in the year related to increase in capital requirements from to 150BN by June 2024, increased annual license fees from UShs 10M to 0.05% of annual revenue and issuance of enhanced Corporate Governance guidelines. The draft Financial Holding Company Guidelines were issued for review while the Capital Markets Authority (CMA) working and paid-up capital requirements were revised thereby impacting the Custody & SBG Securities business effective Jan'24.

The Competition Bill was passed by Parliament in 2023 and it seeks to sustain fair competition and to prevent practices that have an adverse effect on competition and markets in Uganda; to provide consumers with competitive prices and opportunities for Ugandans to participate in the world market and to guarantee that all persons have an equitable opportunity to participate in the economy.

FOCUS AREAS FOR 2024

Doing the Right Business, the Right Way remains the primary focus for the franchise in addition to strengthening relationships with key regulators and leveraging the Uganda Bankers Association (UBA) and other sector associations to collectively influence regulatory reform. Continued enhancement of the AML/CFT control framework remains key to avoid regulatory sanction.

Similarly, continuously upskilling our employees to support the Bank navigate new unchartered business territories in a prudent, sustainable, and responsible manner remains vital. Uganda was exited from the Grey List in February 2024.

ESG Risk

YEAR IN BRIEF 2023

Environmental and Social risk assessments are fully embedded in the credit life cycle of all transactions that we finance.

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

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

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

FOCUS AREAS FOR 2024

The Bank's overarching environmental and social management system (ESMS) comprises various risk management policies, procedures, processes and tools. The ESMS seeks to guide all relevant stakeholders within the Bank through the implementation of E&S risk management.

Our E&S risk governance standard sets out the E&S risk management framework, which provides for the governance, identification, measurement, management and reporting of E&S risks associated with the group's financing and investment activities. The standard is supported by the group E&S risk policy, which details how the framework should be implemented. SUHL's environmental and social risk team is responsible for reviewing, updating and ensuring the effective implementation of the standard and policy.

Non-Financial Risk

YEAR IN BRIEF 2023

The year 2023 continued to be a challenging year for non-financial risk management. SUHL focused on continuing to improve the control environment through the brilliant basics programme. The programme entrenched the operation of standard controls across the organisation. SUHL emphasized efforts to make further improvements to the risk culture through driving ownership and accountability for risk and control at all levels of the organisation. In some instances, quick consequence management, where appropriate, was taken where the values of the organisation were not upheld.

We leveraged data and automation to enhance our risk management capabilities and to ensure the appropriate mitigation plans were developed that were commensurate to the threat level. This included actively monitor areas of the Franchise that are typically the target of fraudsters. Furthermore, we enhanced our training and awareness programmes to include lessons learned from internal and external events. We continued to apply an integrated risk management approach that leverages the capabilties that sit across the three lines of defense.

FOCUS AREAS FOR 2024

For 2024, SUHL will continue to drive embedding the right culture and conduct across the organisation through Brilliant Basics program. SUHL will continue to calibrate its risk appetite across different risk types to support the right business growth opportunities in the right way. There will be continued focus on the embedment of risk management capabilities at the point of decision making to strengthen the control environment. SUHL will focus on relevant risk and control awareness training and the effectiveness of the Business unit Risk and Control Self Assessments. SUHL will focus on the adoption and embedment of the conduct risk framework. Considering the challenging operating environment, SUHL will move forward with continuous improvements to the fraud prevention, detection and monitoring capability with considerable attention being given to ensuring that the existing capacity and technological capability is in place to protect the organisation from external threats.

Management will also give considerable attention to strengthening the quality, integrity and security of data used for management reporting. In addition, building further on already existing capability to manage data privacy in line with regulatory requirements will be central.

In 2024, SUHL will further pay attention to its Social, Economic and Environmental (SEE) responsibilities by reviewing the SEE framework. Attention will also be paid to buttressing internal ESG understanding and capability across the organisation as well as paying due attention to emerging issues related to Climate Risk. SUHL will leverage expertise within the Group to ensure that progress is made on this front.

SUHL will also progress with focus on automation / digitization of critical business processes to limit manual intervention and human error.

Lastly, all the 3 Lines of Defense will coordinate their efforts to ensure wider coverage and minimal duplication of effort in proving assurance.

Top Five Emerging Risks – represents risks impacting the operating environment that could have a material impact on the achievement of our strategic priorities.

Risk Theme			Strategic Priority
DESCRIPTION	Operational resilience	The risks arising from end-of-life technologies, legacy infrastructure and the costs thereof, compounded by persistent cyber threats, levels of third-part resilience, scarcity of skills, and ability to successfully implement large-scale modernisation programmes.	Transform client experience. Execute with excellence
	Uncertain and challenging economic environment	This risk describes challenging growth prospects amid high inflation, the impact of high interest rates and foreign exchange liquidity shortages and volatility, as well as increased scams and fraud perpetrated on the consumer.	Drive sustainable growth and value
	Financial services competition	Continued expansion of landscape of bigtech, fintech and incumbent banks; offering simple, efficient and affordable banking and other financial services.	Execute with excellence
	Sovereign Debt	Increase of sovereign debt crises in countries across the continent or the voluntary decision of a sovereign to restructure their local debt leading to losses.	Drive sustainable growth and value
	Climate	The risks arising from the impact of climate change, access to transition finance, greenwashing and other climate related matters.	Execute with excellence Drive sustainable growth and value
UNDERLYING THREATS/ ISSUES	Operational resilience	▪ Evolving cyber landscape and cyber crime ▪ Cyber resilience of third-party service providers and third-party dependence ▪ Technology instability and reliability of digital channels ▪ Information security ▪ Data privacy ▪ Skills scarcity and retention of critical skills	Transform client experience. Execute with excellence
	Uncertain and challenging economic environment	▪ Weak economic growth environment ▪ High inflation environment affecting affordability. ▪ High for longer interest rates. ▪ Limited employment opportunities	Drive sustainable growth and value
	Financial services competition	▪ Competitiveness of customer value proposition ▪ Impact of AI on competition	Execute with excellence
	Sovereign Debt	▪ Foreign currency shortages ▪ Higher-for-longer interest rates ▪ Sovereign downgrades ▪ Impact on companies that operate across jurisdictions	Drive sustainable growth and value
	Climate	▪ Biodiversity loss resulting from poor project execution (e.g., EACOP) ▪ Lack of sufficient climate funding ▪ Energy security trade-offs	Execute with excellence Drive sustainable growth and value

	Risk	Actions	Strategic value drivers
TREATMENT	**Operational resilience**	▪ Enhanced detection and response capabilities, meeting the rising threat landscape and reducing the impact of cyber incidents ▪ Reviews of third-party performance and continuity plans ▪ Enhanced disaster recovery capability development and testing ▪ Continued zero-trust journey using cloud-first security capabilities. ▪ Close monitoring of end-of-service technologies and accelerating the decommissioning of legacy systems ▪ Appropriate prioritisation and management focus to enable delivery of large-scale IT programmes within budget. ▪ Targeted talent acquisition and retention strategies to attract and retain people with the required skills by ▪ Creating an exceptional work experience ▪ Maintaining competitive reward strategies	Transform client experience. Execute with excellence
	Uncertain and challenging economic environment	▪ Active credit portfolio management, including heightened monitoring of non-performing loans and provisioning. ▪ Utilisation of suitable interest rate swaps for hedging purposes ▪ Targeted debt restructuring for distressed clients ▪ Enhanced fraud capability, fraud management culture and proactive detection capabilities ▪ Strategy revision to cater for material changes.	Drive sustainable growth and value
	Financial services competition	▪ Adaption of strategy and operating model ▪ Development of competitive solutions and differentiated product offerings ▪ Accelerated decommissioning of legacy systems ▪ Additional strategic partnerships to build a platform organisation. ▪ Decoupling of capabilities between PPB and BCB	Execute with excellence
	Sovereign Debt	▪ Closely monitor countries with high risk of debt distress ▪ Reinforce lessons learnt from countries' debt restructuring ▪ Maintain affordability buffers for rate increases, including tightening lending parameters and concentration limit monitoring	Drive sustainable growth and value
	Climate	Pursue commercially sound and high credit quality energy transition opportunities, particularly for renewable energy solutions for both commercial and consumer clients.	Execute with excellence Drive sustainable growth and value
OPPORTUNITY	**Operational resilience**	▪ Deepen our employee value proposition through our People Promise ▪ Deliver excellent digital experiences and reduce costs to serve our clients	Transform client experience. Execute with excellence
	Uncertain and challenging economic environment	Support Uganda's trade growth	Drive sustainable growth and value
	Financial services competition	▪ Opportunity to leverage partnerships ▪ Enhanced system resilience	Execute with excellence
	Sovereign Debt		Drive sustainable growth and value
	Climate	▪ Support energy transition and adaptation ▪ Grow sustainable finance offering	Execute with excellence Drive sustainable growth and value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REPORT TO SOCIETY

Abriged version

Further details can be found in our full **Report to Society**

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

Our Sustainability Highlights

Cathy Adengo
Head of Sustainability, Stanbic Bank Uganda

Stanbic Uganda has continued to implement a comprehensive Sustainability strategy that shapes the business priorities across the organisation.

We recognise that as one of the leading organisations in Uganda's economy, our mission is to help develop a sustainable economy and to empower people to build better futures.

By delivering on our sustainability priorities, we create a meaningful impact in our communities and for stakeholders we serve.

We continue to be instrumental and core to facilitating Uganda's economic growth and prioritizing lending to a wide range of growth sectors ranging from primary growth sectors including Agriculture, Infrastructure, Trade, Health Care, Education and SME growth and much more.

Our 2023 report to society highlights our major interventions in line with our commitment to our Social, Economic and environment (SEE) impact priorities.

Social Impact

Stanbic Uganda is committed to creating great social impact through youth empowerment, education, healthcare, and driving ethical business practices.

We are proud of our youth empowerment and education programme known as the Stanbic National Schools Championship that has been running for 7 years. The programme reaches 100 schools, 2,500 teachers, and 60,000 students annually. More than 180,000 students have participated in the programme since its inception. Through the competition, over 200 business ideas have been created in the schools.

In the area of health, Stanbic Uganda partnered with Ministry of Health and the Private sector players to create the Corporate Society for Safe Motherhood to launch through these efforts Stanbic bank Uganda equipped 52 health centres across the country in 2023 with a total investment of UGX 800 million.

Economic Impact

Our objectives under the economic impact pillar are to support Job creation, Enterprise/SME growth, Financial Inclusion, and Infrastructure development

A critical intervention that was put in place to support economic recovery for vulnerable groups including SME's is the Stanbic Economic Enterprise Restart Fund (EERF). In 2023, over UGX 34 billion up from UGX 20 billion was disbursed under the EERF to improve women-owned SME and SACCOs/VSLAs loans access in Uganda.

Further details can be found in our full **Report to Society**
www.stanbic.co.ug/ugandaholdings/stanbic-uganda-holdings-limited/investor-relations

ECONOMIC RECOVERY

Stanbic Economic Enterprise Restart Fund

USHS **34 bn**

SME growth through Stanbic Business Incubator

2,348

To support SME growth, over 2,348 SME businesses were trained in 2023 through our Stanbic Business Incubator. The incubator continues to provide critical capacity development programmes for small businesses to improve their operations and long-term growth.

In addition, through our women's proposition Stanbic for Her, loans worth UGX 55.5 billion were disbursed to 7,429 women businesses and individuals, a significant growth from 2022 where we lent UGX 19.7 billion to 1,127. This was as a result of our drive and intention to uplift women and ensure great financial inclusion for women in Uganda.

Environmental Impact

Stanbic adheres to the United Nations (UN) Principles for Responsible Banking. As a market leader, we apply best practice principles to ensure responsible ESG procedures are applied through our lending.

We have implemented the Environmental and Social (E&S) risk screening and assessment process for all our client's financial transactions. E&S screening is done to help our clients strengthen their resilience and adaptive capacity to environmental and social risks through assessment of the impacts of their businesses.

In 2023, Stanbic undertook environmental and social risk screening for over 2,086 client transactions within our credit process.

Looking ahead

The Board of Directors and Executive Management remain committed to ensuring that Sustainability and ESG is central to the business strategy. Sustainable business practices result in improved financial performance for corporations and it is our objective that we continue to prioritise it to create value for our shareholders and more importantly society.

We shall be prioritising as an organisation is our efforts to address the climate change crisis by reducing the carbon-intensity of economic growth and financing adaptation initiatives to improve the resilience of communities, infrastructure, and businesses.

In this journey, we are developing a sustainable finance framework and focusing on building more knowledge and capacity development for our team on ESG risk and opportunities in order to develop the appropriate solutions for our clients and tackle the nations climate challenges.

As Environmental considerations will be a key focus for us going forward, social development and economic growth will also remain prioritised as they are interlinked. They must address them together and not in isolation. We shall therefore continue to ensure that we maintain a robust approach to implementing our sustainability and ESG priorities across the business.

> We continue to be instrumental and core to facilitating Uganda's economic growth...

Further details can be found in our full **Report to Society**
www.stanbic.co.ug/ugandaholdings/stanbic-uganda-holdings-limited/investor-relations

Our Positive Impact

Social Impact

Education and Youth Empowerment

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

17 PARTNERSHIPS FOR THE GOALS

UGX **43.5**bn

Loans extended to schools and Tertiary education institutions to support the growth of Uganda's education sector and access to quality education.*

3,532,376

Total number of Ugandans benefited from CSI programme.

2022: **331,684**

The growth in impact is due to improved approach in monitoring reach to beneficiaries.

420,000

Students reached through National Schools

2022: **360,000**

200,000

Mothers supported through Stanbic Maternal Health programmes.

2022: **78,000**

***New metric being measured and published.**

Economic Impact

SME Growth, Economic Growth and Financial Inclusion

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

2,348

SME businesses trained through Stanbic Business incubator.

2022: **1,074**

19,000

Women Businesses and **individuals** financed through Stanbic for Her.

2022: **17,000**

UGX **34**bn

Disbursed over to **211 SACCOs/VSLAs.**

2022: **20.2**bn

UGX **354**bn

Taxes paid by Stanbic Uganda.

2022: **272**bn

Further details can be found in our full **Report to Society**
www.stanbic.co.ug/ugandaholdings/stanbic-uganda-holdings-limited/investor-relations

Environmental Impact

6 CLEAN WATER AND SANITATION
11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION
15 LIFE ON LAND

74,000 **trees planted**

ROOTS campaign in partnership with NEMA & various private sector players.

2022: **74,000**

KGS **1,244**

Of plastic waste were collected for recycling from Stanbic premises.*

KGS **15,184**

Paper collected and recycled for cycle one.*

UGX **2,086**

Number of clients screened for Environmental and Social risk assessments.*

***New metric being measured and published.**

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

Sustainability Overview

Our Sustainability Approach

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

SEE

We aim to **maximise positive social, economic and environmental (SEE) impacts** of our business activities and minimise negative impact

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

SUSTAINABLE DEVELOPMENT GOALS

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

ESG

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

We **recognise eective ESG risk management** as a competitive and strategic dierentiator

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

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

- An expression of our values
- Informs our code of ethics and conduct
- Supports responsible corporate citizenship
- Creates shared value for the group and society
- Enables diverse stakeholders to hold us to account

MAXIMISE POSITIVE IMPACT

EFFECTIVE GOVERNANCE AND RISK MANAGEMENT

Further details can be found in our full **Report to Society**
www.stanbic.co.ug/ugandaholdings/stanbic-uganda-holdings-limited/investor-relations

Frameworks applied

Various benchmarks and international frameworks inform our reporting. The issues raised by our internal and external stakeholders in our day-to-day interactions are also considered. We report in reference to the Global Reporting Initiatives (GRI) guidelines.

Our ability to create value depends on our use and impact on certain resources and relationships (capitals). We apply the capitals model, adopted by the International Integrated Reporting Council in the International (IR) Framework, in managing and accessing our ability to create value over time and our sustainability performance. The following six capitals are fundamental to the long-term viability of our business: natural, social, human, intellectual, manufactured (or manmade) and financial. The capitals are considered in the commentary in this report.

Sustainability Performance

The sustainability performance Indicators focus attention on the Social, Economic and Environmental impacts that our activities have on the communities in which we operate and disclose how the risks that may arise from interactions with our stakeholders and other institutions are managed and mitigated.

We recognise that we have a diverse set of stakeholders with different information needs. We seek to balance these needs with our regulatory requirements by preparing several reports. Our report to society provides a holistic assessment of how our strategy, governance, performance, and prospects create value over time.

This report is for a broader set of stakeholders. It aims to communicate in a concise and accessible way, how we create shared value. Our focus is on the key issues that affect all our stakeholders and our ability to deliver on our purpose – Uganda is our home, we drive her growth.

Scope and boundary

This report covers SUHL's operations in Uganda and focuses on the most material aspects of our business in relation to our strategy. We consider an issue to be material if it is likely to impact our ability to achieve our strategy and to remain commercially sustainable and socially relevant. Material issues are those that have a strong bearing on our stakeholders' assessments of the extent to which we fulfil their needs over the long term. We also consider the factors that affect the economic growth and social stability of the communities in which we do business. The material issues identified in 2023 have been reaffirmed as being the most relevant to SUHL for the period ending 2023. These issues are detailed in the reporting practices section.

Further details can be found in our full **Report to Society**
www.stanbic.co.ug/ugandaholdings/stanbic-uganda-holdings-limited/investor-relations

Our Sustainability Strategy

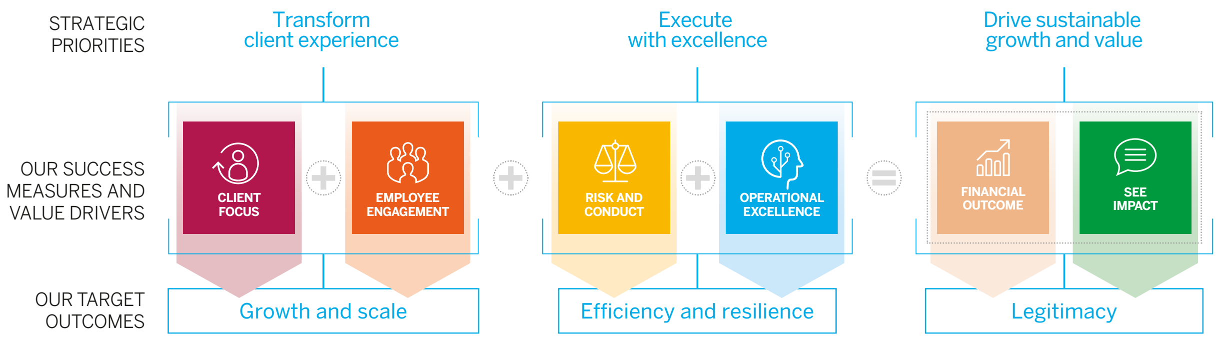
At Stanbic Uganda, sustainability is an integral part of our business strategy. Sustainability and sustainable business practices are embedded at every level of our business. We believe that our most important contribution to sustainable development is to operate an effective and profitable SUHL.

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

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

Our Group Value Drivers

We create value by living our purpose and achieving our vision through the diligent execution of our strategy. Our strategic value drivers measure our strategic progress, allowing us to focus on the value we aspire to create for all our stakeholders.



Focus areas:

Social: Under the framework, the business has committed to support education, youth Empowerment, health and responsible business. In the area of education and youth empowerment, Uganda is among the youngest nations in the world with over 78% of its population below the age of 30 with literacy levels of just over 50%.

Therefore, Stanbic has been deliberate in creating interventions to support youth through education programmes and youth customer value propositions. Health also remains an underserved sector and we continue to create appropriate solutions to improve quality health care in Uganda.

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

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

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

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

Further details can be found in our full **Report to Society**
www.stanbic.co.ug/ugandaholdings/stanbic-uganda-holdings-limited/investor-relations

Stanbic Uganda Sustainability Framework

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

SOCIAL

We build a healthy, inclusive society

01 Education & youth empowerment

We empower the current and future workforces

4 QUALITY EDUCATION | 17 PARTNERSHIPS FOR THE GOALS

02 Health

We contribute to a safe and healthy society

1 NO POVERTY | 3 GOOD HEALTH AND WELL-BEING

03 Responsible business

We collect and use data responsibly and comply with relevant regulations

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

ECONOMIC

We finance economic growth and inclusion

01 Job creation & enterprise growth

We create inclusive, decent jobs and empower progressive SME growth

8 DECENT WORK AND ECONOMIC GROWTH | 17 PARTNERSHIPS FOR THE GOALS | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

02 Financial inclusion

We use digital solutions to deepen financial inclusion

1 NO POVERTY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

03 Infrastructure

We finance developmental infrastructure

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

ENVIRONMENTAL

We protect natural resources and healthy ecosystems

01 Protection of natural resources

We use resources responsibly in our operations

6 CLEAN WATER AND SANITATION | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

02 Green solutions

Our financing and services protect our natural resources

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

03 Environmental partnerships

We promote environmental awareness

13 CLIMATE ACTION | 17 PARTNERSHIPS FOR THE GOALS

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

- Education
- Health
- Job creation and enterprise growth
- Financial Inclusion
- Infrastructure
- African Trade and Investment
- Climate change and sustainable Finance

Sources: Standard Bank Group (2020), Integrating SEE impact & ESG risk management. / National Planning Authority (2020), Third National Development Plan. / World Bank (2021), Uganda, Overview

ESG Risk Management

Further details can be found in our full **Report to Society**
www.stanbic.co.ug/ugandaholdings/stanbic-uganda-holdings-limited/investor-relations

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

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

ESG Principles and frameworks

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

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

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

ESG risk screening for new lending

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

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

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

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

Further details can be found in our full **Report to Society**
www.stanbic.co.ug/ugandaholdings/stanbic-uganda-holdings-limited/investor-relations

Our Contribution and Payments into the Economy and Stakeholders

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

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

1. Value Added Statement

Value added statement for year ended 31st December 2023	2023	% of wealth created	2022	% of wealth created	2021	% of wealth created
Value added	**UGX '000**		**UGX '000**		**UGX '000**	
Interest Income	781,926,437	94%	635,024,818	88%	543,994,626	99%
Commission fee income	204,050,335	25%	176,874,385	24%	164,759,392	30%
Other revenues	281,200,458	34%	271,611,706	38%	240,696,978	44%
Interest paid to depositors	(73,033,033)	-9%	(45,612,036)	-6%	(45,968,548)	-8%
Other operating expenses & impairments	(364,140,162)	-44%	(315,190,279)	-44%	(354,086,987)	-64%
Wealth Created	830,004,035	100%	722,708,594	100%	549,395,461	100%
Distribution of wealth						
Employees	252,911,564	30%	212,397,514	29%	178,547,838	32%
Government	161,410,569	19%	148,777,820	21%	100,195,692	18%
Ordinary shareholders - (Dividends)	124,000,000	15%	148,000,000	20%	40,000,000	7%
Non-Controlling Interests	31,000,000	4%	37,000,000	5%	10,000,000	2%
Corporate Social Investment (CSI) spend	4,150,798	1%	4,152,352	1%	1,339,839	0%
Retentions to support future business growth	256,531,104	31%	172,380,908	24%	219,312,092	40%
Wealth Distributed	830,004,035	100%	722,708,594	100%	549,395,461	100%

Further details can be found in our full **Report to Society**
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2. Loan Disbursement per category

	2023	2022	2021	2020
	UGX	UGX	UGX	UGX
Corporate and Investment Banking	2,267,185,913,792	1,767,551,089,806	1,613,128,094,465	2,041,784,969,158
Business banking	1,961,663,196,561	1,657,342,856,905	539,579,403,046	1,014,893,707,726
Personal banking	483,600,288,430	550,641,994,373	248,597,129,396	154,007,448,965
Total	**4,712,449,398,783**	**3,975,535,941,084**	**2,401,304,626,907**	**3,210,686,125,849**

3. Financial intermediation by sector and focus factions

Loan Balances per Sector	2023	2022	2021	2020
Economic Sector	UGX '000	UGX '000	UGX '000	UGX '000
Agriculture, Fishing & Forestry	446,296,650	437,507,114	467,077,303	484,530,596
Mining and Quarrying	10,377	11,652	3,528	201,152
Manufacturing	354,603,490	365,202,060	434,937,299	345,510,386
Trade	638,711,712	663,004,206	482,955,167	504,355,116
Transport and Communication	553,574,756	417,180,956	301,297,043	285,968,005
Electricity and Water	106,146,874	136,146,627	125,581,718	127,378,090
Building, Mortgage, Construction and Real Estate	622,047,364	572,895,483	506,712,319	445,350,107
Business Services	74,780,174	112,402,857	81,192,158	62,197,173
Community, Social & Other Services	53,037,281	85,812,572	561,986,036	733,599,019
Personal Loans and Household Loans	1,153,707,552	1,043,829,230	962,523,742	809,109,664
TOTAL*	**4,002,916,230**	**3,833,992,758**	**3,924,266,315**	**3,798,199,308**

4. Financial enablement for our employees

	2023		2022		2021		2020	
	No of Loans	**UGX**	**No of Loans**	**UGX**	**No of Loans**	**UGX**	**No of Loans**	**UGX**
Staff Home Loans	53	8,678,544,097	83	9,108,324,837	35	8,872,554,218	9	952,005,645
Staff Personal Loans	2,504	34,707,848,907	3,479	29,664,036,189	1,025	18,806,910,954	768	10,527,719,517
Total	**2,557**	**43,386,393,004**	**3,562**	**38,772,361,026**	**1,060**	**27,679,465,172**	**777**	**11,479,725,162**

Further details can be found in our full **Report to Society**
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CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

BOARD CHAIRMAN SUHL

Baker Magunda58

Academic Qualifications
- BS-Economics-Makerere University
- Diploma In Advanced Management -IESE Business School

Primary Strengths and Skills
- Commercial and Executive Management
- Corporate Governance

Year of Appointment
- 2023

Committee
- Nomination and Remuneration (Chair)

NED SUHL

Yinka Sanni57

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

Primary Strengths and Skills
- Financing
- Capital Raising
- Privatization Advisory
- Asset Management and Consumer Banking

Year of Appointment
- 2023

Committee
- None

CHIEF EXECUTIVE SUHL

Andrew Mashanda53

Academic Qualifications
- BSC-Accounting- University of South Africa
- PGD-Global Management -University of Salford, UK

Primary Strengths and Skills
- Banking and Investment
- Strategy Planning and Execution
- Risk, Capital Management and Controls

Year of Appointment
- 2020

Resigned
- 2023

Committee
- None

CHIEF EXECUTIVE SUHL

Francis Karuhanga49

Academic Qualifications
- Fellow of the Association of Chartered Accountant-FCCA-UK
- Certified Financial Services Auditor (CFSA)
- MS-Accounting and Finance-Makerere University
- Bachelor of Commerce Degree-Accounting-Makerere University

Primary Strengths and Skills
- Banking and Investment
- Strategy Planning and Execution
- Risk and Capital Management and Controls

Year of Appointment
- 2024

Committee
- None

INED SUHL

Robert Busuulwa53

Academic Qualifications
- Member of the Institute of Chartered Accountants in England and Wales
- Member of ICPAU-CPA Uganda

Primary Strengths and Skills
- Audit, Tax, Accounting and Finance
- Risk Management and Controls
- Doing Business in Sub–Saharan Africa and Emerging Economies

Year of Appointment
- 2021

Committee
- Audit and Risk (Chair)

BOARD CHAIRMAN SBUL

Damoni Kitabire65

Academic Qualifications
- MSC-Finance-Strathclyde University, Glasgow
- Diploma-National Economic Planning-Central School of Planning Warsaw, Poland
- BA-Economics- Makerere University

Primary Strengths and Skills
- Macro Economics, Finance and Accounting
- Development Banking
- Public Policy and Leadership of Large Complex Organizations

Year of Appointment
- 2021

Committee
- None

NED SBUL

Patrick Mweheire[53]

Academic Qualifications
- MBA-Harvard University
- BSC-Daemen College-NY

Primary Strengths and Skills
- Banking and Investment
- Strategic Planning and Execution
- Leadership of Large Complex Organizations
- Doing Business in Sub-Sahara

Year of Appointment
- 2012

Committee
- Credit (Chair)
- Risk Management (Chair)
- Asset and Liability (Chair)
- People and Culture

NED SBUL

Guido Haller[58]

Academic Qualifications
- MSC-Technological Economics-University of Stirling
- BA- Biology - University of Stirling

Primary Strengths and Skills
- Global Market Risk Management
- Revenue Generation
- Stakeholder Management
- Corporate Liability Solutions

Year of Appointment
- 2024

Committee
- None

CHIEF EXECUTIVE-SBUL

Anne Juuko[42]

Academic Qualifications
- MBA-Strategic Planning -Edinburg Business School
- BCOM-Makerere University

Primary Strengths and Skills
- Banking and Investment
- Strategic and Financial Skills
- Doing Business in Sub–Saharan Africa and Emerging Economies

Year of Appointment
- 2020

End of Tenure
- 2024

Committee
- Credit
- Risk Management
- Asset and Liability

INED SBUL

Emma Mugisha[50]

Academic Qualifications
- MBA-Rotterdam School of Management, Erasmus University
- BA(SWASA)-Makerere University

Primary Strengths and Skills
- Banking and Investment
- Strategic and Financial Skills
- Doing Business in Sub-Sahara Africa and Emerging Economies

Year of Appointment
- 2020

Resigned
- 2024

Committee
- Asset and Liability
- Risk Management

INED SBUL

Eva Grace Kavuma[61]

Academic Qualifications
- MBA-International Management-Thunderbird-Arizona
- BSC Business Administration -Ithaca-New York

Primary Strengths and Skills
- People Development
- Remuneration and Reward
- Stakeholder Relations and Corporate Reputation Management
- Environmental Social Governance

Year of Appointment
- 2016

Committee
- People and Culture (Chair)
- Audit

INED SBUL

Josepha T. Ndamira[43]

Academic Qualifications
- MBA-Edinburg Business School-Heriot-Watt University
- Fellow of the Acca-UK
- BCOM-Accounting-Makerere University

Primary Strengths and Skills
- Audit, Tax, Accounting and Finance
- Risk Management and Controls
- Corporate Governance and Regulation

Year of Appointment
- 2019

Committee
- Audit (Chair)
- Risk Management

INED -SBUL

Elizabeth K. Ntege[54]

Academic Qualifications
- Business Incubation Management-African Business Incubation Institute-SA
- Bullet Proof Management and Leadership-Creston International- USA
- Certified Network Associate and Professional-Cisco Systems Inc.
- BEng-Electronics Engineering- De-Montfort University-UK

Primary Strengths and Skills
- Digitization, Data, and IT
- People Development, Remuneration and Reward
- Doing Business in Sub-Saharan Africa and Emerging Economies

Year of Appointment
- 2019

Committee
- Technology and Innovation
- Credit
- People and Culture
- Risk

INED -SBUL

Kim Kamarebe[39]

Academic Qualifications
- MBA-Harvard Business School
- BS-Financial Engineering-Princeton University

Primary Strengths and Skills
- Investment and Capital Markets
- Business Transformation and Innovation
- Risk and Capital Management

Year of Appointment
- 2022

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

INED SBUL

Kenneth Patrick Ogwang[43]

Academic Qualifications
- MBA-Strategic Management -United States of International University-Africa
- BSC-Statistics Computing -Makerere University

Primary Strengths and Skills
- Relationship and Stakeholder Engagement
- Budget and Financial Management
- IT Service Delivery
- Digital Transformation
- IT Business Strategy Development
- Governance and Leadership

Year of Appointment
- 2023

Committee
- None

INED -SUHL, SBGS

Agnes A. Konde[51]

Academic Qualifications
- Fellow of the Chartered Institute of Marketing
- Global CEO Program-IESE Business School
- MBA-University of Liverpool
- BA(SS)-Makerere University

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

Year of Appointment
- 2020

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

INED -SUHL, SBGS, SPL

Mona M. Ssebuliba[42]

Academic Qualifications
- MBA-Edinburgh Business School-Heriot-Watt University
- BA-Finance-Makerere University

Primary Strengths and Skills
- Capital Markets
- Investment Management
- Agribusiness Financing
- Asset Management

Year of Appointment
- 2023

Committee
- Audit and Risk-SUHL

NED -SBIL

Catherin Poran[53]

Academic Qualifications
- MBA-Heriot-Watt University Edinburg
- PGD-Business Management-Makerere University Business School
- LLM-Buckingham University

Primary Strengths and Skills
- Banking
- Marketing
- Credit Management
- Business Strategy
- Relationship Management

Year of Appointment
- 2020

Committee
- None

NED-FLYHUB

Hasan Khan[51]

Academic Qualifications
- Arab Unity High School

Primary Strengths and Skills
- Banking
- Global Markets
- Treasury Management
- Digital Strategy

Year of Appointment
- 2022

Committee
- None

NED-SBIL

Pauline Mbayah[58]

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

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

Year of Appointment
- 2023

Committee
- None

NED-FLYHUB

Haruna Mawanda Juuko[48]

Academic Qualifications
- PHD - IT and Computer Science-Capella University-Minneapolis-MN-USA
- MS- Information Science-Capella University- Minneapolis-USA
- Member of the Certified Information Systems Auditor

Primary Strengths and Skills
- Cloud Strategy
- Software Development and Programming
- Digital Strategy, Innovation and Information Technology
- Digital Transformation and Solutions

Year of Appointment
- 2020

Committee
- None

CHIEF EXECUTIVE-SPL

Spencer Sabiiti[39]

Academic Qualifications
- MBA-Edinburg Business School
- PGD-Construction Project Management -Makerere University
- Professional Member of the International Organization of Health and Safety-UK
- BSC-Quantity Survey-Makerere University

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

Year of Appointment
- 2020

Committee
- None

CHIEF EXECUTIVE SBIL

Tony Okao Otoa[42]

Academic Qualifications
- LLM- Oxford Brookes
- BSc International Relations and Communication and Media- Oxford
- Brookes.

Primary strengths and skills
- Stakeholder Management
- Enterprise Management
- Advisory
- Capacity Building
- Entrepreneurship

Year of Appointment
- 2020

Resigned
- 2024

Committee
- None

CHIEF EXECUTIVE-FLYHUB

Joel Muhumuza[38]

Academic Qualifications
- MBA-Southern University and Agricultural and Mechanical College-Baton Rogue
- BCOM-Finance General-Makerere University

Primary Strengths and Skills
- Innovation
- Digital Strategy
- Digital Transformation and Solutions
- Mobile Financial Services

Year of Appointment
- 2021

Committee
- None

SBUL EXECUTIVE COMMITTEE

Anne Juuko
Chief Executive
Joined the Bank: 2012
Joined EXCO: 2020
End of tenure: 2024

Emma Mugisha
Head Business and Commercial Banking (BCB)
Joined the Bank: 2013
Joined Exco:2018
Resigned: 2024

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

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

David Mutaka
Head, People and Culture (P&C)
Joined the Bank: 2010
Joined EXCO: 2020

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

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

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

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

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

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

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

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

Samuel Isiko Bulenzi
Ag. Chief Information Officer,
Joined Bank: 2020
Joined Exco: 2023

Tich Makonese
Head, Insurance & Asset Management
Joined the Bank: 2021

Daniel Ogong
Head Marketing & Communications
Joined the Bank: 2017

Yvonne Wamukota Namutosi
Head, Salesforce
Joined the Bank: 2014

Sam Kikoni
Head Internal Control
Joined the Bank: 2017

SUHL EXECUTIVE COMMITTEE

Andrew Mashanda
Chief Executive SUHL
Joined SUHL: 2020
Resigned: 2024

Francis Karuhanga
Chief Executive SUHL
Joined: 2024

Wilson Odadi
Head Business Enablement
Joined SUHL: 2022
Reassigned to SBG: 2024

Rita Kabatunzi
Company Secretary
Joined SUHL: 2020

Sophie Achak
Investor Relations and Strategic Projects
Joined SUHL: 2020

Atwine Lilian
Head Finance & Value Management
Joined SUHL: 2023

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

Joel Muhumuza
Chief Executive, Flyhub Uganda
Joined Flyhub: 2021

Tony Okao Otoa
Chief Executive, Stanbic Business Incubator
Joined SBIL: 2020
Resigned: 2024

Grace Semakula
Chief Executive, SBG Securities Limited
Joined SBGs: 2024

CORPORATE GOVERNANCE STATEMENT

Our corporate governance practices remained foundational to the organisation's success and impact, serving as a bedrock for board decisions and management accountability in the ever-rising, complex and dynamic business environment.

The Corporate Governance Statement sets out the corporate governance framework adopted by Stanbic Uganda Holdings Limited, Stanbic Bank Uganda Limited, the largest subsidiary under the Stanbic Uganda franchise and beyond-banking subsidiaries, jointly referred to as Stanbic Uganda. Details of the organisational structure are shown on **page 10**. The framework ensures that Stanbic Uganda operates sustainably to the benefit of all stakeholders in line with our purpose, vision and values highlighted on **page 9**. This statement highlights how the key elements of good governance were applied during the 2023 financial year.

Corporate Governance Approach

Our approach to corporate governance enables integrated thinking and decision-making aimed at balancing the achievement of organisation objectives with the interests of our stakeholders by creating a sustainable shared value that preserves value creation in the short, medium, and long term.

The various regulatory and corporate governance frameworks, as indicated in the diagram below, guide our approach to corporate governance and enable adherence to good governance practices across SUHL and its subsidiaries, evidenced by the numerous accolades and recognitions received for good governance at the company and an individual non-executive director level.

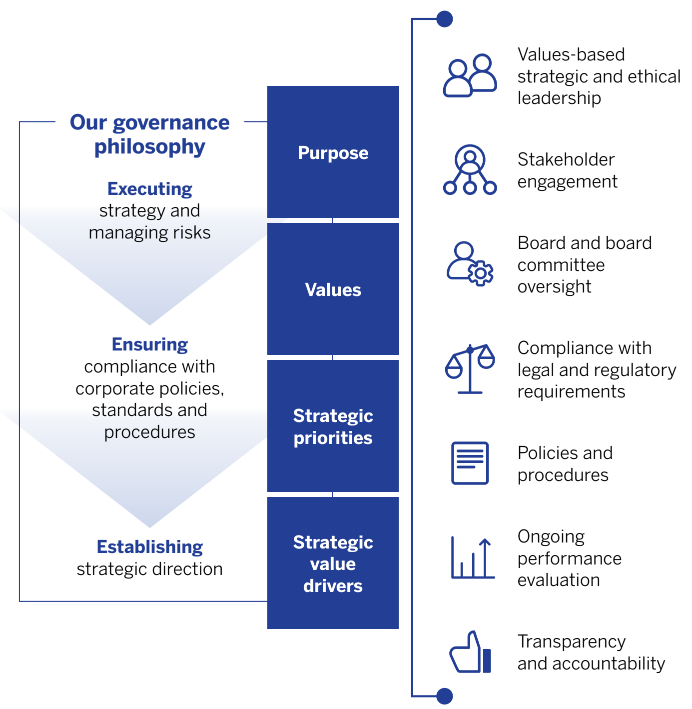
Regulatory landscape

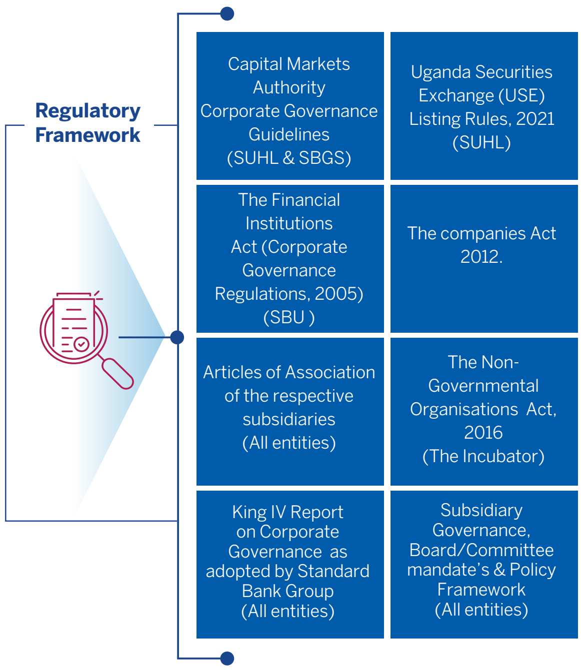
The regulatory landscape continued to evolve in 2023 with the passing and amendment of various laws and regulations such as the Competition Act 2023, Anti-Money Laundering (Amendment) Regulations 2023, Anti-Terrorism (Amendment) Regulations 2023, The Companies (Beneficial Owners) Regulations, 2023, Financial Institutions (Agent Banking) (Amendment) Regulations 2023, Financial Institutions(Preference and Appraised Book Value) Regulations 2023, Bank of Uganda guidelines on the Internal Capital Adequacy Assessment Process.

In addition to the new legislation, the Bank of Uganda issued a draft of the Financial Holding Company Guidelines, which, when adopted, will have implications on the operating model of our Holding Company structure. The Board participated in consultative meetings with the Bank of Uganda on the guidelines, and through Management will continue these engagements to ensure a favourable outcome.

The Capital Markets Authority also issued draft Corporate Governance Guidelines, impacting the Holding Company and SBG Securities Uganda Limited. Consultative engagements are equally ongoing.

Our ability to anticipate and respond effectively to regulatory changes demonstrates the agility of our framework and structures. During the year under review, the Board remained mindful of its mandate to ensure regulatory compliance and acted proactively to support Management in ensuring compliance. This was achieved through collaboration with Management to determine and put in place necessary systems and procedures for compliance with requirements for independent Chairmanship of all committees at the Bank, thought leadership on the impact of changes and engagements with the stakeholders through attendance of workshops. The Board considered and approved proactive changes to Board mandates and policies to align with new regulations, including the adoption of prescribed terms of reference, a code of ethics and adherence to requirements for fit and proper assessments.





Above is a summary of Stanbic Uganda's primary regulatory bodies. Other key regulators include the Insurance Regulatory Authority, Deposit Protection Fund, Uganda Revenue Authority, and Uganda Retirement Benefits Regulatory Authority.

Subsidiary Governance Framework and Policy Framework

Our subsidiary governance framework has provided a structured approach to the standardisation of governance across all our subsidiaries. This is done through enumeration of guidelines, processes and structures for the effective governance and management of the subsidiaries. The existent governance culture is grounded in the fundamental principles of good corporate governance, which include accountability, transparency, ethics, disclosure, fairness, and social responsibility.

The highest standard is adopted for all businesses, including the private companies, in recognition that it is critical that we do business the right way to build sustainable businesses to maximise shareholder return and to impact society positively.

The subsidiary governance framework, in alignment with the regulatory framework, is a principles-based approach to governance, prescribing various practices to support the embedment of the framework. The framework informs the board mandates for each subsidiary, which are tailored to the various industries and consider the maturity and minimum requirements for compliance. It also informs the delegation of authority framework for the Chief Executives, which include thresholds for capital expenditure, investment, and strategic decisions.

In determining the level of control and oversight, the Board remains cognizant of the need to balance its monitoring role while ensuring business agility. The roles and responsibilities are clearly delineated to maintain the separation of management and board affairs.

In 2023, the focus was on the embedment of the subsidiary governance framework following the 2022 review, which aligned the framework with the evolving trends in corporate governance and new regulatory requirements. The amendments expounded on board composition matters such as director independence, retirement, succession planning, board development and dispute resolution. A key introduction was a framework for dispute resolution at the board level and access to external professional advice.

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

Evolving Role of the Board

The Board is the bedrock of, and ultimately accountable for, good corporate governance and has retained effective control through the governance framework described above. The board, like management, strives to embody the corporate values of proactivity, constantly raising the bar and integrity, maximising value for the shareholder and customer focus, and setting the tone at the top.

In this era of complexity and unprecedented change, boards face new challenges in delivering on their oversight role and meeting the expectations of shareholders and stakeholders. In addition to the traditional role the Board plays, it remains cognisant of the need to focus its attention on multiple issues from the macroeconomics, the increased importance of ESG and the sustainability agenda, the centrality of Artificial intelligence (AI), particularly generative AI and digitisation and the need to evolve practices.

To this end, the Board continually strives to achieve a forward-looking approach, recognising that boards of impact serve as a means for competitiveness, and therefore, there is a need to translate the capabilities, competencies and diversity of thought and perspective into value for the business.

In fulfilling its responsibilities during the year, the Board continued to provide strategic vision and proactive leadership, which helped position the organisation for long-term success amidst the challenges in the operating environment. The Board remains focused on becoming a catalyst board that serves as a value-enhancing resource for the company, leveraging its capabilities. This is especially key in areas of strategic focus where the business seeks to compete. This proven approach has been useful in driving transformation and supporting management to pivot strategically for advantage and to explore new areas of growth.

At the 2022 board strategy offsite leading into 2023, the Board reviewed the organisation's strategic direction, taking into account the emerging trends and market disruptions such as competition from non-traditional financial institutions, talent wars, economic headwinds, heightened regulatory oversight and ensured that the organisation remained agile and adaptable to the changing circumstances.

The Board encouraged a culture of innovation and adaptation within the organisation and fostered creativity, experimentation, and agility to respond effectively to the changing market dynamics and customer needs. This was demonstrated through the approval of technological enhancements to the agency banking and flexi-pay platforms, as well as keen oversight of the development talent with skills and capabilities needed to drive efficiency and competitiveness in the evolving environment.

Social, economic and environmental (SEE) impact is a key strategic driver for Stanbic and is at the centre of our purpose of driving Uganda's growth. It, therefore, remains a key oversight component for the Board. The board focused on sustainability as a standard item on the agenda, which the chief executives across the organisation report quarterly. At the Bank subsidiary, the mature business entity, the Board risk committee considers environmental, social and governance matters (ESG) and makes recommendations to the Board for consideration. The Board remains responsible for reviewing and approving the Social, Economic and Environmental Framework, Corporate Social and Investment Policy and ESG policy and standards within which management operates. Further details on our sustainability impact can be found on **page 82.**

To this end, the Board tracks Management's deliverables on its strategic goals, which include quarterly performance against the SEE framework and financial performance against financial goals. Financial performance is an outcome of doing the right things and doing the right business the right way.

The Board, in performing its role, was guided by and reviewed Managements performance against the agreed strategic value drivers and key performance indicators highlighted on **page 46**. These ensured adequate tracking and corrective action.

The traditional vital responsibilities of the Board remained as follows:

The traditional vital responsibilities of the Board remained as follows:

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

Onboarding of core competencies of international and core banking experience both at Holdco and Bank subsidiary, as well as technical expertise for the beyond bank subsidiaries in areas such as asset management and real estate, enhance the strategy formulation. In recognition of the maturity of the beyond bank subsidiaries, the recruitment of INEDs to infuse independent thought and challenge is underway.

The Board composition is reviewed annually for appropriateness of skillset, experience, tenure independence and diversity of members to ensure that the respective boards under Stanbic Uganda operate effectively. The majority of the directors on our Holdco and Bank board are independent, while the focus on increasing independence for the smaller, private subsidiaries is in motion. All subsidiaries comply with the requirement that boards should be comprised of a majority of non-executive directors.

The board size is appropriate to facilitate the effective discharge of responsibilities and mandates, including at the committee level. This composition balances power so no individual or group dominates discussion or decision-making.

Gender diversity on the board is demonstrated with a 30% and 67% female representation on the boards of Stanbic Uganda Holdings and Stanbic Bank Uganda respectively. The diversity in skills and gender have facilitated strategic innovation and the development of sustainable solutions for the organisation.

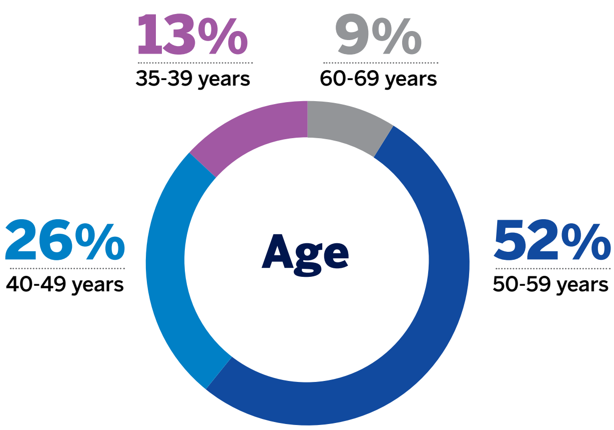
The collective experience of board members provides a balanced mix of skills, experience, demographics, gender, nationalities, and tenure to enable the Board to fulfil its governance role and responsibilities objectively and effectively. The size of the Board is appropriate, with due consideration to succession planning for retirements and associated replacement of skills on the Board.

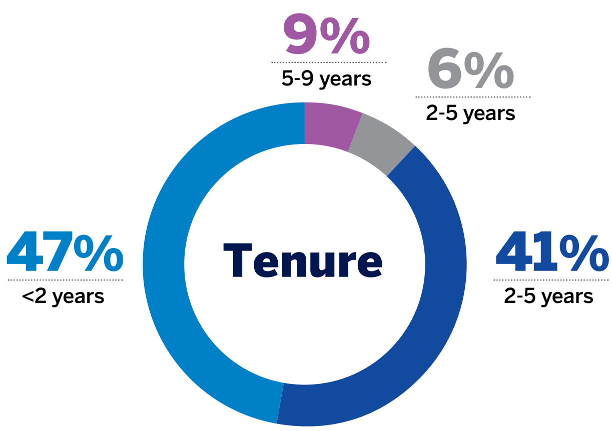
Leveraging the skills matrix, there is a proactive view taken to onboarding required skills for committees as well as critical roles, especially around board leadership, core technical skills and digital skills.

Board Changes

In line with our articles of association and best practice, the Board has adopted a staggered approach to board rotation to invigorate its capabilities by introducing members with new expertise and perspectives while retaining valuable knowledge, skills and experience and maintaining continuity.

One-third of the non-executive directors are refreshed annually through retirement or rotation with the option of being eligible for re-election by shareholders.





In situations where there are vacancies on the Board that need to be filled, this process is enabled by the director recruitment/succession policy, which guides the process of identification of candidates informed by the director skills matrix. Selected candidates are interviewed and recommended to the Board for approval by the Board Nomination, which is an ad hoc committee at the Bank. The appointments are confirmed at the AGM. The Financial Institutions Act requires that directors nominated for appointment to the bank board are subjected to a 'fit and proper test', which was updated in 2022 to assess the competence and capacity of the candidates to fulfil their responsibilities.

The succession policy, skills matrix and rotation schedule discussed above informed the following Board changes during the year: Mr. Japheth Katto and Professor Patrick Mangheni, who both previously served as board chairmen of Stanbic Uganda Holdings Limited and Stanbic Bank Uganda, respectively, retired while Ms. Sola David-Borha resigned to focus on other leadership responsibilities within Standard Bank Group. Mr. Baker Magunda, Mr. Yinka Sanni and Mrs. Mona Muguma Ssebuliba were appointed to the Board of the Holding Company.

Mr. Kenneth Ogwang and Mr. Haller Guido were appointed to the Board of the Bank, while Dr. John Muhumuza Kakitahi was appointed to the Board of Stanbic Properties Limited. Mr. Grace Semakula was appointed as Chief Executive of SBG Securities Uganda Limited.

The SUHL Board continues to monitor succession planning across the organisation and, to the extent applicable, makes the necessary recommendations for appointment with the respective subsidiary Boards. The Board has continued to promote diversity and inclusion in the succession plan, resulting in various initiatives to nurture the next women leaders in the organisation and recruit directors of a younger demographic. As part of succession planning, the Board has supported initiatives that strengthen the executive talent pipeline and provided development opportunities to drive the younger leaders' talent quality.

Continuous Board Development and Director Induction

Board development at Stanbic is approached as a means for collective and individual growth rather than as a tick-box exercise. To this end, a mixed approach has been adopted that comprises learning from experts and building expertise within committees focused on a specific mandate, for example, human capital, risk, audit, and certifications in areas such as ESG. A hands-on approach to learning first-hand from experts within the business has been useful, particularly in infusing the voice of the customer or regulator into board conversations because of first-hand knowledge. This has been useful in driving insightful discussions, improving debate on issues, infusing challenge, and improving board decisions.

It is the constant objective of the Board to be a learning board that leverages information and knowledge obtained from various sources of learning within and beyond the company to enrich the board and director perspectives and, ultimately, decisions.

While the Board continues to rely on its scheduled meetings, in recognition of the fact that interactions outside the boardroom and collaborative deployment of skills can help tackle specific issues, the Board leverages informal sessions and deep dives into specific issues to collectively maximise human capital at Board and management to tackle problems, for example, an emerging risk, growing capabilities in core businesses. The Board remains mindful and respectful of the delineation of roles and applies the eyes-in, hands-out governance approach.

Continuous board development contributes to the board's awareness of relevant trends and skills development and offers relevant information to enable effective oversight as the organisation delivers against its strategic objectives. The areas covered in 2023 were informed by feedback shared by the directors as part of the annual board evaluation exercise, suggestions shared during board meetings and the individual needs of the directors. The sessions were held in the form of webinars, conferences, or workshops and facilitated by both local and international external industry experts as well as internal experts within the Standard Bank Group. Topics covered in 2023 included, among others:

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

In addition to the workshops and seminars attended, the directors enrolled for online internationally certificated courses that covered various topics such as the board role in organisation culture, digital transformation, fundamentals of risk management, cyber security and corporate governance architecture. The Board has also adopted joint regional board development sessions with fellow directors from Stanbic Kenya, Tanzania and Malawi. This approach has facilitated peer-to-peer learning and sharing of information, consequently broadening the directors' knowledge of various matters across the East Africa region.

The newly appointed directors underwent an induction programme that involved meetings with the board chairman, committee chairpersons, regional chief executives, chief executives, and executive management to understand the company's operations. The programme was further enhanced to include visits to key sites and engagements with stakeholders such as customers, shareholders, employees and regulators. The directors also received induction packs that contained relevant governance information such as memorandum and articles of association, governance framework, Board and Committee mandates, organisational structures, significant reports and essential legislation and policies. The remainder of the induction programme was tailored to each new director's specific requirements.

Board Evaluation

The annual board evaluation exercise plays a critical role in promoting accountability and transparency on the Board and provides an opportunity to assess the effectiveness of the Board in fulfilling its responsibilities. The Board mandate requires the Board to undertake an external evaluation at least once every three years to provide impartiality and independence in reviewing the effectiveness of the Board, its committees, and individual directors. Therefore, the 2023 board evaluation was facilitated by an external corporate governance expert. The broad range of topics covered included:

- Board structure and composition
- Board role and responsibilities
- Key Board functions and processes
- Information Architecture
- Board dynamics
- Effectiveness of the Board committees and individual Directors.

The overall average rating was good. The external evaluator commended the Board for the level of transparency during the process and noted that the Board understood its responsibilities and the issues that hinder its effectiveness. The findings and recommendations from the external evaluation inform the board evaluation action plan, which the Board reviews quarterly and monitors progress in addressing the identified areas.

Areas arising from the previous evaluation resolved during the year included the appointment of additional non-executive directors to the Board, adoption of more forward-looking board reporting, allocation of sufficient time for board meetings, and adoption of tailor-made board development sessions.

Summary of the Board and Committee Evaluation Process:

Board Meetings

The effectiveness of a board is hinged on a proactive, anticipatory approach to the future. While the traditional approach of hindsight remains critical for lessons learned and accountability purposes, for the Board to effectively contribute, discussions and decisions should enable pivoting. To this end, the Board is focused on continually building its capability as a forward-looking board, and the agenda is focused on driving this.

The Board has adopted a forward-looking approach to its discussions to ensure reports and discussions provide insights into how the business, industry, risks, and opportunities are shaping up. This application of foresight is critical to effective oversight of the business and shapes its approach to providing leadership to Management. Board decisions are reached by consensus following discussion and debate. If the Board requires further consultation by management, decisions are deferred. Management is kept accountable for agreed actions arising from the meetings through an action log updated with progress discussed at the board meetings. In keeping the dialogue alive during and between meetings, the directors were mindful of the need to guard against involvement in day-to-day operations.

Standing items included in the agenda included Updates on the implementation of the strategy, organisational structure changes under the new operating model, Brilliant Basics risk management initiatives expounded on in the risk management report, talent management, the impact of the regulatory landscape changes and implementation of the ESG framework.

During 2023, the Board continued to adopt an interactive in-person model of board meetings while allowing for virtual attendance were necessary, enabling directors to attend most meetings as indicated in Tables 1 and 2 below. The Board ensured continued focus on matters that required its attention, and the agendas for the Board and committee meetings were reviewed quarterly, ensuring that the Board kept sight of the longer-term issues that would impact the company.

Management reports are electronically circulated five days before the meeting to facilitate director preparedness. Deliberate effort is made to equip the Board and Committee Chairpersons with sufficient information to lead the meetings effectively; therefore, following the circulation of the board papers, the Chairpersons meet with the reporting managers for a preparatory session to discuss any key areas they would like the Board to deliberate on. This provides the Chairpersons with further insights, which they employ to probe during the meetings for the benefit of the committees and Board, resulting in more fruitful discussions and the elevation of important issues.

Also included in the agenda for the meetings are Non-executive director closed-door sessions led by the board chairman, which provide the Non-Executive Directors with the opportunity to test thoughts among peers and raise any matters that may not be appropriate for discussion in the presence of the executives. The Board Chairman shares feedback from these sessions with the Chief Executive.

Table 1: Stanbic Uganda Holdings Limited Board and Committee Meetings and Attendance in 2023

	Q1			Q2			Q3			Q4			Strategy Retreat
	March 1st & 2nd			May 31st & June 1st			August 16th & 17th			October 31st & November 2nd			December 9th
Name Of Director	BARC	BNRC	Board	BARC	BNRC	Board	BARC	BNRC	Board	BARC	BNRC	Board	Board
Japheth B. Katto	√	√	√	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Baker Magunda	NA	NA	√	NA	NA	√	NA	√	√	NA	√	√	√
Yinka Sanni	NA	NA	NA	NA	NA	NA	NA	NA	√	NA	NA	√	√
Patrick Mweheire	NA	√	√	NA	√	√	NA	√	√	NA	√	√	√
Sola David-Borha	NA	NA	√	NA	NA	√	NA	NA	NA	NA	NA	NA	NA
Agnes Asiimwe Konde	√	√	√	√	√	√	√	√	√	√	√	√	√
Robert Busuulwa	√	NA	√	√	√	√	√	NA	√	√	NA	√	√
Mona Muguma Ssebuliba	NA	NA	NA	NA	NA	NA	√	NA	√	√	√	√	√
Andrew Mashanda	NA	NA	√	NA	NA	√	NA	NA	√	NA	NA	√	√

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

Table 2: Stanbic Bank Uganda Limited Board and Committee Meetings and Attendance in 2023

	Q1							Q2						
	Feb 27th & 1st March							May 29th & 31st						
Name of Director	BPCC	BAC	BCC	BRMC	BALCO	BEIC	Board	BPCC	BAC	BCC	BRMC	BALCO	BEIC	Board
Patrick J. Mangheni	NA	√	NA	√	NA	√	√	NA	√	NA	√	NA	√	√
Damoni Kitabire	NA	NA	NA	NA	NA	NA	√	NA	NA	NA	NA	NA	NA	√
Patrick Mweheire	√	NA	√	NA	√	NA	√	√	NA	√	NA	√	NA	√
Sola David-Borha	NA	NA	NA	√	√	NA	√	NA	NA	NA	√	√	NA	√
Eva G. Kavuma	√	NA	NA	NA	NA	NA	√	√	√	NA	NA	NA	NA	√
Josepha T. Ndamira	NA	√	NA	NA	NA	NA	√	NA	√	NA	NA	NA	NA	√
Elizabeth K. Ntege	√	NA	√	√	NA	√	√	√	NA	√	√	NA	√	√
Kim Kamarebe	NA	NA	√	NA	√	√	√	NA	NA	√	NA	√	√	√
Anne Juuko	NA	NA	√	√	√	NA	√	NA	NA	√	√	√	NA	√
Emma Mugisha	NA	NA	NA	√	√	NA	A	NA	NA	NA	√	√	NA	√

	Q3							Q4							Strategy Retreat
	August 11th & 16th							October 27th & November 1st							December 9th
Name of Director	BPCC	BAC	BCC	BRMC	BALCO	BEIC	Board	BPCC	BAC	BCC	BRMC	BALCO	BTIC	Board	Board
Damoni Kitabire	NA	NA	NA	NA	NA	NA	√	NA	NA	NA	NA	NA	NA	√	√
Patrick Mweheire	√	NA	√	√	√	NA	√	A	NA	√	√	√	NA	√	√
Eva G. Kavuma	√	√	NA	NA	NA	NA	√	√	√	NA	NA	NA	NA	√	√
Josepha T. Ndamira	NA	√	NA	NA	NA	NA	√	NA	√	NA	√	NA	NA	√	√
Elizabeth K. Ntege	√	NA	√	√	NA	√	√	√	NA	√	√	NA	√	√	√
Kim Kamarebe	NA	NA	√	NA	√	√	√	NA	NA	√	NA	√	√	√	√
Anne Juuko	NA	NA	√	√	√	NA	√	NA	NA	√	√	√	NA	√	√
Emma Mugisha	NA	NA	NA	√	√	NA	√	NA	NA	NA	√	√	NA	√	√

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

Stakeholder centricity

Doing good for stakeholders is good business, builds social and societal capital that translates into legitimacy, and facilitates the license to operate. Our stakeholders provide the resources and capital we need to achieve our strategic priorities and, ultimately, our purpose of driving ' 'Uganda's growth. They include our clients and partners, employees, regulators, shareholders, service providers, and the communities in which we operate.

The Board has adopted a long-term view of the business and recognises that while profitability is important, long-term sustainable success is the goal. This has informed our stakeholder strategy, expounded on in the sustainability report on **pages 74-85.**

The Board actively took part in different stakeholder engagements, which included, among others, our flagship CSI program, the Stanbic National Schools Championship, partnership with the Ministry of Health to promote maternal health, the International Day for the Girl Child designed to inspire the next generation of leaders among the youth, and the Running-out-of-Trees (ROOTs) campaign which aims to plant 40 million per year until 2026. The board also had the opportunity to engage with the top retail shareholders not only at the Annual General Meeting but also at the half-year results release event, as well as at the board of directors farewell dinner for the outgoing directors.

Below are pictorials of some of the stakeholder engagements attended by the directors during the year:

The Board of directors' shareholder compact engagement with the Standard Bank Group Leadership led by the Group Board Chairman, Ms. Nonkululeko Nyembezi (seated in the center), Group Chief Executive Mr. Sim Tshabalala (seated, third on the left,) and the Africa Regions Chief Executive Mr. Yinka Sanni (seated, second on the right) Also in attendance were the Board Chairperson and Chief Executive for Stanbic Bank, Democratic Republic of Congo.

Mrs. Elizabeth K. Ntege participating in a tree planting exercise following the completion of the donation of medical supplies and equipment to the Kasangati Health Centre III.

Mrs. Mona Ssebuliba (center), Mrs. Josepha T. Ndamira (third on the right) and Ms. Emma Mugisha (first on the right) attend the 2023 half year Investor briefing. Second from the left is the Head Commercial Banking, Bank of Uganda, Mr. Hannington Wasswa.

Mrs. Elizabeth K. Ntege and Ms. Kim Kamarebe (in the center) enjoy a light moment with female students from various secondary schools after the conclusion of a mentorship session as part of the international day for the girl child.

The current, immediate past and previous Board Chairmen of Stanbic Uganda at the fare well dinner for Mr. Japheth Katto (third on the right), Professor Patrick Mangheni (second on the left) and Ms. Sola David-Borha. In the photo are Mr. Damoni Kitabire (first on the left), Mr. Hannington Karuhanga (second on the left), the Late Dr. Martin Aliker (seated) and Mr. Baker Magunda (extreme right).

Relationship with shareholders

The Board of directors oversees the business on behalf of the shareholders and is ultimately accountable to them. Therefore, It is critically important at Stanbic that shareholder engagement is attained.

An essential part of governing our stakeholder relationships is ensuring that our shareholder views are heard and fully considered. The positive relations with our shareholders enhance the organisation's reputation in the environment in which we operate and foster confidence in the board's decision-making and governance practices.

Our Annual General Meeting (AGM) allows the Board to interact with and account to the shareholders. After two years of hosting the AGMs virtually due to COVID-19, the Board resolved to host a hybrid AGM in 2023, which was attended by over 200 shareholders physically and 1000 shareholders online. The event gave the shareholders the opportunity to interact with the board members and executive management in person.

Shareholders who opted to attend the AGM virtually could still view, ask questions, and vote in real-time through the AGM platform. The Chairman of the meeting, members of the Board, the Chief Executives, the Chief Finance and Value Management Officer and executive management were present to answer questions from the shareholders. The AGM enabled the shareholders to make critical decisions that ensured the company's governance, management, and operations continued to be implemented.

In the lead-up to the AGM, the company proactively conducted shareholder data clean-up exercises to validate and update shareholder details to support full shareholder participation, resolve any unpaid dividend claims and encourage shareholders to immobilise their shares in accordance with guidance received from the Uganda Securities Exchange.

A sequence of investor briefings was held before the AGM following the release of the audited financial statements. The Chief Executive and Senior Management provided a deep dive into the company's performance and strategic outlook for the following year. Participants were also allowed to share their views on the company's performance.

The different shareholder engagements facilitated consistent interaction and communication with shareholders to ensure disclosure and transparency of the company's activities and performance.

Dividend

In line with our values to deliver long-term returns to our shares, the holding company, on July 25th, 2023, paid a dividend of UShs 185 billion for the year ended December 31st, 2022. This was followed by the payment of a 2023 interim dividend of UShs 125 billion on November 6th, 2023, amounting to a total payment of UShs 310 billion to the shareholders in 2023.

The recommendation for payment of a final dividend for the year ended December 31st 2023, will be presented to the shareholders for consideration at the forthcoming Annual General Meeting on May 31st, 2024. Details are on **page 227.**

Shareholders with unclaimed dividend payments are encouraged to contact the company's share registrars, C&R, via email or telephone. Details of the share registrar are included in the company information section on **page 235.** Additionally, shareholders who still hold shares in hard copy certificate form are encouraged to migrate to the Uganda Securities Exchange electronic system by contacting their licenced stockbroker or C&R Registrars for assistance.

Ethics and Organisational Integrity

Modern-day boards in the era of corporate scandal are called to focus on monitoring culture, both from a behavioural and human capital lens and from a risk management perspective. Culture is critical to strategy, business performance, success, brand and stakeholder capital. Monitoring this multi-dimensional aspect calls for an innovative approach. The Board recognised this and elevated its focus on culture across all entities, especially cognizant of the growing fraud challenges in the banking industry.

The Board and executive management set the tone from the top to instil an ethical culture by treating customers fairly, achieving positive client outcomes, acting in an ethical and sound manner, and doing the right business in the right way. The Board's overarching governance structures are robust and ensure that the Board has effective oversight over the conduct and culture of the organisation. The Board People and Culture Committee oversees the organisation's adherence to our values, code of ethics and conduct, which was a point of emphasis in 2023.

The code of ethics is designed to empower employees and enable effective decision-making at all levels of the business according to defined ethical principles. It also aims to ensure that, as a significant player in the financial services industry, we adhere to the highest standards of responsible business practice as we interact with our stakeholders. The code interprets and defines Standard Bank Group and the organisation's values in greater detail and provides value-based decision-making principles to guide our conduct. It is aligned with other company policies and procedures and supports the relevant industry regulations and laws.

The code specifies acceptable and unacceptable practices and assists in making ethical infringement easy to identify. It also promotes awareness of and sensitivity to ethical issues. The duties and responsibilities of all staff towards an ethical culture, responsibility to whistle blow, assurance of protection and the hotlines available are well publicised on the intranet and by the internal communications by the compliance teams. Staff are periodically trained on ethics and conduct during induction and ongoing development. Staff are tested on knowledge and required to undertake further tests should they fail.

Ethical incidents are reported via the ethics and fraud hotlines, line managers, people and culture department, and risk and compliance departments. Reported incidents for the period related to fraud and people and culture-related issues were well managed as part of the company's risk management process. The company's policies on conduct-related matters and disciplinary measures were reviewed and enhanced to prevent re-occurrences. The Chief Executive is ultimately responsible for its implementation.

Conflict of interest

The subsidiary framework and board mandate provide in detail the Management of director conflict-of-interest procedure, which includes: a standard agenda item for disclosure of conflicts of interest at all board meetings, requirements to declare any actual or potential conflict of interest before an appointment, as and when it arises and annual declaration of interests.

All declared interests are recorded in a register maintained by the company secretary. Directors are required not to place themselves in positions that would interfere with the exercise of their object judgment or prevent them from acting in the best interest of Stanbic Uganda. Directors are excluded from participation in discussions and decisions on any matter they are actually or potentially conflicted with. In exceptional circumstances, where a conflicted director is the sole expert on the subject under discussion, the Board may allow for the presentation of their expert input; however, the director will not participate in the deliberation and voting on the matter.

Direct and indirect interests include but are not limited to outside directorships, other fiduciary positions, investments or shareholdings in other companies. Should a declared conflict be to such an extent that it interferes with the director's ability to fulfil their fiduciary duties or cause reputational damage to Stanbic Uganda, the director may be required to resign.

Dealing in Securities

The personal account trading policy and an insider trading policy are frequently reviewed to prohibit employees and directors from trading in securities during closed periods, which are in effect from June 1st to the publication of the interim results and from December 1st to the publication of results. Closed periods are imposed during other periods when directors and employees have price-sensitive information. Compliance with the policies is monitored on an ongoing basis.

Going Concern

The Directors have sufficient reason to believe that the company has adequate resources to continue operating as a going concern.

Company Secretary

The Governance function, headed by the Company Secretary, is a shared service between the holding company and all its subsidiaries. It has facilitated information flow, standardised corporate governance practices, and integrated processes within the holding company structure per the subsidiary governance framework. The company secretary ensures that the respective Boards remain mindful of their duties and responsibilities. In addition to guiding the Board in discharging its duties, the Company Secretary keeps the Board abreast of relevant changes in governance best practices and legislation and ensures that the directors have full and timely access to pertinent information. All directors have access to the services of the company secretary.

Delegation of Authority (DOA)

From a shareholder perspective, the board of directors's primary role is to represent their interests and ensure the company is managed in a manner that delivers shareholder value. To effectively discharge its role, the Board, through the delegation of authority framework, has delegated its authority to management with clearly defined terms of reference while ensuring accountability through quarterly reports to the Board and via digital means in between quarterly meetings.

In recognition of the varied maturity levels of the businesses, the Holding company board reserves powers to recruit and appoint executives for the beyond bank subsidiaries, as well as approve key strategic decisions and investments. As is the practice with holding company board structures, significance is laid on the contribution of the subsidiaries to the overall success of the Holding company in determining the allocated time of focus on various businesses. The Bank subsidiary is ringfenced in accordance with Bank of Uganda requirements with powers vested in the Bank subsidiary board.

The day-to-day business and affairs of the company have been delegated to the Chief Executive, who cascades the authority as deemed fit to ensure a balance between control and enabling flatter structures to drive quick decision-making. The DOA guides management in the exercise of powers and provides thresholds for the exercise of authority. This framework determines the levels of delegation across the different levels of management and is reviewed annually to ensure that it is fit for its purpose. An Executive Committee Mandate is in place to ensure operation within the delegated authority. Adherence to limits of authority to ensure appropriate governance and oversight is managed through the Chief Finance and Value Management Officer and the Company Secretary. The Chief Executive remains accountable to the Board for the DOA.

Delegation of authority at a board committee and management level has facilitated the utilisation of expertise and ensured that critical functional areas are adequately resourced and headed by competent individuals, allowing the Board to focus on matters reserved for decision-making. Additionally, it has successfully aided succession planning through the Board, granting Executive Management the opportunity to develop the required technical and leadership skills and experience.

Board Committees

The Board has adopted a culture of operation through board committees to effectively discharge its mandate, enhance the Board's overall effectiveness and allow for a deeper focus on specific areas. This practice enables the full board to focus on a few critical matters while ensuring sufficient key technical matters by appropriately skilled and experienced directors.

The committees meet at least once every quarter to consider, discuss, and consider management reports. At each board meeting, the chairpersons report to the Board on committee activities with recommendations to consider and approve where needed.

A. Stanbic Uganda Holdings Limited

In alignment with the Capital Markets Authority Corporate Governance Guidelines and owing to the holding company's non-operating nature, the Board maintains only two committees, namely the Board Audit and Risk Committee and the Board Nomination and Remuneration Committee.

Board Audit & Risk Committee	Stanbic Uganda Holdings Limited	Board Nomination & Remuneration Committee
Committee Purpose Ensures that Management has established appropriate, robust internal control and risk management systems, processes and procedures.		**Committee Purpose** Responsible for proposing new nominees to the Board, reviewing the board composition and recommending to the Board for approval the remuneration of non-executive directors and executive/ senior management

Board Audit and Risk Committee

Committee Composition

- Chaired by an independent non-executive director
- Comprised of only independent non-executive director
- Chief Executive & Members of Management are invitees

Skills & Experience

- Audit & Accounting
- Financial analysis & reporting
- Risk Management & Controls
- Corporate Governance & Regulation

The Committee is comprised solely of independent Non-Executive Directors. To safeguard the independence of the Audit Committee chairperson, he does not serve as a member of any other committee. The Committee assists the Board with discharging its responsibility to develop and maintain effective internal control systems, safeguard the company's assets and maintain adequate accounting records. The Committee reviews the company's financial position and recommends to the Board all financial matters, internal financial controls and risks relevant to the holding company. It includes assessing the integrity and effectiveness of accounting, financial compliance, and control systems.

The BARC meets quarterly to review the audit and risk-related matters of Stanbic Uganda Holdings Limited and the beyond banking subsidiaries. The Committee reviewed the internal audit findings and risk management reports in response to the increased inherent risk profile and reviewed the measures taken to ensure the internal financial control environment remained resilient to the challenges faced in the operating environment.

The BARC recommended that the Board approve the risk appetite statement, ensuring that the risks the organisation is willing to take are aligned with strategy and consistent with the fiduciary responsibility to the different stakeholders, ensuring transparency and consistency.

From a financial accounting and external reporting perspective, the Committee considered quarterly reports, which outlined financial accounting and external reporting issues of significance that could affect the organisation. The audit committee considered the impact of these matters on the organisation's financial statements and disclosures and reviewed periodic updates on developments in International Financial Reporting Standards (IFRS).

The Committee also reviewed the quality and integrity of the interim and annual financial statements. It satisfied itself that the appropriate accounting principles had been adopted per the IFRS and that the disclosures in the financial statements were clear, complete and well-contextualised as per the provisions of the Financial Institutions Act and the Uganda Securities Exchange Limited. After that, recommended the financial results to the Board for approval, including recommendations for the payment of the 2023 interim and final dividends.

The Committee oversees the relationship between the External Auditor and the rest of the company, including annual reporting to the Board, recommendations to the Board on the appointment/re-appointment of external auditors, annually assessing and reporting to the Board on the qualification, expertise and independence of the external auditors and the effectiveness of the audit process with a recommendation on whether to propose to shareholders that the external auditors be re-appointed.

Development sessions completed in 2023 to enable the Committee to perform effectively included the annual Institute of Internal Auditors Board Audit Committee workshop, informal dialogue on fraud risk, the risking tax burden and the Standard Bank Group Board Audit and Risk Committee Chairmen roundtable.

Nomination and Remuneration Committee

Committee Composition

- Chaired by an independent non-executive director
- Comprised of only independent non-executive director
- Chief Executive & Members of Management are invitees

Skills & Experience

- Corporate Governance & Regulation
- Culture/ Conduct /Ethics
- Remuneration/ Reward

This Committee comprises a majority of independent Non- Executive Directors and is chaired by the Board Chairperson. The Committee is responsible for proposing new nominees to the Board, reviewing the board composition and recommending to the Board for approval the remuneration of non-executive directors and executive/ senior management. Its mandate applies to the SUHL and all subsidiaries to the extent that it is aligned with any subsidiary-specific regulatory/ statutory requirements.

In discharging its responsibilities, the key focus areas of the Committee for the year under review included a review of the director recruitment policy for alignment with best practices and recommending to the Board for approval the appointment of directors to the Boards of SUHL, SBG Securities Uganda, Stanbic Business Incubator and Stanbic Properties. The Committee also recommended the appointment of the Chief Executives of SBG Securities and SUHL.

The Committee also conducted the annual performance review of Executive Management, recommended to the Board for approval the annual staff remuneration changes, reviewed the fees paid to non-executive directors to ensure it was proportional to director expertise, required time commitments and responsibilities and reviewed the Board and composition of Stanbic Uganda Holdings and the beyond banking subsidiaries.

B. Stanbic Bank

In the reporting year, the Bank had six standing committees: Audit, Risk Management, Credit, People and Culture, the Asset and Liability Committee and Technology and Innovation Committee. Following the different board changes during the year, the composition of the board committees was reviewed based on the skills and expertise of the different directors. The information reported on the committees is based on the year under review.

BOARD OF DIRECTORS

Board Audit Committee	**Board Audit Committee** Ensures that effective credit governance is in place to provide for the adequate management, measurement, monitoring and control of credit risk.
Board Risk Management Committee	**Board Risk Management Committee** Reviews and assesses the integrity of the risk control systems and ensures that risk policies and strategies are effectively identified, managed and monitored in order to contribute to a climate of discipline and control.
Board Credit Committee	**Board Asset & Liability Committee** Oversees all matters relating to liquidity & capital management of the Bank including establishing guidelines on the Banks tolerance for risk and investment expectations.
Board Asset & Liability Committee	**Board Asset & Liability Committee** Reviews and provides oversight on the implementation of effective and efficient People & Culture matters, including but not limited to: Employee talent acquisition and management, succession planning, reward management, performance management, learning & talent development, employee engagement and employee wellness & Well-being.
Board Engeenering & Innovation Committee	**Board Risk Management Committee** Oversees all matters relating to the Bank's Engineering function which is comprised of Information and Technology, Innovation, Operations, and the Enterprise Data Office.
Board People & Culture Committee	**Board Audit Committee** Ensures that effective credit governance is in place to provide for the adequate management, measurement, monitoring and control of credit risk.

Board Audit Committee

Committee Composition

- Chaired by an independent non-executive director
- Comprised of only independent non-executive director
- Chief Executive & Members of Management are invitees

Skills & Experience

- Audit & Accounting
- Financial analysis & reporting
- Risk Management & Controls
- Corporate Governance & Regulation

The Committee is comprised of only Independent Non-Executive Directors. The Audit Committee Chairperson does not chair any other committee; however, during the year under review, she attended the BRMC meetings as an observer to obtain a holistic understanding of the different risks faced by the Bank. The BAC chair was subsequently appointed as a substantiative member of BRMC in 2024.

The Committee assists the Board with discharging its responsibility to develop and maintain effective internal control systems, safeguard the company's assets and maintain adequate accounting records. The Committee reviews the Bank's financial position and recommends to the Board all financial matters, internal financial controls, fraud and IT risks relevant to financial reporting, which involves assessing the integrity and effectiveness of accounting, financial compliance, and control systems.

In discharging its responsibilities as set out in the Committee's terms of reference, the Committee's activities in 2023 did not only focus on common areas of responsibility but also the continued focus on ensuring timely resolution of the overdue audit findings, and, where necessary, the respective heads of the unit were invited to attend meetings to present an update on the closure of overdue audit findings.

Every quarter, the Committee reviewed the measures taken to ensure the internal financial control environment remained resilient and approved and reviewed the internal audit plan. Combined assurance reports were presented to the Committee quarterly, which aimed to strengthen the risk and control oversight of the business processes. The Committee also reviewed the internal audit reports related to satisfactory and unsatisfactory audits, including responses from the respective business units on the remedial actions to be taken.

The Committee ensures effective communication between the Board, internal auditors, external auditors, management, and regulators. The Committee has a constructive relationship with the Head of Internal Audit, who reports directly to this Committee, which ensures the independence of the Internal Audit function. The Head Internal Audit compiles quarterly reports on gaps and weaknesses in controls that have been identified, including financial controls.

In line with the provisions of the Financial Institutions Act, the Committee recommends to the Board for approval the appointment of external auditors considering the auditor firm profile and the quality of expertise on core aspects of its business and overseeing their relationship with the shareholders, including annual financial reporting.

This Committee considers whether internal financial and operational controls and systems are robust, including internal control over financial reporting to ensure the integrity of qualitative and quantitative financial information. The Chief Finance and Value Management Officer is ultimately responsible for implementing and maintaining internal financial controls. The Board relies on this Committee to satisfy itself with the accuracy and integrity of financial information, including annual and half-year unaudited financial accounts.

Development sessions completed in 2023 to enable the Committee to perform effectively included the annual Institute of Internal Auditors Board Audit Committee workshop, informal dialogue on fraud risk, the risking tax burden and the Standard Bank Group Board Audit and Risk Committee Chairmen roundtable.

The Audit Committee meetings are attended by the Head of Internal Audit, Chief Finance and Value Management Officer, Chief Executive and External Auditors. The other Executive and Non-Executive Directors and members of executive management participate by invitation.

The Audit Committee complied with its mandate in the year under review and its legal and regulatory responsibilities, which included assessment and recommendation to the Board for approval, the appointment of Ernst and Young as External Auditors, and negotiating fees payable. The Committee also reviewed and recommended to the Board for approval the interim unaudited and final audited financial statements per the provisions of the Financial Institutions Act. Four scheduled meetings were held in the year with total attendance by the committee members.

Board Risk and Management Committee

Committee Composition

- Chaired by a non-executive director
- Comprised of majority non-executive directors with at least 2 INEDs.
- At least 1 member is a NED sitting on the Board Audit Committee

Skills & Experience

- Risk Management & Controls
- Business strategy & management
- Banking/Financial services

The Board has ultimate responsibility for risk management. The Board Risk Management Committee (BRMC) assists the Board in discharging this responsibility by ensuring that the Bank's risk management system is robust, reliable, and constantly up to date in identifying emerging and principal risks. The Committee provides independent and objective risk management oversight and makes relevant recommendations for the Board's improvement. BRMC reviews and assesses the integrity of the risk control systems and ensures that risk policies and strategies are effectively identified, managed, and monitored to contribute to a climate of discipline and control, which will reduce the risks faced by the Bank in all areas of operation.

Consistent with the above principles, the Committee played a significant role in assessing the impact of existing and emerging local and global risks on the Banks' financial and non-financial risk profile.

Key risks considered by the Committee included strategic, operational, credit, liquidity, cybersecurity, and reputational risks. An integrated approach to risk reporting continued to be applied, enabling the Committee to satisfy itself with the adequacy, robustness, and resilience of the risk management frameworks and the business continuity plans.

The Board continued to oversee the identification, assessment and management of risks associated with the evolving environment, including strategic, operational, financial, regulatory, and reputational risks. It ensured the risk management processes remained robust and responsive to emerging threats and opportunities. One of the key initiatives launched in 2023 was the Brilliant Basics program, which aimed at strengthening the organisation's risk culture and risk management capabilities. More information on the risk management and control initiatives is available on **pages 60-70**.

In discharging its responsibilities as set out in the Committee's terms of reference, the Committee's activities in 2023 did not only focus on common areas of responsibility but also the continued focus on key areas such as the Brilliant Basics program, which aimed to strengthen the organisations risk culture and risk management capabilities through elevating the call to do the right business, the right way.

Board development sessions undergone in 2023 included the AML/CFT workshop facilitated by the Financial Intelligence Authority, Risk Data Aggregation & Risk Reporting (RADDR) Refresher, the financial fraud forum, the Standard Bank Group Board Audit and Risk Committee Chairmen roundtable, as well as an online certification course on the fundamentals of risk management.

The Board Risk Management and Audit committees work in partnership with an expected overlap in duties; however, the committee chairs work closely to avoid duplication. The Committee, like the Audit Committee, is reliant on the three lines of the defence model for assurance of effective risk management. The first/front-line functions determine and advise on risk impact on clients, operational processes and strategies, existing and possible vulnerabilities, and threats. The second line, the risk and compliance function, ensures policies and standards are in place to meet regulatory requirements and effectively operate first-line processes and controls. The internal audit function and external auditors are the third lines that assess the overall effectiveness of the activities of the other two lines in managing and mitigating risks.

The BRMC recommended that the Board approve the risk appetite statement, ensuring that the risks the Bank is willing to take are aligned with the Bank's strategy and consistent with the fiduciary responsibility to the different stakeholders, ensuring transparency and consistency.

The Committee complied with its mandate for the year under review and its legal and regulatory responsibilities. A comprehensive risk management report on **pages 60-71** outlines the risk and capital management framework.

Board Credit Committee

Committee Composition
- Chaired by a non-executive director
- Comprised of majority non-executive directors.
- Chief Executive is a member

Skills & Experience
- Credit Risk Management
- Financial Services /Banking
- Business Strategy

The role of this Committee is to ensure that effective frameworks for credit governance are in place to provide for adequate management, measurement, monitoring and control of credit risk, including country risk. It exercises oversight on behalf of the Board on all matters incidental to the company's credit and loan approvals, applications, and advances.

The Committee has the authority to approve all in-house credit applications of directors, senior management, and commercial credit applications up to the Bank's in-house lending limits. All commercial credits over the Bank's in-house limit are presented to the full Board of Directors for approval. The Committee reviews the strategies developed to achieve the credit and lending goals of the Bank. It approves the Bank's credit policies by considering changes in applicable laws or regulations or as warranted by the changing economic or banking conditions.

In discharging its responsibilities as set out in the Committee's terms of reference, its activities in 2023 focused on close monitoring of credit performance across different sectors against the board-approved credit risk appetite to identify areas of potential distress and mitigate identified credit risks. The Committee reviewed the forward-looking assessments of the macroeconomic outlook in the context of the effects of the emerging global and local challenges and the potential impact on the credit book.

Credit-related development sessions held in 2023 included a refresher on climate risk and sustainable financing, AML/CFT/CPF training and digital lending training for directors. Further detail on the management of credit risk is set out in the comprehensive risk management report on **pages 60-70**.

Board People and Culture Committee

Committee Composition
- Chaired by an independent non-executive director
- Comprised of only non-executive directors
- Chief Executive & Members of Management are invitees

Skills & Experience
- Human Capital Management/ Strategy
- Culture/Conduct/Ethics
- Remuneration/Reward

The Committee is responsible for the people and culture function and related policies. The Committee ensures that the people and culture strategy aligns with the overall strategy by ensuring that talent management and succession planning strategies are robust and current.

The Committee oversees the recruitment and compensation of executive and senior management and other key personnel to ensure that compensation is consistent with the company's culture, objectives, strategy, and control environment. The Committee also ensures that the company develops and maintains compensation policies that will attract and retain the highest quality executives and senior managers and reward them for their progress and enhancement of shareholder value.

The Committee adopted an employee-centric approach in fulfilling its mandate with a focus throughout the year on talent management, executive management succession planning and oversight of the change management considering the changes to the organisational structure to align with the new operating model.

The Board remained mindful that a highly engaged and motivated workforce was key in ensuring that the organisation served its customers and delivered value to the shareholders. A proactive approach was taken to review the talent recruitment and retention strategies and ensure that the desired culture was permeated across the organisation through the Brilliant Basics program.

Management provided updates on actions taken to balance reward and discipline to ensure the right risk culture was embedded to safeguard the business. The Board committee structure greatly enabled this oversight role, with at least one People & Culture committee member also serving on the Board Risk Committee, ensuring the flow of information between the committees.

Development sessions undertaken by the members during the year included the Boardroom masterclass on Talent acquisition, retention and separation, the board role in organisation culture, informal dialogue on fraud risk and a session on enabling agility and digital transformation.

The Committee complied with its mandate for the year under review and its legal and regulatory responsibilities. Four scheduled board calendar meetings were held during the year; however, additional sessions were held to discuss the Group philosophy on remuneration as part of the revamped Employee Value Proposition initiative and a board development session on people and culture-related matters.

Further details on the people and cultural practices are contained in the sustainability report.

Board Asset Liability Management Committee

Committee Composition

- Chaired by a non-executive director
- Comprised of at least 2 non-executive directors
- Chief Executive & Executive Director are members

Skills & Experience

- Capital, Asset and liquidity Management
- Risk Management & Controls
- Fin. services/Banking

The role of the Committee is to oversee all matters relating to the asset and liability management of the Bank. It establishes guidelines on the Bank's tolerance for risk and expectations from investments, including, among others, limits on loan-to-deposit ratio and capital ratio and limits on maximum and minimum maturities for newly acquired and existing categories of assets. The Committee also reviews and approves the bank policies, procedures and holding portfolio to ensure that goals for diversification, credit quality, profitability, liquidity, community investment, pledging requirements and regulatory compliance are met. It sets the guidelines on the capital position of the Bank and the capital management plans undertaken to ensure that capital levels are maintained following the risk appetite, business strategy and regulatory requirements.

The Committee's activities in 2023 were focused on ensuring compliance with the newly passed regulations and guidelines, such as the Bank of Uganda guidelines on Internal Capital Adequacy Assessment Processes and AML/CFT. The Committee, every quarter, monitored and evaluated the Bank's liquidity and capital adequacy positions using scenario forecasts to ensure compliance with both internal and regulatory ratios and, where required, made recommendations to the Board.

Development sessions undertaken by the members during the year included the integrated recovery plan refresher, reverse mentorship session on treasury and capital management and AML/CFT/CPF training.

The Committee also reviewed and recommended to the Board for approval the payment of the 2022 final dividend and 2023 interim dividend. The Committee complied with its mandate for the year under review and its legal and regulatory responsibilities. Four meetings were held during the year.

Board Technology and Innovation Committee

Committee Composition

- Chaired by an independent non-executive director
- Comprised of only non-executive directors

Skills & Experience

- Digital/technology, innovation,
- Business and risk management skills

The role of the Committee is to support the Board in driving digital innovation and ensure effective oversight of the future-ready transformation strategy. The Committee oversees matters related to Information and Technology, innovation, and the Enterprise Data Office.

In performing its role, the Committee reviewed the technology and Innovation management reports, which included updates on progress on significant technology-related projects, system stability, digital transformation, innovation initiatives, data and analytics and value management.

Development sessions held during the year included enabling agility and digital transformation facilitated by an external expert, a cyber security refresher, a session on the role of the Board Technology committee in a business-led strategy and a reverse mentorship session on digital lending.

The Committee complied with its mandate for the year under review and its legal and regulatory responsibilities.

2023 REMUNERATION REPORT

Where considered appropriate, the Board initiates modifications to remuneration designs to ensure that regulatory requirements are met and that the remuneration policies are progressive, consistent with, and promote effective risk management.

Remuneration Philosophy and Policy

Stanbic Uganda Holdings Limited and its subsidiaries are committed to attracting and retaining world-class people. Consequently, we work to develop a depth and calibre of human resource capable of delivering sustainable growth across multiple geographies, products and regulatory regimes, and always within our agreed risk tolerance.

At the heart of this commitment lies the value we place on our people. Therefore, effective management and remuneration of our talent is a core competency of the company. As an integral part of growing and fortifying our human capital skills, the Board continually reviews the remuneration philosophies, structures and practices. In determining the remuneration of employees, the Board reviews market and competitive data and considers the company's performance against financial objectives and individual performance. A key step in this development was taken by the Committee and Management to seek benchmarking guidance from the Group and Global Remuneration Services. Certain specialist departments, for example, people and culture and finance, provide supporting information and documentation relating to matters considered by the Board.

Structure of remuneration for managerial and general employees

Terms of Service

The terms and conditions of employment of all employees are guided by local legislation and are aligned to Standard Bank Group practices and Renumeration policy.

Structure of the Remuneration

Fixed Pay

Fixed pay is intended to attract and retain employees by ensuring competitive positioning in the local market and in some instances, globally. Fixed pay is normally reviewed annually, in the first quarter of the year, and market data is used for benchmarking this.

Benefits

Benefits are provided in line with market practice and regulatory requirements. The company provides Social Protection and Social Security benefits to all the employees. For example, the bank provides medical cover (full) and death benefits for staff and declared dependents. In addition, the bank provides Lunch to its employees at no cost.

Variable Pay

Annual Incentive

Annual incentives are provided to ensure appropriate reward for performance. Incentive pools are allocated to teams shaped by a combination of the overall company and team performance within the set risk tolerance levels. Individual awards are based on personal performance, both financial and non-financial. In some cases, a portion of the annual incentive above a certain threshold is deferred.

Deferral Schemes

Deferred Bonus Scheme (DBS)

The company has implemented a DBS to compulsorily defer a portion of incentives over a minimum threshold for some senior managers and executives. This improves the alignment of shareholder and management interests and enables clawback under certain conditions, supporting risk management. All employees who are awarded an incentive over a certain threshold are subject to a mandatory deferral of a certain percentage of their bonus into the DBS for up to 42 months. To enhance the retention component of the scheme, additional increments of the deferred bonus become payable at vesting and one year thereafter.

Claw-back Provision

A claw-back provision was introduced on the deferred remuneration plan. A key provision in the plans is that unvested awards may be reduced or forfeited, in whole or in part, at the Board's discretion, subject to prescribed conditions.

Long Term Incentives

Share Incentive Schemes

The Standard Bank Group (parent company) runs a Standard Bank Equity Growth Scheme (EGS) and Group Share Incentive Scheme (GSIS) to which certain employees of Stanbic Uganda are eligible to participate. Participation rights under the EGS and share options under the GSIS are granted to qualifying employees. Grants of rights or options are typically made annually as part of the annual reward review: however, grants are also made to new employees on appointment or as ad hoc awards for retention purposes. EGS and GSIS long term incentives are awarded to key talent and are motivated by an individual's current performance and future potential. No awards are made to Non- Executive Directors. No participation rights or options are issued at a pricing discount, nor can they be re-priced, except as provided for in terms of the scheme in relation to a reduction or re-organisation of the issued share capital of Standard Bank Group.

The table below sets out the general vesting conditions of the various options or participating rights issued. The Standard Bank Group Directors have the discretion to vary the vesting.

Vesting Category	Year	Cumulative Vesting	Expiry
A	3, 4, 5	50, 75, 100	10 years
B	5, 6, 7	50, 75, 100	10 years
C	2, 3, 4	50, 75, 100	10 years

Terms of Employment

Retention agreements

Retention agreements are only entered into in exceptional circumstances, and retention payments have to be repaid should the individual concerned leave within a stipulated period.

Severance payments

Severance payments are determined by legislation, market practice and, where applicable, agreement with recognised trade unions to employee forums. It is not the practice of Stanbic Uganda to make substantial severance awards.

Restrictive Covenants

Some executive employment contracts include restrictive covenants on the poaching of employees or customers. No other restrictions are included in contracts at present.

Sign on Payments

In attracting key employees, it may be necessary to compensate for the loss of unvested awards with their prior employer. In such cases, we would consider compensating such new employees in the appropriate share incentive scheme or in certain situations; a cash sign-on payment may be made on joining, subject to repayment should the employee leave the company within a certain period.

Directors' remuneration

Remuneration of Executive Directors

The remuneration packages and longterm incentives for Executive Directors are determined along with other employees on the same basis and using the same qualifying criteria. The compensation of the Chief Executive is subject to an annual review process that includes the Board. The disclosure of the remuneration of the highest-paid employees who are not Directors is considered competitor sensitive, and after due consideration, the Board has resolved not to publish this information.

Non-Executive Directors Remuneration and Terms of Engagement

Terms of Service

All Non-Executive Directors are provided with a letter of appointment setting out the terms of engagement. Shareholders appoint directors at the AGM. Between AGMs, the Board may appoint directors to fill casual vacancies, however, directors so appointed are presented to shareholders for confirmation at the next AGM. In addition, one -third of Non-Executive Directors are required to retire at each AGM and may offer themselves for re-election. If supported by the Board, the Board then proposes their re-election to shareholders. There is no limitation on the number of times a Non-Executive Director may stand for re-election. Proposals for re-election are based on individual performance and contribution.

Fees

Non-Executive Directors receive a fee for their service on the Board and a meeting attendance fee for Board committee meetings. Fees are paid quarterly in arrears. There are no contractual arrangements for compensation for loss of office. Non- Executive Directors do not receive short term incentives, nor do they participate in any long-term incentive schemes. The Board Nomination and Remuneration Committee reviews the fees paid to Non-Executive Directors annually and makes recommendations to the Board for consideration. In determining the remuneration of the Non- Executive Directors, the Board considers the extent and nature of their responsibilities and reviews of comparative remuneration offered by other similar companies in Uganda.

Directors Emoluments 2023

Category	Services as Directors	Board committee fees	Cash portion of package	Performance incentives *	Other benefits	Pension contributions	Total
	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000
Executive directors	-	-	6,006,174	2,175,771	2,824,294	944,839	11,951,078
Non-executive directors	500,888	304,397	-	-	-	-	805,285
Former non-executive directors	196,832	83,597	-	-	-	-	280,430
Total	**697,720**	**387,994**	**6,006,174**	**2,175,771**	**2,824,294**	**944,839**	**13,036,793**

Directors' emoluments 2022

Category	Services as Directors	Board committee fees	Cash portion of package	Performance incentives *	Other benefits	Pension contributions	Total
	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000
Executive directors	-	-	5,254,248	2,397,115	702,953	1,224,172	9,578,488
Non-executive directors	611,096	198,464	-	-	-	-	809,560
Former non-executive directors	24,107	13,520	-	-	-	-	37,627
Total	**635,203**	**211,984**	**5,254,248**	**2,397,115**	**702,953**	**1,224,172**	**10,425,675**

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 31 December 2023, which disclose the state of affairs of Stanbic Uganda Holdings Limited ("the Company" or "SUHL") and its subsidiaries (together "the Group").

Principal Activities

SUHL is a non-operating holding company that wholly owns with 5 (five) subsidiaries; Stanbic Bank Uganda Limited (the Bank/ SBU), Stanbic Properties Limited (SPL), Stanbic Business Incubator Limited (SBIL), Flyhub Uganda Limited (Flyhub) and SBG Securities Uganda Limited (SBGS).

SBU is a financial institution regulated by the Bank of Uganda (BOU) and licensed under the Financial Institutions Act, 2004 as amended, to conduct commercial banking business. SPL primarily holds and manages the real estate portfolio of the Group and offers other services such as, site acquisition, property consultancy, and execution of real estate projects. SBIL is a licensed Non-Governmental Organisation (NGO) under the NGO Act, set up to support the sustainability of Small and Medium Enterprises in Uganda through capacity building programs on best business practices. Flyhub is a software development company that provides digital integration and innovative services as part of our digital transformation journey. SBGS is a stockbrokerage company licensed by the Capital Markets Authority and admitted by the Uganda Securities Exchange as a trading participant that provides securities trading, brokerage, dealing and management services.

Results

The Group's consolidated profit for the year of UShs 412 billion (2022: UShs 357 billion) has been added to retained earnings.

Dividends

During the year, an interim dividend of UShs 125 billion was paid. The directors recommend the approval of a final dividend for the year ended 31 December 2023 of UShs 155 billion. The total dividend for the year, therefore, is UShs 280 billion (2022: UShs 235 billion).

Share Capital

The total number of issued ordinary shares as at 31 December 2023 was UShs 51,188,669,700 ordinary shares of UShs 1 each (2022: UShs 51,188,669,700).

Directors and Company Secretary

The Directors and Company Secretary who held office during the year and to the date of this report were:

Japheth Katto (Chairman Retired 2 June 2023)

Baker Magunda (Chairman – Appointed 2 June 2023)

Andrew Mashanda (until 31 December 2023)

Patrick Mweheire (Resigned 31 December 2023)

Olusola Adejoke David-Borha (Resigned 2 June 2023)

Agnes A. Konde

Robert Busuulwa

Mona M. Muguma (appointed 18 August 2023)

Olayinka Omotosho Sanni (appointed 18 August 2023)

Rita Kabatunzi (Company secretary)

Francis Karuhanga (Appointed 1 January 2024)

Directors' interest in shares

The following director as of 31 December 2023, held direct interest in SUHL's ordinary issued share capital as reflected below:

Director	**Number of Shares**
Josepha T. Ndamira	30,000

Auditor

The Company's auditor, Ernst & Young Certified Public Accountants, were appointed in accordance with Section 167(2) of the Ugandan Companies Act.

Insurance

Directors' and Officers' liability insurance was maintained during the year.

Management by Third Parties

None of the business of Stanbic Uganda Holdings Limited has been managed by a third person or a company in which a Director has had an interest during the year.

By Order of the Board

Rita Kabatunzi
Company Secretary
21 March 2024

Statement of Directors' Responsibilities

The Ugandan Companies Act requires Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and its subsidiaries ("the Group") as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the Company and the Group keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Group. They are also responsible for safeguarding the assets of the Company and the Group.

The Directors of the Company accept responsibility for the financial statements of the Company and the Group, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Ugandan Companies Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and the Group. 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 controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Directors have assessed the Company and the Group's ability to continue as a going concern. The Directors hereby report that nothing has come to their attention to indicate that the Company and the Group 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 Stanbic Uganda Holdings Limited were approved by the Board of Directors on 21 March 2023 and were signed on its behalf by:

....
Baker Magunda
Board Chairman

....
Francis Karuhanga
Chief Executive

Report of the Board Audit and Risk Committee

This report is provided by the Board Audit and Risk Committee (the "Committee") in respect of the 2023 financial year of Stanbic Uganda Holdings Limited (the "Company") and its subsidiaries. The Committee's operation is guided by a Board Committee Mandate (the "mandate"), which is informed by the Ugandan Companies Act, and the Financial Institutions Act 2004 as amended, impacting the banking subsidiary, the Uganda Securities Exchange (USE) Listing Rules 2021 and is approved by the Board. The Committee composition is annually reviewed by the Board.

Execution of Functions

The Committee has executed its duties and responsibilities during the financial year in accordance with its mandate, in relation to Stanbic Uganda's accounting, internal auditing, internal control and financial reporting practices.

During the year under review, the Committee, among other matters, considered the following:

In respect of the External Auditor and the External Audit:

- Recommended to the Board for an approval of the appointment of Ernst & Young Certified Public Accountants, as external auditors for the financial year ended 31 December 2023, in accordance with all applicable legal requirements.
- Approved the external auditor's terms of engagement, the audit plan and budgeted audit fees payable.
- Reviewed the audit process and evaluated the effectiveness of the audits.
- Obtained assurance from the external auditors that their independence was not impaired.
- Considered the nature and extent of all non-audit services provided by the external auditors.
- Through the Chairman, approved proposed contracts with the external auditors for the provision of non-audit services and pre-approved proposed contracts with the external auditors for the provision of non-audit services above an agreed threshold amount.
- Confirmed that no reportable irregularities were identified and reported by the external auditors.

In respect of internal control and internal audit:

- Reviewed and approved the internal audit charter and audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter.
- Considered reports of the internal and external auditors on the group's systems of internal control, including internal financial controls, and maintenance of effective internal control systems.
- Reviewed significant issues raised by the internal audit processes and the adequacy of corrective action taken in response to such findings.
- Noted that there were no significant differences of opinion between the internal audit function and management.
- Assessed the independence and effectiveness of the group chief audit officer, the internal audit function and adequacy of the available internal audit resources and found them to be satisfactory.
- Considered the outcome of the group's external auditors' annual assessment of internal audit against the requirements of International Standards on Auditing (ISA) 601, which confirmed that the external auditors could place reliance on internal audit's work for the purpose of external audit engagements.
- Reviewed internal audit's annual report which summarised the results and themes observed as part of internal audit's activities for the prior year as well as internal audit's assurance statement that the control environment was effective to ensure that the degree of risk taken by the group was at an acceptable level and that internal financial controls were adequate and effective in ensuring the integrity of material financial information.
- Based on the above, the committee formed the opinion that, at the date of this report, there were no material breakdowns in internal control, including internal financial controls, resulting in any material loss to the group.
- Over the course of the year, met with the group chief audit officer, the group chief compliance officer, the head of anti-financial crime, the group financial director, management, and the external auditors.
- Considered quarterly reports from the group's internal financial control committee.

In respect of the financial statements:

- Confirmed the going concern principle as the basis of preparation of the consolidated annual financial statements.
- Examined and reviewed the consolidated interim and annual financial statements prior to submission and approval by the Board.
- Reviewed reports on the adequacy of the provisions for performing and non- performing loans and impairment of other assets, and the formulae applied by the company in determining charges for and levels of impairment of performing loans.
- Ensured that the consolidated annual financial statements fairly present the financial position of the company, as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the company is determined to be a going concern.
- Ensured that the consolidated annual financial statements conform with IFRS.
- Considered accounting treatments, significant unusual transactions and accounting judgements.
- Considered the appropriateness of the accounting policies adopted and changes thereto.
- Reviewed and discussed the external auditor's audit report.
- Considered and made recommendations to the Board on the consolidated interim and final dividend payments to the shareholder.
- Recommended the consolidated financial statements to the Board for approval.

- Noted that there were no material reports or complaints received concerning accounting practices, internal audit, internal financial controls, content of the consolidated annual financial statements, internal controls and related matters.

In respect of risk management and information technology:

- Considered risks as they pertained to the control environment, financial reporting and the going concern assessment.
- Considered and reviewed reports from Management on risk management, including reports on fraud and its bearing on financial reporting and the going concern assessment.
- Considered updates on key internal and external audit findings in relation to the IT (Information Technology) control environment, significant IT programmes and IT intangible assets.

In respect of financial accounting and reporting developments:

- Reviewed Management's process and progress with respect to new financial accounting and reporting developments.

In respect of the coordination of assurance activities, the committee:

- Reviewed the plans and work outputs of the external and internal auditor as well as compliance and financial crime control and concluded that these were adequate to address all significant financial risks facing the business, and
- Considered the expertise, resources and experience of the finance function and the senior members of Management responsible for this function and concluded that these were appropriate.

In respect of the Annual Report:

- Evaluated Management's judgments and reporting decisions in relation to the Annual Report and ensured that all material disclosures are included.
- Reviewed forward-looking statements, financial and sustainability information in respect of internal control, internal audit and financial crime control.
- Reviewed and approved the annual internal audit charter and audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter.
- Considered reports of the internal and external auditors on the Company's internal control systems, including internal financial controls and maintenance of effective internal control systems.
- Reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to such findings.
- Noted that there were no significant differences of opinion between the internal audit function and Management.
- Assessed the adequacy of the performance of the internal audit function and adequacy of the available internal audit resources and found them to be satisfactory.
- Received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal.
- Based on the above, the Committee formed the opinion that there were no material breakdowns in internal control at the date of this report, including internal financial controls, resulting in any material loss to the Company.
- Reviewed any significant tax matters that could have a material impact on the financial statements.
- Considered quarterly reports from the Company's internal financial controls departments.
- Considered the independent assessment of the effectiveness of the internal audit function.

In respect of legal, regulatory and compliance requirements.

- Reviewed, together with Management, matters that could have a material impact on the Company.
- Monitored compliance with the Companies Act of Uganda, the Financial Institutions Act, the USE Listing Rules, all other applicable legislation and governance codes and reviewed reports from internal audit, external auditors and compliance detailing the extent of compliance.
- Noted that no complaints were received through the Company's Ethics and Fraud Hotline concerning accounting matters, internal audit, internal financial controls, contents of financial statements, potential violations of the law and questionable accounting or auditing matters.
- Reviewed reports from management on risk management, including fraud and its risks as they pertain to financial reporting and the going concern assessment.

Independence of the External Auditor

The Committee is satisfied that the External Auditors, Ernst & Young, are independent of the Company. This conclusion was arrived at, inter alia, after taking into account the following factors:

- The representations made by Ernst & Young to the Committee.
- The Auditors do not, except as external auditors or in rendering permitted non-audit services, receive any remuneration or other benefits from the Company.
- The Auditors' independence was not impaired by any consultancy, advisory or other work undertaken by them.
- The Auditors' independence was not prejudiced as a result of any previous appointment as the Company's Auditors.
- The criteria specified for independence by the independent regulatory Board for Auditors and international regulatory bodies were met.

In conclusion, the Board Audit and Risk Committee has complied with its legal, regulatory and governance responsibilities as set out in its mandate.

On behalf of the Board Audit Committee

Chairperson, Board Audit and Risk Committee

21 March 2024

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF STANBIC UGANDA HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Stanbic Uganda Holdings Limited ('the Company') and its subsidiaries ('the Group') and Company set out on pages 122 to 223, which comprise of the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Uganda.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements** section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate 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.

Other Matter

The consolidated and separate financial statements of Stanbic Uganda Holdings Limited for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements** section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter only applies to the audit of the consolidated financial statements.

Key Audit Matter	How the matter was addressed in the audit
As disclosed in **Note 21** to the consolidated and separate financial statements, as at 31 December 2023, the Group had an allowance for expected credit losses of UShs 145 billion (2022: UShs 154 billion) charged on gross loans and advances to customers of UShs 4,371 billion (2022: UShs 4,239 billion). The related charge for the year to the income statement was UShs 109.9 billion (2022: UShs 89.5 billion) as disclosed in **Note 11** to the consolidated and separate financial statements. The expected credit losses are based on a forward-looking approach that recognises impairment loss allowances in accordance with IFRS 9 **Financial Instruments**. The estimation of expected credit losses requires the Group to make significant judgements in the consideration of the following variables: • Allocation of loans to stages 1, 2 and 3 in accordance with IFRS 9 based on: - Credit exposures for which there has been a significant increase in credit risk since initial recognition, and for which a loss allowance is recognised over the remaining life of the exposure (lifetime ECL); and - Credit exposures for which there has been no significant increase in credit risk, and for which a loss allowance is recognised for default events that are possible within the next 12-months (12-month ECL). • Stratification of the loans and advances to customers under different credit portfolios on the basis of the associated credit risk. • Assessment of the Probability of Default (PD) and the Loss Given Default (LGD). • The application of historical and forward-looking information, including macro-economic factors in the assessment of the PD. • Assessment and forecasting of expected future cash flows from impaired (stage 3) loans and advances to customers including assessing the financial condition of the counterparty, estimating recoverability of the cash flows and collateral realisation. • Consideration of the impact on default rates of correlated forward looking macroeconomic factors. • Expected utilisation of overdraft and other lending commitments over the lifetime of the commitments. • Application of additional overlay adjustments to reflect factors that are not considered in the applied expected credit loss model. Due to the significance of the amounts, and the significant judgements and related estimation uncertainty involved, the assessment of ECLs on loans and advances to customers has been considered a key audit matter. The complexity of these estimates requires management to prepare financial statement disclosures explaining the key judgments and the key inputs into the ECL computations. The disclosures in Notes **2.1(ii)**, 2.1(iii)(b) and **3(c)** to the consolidated and separate financial statements provide information about the Group's ECL models and the related accounting policies, key assumptions and judgements.	Our audit procedures included, but were not limited to: • Obtaining an understanding of management's process and controls over credit origination, credit monitoring, credit remediation and expected credit loss modelling. This included understanding the governance over the credit models and related management overlay adjustments and evaluating that the ECL models were in accordance with the IFRS 9 principles. • For non-performing loans (NPLs or Stage 3) ECL models: - We tested the completeness of the NPLs identified by management by inspecting the loan register that all loans meeting the NPL criteria are included in the schedule of NPLs. For credit classifications based on subjective criteria, we evaluated the appropriateness of the factors considered by management. - We understood the ECL models and the key inputs and selected a sample for testing, taking into consideration both quantitative and qualitative factors. The quantitative factors were primarily based on our performance materiality while the qualitative factors considered aspects such as facilities watch-listed by management and the regulator, nonperforming borrowers known from publicly available information and borrowers in sectors that are not performing as expected. - For the selected sample of NPLs, we inspected the related loan files and evaluated that the inputs in the ECL models agreed to the supporting documentation in the files. Inputs considered included interest rates which are used as the discount factors, outstanding loan balances which are the basis for determining the LGD, value of the collateral held which is the basis for expected cash flows from loans to be recovered through foreclosure. - We evaluated whether the basis for determining the expected net cash flows from the loans was reasonable in the circumstances. This included evaluating that expected cash flows based on foreclosure are based on the collateral Forced Sale Values as determined by the external valuer and as adjusted by appropriate haircuts, or as otherwise justified by management, including reflecting available supportable information which reflects borrower specific and/or current market conditions. For cash flows expected from repayments by the borrowers, we evaluated that they were supported by enforceable commitments and evidence of source of cash to be used by the borrower to repay the loans. - We evaluated whether the expected timing of the cash flows was reasonably supported considering the information available to the Group without undue cost and effort. This included considering past experience of the time it takes to complete a foreclosure including factors such as the time required to complete relevant legal processes as adjusted for changes in the business environment. - We evaluated whether necessary adjustments to the expected cash flows were considered including a reasonable estimate of the costs expected to be incurred to recover the expected cash flows. • For Stage 1 and 2 ECL models, the ECL balances determined by management were evaluated by assessing whether they were within the range of estimates recomputed using available inputs and validated information produced by the Group. This included evaluating that inputs into the ECL models like the loan balances used agreed to the general ledger and that there were no duplicated or omitted loan facilities and management overlay adjustments like technical arrears were in line with the Group's policy. • Assessed whether disclosures made in the consolidated and separate financial statements agreed to the audited balances and information, and whether they were in accordance with IFRS 9.

Other Information

Other information consists of the information included in the Company Information, Report of the Directors, Statement of Directors' Responsibilities, the Report of the Board Audit and Risk Committee and the Supplementary Information appended to the audited financial statements, which we obtained prior to the date of this report, and the other information included in the Annual Report, which is expected to be made available to us after that date, other than the financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the contents of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Uganda, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Companies Act, 2012 of Uganda, we report to you, based on our audit, that:

i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit;

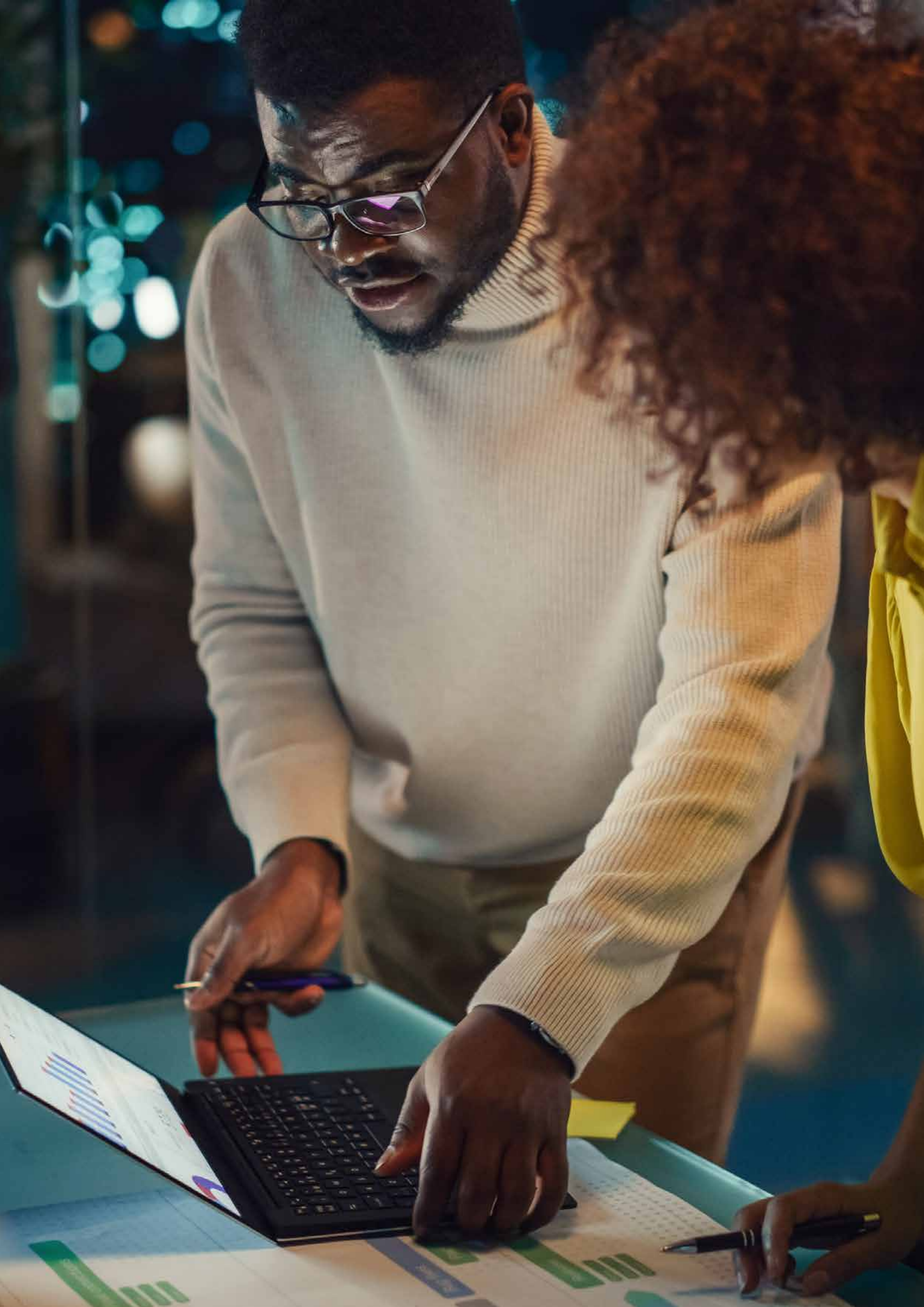
ii. In our opinion, proper books of account have been kept by the Group and Company, so far as appears from our examination of those books; and

iii. The consolidated and separate statements of financial position, consolidated and separate income statements and consolidated and separate statements of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Julius Rwajekare – P0307.

Ernst & Young
....
Ernst & Young
Certified Public Accountants
Kampala, Uganda
22 March 2024

....
Julius Rwajekare
Partner



FINANCIAL STATEMENTS

Consolidated and separate income statement
For the year ended 31 December 2023

		GROUP		COMPANY	
	Notes	2023 UShs' 000	2022 UShs' 000	2023 UShs' 000	2022 UShs' 000
Interest income	5	**781,926,437**	635,024,818	**1,782,775**	387,221
Interest expense	6	**(73,033,033)**	(45,612,036)	**(19,780)**	(40,938)
Net interest income		**708,893,404**	589,412,782	**1,762,995**	346,283
Fee and commission income	7	**221,166,962**	190,979,159	**-**	-
Fee and commission expenses	7	**(17,116,627)**	(14,104,774)	**-**	-
Net fees and commission income		**204,050,335**	176,874,385	**-**	-
Net trading income	8	**270,116,145**	261,425,547	**-**	-
Other operating income	10	**11,084,313**	10,186,159	**320,000,000**	110,092,919
Non interest revenue		**485,250,793**	448,486,091	**320,000,000**	110,092,919
Total income before credit impairment charge		**1,194,144,197**	1,037,898,873	**321,762,995**	110,439,202
Impairment charge for credit losses	11	**(69,453,662)**	(59,572,490)	**-**	-
Total income after credit impairment charge		**1,124,690,535**	978,326,383	**321,762,995**	110,439,202
Employee benefits expense	12	**(252,911,564)**	(212,397,514)	**(8,567,493)**	(6,267,496)
Amortisation	24	**(15,252,032)**	(15,162,264)	**-**	-
Depreciation	25	**(32,306,644)**	(34,215,727)	**(655,533)**	(612,281)
Other operating expenses	13	**(283,273,568)**	(233,514,804)	**(3,002,523)**	(2,156,974)
Profit before income tax		**540,946,727**	483,036,074	**309,537,446**	101,402,451
Income tax (expense)/credit	14	**(129,415,623)**	(125,655,166)	**3,026,696**	2,704,803
Profit for the year attributable to the equity holders of the Group		**411,531,104**	357,380,908	**312,564,142**	104,107,254
Earnings per share for profit attributable to the equity holders of the Group during the year (expressed In UShs per share):					
Basic & diluted	15	**8.04**	**6.98**		

The notes set out on pages 128 to 223 form an integral part of these financial statements

Consolidated and separate statement of comprehensive income
For the year ended 31 december 2023

		GROUP		COMPANY	
		2023	2022	2023	2022
	Notes	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Profit for the year		**411,531,104**	357,380,908	**312,564,142**	104,107,254
Other comprehensive income for the year after tax:					
Items that may be subsequently reclassified to profit and loss					
Net change in debt financial assets measured at fair value through other comprehensive income (OCI)	27	**(2,903,169)**	(7,909,086)	**-**	-
Total comprehensive income for the year		**408,627,935**	349,471,822	**312,564,142**	104,107,254

Income tax relating to each component of comprehensive income is disclosed in **note 27**.
The notes set out on pages 128 to 223 form an integral part of these financial statements.

Consolidated and separate statement of financial position As at 31 December 2023

		GROUP		COMPANY	
	Notes	2023 UShs' 000	2022 UShs' 000	2023 UShs' 000	2022 UShs' 000
Assets					
Cash and balances with Bank of Uganda	16	**1,079,035,695**	1,085,102,127	**-**	-
Derivative assets	29	**99,208,570**	111,325,016	**-**	-
Trading assets	18	**1,778,937,821**	1,598,475,974	**-**	-
Pledged assets	19	**4,661,138**	5,504,897	**-**	-
Financial investments	17	**1,221,181,033**	1,255,700,950	**20,306,639**	10,076,259
Current income tax recoverable	14	**-**	-	**5,850,516**	11,594,808
Loans and advances to banks	20	**240,585,250**	296,044,517	**-**	-
Loans and advances to customers	21	**4,225,122,489**	4,085,001,025	**-**	-
Amounts due from group companies	38	**330,064,839**	228,474,116	**25,356,747**	29,624,190
Investment in subsidiaries	40	**-**	-	**903,127,489**	896,504,489
Other assets	23	**128,773,542**	204,249,085	**93,558**	102,550
Deferred tax asset	22	**59,370,617**	46,097,001	**9,455,277**	6,428,580
Property, equipment and right of use assets	25	**83,682,517**	75,544,090	**735,384**	1,045,465
Goodwill and other intangible assets	24	**52,775,000**	67,428,584	**-**	-
Total assets		**9,303,398,511**	9,058,947,382	**964,925,610**	955,376,341
Shareholders' equity and liabilities					
Shareholders' equity					
Ordinary share capital	26	**51,188,670**	51,188,670	**51,188,670**	51,188,670
Fair value through other comprehensive income reserve	27	**7,225,959**	10,129,128	**-**	-
Retained earnings	43	**1,667,988,365**	1,536,457,261	**729,978,585**	697,414,443
Proposed dividends	35	**155,000,000**	185,000,000	**155,000,000**	185,000,000
Total shareholders' equity		**1,881,402,994**	1,782,775,059	**936,167,255**	933,603,113
Liabilities					
Derivative liabilities	29	**135,159,501**	149,082,358	**-**	-
Current tax liability	14	**21,988,995**	11,289,587	**-**	-
Deposits from customers	30	**6,332,851,589**	6,131,256,477	**-**	-
Deposits from banks	31	**96,704,725**	142,092,860	**-**	-
Amounts due to group companies	38	**243,593,384**	220,079,961	**1,078,135**	575,785
Borrowed funds	32	**16,627,259**	37,324,647	**-**	-
Subordinated debt	34	**77,641,462**	75,931,416	**-**	-
Provisions and other liabilities	33	**497,428,602**	509,115,017	**27,680,220**	21,197,443
Total liabilities		**7,421,995,517**	7,276,172,323	**28,758,355**	21,773,228
Total equity and liabilities		**9,303,398,511**	9,058,947,382	**964,925,610**	955,376,341

The financial statements on pages 122 to 223 were approved for issue by the Board of Directors on 21 March 2024 and signed on its behalf by:

....

Chairman

....

Chief Executive

....

Director

....

Company Secretary

The notes set out on pages 128 to 223 form an integral part of these financial statements.

Consolidated and separate statement of changes in equity
For the year ended 31 December 2023

GROUP	Notes	Share capital UShs' 000	Fair value through OCI reserve UShs' 000	Proposed dividends UShs' 000	Retained earnings UShs' 000	Total UShs' 000
Balance at 1 January 2023		**51,188,670**	**10,129,128**	**185,000,000**	**1,536,457,261**	**1,782,775,059**
Profit for the year					**411,531,104**	**411,531,104**
Other comprehensive (loss)/ income after tax for the year	27	**-**	**(2,903,169)**	**-**	**-**	**(2,903,169)**
Total comprehensive income		**-**	**(2,903,169)**	**-**	**411,531,104**	**408,627,935**
Transactions with owners recorded directly in equity						
Dividends paid		**-**	**-**	**(185,000,000)**	**-**	**(185,000,000)**
Interim dividends paid		**-**	**-**	**-**	**(125,000,000)**	**(125,000,000)**
Proposed dividends	35	**-**	**-**	**155,000,000**	**(155,000,000)**	**-**
Balance at 31 December 2023		**51,188,670**	**7,225,959**	**155,000,000**	**1,667,988,365**	**1,881,402,994**

GROUP	Notes	Share capital UShs' 000	Fair value through OCI reserve UShs' 000	Proposed dividends UShs' 000	Retained earnings UShs' 000	Total UShs' 000
Balance at 1 January 2022		51,188,670	18,038,214	50,000,000	1,414,076,353	1,533,303,237
Profit for the year					357,380,908	357,380,908
Other comprehensive loss after tax for the year	27	-	(7,909,086)	-	-	(7,909,086)
Total comprehensive income		-	(7,909,086)	-	357,380,908	349,471,822
Transactions with owners recorded directly in equity						
Dividends paid		-	-	(50,000,000)	-	(50,000,000)
Interim dividends paid		-	-	-	(50,000,000)	(50,000,000)
Proposed dividends	35	-	-	185,000,000	(185,000,000)	-
Balance at 31 December 2022		51,188,670	10,129,128	185,000,000	1,536,457,261	1,782,775,059

The notes set out on pages 128 to 223 form an integral part of these financial statements.

Consolidated and separate statement of changes in equity For the year ended 31 December 2023 continued

COMPANY	Notes	Share capital UShs' 000	Fair value through OCI reserve UShs' 000	Proposed dividends UShs' 000	Retained earnings UShs' 000	Total UShs' 000
Balance at 1 January 2023		**51,188,670**	**-**	**185,000,000**	**697,414,443**	**933,603,113**
Profit for the year		**-**	**-**	**-**	**312,564,142**	**312,564,142**
Other comprehensive (loss)/ income after tax for the year		**-**	**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**-**	**312,564,142**	**312,564,142**
Transactions with owners recorded directly in equity						
Dividends paid		**-**	**-**	**(185,000,000)**	**-**	**(185,000,000)**
Interim dividends paid		**-**	**-**	**-**	**(125,000,000)**	**(125,000,000)**
Proposed dividends	35	**-**	**-**	**155,000,000**	**(155,000,000)**	**-**
Balance at 31 December 2023		**51,188,670**	**-**	**155,000,000**	**729,978,585**	**936,167,255**

COMPANY	Notes	Share capital UShs' 000	Fair value through OCI reserve UShs' 000	Proposed dividends UShs' 000	Retained earnings UShs' 000	Total UShs' 000
Balance at 1 January 2022		51,188,670	-	50,000,000	828,307,189	929,495,859
Profit for the year		-	-	-	104,107,254	104,107,254
Other comprehensive (loss)/ income after tax for the year		-	-	-	-	-
Total comprehensive income		-	-	-	104,107,254	104,107,254
Transactions with owners recorded directly in equity						
Dividends paid		-	-	(50,000,000)	-	(50,000,000)
Interim dividends paid		-	-	-	(50,000,000)	(50,000,000)
Proposed dividends		-	-	185,000,000	(185,000,000)	-
Balance at 31 December 2022		51,188,670	-	185,000,000	697,414,443	933,603,113

The notes set out on pages 128 to 223 form an integral part of these financial statements.

Consolidated and separate statement of cash flows
For the year ended 31 December 2023

	Notes	GROUP 2023 USh' 000	GROUP 2022 USh' 000	COMPANY 2023 USh' 000	COMPANY 2022 USh' 000
Cash flows from operating activities					
Interest received		**793,044,452**	680,931,084	**1,567,139**	310,962
Interest paid		**(79,799,780)**	(49,171,375)	**251,771**	(40,938)
Net fees and commissions received		**201,479,336**	182,768,651	**320,000,000**	110,092,919
Net trading and other Income		**326,216,554**	298,672,213	**-**	-
Cash payment to employees and suppliers		**(553,361,238)**	(440,424,106)	**(12,170,582)**	(8,173,195)
Cash flows from operating activities before changes in operating assets & Liabilities		**687,579,324**	672,776,467	**309,648,328**	102,189,748
Changes in operating assets & liabilities					
Income tax (paid)/refund	**14**	**(130,359,298)**	(114,491,967)	**5,744,292**	-
Decrease in derivative assets		**12,116,446**	17,839,025	**-**	-
Decrease/(increase) in financial investments		**492,479,618**	(375,206,699)	**(10,014,744)**	(10,000,000)
Increase in trading assets		**(189,699,874)**	(542,724,401)	**-**	-
Increase in cash reserve requirement	**37**	**(14,480,000)**	(117,610,000)	**-**	-
Increase in loans and advances to customers and banks		**(242,358,649)**	(497,848,955)	**-**	-
Decrease in other assets		**78,046,542**	56,868,039	**8,992**	403,639
Increase in customer deposits		**207,513,391**	393,772,650	**-**	-
Increase/(decrease) in deposits and balances due to other banks		**(45,239,781)**	(12,982,254)	**-**	-
Increase/(decrease) in deposits from group companies		**23,513,423**	(40,312,741)	**502,350**	13,673
Decrease in derivative liabilities		**(13,922,857)**	(55,979,146)	**-**	-
(Increase)/decrease in other liabilities		**8,062,562**	(83,985,333)	**7,083,342**	1,317,385
Net cash from operating activities		**873,250,847**	(699,885,315)	**312,972,560**	93,924,445
Cash flows from investing activities					
Purchase of property and equipment	**25**	**(26,457,650)**	(17,390,752)	**(225,754)**	(57,987)
Purchase of computer software	**24**	**(598,448)**	(297,435)	**-**	-
Proceeds from sale of property and equipment		**485,373**	335,638	**-**	-
Net cash used in investing activities		**(26,570,725)**	(17,352,549)	**(225,754)**	(57,987)
Cash flows from financing activities					
Principal lease payments		**(16,286,876)**	(11,573,886)	**(391,249)**	-
Dividends paid to shareholders	**35**	**(310,000,000)**	(100,000,000)	**(310,000,000)**	(100,000,000)
Investment in Subsidiary	**40**	**-**	-	**(6,623,000)**	-
Decrease in borrowed funds	**32**	**(20,697,388)**	(127,871,838)	**-**	-
Increase in subordinated debt		**2,088,627**	4,177,502	**-**	-
Net cash used financing activities		**(344,895,637)**	(235,268,222)	**(317,014,249)**	(100,000,000)
Net increase/(decrease) in cash and cash equivalents		**501,784,485**	(952,506,086)	**(4,267,443)**	(6,133,542)
Cash and cash equivalents at beginning of the year	**37**	**1,084,437,201**	2,036,943,287	**29,624,190**	35,757,732
Cash and cash equivalents at end of the year	**37**	**1,586,221,686**	1,084,437,201	**25,356,747**	29,624,190

The notes set out on pages 128 to 223 form an integral part of these financial statements.

Notes

1. General information

Stanbic Uganda Holdings Limited (the "Company") is a limited liability company, incorporated and domiciled in Uganda. The address of its registered office is Plot 17 Hannington Road 11th floor Short Tower - Crested Towers, P. O. Box 7395, Kampala, Uganda.

The Company's shares are listed on the Uganda Securities Exchange (USE) and it has five subsidiaries which are; Stanbic Bank Uganda Limited, FLYHUB Uganda Limited, Stanbic Properties Limited, Stanbic Business Incubator Limited and SBG Securities Uganda Limited. For purposes of reporting under the Companies Act of Uganda 2012 (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 income statement in these financial statements.

2.1 Accounting policy elections

(i) Summary of material accounting policies

The principal accounting policies applied in the preparation of the group and company's financial statements are set out below. These policies have been consistently applied to all years presented for both group and company, unless otherwise stated.

a) Basis of preparation

The consolidated and separate financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) as issued by IASB and in the manner required by the Ugandan Companies Act. The financial statements are presented in the functional currency, Uganda Shillings (UShs), rounded to the nearest thousand, and prepared under the historical cost basis except where otherwise stated below:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

- Purchases and sales of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned are recognised and derecognised using trade date accounting (accounting policy h).
- Intangible assets, property, equipment and right-of-use assets are accounted for at cost less accumulated amortisation/ depreciation and impairment (accounting policy c).
- The portfolio exception is applied to measure the fair value of certain groups of financial assets and financial liabilities on a net basis (accounting policy a).
- Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.
- Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 2.

Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates, Uganda Shillings; UShs ("the functional currency"). The financial statements are presented in UShs, and figures are stated in thousands of UShs (UShs'000) unless otherwise stated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition: non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year- end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Changes in the fair value of monetary assets denominated in foreign currency classified as fair value through OCI are analysed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognised in profit or loss, and other changes in the carrying amount, are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non- monetary financial instruments, such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

b) Changes in accounting policies

The accounting policies are consistent with those reported in the prior year.

Below amendments to the standards were effective for the current reporting period.

- Disclosure of accounting policies - amendments to IAS 1 and IFRS practice statement 2
- Definition of accounting estimates - amendments to IAS 8
- Deferred tax related to assets and liabilities arising from a single transaction – amendments to IAS 12
- International tax reform – pillar two model rules - amendments to IAS 12

The Group also did not early adopt any amended standards during the current reporting period.

ii) Key management assumptions

In preparing the Group and Company financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. While models have been enhanced, no material changes to assumptions have occurred during current or prior reporting periods apart from those mentioned below. The following represents the most material key management assumptions applied in preparing these financial statements. The key management assumptions below apply to the Group and Company, unless otherwise stated.

Expected credit losses (ECL)

During the current reporting period, models for measurement of ECL, have been enhanced but no material changes to assumptions have occurred. Changes in macro-economic conditions imposed considerable strain on our operations specifically retail, business and corporate clients, however, the Group's risk appetite remained unchanged. As such the below significant increase in credit risk (SICR) and default assumptions, thresholds and/or triggers were not amended.

ECL on financial assets – drivers

For the purpose of determining the ECL:

- The mortgage lending, vehicle and asset finance (VAF), card, personal, business lending and other products portfolios are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio. The impairment provision calculation excludes post-write-off recoveries (PWOR) from the loss given default (LGD) in calculating the ECL. These LGD parameters are aligned to market practice.
- Corporate, sovereign and bank exposures are calculated separately based on rating models for each of the asset classes.

ECL measurement period

- The ECL measurement period for stage 1 exposures is 12 months (or the remaining tenor of the financial asset relating to corporate, sovereign and bank exposures, including certain mortgage lending, VAF, card, personal, business lending and other product exposures, if the remaining lifetime is less than 12 months).
- A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument or financial asset has increased significantly since initial recognition (stage 2).
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- Lifetime includes consideration for multiple default events, i.e., where defaulted exposures cure and then subsequently re-default. Financial assets must be assessed for significant increase in credit risk (SICR) compared to when the loan was first originated, prior to the loan reaching 30 days past due arrear status. This consideration increases the potential ECL.
- The measurement period for unutilised loan commitments utilises the same approach as on-balance sheet exposures.

Significant increase in credit risk and low credit risk

Mortgage lending, vehicle and asset finance, card, personal, business lending and other products

All exposures are assessed to determine whether there has been significant increase in credit risk at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. Significant increase in credit risk thresholds, which are behaviour score based, are derived for each portfolio vintage of exposures with similar credit risk and are calibrated over time to determine which exposures reflect deterioration relative to the originated population and consequently reflect an increase in credit risk.

Behaviour scorecards are based on a combination of factors which include the information relating to customers, transactions and delinquency behaviour (including the backstop when contractual payments are more than 30 days past due) to provide a quantitative assessment (score), and more specifically, a ranking of customer creditworthiness.

The creditworthiness of a customer is summarised by a score, with high scores corresponding to low-risk customers, and conversely, low scores corresponding to high-risk customers. These scores are often considered in determining the probability of default (PD) including relative changes in PD. Credit risk has increased since initial recognition when these criteria are met. The group applied the 30-day period for identifying the significant increase in credit risk, except for corporate customer and Business Banking customers above USD 2 million in exposure. In addition, the Group applies override to the 30-day rule presumed higher for significant increase in credit on the personal banking government portfolio based on the fact that arrears position at a point in time are only technical in nature and not a reflection of actual account performance.

The Group determines the significant increase in credit risk (SCR) threshold by utilising an appropriate transfer rate of exposures that are less than 30 days past due (DPD) to stage 2. This transfer rate is such that the proportion of the 0-29 DPD book transferred into stage 2 is no less than the observed 12-month roll rate of 0-29 days accounts into 30 or more days in arrears. The significant increase in credit risk thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage and to consequently facilitate appropriate impairment coverage.

Where behaviour scores are not available, historical levels of delinquency are applied in determining whether there has been SICR. For all exposures, the rebuttable presumption of 30 days past due as well as exposures classified as either debt review or as 'watch-list' are used to classify exposures within stage 2.

Corporate, sovereign and bank lending products (including certain business banking exposures)

The Group uses a 25-point master rating scale to quantify the credit risk for each exposure. On origination, each client is assigned a credit risk grade within the Group's 25-point master rating scale. Ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data for the applicable portfolio. These credit ratings are evaluated at least annually or more frequently as appropriate.

Corporate exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre- defined ratings' migration thresholds or, when a contractual payment becomes more than 30 days overdue (IFRS 9's rebuttable presumption), the exposure is classified within stage 2. These predefined ratings' migration thresholds have been determined based on historic default experience which indicate that higher rated risk exposures are more sensitive to SICR than lower risk exposures. Based on an analysis of historic default experience, exposures that are classified by the Group's master rating scale as investment grade are assessed for SICR at each reporting date but are considered to be of a low credit risk. To determine whether a client's credit risk has increased significantly since origination, the Group determines the extent of the change in credit risk using the table below.

Group Master rating scale band	SICR trigger (from origination)
SB 1 - 12	Low credit risk
SB 13 - 20	Change of 3 rating or more
SB 21 - 25	Change of 1 rating or more

Incorporation of forward-looking information (FLI) in ECL measurement

The Group determines the macroeconomic outlook, over a planning horizon of at least three years, based on the Group's global outlook and its global view of commodities.

For mortgage lending, VAF, card, personal, business lending and other products these forward-looking economic expectations are included in the ECL where adjustments are made based on the Group's macro- economic outlook, using models that correlate these parameters with macro-economic variables. Where modelled correlations are not viable or predictive, adjustments are based on expert judgement to predict the outcomes based on the Group's macro- economic outlook expectations. In addition to forward-looking macroeconomic information, other types of FLI, such as specific event risk, have been taken into account in ECL estimates when required, through the application of out-of-model adjustment. These out-of-model adjustments are subject to group credit governance committee oversight.

The Group's macroeconomic outlooks are incorporated in corporate, sovereign and bank products' clients rating and include specific forward-looking economic considerations for the individual client. The client rating thus reflects the expected client risk for the Group's expectation of future economic and business conditions. Further adjustments, based on point-in-time market data, are made to the PDs assigned to each risk grade to produce PDs and ECL representative of existing market conditions.

Default

The definition of default, which triggers the credit impaired classification (stage 3), is based on the Group's internal credit risk management approach and definitions. While the specific determination of default varies according to the nature of the product, it is compliant to the Basel definition of default, and generally determined as occurring at the earlier of:

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security, this includes the classification of distressed restructures (including debt review exposure accounts) as default for a minimum of 6 months, while observing payment behaviour; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Group has not rebutted the 90 days past due rebuttable presumption.

Write-off policy

An impaired loan is written off once all reasonable attempts at collection have been made and there is no material economic benefit expected from attempting to recover the balance outstanding (i.e., no reasonable expectation of recovery). This assessment considers both qualitative and quantitative information, such as past performance, behaviour and recoveries.

The Group assesses whether there is a reasonable expectation of recovery at an exposure level. As such, once the below criteria are met at an exposure level, the exposure is written off.

The following criteria must be met before a financial asset can be written off:

- the financial asset has been in default for the period defined for the specific product (i.e., vehicle and asset finance, mortgage lending, etc.) which is deemed sufficient to determine whether the Group is able to receive any further economic benefit from the impaired loan. The period defined for unsecured mortgage lending, VAF, card, personal, business lending and other products are determined with reference to post-default payment behaviour such as cumulative delinquency, as well as an analysis of post write-off recoveries. Factors that are within the Group's control are assessed and considered in the determination of the period defined for each product. The post-default payment period is generally once the rehabilitation probability (repayment of arrear instalments) is considered low to zero, unless it is after I year of going into arrears: and
- at the point of write-off, the financial asset is fully impaired (i.e., 100% ECL allowance) with no reasonable expectation of recovery of the asset, or a portion thereof.

As an exception to the above requirements:

- where the exposure is secured (or for collateralised structures), the impaired exposure can only be written off once the collateral has been realised. Post- realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above.
- For corporate, sovereign and bank products, write-off are assessed on a case-by-case basis and approved by the CIB credit governance committee based on the individual facts and circumstances.

For unsecured exposures, post write-off collection and enforcement activities include outsourcing to external debt collection agents as well as, collection/settlement arrangements to assist clients to settle their outstanding debt. The Group continuously monitors and reviews when exposures are written off, the levels post write off recoveries as well as the key factors influencing post write-off recoveries, which ensure that the Group's point of write-off remains appropriate and that post write-off recoveries are within expectable levels over time.

Curing

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e., stage 3) still exist. Distressed restructured financial assets (including debt review exposures) that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e., an average of six full consecutive monthly payments per the terms and conditions). In addition, distressed restructured financial assets that no longer qualify as credit impaired remain under observation within stage 3 for a minimum of 12 months to comply with Financial Institutions Act (FIA).

In the case of financial assets with quarterly or longer dated repayment terms, the classification of a financial asset out of stage 3 may be made subsequent to an evaluation by the Group's CIB or mortgage lending, VAF, card, personal, business lending and other products credit governance committees (as appropriate), such evaluation will take into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and with existing financial asset terms and conditions.

Where it has been determined that a financial asset no longer meets the criteria for significant increase in credit risk, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively.

Stanbic Group's forward-looking economic expectations were applied in the determination of the ECL at the reporting date.

A range of base, bear and bull forward-looking economic expectations were determined, as at 31 December 2023, for inclusion in the Group's forward-looking process and ECL calculation.

Ugandan economic expectations

In the base case, which is the most likely scenario, and is assigned a 50% probability, we anticipate that Ugandan real GDP growth will slow to 5.5% in 2023 before increasing to 6.4% in 2024 as construction on the Oil Project finds traction and inflation moderates, boosting consumer confidence. Despite ongoing deficits in the short term, robust inflows of foreign investment will mitigate external concerns in the coming years. Strong revenue growth in the face of healthy economic conditions, as well as investment in the oil sector, will auger well for the fiscal balance, which will be credit rating positive. It could be detrimental if World Bank budget support is not reinstated, particularly if it is followed by a loss of access to other sources of external funding Rising government spending will also be a result of increased capital expenditure, particularly on public works infrastructure and the oil sector, as well as increased security spending in reaction to the rebel threat posed by the DRC. Although losing access to AGOA has an impact on net exports and firms (employment) that use the benefit, it is not significant given that the US accounts for 2% of goods exports. In 2024, we anticipate that the currency will depreciate more gradually. After lowering it by 50 bps at its meeting on Aug 23, the BoU will likely maintain its policy rate at 9.50% in H2:23. Although the BoU's medium-term target of 5.0% for inflation has already been reached, pressure on inflation expectations in the upcoming months will come from rising oil prices impacted by geo-political tensions and a weaker shilling. By the end of 2024, the BoU will have lowered rates by 100 bps to 8.50% due to a combination of strong real GDP growth, dovish shifts by developed market central banks, and slower inflation.

In the bear case scenario, which shows the pessimistic view and is assigned a 35% probability, the MPC delays decreasing the CBR, and inflation becomes stickier and begins to rise and global stagflationary forces are expected. The FED's ability to cut interest rates to address the economy's deterioration is limited by the persistence of above-target inflation, keeping access to external borrowing subdued for a longer period and weakening Uganda's fiscal balance. In this scenario, the first oil production is delayed until 2027 because ESG concerns about oil investments make it impossible for the government to acquire funding for the project. These funding delays hinder public infrastructure spending and weigh on FDI. GDP growth slows down as a result. Additionally, the UShs is under more pressure than in the base scenario because the government will not be able to obtain external budget support.

The bull case shows an optimistic trend and is assigned a 15% probability. In this scenario, the MPC lowers the CBR earlier than under the base case to accelerate the slow expansion of private sector lending. Under this scenario, inflation decreases quickly as geo-political risks de-escalate and as productivity improves dramatically. A longer-term economic recovery begins to take shape, assisted by a loosening of the financial conditions around the world and a lowering of several commodity prices. The government of Uganda is able to get funding for the East Africa Crude Oil Pipeline (EACOP) project in spite of ESG concerns and by early 2025, first oil is expected and there is large spill over benefits to the rest of the economy. An expansionary fiscal policy, increased expenditures in the oil sector, and further monetary policy easing, which prompts commercial banks to lend to the private sector more swiftly, all contribute to GDP growth exceeding the base case forecasts. Rising FDI and foreign portfolio investments in government securities boost the shilling's performance. The shilling's relative stability and the lower trajectory of inflation also serve to encourage private consumption expenditure, consequently enhancing asset quality for commercial banks and improving NPLs.

Main macroeconomic factors

The following table shows the main macroeconomic factors used to estimate the forward-looking impact on the ECL provision of financial assets. Each scenario, namely base, bear and bull scenario, is presented for each identified time period.

	Base scenario		Bearish scenario		Bullish scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
2023						
Uganda						
Inflation (%)	**2.9**	**2.8**	**3.9**	**4.2**	**1.9**	**1.5**
Real GDP1 (%)	**6.4**	**7.1**	**5.1**	**5.7**	**8.5**	**8.3**
Policy Rate (%)	**9.1**	**7.4**	**9.5**	**8**	**8.3**	**6.8**
91-Day T-Bill (%)	**7.8**	**7.4**	**10.4**	**11.2**	**6.7**	**5**
Exchange rate USD/UShs	**3,796**	**3,902**	**3,852**	**4,096**	**3,684**	**3,645**
Prime lending rate (%)	**17**	**15.5**	**19**	**18.5**	**17**	**17**
2022						
Uganda						
Inflation (%)	9.5	5	10.8	6.3	3.5	2.7
Real GDP1 (%)	4.3	6.9	3.2	4.7	6.8	7.6
Policy Rate (%)	10.3	8.5	12.8	9.8	7.9	6.8
91-Day T-Bill (%)	9.9	7.8	12.5	11.2	8.1	7.1
Exchange rate USD/UShs	3,838	3,795	3,940	3,924	3,731	3,640
Prime lending rate (%)	19	19	21	21	17	17

1 Gross domestic product
2 The remaining forecast period is 2025 to 2027
3 Next 12 months following 31 December 2023 is 1 January 2024 to 31 December 2024
4 2023 - The scenario weighted average is: Base at 50%, Bear at 35% and Bull at 15%
5 2022 - The scenario weighted average is: Base at 60%, Bear at 30% and Bull at 10%

Sensitivity analysis of the forward-looking impact on the total ECL provision on all financial instruments relating to corporate, sovereign and bank products

The expected credit loss methodology for corporate, sovereign and bank products is based primarily on client specific risk metrics, as such the forward-looking macroeconomic information is one of the components and/or driver of the total reported expected credit loss. Rating reviews of each client are performed at least annually and entails credit analysts completing a credit scorecard and incorporating forward-looking information at a client level. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting expected credit loss for the individual client. Therefore, the impact of forward-looking economic conditions is embedded.

Sensitivity analysis of the forward-looking impact on the total ECL provision on all financial instruments relating to mortgage lending, VAF, card, personal, business lending and other products

During 2023, higher forward-looking ECL provisioning was raised due to significant uncertainty on the impact linked to macro-economic outlook and the forecast underlying the bear macro-economic scenarios.

The following table shows a comparison of the forward-looking impact on the IFRS 9 provision as at 31 December 2023 based on the probability weightings of the above three scenarios resulting from recalculating each of the scenarios using a 100% weighing of the above factors.

	2023		2022	
Allowances for credit losses	Forward looking component of ECL provision USh' 000	Income statement (release)/charge UShs' 000	Forward looking component of ECL provision UShs' 000	Income statement (release)/charge UShs' 000
Actual excluding overlays	**2,047,006**	**(3,272,140)**	5,319,147	413,511
Scenarios				
100% Base	**1,668,400**	**(3,650,747)**	4,457,727	(447,908)
100% Bear	**3,293,456**	**(2,025,691)**	12,068,838	7,163,203
100% Bull	**579,294**	**(4,739,853)**	505,829	(4,399,806)

Refer to **note 21 loans and advances,** for the carrying amounts of the loans and advances and **Note 3(c)** for additional disclosures in relation to credit risk.

BCB and PPB IFRS 9 Impairment Model Overlays:

The portfolio model

For the portfolio model the Group applies an enhanced Significant Increase in Credit Risk (SICR) rule that includes downgrading customers that are identified to have relatively lower turnovers. These transfers are done in addition to the other SICR components of historical delinquency and any qualitative factors. Expert judgement is used on products that do not have sufficient historical data to model the loss given default (LGD). Underlying assumptions to these overlays are discussed and approved by the Credit Risk Management Committee.

The corporate model

Counterparty specific review of the population was undertaken to determine counterparties with indicators of elevated risk. To these counterparties, we applied downgrades, thus the linked Probability of Default (PD) and higher impairments for any counterparties with elevated risk. The overlay was applied to identified increased credit risk leading to transfer of accounts from Stage 1 to Stage 2. The overlay proactively resulted into transfer of counterparties to Stage 2 in account of additional stress. The provisions are therefore accounted for under this stage 2 resulting into additional provisions of UShs 3.6 billion (2021: 4.88 billion). This amount is derived by comparing the total ECL position after including these transfers and the total ECL position without these transfers.

The forward-looking model

Adoption of a minimum forward-looking for loans under stage 3 percentage (PD equivalent). This is obtained by comparing the statistically derived forward-looking loans under stage 3 ratio based on most recent trends and comparing it to the actual under stage 3 ratio and in instances where the latter is greater, the parameter is adopted after applying an incremental percentage based on information available at the time. This model overlay has been adopted to cater for any uncertainty that comes with the impact of changes in the macro-economic environment on the BCC and CHNW portfolio at large.

Approach to stage 3 impairment

Overlay applied on inputs to the provisions of loans under stage 3 counterparties in terms of the timing of the cashflows expected to be realised from the recovery and rehabilitation; we maintained cashflows in the initial projection period irrespective of passing of time and drawing closer to the realisation date thus maintaining the provisions as we monitor the macro-economic environment.

Fair value

Financial instruments

In terms of IFRS, the Group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value, being the price that would, respectively, be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value, it is presumed that the entity is a going concern, and that fair value is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. Information obtained from the valuation of financial instruments is used to assess the performance of the Group and, in particular, provides assurance that the risk and return measures that the Group has taken are accurate and complete.

Valuation process

The Group's valuation control framework comprises internal control standards, methodologies, and procedures over its valuation processes, which include:

Prices quoted in an active market: The existence of quoted prices in an active market represents the best evidence of fair value. Where such prices exist, they are used in determining the fair value of financial assets and financial liabilities.

Valuation techniques: Where quoted market prices are unavailable, the Group establishes fair value using valuation techniques that incorporate observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices, for such assets and liabilities. Parameter inputs are obtained directly from the market, consensus pricing services or recent transactions in active markets, whenever possible. Where such inputs are not available, the Group makes use of theoretical inputs in establishing fair value (unobservable inputs). Such inputs are based on other relevant input sources of information and incorporate assumptions that include prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustments to reflect the terms of the actual instrument being valued and current market conditions.

Changes in these assumptions may affect the reported fair values of these financial instruments. Valuation techniques used for financial instruments include the use of financial models that are populated using market parameters that are corroborated by reference to independent market data, where possible, or alternative sources, such as, third-party quotes, recent transaction prices or suitable proxies. The fair value of certain financial instruments is determined using industry standard models such as, discounted cash flow analysis and standard option pricing models. These models are generally used to estimate future cash flows and discount these back to the valuation date. For complex or unique instruments, more sophisticated modelling techniques may be required, which require assumptions or more complex parameters such as correlations, prepayment spreads, default rates and loss severity.

Valuation adjustments: Valuation adjustments are an integral part of the valuation process. Adjustments include, but are not limited to:

- implied volatilities on thinly traded instruments
- correlation between risk factors

In making appropriate valuation adjustments, the Group applies methodologies that consider factors such as bid-offer spreads, liquidity, counterparty, and own credit risk. Exposure to such illiquid risk drivers is typically managed by:

- using bid-offer spreads that are due to the relatively low liquidity of the underlying risk driver.
- raising day one profit or loss provisions in accordance with IFRS
- quantifying and reporting the sensitivity to each risk driver
- limiting exposure to such risk drivers and analysing exposure on a regular basis.

Validation and control: All financial instruments carried at fair value, regardless of classification, and for which there are no quoted market prices for that instrument, are fair valued using models that conform to international best practice and established financial theory. These models are validated by the Group's model validation unit. This control applies to both off the-shelf models, as well as those developed internally by the Group. Further, all inputs into the valuation models are subject to price validation procedures carried out by the Group's market risk unit. Such price validation is performed on at least a monthly basis, but daily where possible given the availability of the underlying price inputs. Valuation comparisons are also performed, and any significant variances noted are appropriately investigated.

Portfolio exception: The Group, has on meeting certain qualifying criteria, elected the portfolio exception which allows an entity to measure the fair value of certain groups of financial liabilities on a net basis similar to how market participants would price the net risk exposure at the measurement date.

Refer to **note 3 (h)** for assets and liabilities at fair value disclosures.

Computer software intangible assets

The Group reviews its assets under construction and assets brought into use for impairment at each reporting date and tests the carrying value for impairment whenever events or changes in circumstances indicate that the carrying amount (or components of the carrying amount) may not be recoverable. These circumstances include, but are not limited to, new technological developments, obsolescence, changes in the manner in which the software is used or is expected to be used, changes in discount rates, significant changes in macroeconomic circumstances or changes in estimates of related future cash benefits. The impairment tests are performed by comparing an asset's recoverable amount to its carrying amount. The review and testing of assets for impairment inherently requires significant management judgement as it requires management to derive the estimates of the identified assets' future cash flows in order to derive the asset's recoverable amount.

During 2023, the Group's computer software assets' recoverable values were determined to be higher than their carrying values and therefore not impaired (Impairment 2022: Nil).

Refer to **note 3 (h)** for assets and liabilities at fair value disclosures.

Current and deferred income tax

The Group is subject to direct and indirect taxation requirements which are determined with reference to transactions and calculations for which the ultimate tax determination has an element of uncertainty in the ordinary course of business. The Group recognise provisions for tax based on objective estimates of the amount of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, disclosed in note 14 and note 20, respectively, in the period in which such determination is made. Uncertain tax positions are provided for in accordance with the criteria defined within **IAS 12 Income Taxes and IFRIC 23 Uncertainty over Income Tax treatments (IFRIC 23).**

Deferred tax assets are only recognised to the extent that sufficient taxable profits will be generated in order to realise the tax benefit. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Group in order to utilise the deferred tax assets.

Refer to **note 14** and **note 22** for current and deferred tax disclosures.

Provisions

The principal assumptions taken into account in determining the value at which provisions are recorded, include determining whether there is an obligation, as well as assumptions about the probability of the outflow of resources and the estimate of the amount and timing for the settlement of the obligation. For legal provisions, management assesses the probability of the outflow of resources by taking into account historical data and the status of the claim in consultation with the Group's legal counsel.

In determining the amount and timing of the obligation once it has been assessed to exist, management exercises its judgement by taking into account all available information, including that arising after the reporting date up to the date of the approval of the financial results.

Refer to **note 36** for off- Balance sheet financial instruments, contingent liabilities and commitments disclosures and **note 33** other liabilities and **note 33.4** and **33.5** provisions.

IFRS 16 leases

Determination of lease term for lease contracts with the renewal and termination options

The Group leases various buildings for offices, branches and ATMs. Rental contracts are typically made for fixed average periods of between three to ten years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Estimation of the incremental borrowing rate for a leases

The interest rate implicit in the lease is defined as the rate of interest that causes the present value of:

(a) the lease payments and

(b) the unguaranteed residual value to equal:

The sum of the fair value of the underlying asset and any initial direct costs of the lessor.

The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

To determine the interest rate implicit in a lease the fair value of the ROU assets needs to be readily determinable, in order to calculate the minimum return that the lessor expects to earn on the lease. However, based on the nature and type of leases (offices, branches and ATM space leases) the Group enters into, the fair value is not readily available. Therefore, the incremental borrowing rate of the lessee should be used.

Based on the nature of the Group's business, the Group has an internal funds transfer pricing ("FTP") policy. The primary objective of the Group FTP policy is to ensure that, the Group quantify and allocate liquidity costs, benefits and risks consistently and accurately, thus ensuring appropriate and comparable measurement of product profitability and driving appropriate business incentives (in asset origination and liability generation).

Based on the analysis for leases of Branch, ATM and building space the Standardised FTP rate is representative of the incremental borrowing rate.

(iii) Detailed Accounting Policies

The following accounting policies were applied in the preparation of the group and company financial statements.

(a) Basis of consolidation

Subsidiaries

Separate financial statements

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired to the higher of the investment's fair value less costs to sell or value in use.

Consolidated financial statements.

The accounting policies of subsidiaries that are consolidated by the Group conform to the Group's accounting policies. Intragroup transactions, balances, and unrealised gains/(losses) are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. The proportion of comprehensive income and changes in equity allocated to the group and non-controlling interest are determined on the basis of the group's present ownership interest in the subsidiary.

Subsidiaries are consolidated from the date on which the Group obtains control up to the date that control is lost. Control is assessed on a continuous basis. The acquisition method of accounting is used to account for business combinations by the Group.

Changes in ownership interests

When the group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss.

Common control transactions

Common control transactions, in which the company is the ultimate parent entity both before and after the transaction, are accounted for at book value.

(b) Financial instruments

Financial assets	Financial liabilities	Financial guarantee contracts and loan commitments below market interest rate	Derivatives and embedded derivatives	Other
Amortised cost	Held-for-trading			Sale and repurchase agreements and lending of securities (including commodities)
Fair value through OCI	Designated at fair value through profit or loss			Offsetting
Held-for-trading	Amortised cost			Statutory credit risk reserve
Designated at fair value through profit or loss				
Fair value through profit or loss - default				

Initial measurement

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognized in profit or loss. Financial instruments are recognised (derecognised) on the date the Group commits to purchase (sell) the instruments (trade date accounting).

Financial assets

Nature

Amortised cost	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimal and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.

Fair value through OCI	Includes: A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • Held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default. Equity financial assets which are not held-for-trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.
Held-for-trading	Those financial assets acquired principally for the purpose of selling in the near term (Including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Included are commodities that are acquired principally for the purpose of selling in the near future or generating a profit from fluctuations in price or broker trader margin.
Designated at fair value through profit or loss	Financial assets are designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch that would otherwise arise.
Fair value through profit or loss – default	Financial assets that are not classified into one of the abovementioned financial asset categories.

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortized cost or fair value as follows:

Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Fair value through OCI	**Debt instrument:** Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Expected credit impairments losses are recognised as part of credit impairment charges. However, for these FVOCI debt instruments the expected credit loss is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss. **Equity instrument:** Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.
Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on the financial asset recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Fair value through profit or loss – default	**Debt instruments**: Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue. **Equity instruments:** Fair value gains and losses on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.

Impairment

ECL is recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are not measured at fair value through profit or loss nor are used to provide loans at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a SICR at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability- weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3 (credit impaired assets)	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: • default • significant financial difficulty of borrower and/or modification • probability of bankruptcy or financial reorganisation • disappearance of an active market due to financial difficulties.

The key components of the impairment methodology are described as follows:

Significant increase in credit risk (SICR)	At each reporting date the Group assesses whether the credit risk of its exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset. Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.
Low credit risk	Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil its contractual obligations.
Default	The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or group of financial assets: • significant financial difficulty of borrower and/or modification (i.e.,, known cash flow difficulties experienced by the borrower) • a breach of contract, such as default or delinquency in interest and/or principal payments • disappearance of active market due to financial difficulties • it becomes probable that the borrower will enter bankruptcy or other financial reorganisation • where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider. • Exposures which are overdue for more than 90 days are also considered to be in default.
Forward-looking information	Forward-looking information is incorporated into the Group's impairment methodology calculations and in the Group's assessment of SICR. The Group includes all forward-looking information which is reasonable and available without undue cost or effort. The information will typically include expected macro-economic conditions and factors that are expected to impact portfolios or individual counterparty exposures.
Write-off	Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within other liabilities.
Financial assets measured at fair value through OCI	Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.

Cash and balances with the central bank

Cash and balances with the central bank comprise coins and bank notes and balances with the central bank (BOU). Included in balances with central bank are balances that primarily comprise of reserving requirements held with the central bank which are available for use by the Group, subject to certain restrictions and limitations levied by the central bank but are subject to an insignificant risk of changes in value.

Coins and bank notes and balances with central banks comprising reserving requirements are measured at fair value through profit or loss – default.

Cash and cash equivalents

Cash and cash equivalents, for the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and nonrestricted balances with the Central Bank treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and government securities.

Reclassification

Reclassifications of debt financial assets are permitted when, and only when, the Group changes its business model for managing its financial assets, in which case all affected financial assets are reclassified. Reclassifications are accounted for prospectively from the date of reclassification as follows:

- Financial assets that are reclassified from amortised cost to fair value are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in other gains and losses on financial instruments.
- The fair value of a financial asset that is reclassified from fair value to amortised cost becomes the financial asset's new carrying value.
- Financial assets that are reclassified from amortised cost to fair value through OCI are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in OCI.
- The fair value of a financial asset that is reclassified from fair value through OCI to amortised cost becomes the financial asset's new carrying value with the cumulative fair value adjustment recognised in OCI being recognised against the new carrying value.
- The carrying value of financial assets that are reclassified from fair value through profit or loss to fair value through OCI remains at fair value.
- The carrying value of financial assets that are reclassified from fair value through OCI to fair value through profit or loss remains at fair value, with the cumulative fair value adjustment in OCI being recognised in the income statement at the date of reclassification.

Financial liabilities

Nature

Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term (including all derivative financial liabilities) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances: to eliminate or significantly reduce an accounting mismatch that would otherwise arise where the financial liabilities are managed, and their performance evaluated and reported on a fair value basis. where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.
Amortised cost	All other financial liabilities not included in the above categories.

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value, with gains and losses arising from changes in fair value (including interest and dividends but excluding fair value gains and losses attributable to own credit risk) are recognised in the other gains and losses on financial instruments as part of non-interest revenue. Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes are recognised within trading revenue.
Amortised cost	Amortised cost using the effective interest method recognised in interest expense.

Derecognition and modification of financial assets and liabilities

Financial assets and liabilities are derecognised or modified in the following instances:

	Derecognition	Modification
Financial asset	Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group enters into transactions whereby it transfers assets, recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements. When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction, similar to repurchase transactions. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.	In determining whether a modification is substantial, for financial asset qualitative factors are considered and for a financial liability, both qualitative and quantitative factors are considered. Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes. If the terms are not substantially different for financial assets or financial liabilities, the Group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).
Financial liabilities	Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.	

Financial guarantee contracts or loan commitment below market rate

A financial guarantee contract is a contract that requires the Group (as issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee.

A loan commitment is described in IFRS 9 as a firm commitment to provide credit under specified terms and conditions. It is a binding promise from a lender that a specified amount of loan or line of credit will be made available to the named borrower at a certain interest rate, during a certain period and, usually, for a certain purpose. Loan commitments at a below market interest rate are initially recognised when the Group become party to the irrevocable commitment at fair value.

Financial guarantee contracts (that are not designated at fair value through profit or loss) and loan commitments at a below market interest rate, are subsequently measured at the higher of the:

- ECL calculated for the financial guarantee or loan commitments; or
- unamortised premium

Derivatives and embedded derivatives

In the normal course of business, the Group enters into a variety of derivative transactions for both trading and economic hedging purposes. Derivative financial instruments are entered into for benefit of the Group and its customers and for hedging foreign exchange, interest rate, inflation, credit, commodity and equity exposures. Derivative instruments used by the Group in both trading and hedging activities include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, credit risk, inflation risk, interest rates and the prices of commodities and equities.

Derivatives are initially recognised at fair value. Derivatives that are not designated in a qualifying hedge accounting relationship are classified as held-for-trading with all changes in fair value being recognised within trading revenue. This includes forward contracts to purchase or sell commodities, where net settlement occurs or where physical delivery occurs, and the commodities are held to settle another derivative contract. All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Embedded derivatives included in hybrid instruments, where the host is a financial asset, is assessed in terms of the accounting policy on financial assets. In all other instances (being non-financial host contracts and financial liabilities), the embedded derivatives are treated and disclosed as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the terms of the embedded derivative are the same as those of a standalone derivative and the combined contract is not measured at fair value through profit or loss. The host contract is accounted for and measured applying the relevant bank accounting policy.

The method of recognising fair value gains and losses on derivatives designated as a hedging instrument depends on the nature of the hedge relationship.

Hedge accounting

The Bank continues to apply IAS 39 to its portfolio interest rate risk fair value hedges and applies IFRS 9 to all its other hedges.

Derivatives, whether accounted for under IAS 39 or IFRS 9, are designated by the Bank into the following relationships:

Type of hedge	Nature	Treatment
Fair value hedges	Hedges of the fair value of recognised financial assets, liabilities, or firm commitments.	Where a hedging relationship is designated as a fair value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Gains or losses on the remeasurement of both the derivative and the hedged item are recognised in profit or loss. Fair value adjustments relating to the hedging instrument are allocated to the same line item in profit or loss as the related hedged item. Any hedge ineffectiveness is recognised in profit or loss. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for fair value hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The adjustment to the carrying amount of a hedged item measured at amortised cost, for which the effective interest method is used, is amortised to profit or loss as part of the hedged item's recalculated effective interest rate over the period to maturity.
Cash flow hedges	Hedges of highly probable future cash flows attributable to a recognised asset or liability, a forecasted transaction, or a highly probable forecast intragroup transaction.	The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve. The ineffective part of any changes in fair value is recognised in profit or loss. Amounts recognised in OCI are transferred to profit or loss in the periods in which the hedged forecast cash flows affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the cumulative gains or losses recognised previously in OCI are transferred and included in the initial measurement of the cost of the asset or liability. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for cash flow hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The cumulative gains or losses recognised in OCI remain in OCI until the forecast transaction is recognised in the case of a non-financial asset or a non-financial liability, or until the forecast transaction affects profit or loss in the case of a financial asset or a financial liability. If the forecast transaction is no longer expected to occur, the cumulative gains and losses recognised in OCI are immediately reclassified to profit or loss.

Hedge accounting risk management strategy

Hedge accounting is applied when the hedging relationship meets the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument.
- the effect of credit risk does not dominate the value changes that result from that economic relationship and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

Where the above criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instruments (hedged item). All qualifying hedging relationships are designated as either fair value or cash flow hedges for recognised financial assets or liabilities, and highly probable forecast transactions. For hedge relationships, where the critical terms of the hedged item and hedging instrument match, a qualitative method is considered appropriate for hedge effectiveness testing. Where the characteristics between the hedged item and hedging instrument are insufficiently correlated, judgement is applied and if required a qualitative and quantitative method is used for hedge effectiveness testing.

The Bank applies hedge accounting in respect of the following risk categories.

Foreign currency risk

The Bank operates internationally and is exposed to foreign exchange risk and translation risk. Foreign exchange risk arises from recognised assets and liabilities and future highly probable forecast commercial transactions denominated in a currency that is not the functional currency of the Bank. The risk is evaluated by measuring and monitoring the net foreign monetary asset value and the forecast highly probable foreign currency income and expenditures of the Bank for each respective currency. Foreign currency risk is hedged with the objective of minimising the earnings volatility associated with assets, liabilities, income and expenditure denominated in a foreign currency.

Translation risk arises on consolidation from recognised assets and liabilities denominated in a currency that is not the reporting currency of the Bank. The risk is evaluated by measuring and monitoring the net foreign non-monetary asset value of the Bank for each respective currency.

The Bank uses a combination of currency forwards, swaps and foreign denominated cash balances to mitigate the risk of changes in the future cash flows and functional currency value on its foreign-denominated exposures. Under the Bank's policy, the critical terms of these instruments must align with the foreign currency risk of the hedged item and is hedged on a 1:1 hedge ratio or where currency is managed on a portfolio basis the weighted expected foreign cash flows are aligned.

The Bank elects for each foreign currency hedging relationship, using either foreign currency forwards and swaps, to either include or exclude the currency forward points (basis) contained in the derivative instrument from the hedging relationship. This election is based on the currency pair involved, the shape of the yield-curve and the direction of the foreign currency hedged risk. Basis is determined using the differential between the contracted forward rate and the spot market exchange rate and is discounted, where material. Where the basis is excluded in the hedging relationship this is recognised as a cost of the hedge and deferred in other comprehensive income (as a separate reserve).

Where the hedged item subsequently results in the recognition of a non-financial asset or liability, or a firm commitment for a non-financial asset or liability the Bank removes the amount from equity and includes it directly in the initial cost or other carrying amount of the asset or the liability and amortises it to profit or loss on a systematic basis (where applicable). In all other cases, the amount is reclassified to profit or loss.

Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists. For hedges of foreign currency risk, the Bank enters hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Bank uses the hypothetical derivative method to assess effectiveness. In hedges of foreign currency risk of highly probable forecast commercial transactions, ineffectiveness may arise if the amount of the forecast transaction changes from what was originally estimated.

Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness.

Interest rate risk

Banking book-related market risk exposure principally involves managing the potential adverse effect of IRRBB (net interest income and banking book mark-to-market profit or loss) and the economic value of equity. The Bank's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the Bank operates. The Bank's treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of bank ALCO. The Bank's interest rate risk management is predominantly controlled by a central treasury department under approved policies. Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

In adherence to policies regarding interest rate risk management the bank applies fair value hedge accounting in respect of the interest rate risk element only, present within the following exposures:

- Specifically identified long-term fixed interest rate Loans and advances and Deposits and debt funding. To manage the risk associated with such risk exposures the Bank uses one or more cash collateralised fixed for floating interest rate swaps that matches the critical terms or that exhibits the same duration as the underlying risk exposure.
- Specifically identified long-term interest rate basis risk (CPI vs. JIBAR) inherent in loans and advances. To manage the basis risk associated with such risk exposures the Bank uses one or more cash collateralised floating for floating basis interest rate swaps that matches the critical terms or that exhibits the same duration as the of the underlying risk exposure; and
- Portfolio interest rate risk present within a designated portfolio of loans and advances and deposits and debt funding. Portfolio interest rate risk hedging is conducted on an aggregate asset and liability portfolio basis. The

hedge ratio and rebalancing frequency of portfolio hedges is determined using a dynamic approach reflecting the duration of portfolio exposure in accordance with an exposure bucketing approach. The hedge ratio is monitored on a daily basis and where necessary the portfolio is rebalanced using a dynamic approach.

The Bank also applies cash flow hedge accounting in respect of the interest rate risk element only, present within the following exposures:

- The bank manages interest rate volatility borne from rate insensitive liabilities and equity through a managed interest rate hedge. The hedge is accounted for on a cash flow basis using identified term floating interest rate loans and advances. To manage the risk associated with such risk exposures the Bank uses one or more cash collateralised floating for fixed interest rate swaps that aligns to the Bank governed risk appetite tenors.
- The Bank observes interest rate risk in respect of these exposures using an unfunded cash collateralised interest rate derivatives discount curve. Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists using regression analysis between the hedged items and the hedging instruments for sensitivity of changes to changes in interest rate risk only. The Bank and company use a combination of interest rate swaps and interest rate basis swaps to mitigate against the risk of changes in market value of hedged items for changes in interest rates. The Bank elects for each fair value interest rate risk hedging relationship, using swaps, to include forward points (basis) contained in the derivative instrument in the hedging relationship. Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness. The extent of hedge ineffectiveness as a result of fair value interest rate risk hedges is disclosed in **note 29.4.**

Others

Sale and repurchase agreements and lending of securities (including commodities)

Securities sold subject to linked repurchase agreements (repurchase agreements) are reclassified in the statement of financial position as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The liability to the counterparty is included under deposits and current accounts or trading liabilities, as appropriate.

Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate.

For repurchase and reverse repurchase agreements measured at amortised cost, the difference between the purchase and sales price is treated as interest and amortised over the expected life using the effective interest method.

Securities lent to counterparties are retained in the annual financial statements. Securities borrowed are not recognised in the annual financial statements unless sold to third parties. In these cases, the obligation to return the securities borrowed is recorded at fair value as a trading liability. Income and expenses arising from the securities borrowing and lending business are recognised over the period of the transactions.

Offsetting

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparties to the transaction.

Statutory credit risk reserve

In addition to the measurement of impairment losses on loans and advances in accordance with the International Financial Reporting Standards (IFRS) as set out above, Stanbic Bank Uganda Limited - the banking subsidiary is required by the Financial Institutions Act (FIA) 2004, as amended to establish minimum provisions for losses on loans and advances as follows:

i) A specific provision for those loans and advances considered to be non- performing based on criteria and classification of such loans and advances established by Bank of Uganda, as;

   a) Substandard assets being facilities in arrears between 90 and 179 days – 20%.

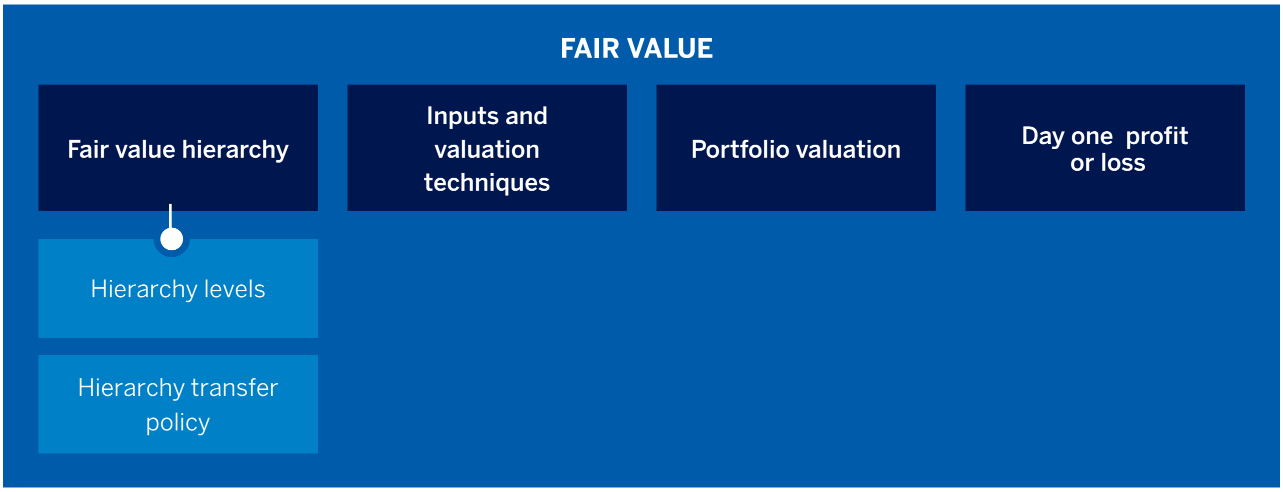
   b) Doubtful assets being facilities in arrears between 180 days and 364 days – 50%.

   c) Loss assets being facilities in arrears between over 364 days – 100%.

ii) A general provision of at least 1% of their total outstanding credit facilities net of specific provisions and interest in suspense.

Where provisions for impairment of loans and advances determined in accordance with the Financial Institutions Act 2004, as amended exceed amounts determined in accordance with International Financial Reporting Standards, the excess is taken to the statutory credit risk reserve as an appropriation of retained earnings. Otherwise, no further accounting entries are made.

(c) Fair value



In terms of IFRS, the Group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value, it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Fair value hierarchy

The Group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Hierarchy levels

The levels have been defined as follows:

Level 1

Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3

Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Hierarchy transfer policy

Transfers of financial assets and financial liabilities between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Inputs and valuation techniques

Fair value is measured based on quoted market prices or dealer price quotations for identical assets and liabilities that are traded in active markets, which can be accessed at the measurement date, and where those quoted prices represent fair value. If the market for an asset or liability is not active or the instrument is not quoted in an active market, the fair value is determined using other applicable valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market-related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

The fair value of items included in cash and cash equivalents is the same as the amortised cost value, as amortised cost items are initially measured at fair value. The fair value of cash and cash equivalents does not change, as there are no adjustments made to these items subsequent to initial recognition. These items are included in level 1 of the fair value hierarchy.

The Group's valuation control framework governs internal control standards, methodologies, and procedures over its valuation processes, which include the following valuation techniques and main inputs and assumptions per type of instrument.

Item and description	Valuation technique	Main inputs and assumptions
Derivative financial instruments Derivative financial instruments comprise foreign exchange, interest rate, commodity, credit and equity derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: • discounted cash flow model • Black-Scholes model • combination technique models.	For level 2 and 3 fair value hierarchy items: • discount rate* • spot prices of the underlying • correlation factors • volatilities • dividend yields • earnings yield • valuation multiples.
Trading assets and trading liabilities Trading assets and liabilities comprise instruments which are part of the Bank's underlying trading activities. These instruments primarily include sovereign and corporate debt, commodities, collateral, collateralised lending agreements and equity securities.	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial asset being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	
Pledged assets Pledged assets comprise instruments that may be sold or repledged by the Bank's counterparty in the absence of default by the Bank. Pledged assets include sovereign and corporate debt, equities, commodities pledged in terms of repurchase agreements and commodities that have been leased to third parties.		
Financial investments Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, listed and unlisted equity instruments, investments in debentures issued by the BOU, investments in mutual fund investments and unit-linked investments.		

Item and description	Valuation technique	Main inputs and assumptions
Loans and advances to banks and customers **Loans and advances comprise:** • Mortgage lending • Vehicle and asset finance • Card and payments • Personal unsecured lending • Business lending and other • Corporate and sovereign • Bank	For certain loans fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	For level 2 and 3 fair value hierarchy items: • discount rate*
Deposits and debt funding Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the Bank's credit risk relevant to that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	For level 2 and 3 fair value hierarchy items: • discount rate*

*** Discount rates, where applicable, include the risk-free rate, risk premiums, liquidity spreads, credit risk (own and counterparty as appropriate), timing of settlement, storage/ service costs, prepayment and surrender risk assumptions and recovery rates/ loss given default.**

Portfolio valuations

The Group has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits the group of financial assets and financial liabilities to be measured at fair value on a net basis, with the net fair value being allocated to the financial assets and financial liabilities.

Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred (and recognised together with the instrument it relates to) where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models that utilise non-observable market data as inputs.

The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs or realised through settlement.

(d) Employee benefits

(i) Retirement benefit obligations

The Group operates a defined contribution pension scheme for its employees. The defined contribution plan is a pension plan under which the Group pays fixed contributions into a fund managed by a board of trustees and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

In addition, all employees are obliged to be members of the National Social Security Fund, a state managed defined contribution pension scheme. The Group contributes to the scheme in line with the requirements of the National Social Security Fund Act. The regular contributions by the Group and employees constitute net periodic costs for the year in which they are due and as such are included in employee benefit expenses. The Group's contributions to the defined contribution schemes are charged to the income statement in the year to which they relate.

(ii) Short-term benefits

Short-term benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expenses as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

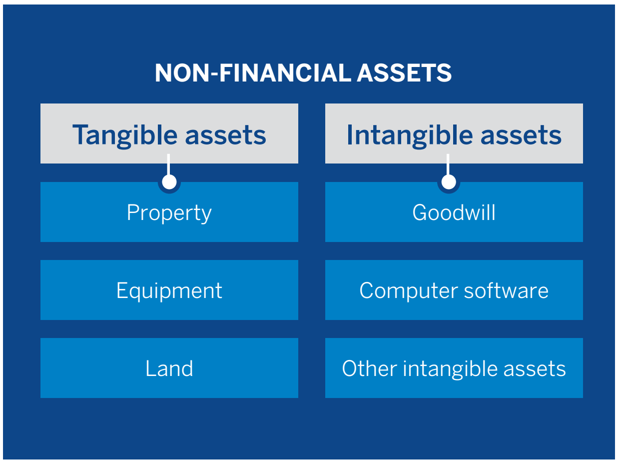
(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be reliably estimated. A liability is recognised to the best estimate of the amount to settle the obligation.

(iv) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.



(e) Non- financial assets

Type, initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
Tangible assets (property, equipment and land) Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Items of property and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognised net within other income in profit or loss. **Subsequent costs** The cost of replacing a part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.	Depreciation is recognised in profit or loss on straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows: **Leasehold premises and buildings**: 50 years or over the shorter period of lease **Furniture and fittings**: 5 years **Motor vehicles**: 5 years **Other computer equipment**: 5 years **Laptops and personal computers**: 4 years **Office equipment**: 8 years The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.	These assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes. in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in non-trading and capital related items for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest cash generating units (CGUs). Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. The carrying amount of these other assets may, however, not be reduced below the higher of the CGU's fair value less costs to sell and its value in use. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through non-trading and capital related items only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

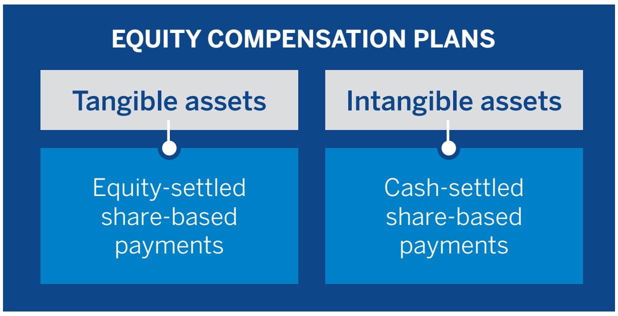
Useful lives, depreciation/ Type and initial and subsequent measurement	amortisation method or fair value basis	Impairment
Goodwill Goodwill arises on business combinations and represents the excess of the consideration transferred over the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non–controlling interest in the acquiree. Goodwill on acquisitions is reported in the statement of financial position as an intangible asset	Not applicable	The accounting treatment is generally the same as that for tangible assets except as noted below. • Goodwill is tested annually for • impairment and additionally when an indicator of impairment exists. • An impairment loss in respect of goodwill • is not reversed.
Computer software Costs associated with maintaining computer software programmes are recognised as an expense as incurred on a straight-line basis at rates appropriate to the expected lives of the assets (2 to 15 years) from the date that the asset is available for use. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met: • It is technically feasible to complete the software product so that it will be available for use. • management intends to complete the software product and use or sell it. • there is an ability to use or sell the software product. • it can be demonstrated how the software product will generate probable future economic benefits. • adequate technical, financial and other resources to complete the development and to use or sell the software product are available. • the expenditure attributable to the software product during its development can be reliably measured. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.	Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed fifteen years. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives	Intangible assets that have an indefinite useful life are tested annually for impairment and additionally when an indicator of impairment exists. The accounting treatment for computer software and other intangible assets is otherwise the same as for tangible assets

Derecognition

Non-financial assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset.

(f) Equity-linked transactions

The group operates equity-based compensation plans comprised of equity settled and cash settled schemes as follows.



Equity-settled share-based payments

The fair value of the equity-settled share-based payments are determined on grant date and accounted for within operating expenses (staff costs) over the vesting period with a corresponding increase in the Group's share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against operating expenses and share-based payment reserve over the remaining vesting period.

On vesting of the equity-settled share-based payments, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of the equity-settled share-based payment, any proceeds received are credited to share capital and premium.

Cash-settled share-based payments

Cash-settled share-based payments are accounted for as liabilities at fair value until the date of settlement. The liability is recognised over the vesting period and is revalued at every reporting date up to and including the date of settlement. All changes in the fair value of the liability is recognised in operating expenses (staff costs). The awards vest over the specified period of service and/or once the performance conditions are met.

Further details of the Group's equity compensation plans are disclosed in **note 39.**

(g) Accounting for leases

Type and description	Statement of financial position	Income statement
Lessee Accounting policies		
Single lessee accounting model All leases are accounted for by recognising a right-of use asset and a lease liability except for leases of low value assets; and leases with a duration of twelve months or less.	**Lease liabilities:** Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the Group) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. The Group's standardized funding transfer pricing rate is the base on which the incremental borrowing rate is calculated. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes: • Amounts expected to be payable under any residual value guarantee. • The exercise price of any purchase option granted in favor of the Group, should it be reasonably certain that this option will be exercised. • Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised.	**Interest expense on lease liabilities:** A lease finance cost, determined with reference to the interest rate implicit in the lease or the Group's incremental borrowing rate, is recognised within interest expense over the lease period.
	Right-of-use assets: Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: • lease payments made at or before commencement of the lease; • initial direct costs incurred; and • the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset. The Group applies the cost model subsequent to the initial measurement of the right-of-use assets.	**Depreciation on right-of-use assets:** Subsequent to initial measurement, the right- of-use assets are depreciated on a straight- line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the Group at the end of the lease term, whereby the right- of- use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of depreciation and amortization.
	Termination of leases: When the Group or lessor terminates or cancels a lease, the right-of-use asset and lease liability are derecognized.	**Termination of leases:** On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancelation costs in profit or loss

<table>
<tr><th>Type and description</th><th>Statement of financial position</th><th>Income statement</th></tr>
<tr><td>Lessee Accounting policies continued</td><td></td><td></td></tr>
<tr><td>All leases that meet the criteria as either a lease of a low value asset or a short-term lease are accounted for on a straight-line basis over the lease term.</td><td>Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense are recognised.</td><td>Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.</td></tr>
<tr><td>Reassessment and modification of leases</td><td colspan="2">Reassessment of lease terms and lease modifications that are not accounted for as a separate lease:

When the Group reassesses the terms of any lease (i.e.,, it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised.

For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability, is recognised in profit or loss.

For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.</td></tr>
<tr><td></td><td colspan="2">Lease modifications that are accounted for as a separate lease:

When the Group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the Group accounts for these modification as a separate new lease. This accounting treatment equally applies to leases which the Bank elected the short-term lease exemption and the lease term is subsequently modified.</td></tr>
<tr><td>Separating components of a lease contract</td><td colspan="2">The group has elected to apply the practical expedient to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. The practical expedient is applied to each class of underlying asset.</td></tr>
</table>

Type and description	Statement of financial position	Income statement
Lessor Accounting policies		
Finance leases **Leases, where the group transfers substantially all the risk and rewards incidental to ownership, are classified as finance leases.**	Finance lease receivable, including initial direct costs and fees, are primarily accounted for as financing transactions in banking activities, with rentals and instalments receivable, less unearned finance charges.	Finance charges earned within interest income are computed using the effective interest method, which reflects a constant periodic rate of return on the investment in the finance lease. The tax benefits arising from investment allowances on assets leased to clients are accounted for within direct taxation.
Operating leases **All leases that do not meet the criteria of a financial lease are classified as operating leases.**	The asset underlying the lease continues to be recognised and accounted for in terms of the relevant group accounting policies. Accruals for outstanding lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease income are recognised. At the end of the lease term, these assets are reclassified from tangible assets to other assets and measured the lower of cost and net realisable value.	Operating lease income net of any incentives given to lessees, is recognised on the straight-line basis, or a more representative basis where applicable, over the lease term and is recognised in operating income. When an operating lease is terminated before the lease period has expired, any payment received/(paid) by the group by way of a penalty is recognised as income/(expense) in the period in which termination takes place.
Lessor lease modifications		
Finance leases	When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the group accounts for these modifications as a separate new lease. All other lease modifications that are not accounted for as a separate lease are accounted for in terms of IFRS 9, unless the classification of the lease would have been accounted for as an operating lease had the modification been in effect at inception of the lease. These lease modifications are accounted for as a separate new lease from the effective date of the modification and the net investment in the lease becomes the carrying amount of the underlying asset.	
Operating leases	Modifications are accounted for as a new lease from the effective date of the modification.	

(h) Equity

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Ordinary shares are classified as equity.

Share issue costs.

Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.

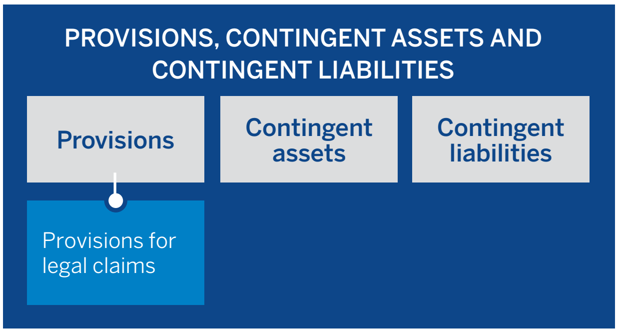
Dividends on ordinary shares

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are reported as a component of equity at the year end.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(i) Provisions, contingent assets and contingent liabilities



Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions for legal claims

Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received.

Contingent assets

Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the Group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the Group's control.

Contingent liabilities

Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are considered remote.

(j) Income tax

Income tax expense is the aggregate of the charge to the income statement in respect of current income tax and deferred income tax. Current tax is determined for current period transactions and events and deferred tax is determined for future tax consequences.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Ugandan Income Tax Act. The rates used are based on laws enacted or substantially enacted at the reporting date.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised or for items recognised in OCI and Equity.

Deferred tax is recognised in direct taxation except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI. Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of goodwill
- the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses
- investments in subsidiaries, associates and jointly controlled arrangements (excluding mutual funds) where the Group controls the timing of the reversal of temporary differences, and it is probable that these differences will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates unless there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using tax rates currently enacted.

(k) Interest income and expense

Interest income and expense are recognised in the profit or loss using the effective interest method for all interest-bearing financial instruments, except for those classified at fair value through profit or loss.

The 'Effective interest rate' is the rate that exactly discounts estimated future payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financials liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument but not ECL. For purchased or originated credit- impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received between parties of the contract that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the income statement relates to interest on financial assets and financial liabilities measured at amortised cost and financial assets at FVOCI.

When loans and advances become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the original effective interest rate that is used to discount future cash flows for the purpose of measuring the recoverable amount.

Fair value gains and losses on realised debt financial instruments, including amounts reclassified from OCI in respect of financial investments financial assets, and excluding those classified as trading assets, are included in net interest income.

(l) Net fees and commission

Fee and commission revenue, including transactional fees, account servicing fees, investment management fees, sales commissions and placement fees are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period.

Loan syndication fees, where the Group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised to the income statement as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract.

Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is recognised as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.

Performance obligation and revenue recognition policies

TYPE OF SERVICE	DESCRIPTION OF THE SERVICE	REVENUE RECOGNITION
Transactional and service related	These are service and transactional fee-based revenue that mainly comprise of but are not limited to commissions on cheques cashed, bank statement charges, auxiliary charges, management fees, advisory fees, payments and collection related fees.	Revenue from account service fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.
Trade related	These are origination and processing fees relating to issuance of guarantees, performance bonds and letters of credit.	Revenue related to trade fees is recognised at the point in time when the transaction takes place.
Credit related	These fees include mainly loan arrangement fees, search fees, loan processing fees on short-term facilities, commitment fees which are amortized over the period of the loan using the EIR model.	Revenue from credit related fees is recognised over time as the services are provided.

(m) Net trading revenue

Net trading revenue comprises gains or losses related to trading assets and liabilities, and include all realised and unrealised fair value changes, interest and foreign exchange differences.

(n) Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are reflected as a component of other operating income based on the underlying classification of the equity investment.

(o) Other gains/losses on financial instruments

Includes:

- Fair value gains and losses on financial assets that are classified at fair value through profit or loss (designated and default)
- The gain or loss on the derecognition of a debt financial asset classified as at fair value through OCI
- Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost
- Gains and losses arising from the reclassification of a financial asset from amortised cost to fair value
- Gains and losses arising from the modification of a financial asset (which is not distressed) and financial liability as at amortised cost
- Fair value gains and losses on designated financial liabilities
- Fair value gains and losses on private equity or venture capital investment designated at fair value through profit or loss.

(p) Other revenue

Other revenue comprises of revenue that is not included in any of the categories mentioned above. This could include dividends on equity financial assets, underwriting profit from the Group's short-term insurance operations and related insurance activities and remeasurement gains and losses from contingent consideration on disposals and purchases.

(q) Segment reporting

An operating segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments and whose operating results are reviewed to assess its performance and for which discrete financial information is available. The Group's primary business segmentation is based on the Group's internal reporting about components of the Group as regularly reviewed by the Board and executive management committees. Segments results include items directly attributable to a segment as well as those that are allocated on a reasonable basis. Business segments are the only segments presented since the Group operates in a single geographical segment, Uganda.

(r) Non-trading and capital related items

Non-trading and capital related items primarily include the following:

- Gains and losses on disposal of subsidiaries, joint ventures and associates (including foreign exchange translation gains and losses)
- Gains and losses on the disposal of property and equipment and intangible assets
- Impairment and reversals of impairments of joint ventures and associates
- Impairment of investments in subsidiaries, property and equipment, and intangible assets
- Other items of a capital related nature.

2.2 New standards and interpretations not yet adopted by the Group

The following new, and amendments are not yet effective for the year ended 31 December 2023 and have not been applied in preparing these annual financial statements.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)

Effective date: deferred the effective date for these amendments indefinitely.

The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the group's financial statements.

IAS 1 Presentation of Financial Statements (amendments)

Effective date: 1 January 2024

The first amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity. These are clarifications, not changes, to the existing requirements, and so are not expected to affect entities' financial statements significantly. The impact on the annual financial statements has not yet been fully determined, however not expected to have a significant impact on the group.

The second amendment to IAS 1 requires a company to classify debt as non-current only if the company can avoid settling the debt in the 12 months after the reporting date. However, a company's ability to do so is often subject to complying with covenants. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants in that 12-month period.

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements and the aim of the amendments therefore is to improve the information companies provide about long-term debt with covenants. The amendments will be applied retrospectively and are not expected to have a material impact on the group's financial statements.

IFRS 16 Leases (narrow scope amendments)

Effective date: 1 January 2024

The amendments add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. IFRS 16 had not previously specified how to measure the transaction when reporting after that date. The amendments add to the sale and leaseback requirements in IFRS 16, thereby supporting the consistent application of the standard. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction. The amendments will be applied retrospectively and are not expected to have a material impact on the group's financial statements.

IAS 21 Exchange Rates (amendments)

Effective date: 1 January 2025

The International Accounting Standards Board (IASB) issued 'Lack of Exchangeability' to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. These amendments will assist companies and investors by addressing a matter not previously covered in the accounting requirements for the effects of changes in foreign exchange rates. The amendments will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (amendments)

Effective for annual periods beginning on or after 1 January 2024

The IASB issued Supplier Finance Arrangements to require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them:

to assess how supplier finance arrangements affect an entity's liabilities and cash flows; and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

3. Financial Risk Management

3(a) Strategy in using financial instruments.

By their nature, the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers at both fixed and floating rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. Risk management is carried out centrally under policies approved by the Board of Directors. The Global Markets team identifies, evaluates, and hedges financial risks in close co-operation with the Group's operating units.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

The Group also seeks to raise its interest margins by obtaining above- average margins, net of allowances, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just on-statement of financial position loans and advances, the Group also enters into guarantees and other commitments such as letters of credit and performance, and other bonds. The Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments to take advantage of short-term market movements in bonds, currency, and interest rate. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions.

Foreign exchange and interest rate exposures associated derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

3(b) Capital management

The Group's objectives when managing capital, which is a broader concept than the equity on the face of the statement of financial position, are:

- To comply with the capital requirements of the regulator, Bank of Uganda, that are enshrined in the Financial Institutions Act 2004 as amended and accompanying Financial Institutions (Capital Adequacy Requirements) Regulations, 2018.
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Group's banking subsidiary - Stanbic Bank Uganda Limited ("the Bank") monitors the adequacy of its capital using capital adequacy ratios established under the Financial Institutions Act 2004, as amended (FIA) which ratios are broadly in line with those for the Bank for International Settlements (BIS). These ratios measure capital adequacy by comparing the Bank's eligible capital with its statement of financial position assets, off- balance- sheet commitments at weighted amounts to reflect their relative risk.

The Bank eligible capital consists of Core capital (Tier 1) and Tier 2 capital. Tier 1 capital is shareholders' equity comprising paid up share capital, share premium and retained earnings less intangible assets, deferred income tax asset and investments in financial companies, not consolidated. Tier 2 capital includes the Bank's eligible long-term loans, and general provisions. The elements of supplementary capital in aggregate should not exceed 100% of core capital. Additionally the subordinated long-term debt is subject to a maximum aggregate of 50% of core capital.

In the computation of the total risk adjusted assets, statement of financial position assets are weighted according to the Standardized Approach supported by external credit risk ratings. In this approach, the Bank applies prescribed risk-weights to both on-balance sheet and off-balance sheet exposures. Loans and advances to customers are stated net of provisions as determined in accordance with the Financial Institutions Act 2004, as amended. These are risk weighted at 100% except for sovereign which are risk weighted at zero and loans with cash collateral which are risk weighted at zero.

Off-balance sheet credit related commitments and forwards are considered by applying different categories of credit conversion factors, designed to convert these items into statement of financial position equivalents.

The Bank is required at all times to maintain a Core capital (Tier 1) of not less than 10% of total risk adjusted assets plus risk adjusted items off the statement of financial position and a Total capital (Tier 1 + Tier 2) of not less than 12% of its total risk adjusted assets plus risk adjusted items off the statement of financial position.

The Financial Institutions (Capital Buffers and Leverage Ratio) Regulations, 2020 introduced a Capital Conservation buffer of 2.5%, a Systemic Risk Buffer for Domestic Systemically Important Banks ranging from 0% to 3.5% and a Countercyclical Buffer ranging from 0% to 2.5%. The buffers are calculated as a percentage of total risk adjusted assets plus risk adjusted off balance sheet items. The buffers are added on the Tier 1 capital and Total capital ratios.

The regulations also introduced a minimum Leverage ratio of 6%. This is calculated as the Core capital divided by the total balance sheet plus off-balance sheet exposure.

Stanbic Bank Uganda is required to maintain a Core capital of not less than 10%, a Total capital of not less than 12%, a Capital Conservation buffer of 2.5% and a prescribed Systemic Risk Buffer for Domestic Systemically Important Banks of 1%. As of 31 December 2023, the capital adequacy ratio of 22.6% and 24.7% for Core capital and Total capital respectively as well as the Leverage ratio at 11.6% of the Bank was well above the regulatory requirements.

b (i) The table below summarizes a composition of regulatory capital

	2023 UShs' 000	2022 UShs' 000
Core capital (Tier 1)		
Shareholders' equity	**153,566,009**	153,566,009
Share premium	**725,964,739**	725,964,739
Retained earnings	**771,701,466**	645,264,788
Less: Deductions determined by Bank of Uganda	**(121,358,708)**	(156,714,065)
Total core capital	**1,529,873,506**	1,368,081,471
Supplementary capital (Tier 2)		
Unencumbered general provisions for losses	**64,437,649**	61,950,720
Subordinated term debt	**77,641,462**	75,931,416
Total supplementary capital	**142,079,111**	137,882,136
Total capital (core and supplementary)	**1,671,952,617**	1,505,963,607

b(ii) Breakdown of deductions determined by the Financial Institutions Act 2004, as amended.

	2023 UShs' 000	2022 UShs' 000
Goodwill and other intangible assets	**52,477,565**	67,131,149
Unrealised gains on government securities and derivatives	**19,190,772**	50,168,597
Deferred tax asset	**49,690,371**	39,414,319
	121,358,708	156,714,065

b(iii) The table below summarises the risk weighted asset.

	Notes	Risk Weight	Regulatory financial position nominal balance		Risk weighted balance	
			2023 UShs'000	2022 UShs'000	2023 UShs'000	2022 UShs'000
Statement of financial position						
Cash and balances with Bank of Uganda	16	0%	**1,082,100,361**	1,086,437,141	**-**	-
Financial investments*[1]	17	0%	**1,191,662,666**	1,240,197,346	**-**	-
Other financial investments	17	100%	**187,053**	176,548	**187,053**	176,548
Trading assets	18	0%	**1,778,937,821**	1,598,475,974	**-**	-
Pledged assets	17	0%	**4,661,138**	5,504,897	**-**	-
Placements with local banks*[2]	19	20%	**189,157,599**	67,913,571	**37,831,520**	13,582,713
Placements with foreign banks*[2]	19		**45,244,796**	221,110,729	**30,492,596**	129,568,525
Amounts due from group companies	37	100%	**329,588,643**	227,657,014	**329,588,643**	227,657,014
Loans and advances to customers-regulatory basis	Note b(vii)		**4,343,041,105**	4,202,777,813	**3,948,072,518**	3,751,697,451
Other assets*[3]		100%	**94,262,376**	176,992,200	**94,262,376**	176,992,200
Derivative assets	28	100%	**99,208,570**	111,325,016	**99,208,570**	111,325,016
Deferred tax asset	21	0%	**49,690,371**	39,414,319	**-**	-
Goodwill	23	0%	**1,901,592**	1,901,592	**-**	-
Other intangible assets	23	0%	**50,575,973**	65,229,557	**-**	-
Property, equipment and right of use asset	24	100%	**77,629,479**	73,348,387	**77,629,479**	73,348,387
			9,337,849,543	9,118,462,104	**4,617,272,755**	4,484,347,854
Off-balance sheet items						
Contingencies secured by cash collateral		0%	**55,710,714**	63,938,451	**-**	-
Guarantees and acceptances		100%	**18,639,434**	26,479,351	**18,639,434**	26,479,351
Performance bonds		50%	**1,793,437,560**	1,752,645,670	**896,718,780**	876,322,835
Trade related and self liquidating credits		20%	**232,936,109**	149,230,748	**46,587,222**	29,846,150
Total contingent assets	35		**2,100,723,817**	1,992,294,220		
Other commitments	35	50%	**1,863,438,384**	1,536,881,106	**931,719,192**	768,440,553
			6,064,886,018	5,521,469,546	**1,893,664,628**	1,701,088,889
Counterparty risk					**25,960,521**	16,784,752
Market risk					**226,287,933**	222,782,330
Total risk weighted assets					**6,763,185,837**	6,425,003,825

1 Financial investments reflect the regulatory requirements, and do not include the expected credit loss (ECL) provision as per the requirements of IFRS reported on Note 17, UShs 202 million (2022: UShs 42 million).

2 Placements with local banks and placements with foreign banks have been split to align to the regulatory requirements regarding the different risk weights for local and foreign banks and exclude Visa and Mastercard electronic balances at the reporting date, UShs 6.4 billion (2022: UShs 6.1 billion).

3 Other assets are exclusive of staff loans fair value day 1 adjustments, UShs 39.3 billion (2022: UShs 32 billion) and include Visa and Mastercard electronic balances, UShs 6.4 billion (2022: UShs 6.1 billion) reported as loans to banks in the financial statements, net impact UShs 32.9 billion (2022: UShs 25.9 billion).

The risk weight for local banks is 20% and for balances with Bank of Uganda is 0%.
Foreign banks are rated based off the risk ratings from international rating agencies. These are categorized as below;

Category	Risk Weight
Rated AAA to AA (-)	20%
Rated A (+) to A (-)	50%
Rated A (-) to non-rated	100%

b(iv) Risk weights applied to placements with foreign banks.

Category	Risk Weight	Financial position nominal balance		Risk weighted balance	
		2023	2022	2023	2022
		UShs' 000	UShs' 000	UShs' 000	UShs' 000
Rated AAA to AA (-)	20%	**-**	-	**-**	0
Rated A (+) to A (-)	50%	**29,504,401**	183,084,835	**14,752,201**	91,542,204
Rated A (-) to non-rated	100%	**15,740,395**	38,025,894	**15,740,395**	38,026,321
Total		**45,244,796**	221,110,729	**30,492,596**	129,568,525

b (v) Tier 1 and Tier 2 capital

	Capital		Bank ratio		FIA minimum ratio		Minimum buffered capital ratio	
	2023	2022	2023	2022	2023	2022	2023	2022
	UShs' 000	UShs' 000	%	%	%	%	%	%
Tier 1 capital	**1,529,873,506**	1,368,081,471	**22.6%**	21.3%	**10%**	10%	**13.5%**	13.5%
Tier 1 + Tier 2 capital	**1,671,952,617**	1,505,963,607	**24.7%**	23.4%	**12%**	12%	**15.5%**	15.5%

b (vi) Leverage Ratio

	2023	2022
	UShs' 000	UShs' 000
Core Capital	**1,529,873,506**	1,368,081,471
Total Assets	**9,258,798,656**	9,033,320,976
Letters of Credit	**253,159,330**	170,460,826
Guarantees	**1,847,564,487**	1,821,833,394
Commitments to extend credit	**1,863,438,384**	1,536,881,106
Total off-balance sheet	**3,964,162,201**	3,529,175,326
Total assets and off-balance sheet	**13,222,960,857**	12,562,496,302
Leverage Ratio	**11.6%**	10.9%

Adjustments are made for other IFRS requirements to arrive at the loans and advances amount required by the Financial Institutions Act 2004, as amended.

Loans and advances to customers include a loan to Government of Uganda totaling to UShs 393,774 million (2022: UShs 448,897 million) risk weighted at zero.

b(vii) Loans and advances to customers for regulatory capital purposes

	2023			2022		
	Loans	Risk weighting	Risk weighted balance	Loans	Risk weighting	Risk weighted balance
	UShs'000	%	UShs'000	UShs'000	%	UShs'000
Gross Loan and advances to customers	**4,021,642,050**			3,833,992,758		-
Specific provisions (regulatory)	**(73,161,140)**			(72,120,658)		-
Interest in suspense(regulatory)	**(7,732,704)**			(13,121,670)		-
Net loans and advances to customers	**3,940,748,206**	**100%**	**3,940,748,206**	3,748,750,430	100%	3,748,750,430
Loans and advances to Government of Uganda	**393,774,954**	**0%**	**-**	448,897,246	0%	-
Loans and advances to other financial institutions	**8,517,945**	**100%**	**8,517,945**	5,130,137	100%	5,130,137
	4,343,041,105		**3,949,266,151**	4,202,777,813		3,753,880,567
Less						
Cash cover on loans and advances			**(1,193,633)**			(2,183,116)
	4,343,041,105		**3,948,072,518**	4,202,777,813		3,751,697,451

b(viii) Reconciliation of loans and advances to customers between IFRS and FIA

	2023 UShs'000	2022 UShs'000
Gross loans and advances (IFRS)	**4,370,617,636**	4,238,654,344
Loans and advances to other financial institutions	**(8,517,945)**	(5,130,137)
Staff loans fair valuation	**39,281,752**	32,017,845
Modification losses	**2,360,942**	6,061,732
Effective interest rate adjustment	**11,674,619**	11,286,220
	4,415,417,004	4,282,890,004
Less		
Loans and advances to Government of Uganda	**(393,774,954)**	(448,897,246)
Gross loans and advances to customers regulatory	**4,021,642,050**	3,833,992,758

3(c) Credit risk

Definition

Credit risk is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk (including borrowers and trading counterparties), concentration risk and country risk.

Approach to managing and measuring credit risk

The Group's credit risk is a function of its business model and arises from wholesale and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk arising from derivative and securities financing contracts entered into with our customers and trading counterparties. The management of credit risk is aligned to the Group's three lines of defence framework. The business functions own the credit risk assumed by the Group and as the first line of defence they are primarily responsible for its management, control and optimisation in the course of business generation.

The credit function acts as the second line of defence and is responsible for providing independent and objective approval and oversight for the credit risk-taking activities of business, to ensure the process of procuring revenue, while assuming optimal risk, is undertaken with integrity. Further second line oversight is provided by the Group risk function through independent credit risk assurance.

The third line of defence is provided by the Group's internal audit, under its mandate from the Group audit committee.

Credit risk is managed through:

- maintaining a culture of responsible lending and a robust risk policy and control framework
- identifying, assessing and measuring credit risk across the Group, from an individual facility level through to an aggregate portfolio level
- defining, implementing and continually re- evaluating risk appetite under actual and stressed conditions
- monitoring the Group's credit risk exposure relative to approved limits
- ensuring that there is expert scrutiny and approval of credit risk and its mitigation independently of the business functions.

A credit portfolio limit framework has been defined to monitor and control the credit risk profile within the Group's approved risk appetite. All primary lending credit limits are set and exposures measured on the basis of risk weighting in order to best estimate exposure at default (EAD). Pre-settlement counterparty credit risk counterparty credit risk (CCR) inherent in trading book exposures is measured on a potential future exposure (PFE) basis, modelled at a defined level of confidence, using approved methodologies and models, and controlled within explicit approved limits for the counterparties concerned.

Credit risk mitigation

Wherever warranted, the Group will attempt to mitigate credit risk, including counterparty credit risk (CCR) to any counterparty, transaction, sector, or geographic region, so as to achieve the optimal balance between risk, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support, and the distribution of risk.

Collateral, parental guarantees, credit derivatives and on- and off- balance sheet netting are widely used to mitigate credit risk. Credit risk mitigation policies and procedures ensure that risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used. In the case of collateral where the Group has an unassailable legal title, the Group's policy is such that collateral is required to meet certain criteria for recognition in loss given default (LGD) modelling, including:

- is readily marketable and liquid
- is legally perfected and enforceable
- has a low valuation volatility
- is readily realisable at minimum expense
- has no material correlation to the obligor credit quality
- has an active secondary market for resale.

The main types of collateral obtained by the Group for its banking book exposures include:

- mortgage bonds over residential, commercial and industrial properties
- cession of book debts
- bonds over plant and equipment
- the underlying movable assets financed under leases and
- instalment sales.

Reverse repurchase agreements and commodity leases to customers are collateralised by the underlying assets.

Guarantees and related legal contracts are often required, particularly in support of credit extension to groups of companies and weaker obligors. Guarantors include banks, parent companies, shareholders and associated obligors. Creditworthiness is established for the guarantor as for other obligor credit approvals.

For trading and derivatives transactions where collateral support is considered necessary, the Group typically uses internationally recognised and enforceable International Swaps and Derivatives Association (ISDA) agreements, with a credit support annexure (CSA). Netting agreements, such as collateral under the CSA of an ISDA agreement, are only obtained where the Group firstly, has a legally enforceable right to offset credit risk by way of such an agreement, and secondly, where the Group has the intention of utilising such agreement to settle on a net basis.

Other credit protection terms may be stipulated, such as limitations on the amount of unsecured credit exposure acceptable, collateralisation if the mark-to-market credit exposure exceeds acceptable limits, and termination of the contract if certain credit events occur, for example, downgrade of the counterparty's public credit rating.

ECL is provided even if the exposure is fully covered by collateral.

Wrong-way risk arises in transactions where the likelihood of default (i.e., the probability of default (PD) by a counterparty and the size of credit exposure (as measured by EAD) to that counterparty tend to increase at the same time. This risk is managed both at an individual counterparty level and at an aggregate portfolio level by limiting exposure to such transactions, taking adverse correlation into account in the measurement and mitigation of credit exposure and increasing oversight and approval levels.

The Group has no appetite for wrong-way risk arising where the correlation between EAD and PD is due to a legal, economic, strategic or similar relationship (i.e., specific wrong-way risk). General wrong-way risk, which arises when the correlation between EAD and PD for the counterparty, due mainly to macro factors, is closely managed within existing risk frameworks.

To manage actual or potential portfolio risk concentrations in areas of higher credit risk and credit portfolio growth, the Group implements hedging and other strategies from time-to-time. This is done at individual counterparty, sub-portfolio and portfolio levels through the use of syndication, distribution and sale of assets, asset and portfolio limit management, credit derivatives and credit protection.

Credit portfolio characteristics and metrics

Maximum exposure to credit risk

Debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure subject to an ECL are analysed and categorised based on credit quality using the Group's master rating scale. Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of the Group's master rating scale. Exposures that are not within 1 to 25 are considered to be in default.

Default

The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. Whilst the specific determination of default varies according to the nature of the product, it is generally determined (aligned to the BASEL definition) as occurring at the earlier of:

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Group has not rebutted IFRS 9's 90 days past due rebuttable presumption. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of borrower and/or modification (i.e., known cash flow difficulties experienced by the borrower)
- a breach of contract, such as default or delinquency in interest and/or principal payments
- disappearance of active market due to financial difficulties
- it becomes probable that the borrower will enter bankruptcy or another financial reorganisation.
- where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider.

Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties
- Charges over business assets such as premises, inventory, and accounts receivable
- Charges over financial instruments such as debt securities and equities

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit losses, the Group may seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Derivatives

The Group maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e., assets where their fair value is positive), which in relation to derivatives is a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

ECL coverage

The table below shows composition of loans between stage 1, 2 and 3 and the percentage of provisions under each stage.

	2023		2022	
	Loans & advances %	Coverage ratio	Loans & advances %	Coverage ratio
Stage 1	93.4	0.7	91.3	0.6
Stage 2	4.1	16.2	6.0	17.9
Stage 3	2.5	72.6	2.7	67.0
	100.0		100.0	

The following table provides information regarding credit risk exposures relating to assets included on the statement of financial position:

	2023 USh's' 000	2022 UShs' 000	2023 UShs' 000	2022 UShs' 000
Bank of Uganda	629,013,039	593,119,817	-	-
Loans and advances to banks	548,034,555	522,785,222	23,928,038	27,973,547
Investment securities				
Treasury bonds -FVOCI	664,484,826	744,080,944	-	-
Treasury bonds -amortised cost	113,196,730	90,813,517	20,306,639	10,076,259
Treasury bills - FVOCI	414,305,699	405,782,022	-	-
Treasury bills - amortised cost	29,006,725	14,847,920		
Pledged assets	4,661,138	5,504,897	-	-
Loans and advances to customers				
Mortgage lending	340,532,636	278,794,626		
Vehicle and asset finance	110,474,195	125,674,745	-	-
Card and Payments	3,852,669	4,088,267	-	-
Personal unsecured lending	1,123,175,201	1,040,638,176	-	-
Business and other lending	538,379,759	656,863,189	-	-
Corporate lending	1,718,084,809	1,532,057,224	-	-
Sovereign lending	390,623,220	446,884,798	-	-
Trading assets				
Treasury bonds	814,930,215	1,135,079,089	-	-
Treasury bills	964,007,606	463,396,885	-	-
Derivative assets	99,208,570	111,325,016	-	-
Other	151,389,076	205,982,496	1,522,267	1,753,193
	8,657,360,668	8,377,718,850	45,756,944	39,802,999

Credit risk exposures relating to assets not on the statement of financial position are as follows:

	2023 UShs' 000	2022 UShs' 000	2023 UShs' 000	2022 UShs' 000
Financial guarantees	1,847,564,487	1,821,833,394	-	-
Loan commitments and other credit related liabilities	1,863,438,384	1,536,881,106	-	-
	3,711,002,871	3,358,714,500	-	-
	12,368,363,539	11,736,433,350	45,756,944	39,802,999

The above table represents a worst-case scenario of credit risk exposure to the Group at 31 December 2023 and 2022, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

The table below shows unsecured loans and the collateral for the secured loans as at 31 December.

As at 31 December 2023 GROUP	Customer loans UShs' 000	Netting off agreements UShs' 000	Exposure after netting off UShs' 000	Collateral coverage 0-50% UShs' 000	51-100% UShs' 000	Over 100% UShs' 000	Total UShs' 000
Secured loans	1,424,546,409	1,193,633	1,423,352,776	562,140,117	368,872,410	492,340,249	1,423,352,776
Unsecured loans	2,800,576,080	-	2,800,576,080	-	-	-	-
	4,225,122,489	1,193,633	4,223,928,856	562,140,117	368,872,410	492,340,249	1,423,352,776

As at 31 December 2022 GROUP	Customer loans UShs' 000	Netting off agreements UShs' 000	Exposure after netting off UShs' 000	Collateral coverage 0-50% UShs' 000	51-100% UShs' 000	Over 100% UShs' 000	Total UShs' 000
Secured loans	1,354,902,131	2,183,116	1,352,719,015	126,511,513	343,435,537	882,771,965	1,352,719,015
Unsecured loans	2,730,098,894	-	2,730,098,894	-	-	-	-
	4,085,001,025	2,183,116	4,082,817,909	126,511,513	343,435,537	882,771,965	1,352,719,015

Management remains confident in its ability to continue to control the exposure of credit risk to the Bank resulting from both its loan and advances portfolio and debt securities based on the following:

- 93.3% and 4.2% of the loans and advances portfolio is categorised in stage 1 and stage 2 respectively (2022: 91.3% stage 1 and 6.0% stage 2)
- Mortgage loans are backed by collateral.
- All debt securities held by the Bank are issued by the Bank of Uganda on behalf of the Government of Uganda

Collateral

The table below shows the financial effect that collateral has on the group's maximum exposure to credit risk. The table is presented according to Basel asset categories and includes collateral that may not be eligible for recognition under Basel but that management takes into consideration in the management of the group's exposures to credit risk. All on- and off-balance sheet exposures that are exposed to credit risk, including NPL, have been included.

Collateral includes:

- securities that have a tradable market, such as shares and other securities
- physical items, such as property, plant and equipment
- financial guarantees, suretyships and intangible assets.

Netting agreements, which do not qualify for offset under IFRS but which are nevertheless enforceable, are included as part of the group's collateral for risk management purposes. All exposures are presented before the effect of any impairment provisions.

2023	Total exposure UShs' 000	Secured exposure UShs' 000	Netting agreements UShs' 000	Secured exposure after netting UShs' 000
Corporate	6,943,514,837	487,960,728	-	487,960,728
Sovereign	3,398,367,893	-	-	-
Bank	240,797,041	-	-	-
Retail	2,250,917,867	1,027,797,934	1,193,633	1,026,604,301
Retail mortgage	357,286,250	357,286,250	-	357,286,250
Other retail	1,893,631,617	670,511,684	1,193,633	669,318,051
Total	12,833,597,638	1,515,758,662	1,193,633	1,514,565,029
Add: Financial assets not exposed to credit risk	1,480,912,516			
Less: Impairments for loans and advances	(145,706,938)			
Less: Unrecognised off balance sheet items	(5,118,194,399)			
Total exposure	9,050,608,817			
Cash and balances with central banks	1,079,035,695			
Derivative assets	99,208,570			
Trading assets	1,778,937,821			
Pledged assets	4,661,138			
Financial investments	1,221,181,033			
Loans and advances to banks	240,585,250			
Loans and advances to customers	4,225,122,489			
Amounts due from group companies	330,064,839			
Other financial assets	71,811,982			
Total exposure	9,050,608,817			

2022	Total exposure UShs' 000	Secured exposure UShs' 000	Netting agreements UShs' 000	Secured exposure after netting UShs' 000
Corporate	5,647,748,930	267,554,053	-	267,554,053
Sovereign	3,308,402,519	-	-	-
Bank	296,078,320	-	-	-
Retail	2,227,065,597	1,218,478,631	2,183,116	1,216,295,515
Retail mortgage	325,374,116	325,374,116	-	325,374,116
Other retail	1,901,691,481	893,104,515	2,183,116	890,921,399
Total	11,479,295,366	1,486,032,684	2,183,116	1,483,849,568
Add: Financial assets not exposed to credit risk	1,690,300,030			
Less: Impairments for loans and advances	(153,687,122)			
Less: Unrecognised off balance sheet items	(4,193,161,426)			
Total exposure	8,822,746,848			
Cash and balances with central banks	1,085,102,127			
Derivative assets	111,325,016			
Trading assets	1,598,475,974			
Pledged assets	5,504,897			
Financial investments	1,255,700,950			
Loans and advances to banks	296,044,517			
Loans and advances to customers	4,085,001,025			
Amounts due from group companies	228,474,116			
Other financial assets	157,118,226			
Total exposure	8,822,746,848			

Loans and advances are summarised as follows:

GROUP	2023 Loans and advances to customers UShs'000	Loans and advances to banks UShs'000	2022 Loans and advances to customers UShs'000	Loans and advances to banks UShs'000
Stage 1	**4,067,310,307**	**240,686,436**	3,842,384,518	296,078,320
Stage 2	**189,641,732**	**110,605**	275,573,177	-
Stage 3	**113,665,597**	**-**	120,696,649	-
Gross loans and advances	**4,370,617,636**	**240,797,041**	4,238,654,344	296,078,320
Allowances for impairment	**(145,495,147)**	**(211,791)**	(153,653,319)	(33,803)
	4,225,122,489	**240,585,250**	4,085,001,025	296,044,517

The allowance for impairment are summarised per segment as follows:

GROUP	31 December 2023 Loans and advances to customers UShs'000	Loans and advances to banks UShs'000	31 December 2022 Loans and advances to customers UShs'000	Loans and advances to banks UShs'000
Personal and Business loans				
Mortgage lending	**14,452,233**	**-**	45,784,188	-
Instalment sales and finance Leases	**13,605,007**	**-**	11,202,974	-
Card debtors	**1,514,819**	**-**	708,061	-
Other loans and advances	**105,116,551**	**-**	87,516,350	-
Corporate and investment banking				
Corporate lending	**10,806,537**	**211,791**	8,441,746	33,803
	145,495,147	**211,791**	153,653,319	33,803

The total impairment provision for loans and advances is UShs 145,495 million (2022: UShs 153,653 million) of which UShs 82,484 million is stage 3 impairment (2022: UShs 80,821 million). Further information on the impairment allowance for loans and advances to banks and to customers is provided in **Notes 20** and **21.**

		SB 1-12		SB 13 - 20		SB 21- 25		Default							
	Total Gross Carrying Amounts UShs'000	Stage 1 UShs'000	Stage 2 UShs'000	Stage 1 UShs'000	Stage 2 UShs'000	Stage 1 UShs'000	Stage 2 UShs'000	Stage 3 UShs'000	Purchased/ originated credit impaired UShs'000	Total gross carrying amount of default exposures UShs'000	Securities and expected recoveries on default exposures UShs'000	Interest in suspense on default exposures UShs'000	Balance sheet impairments for non-performing specifically impaired loans (Stage 3 and purchased or originated credit impaired) UShs'000	Gross specific impairment coverage %	Non-performing exposures (%)
Loans and advances at amortised cost															
PBB															
Mortgage loans	350,034,744	-	-	325,193,665	-	-	18,196,059	6,645,020	-	6,645,020	2,958,227	-	3,686,793	55%	2%
Vehicle and asset finance	124,079,202	-	-	97,882,469	-	-	14,341,646	11,855,087	-	11,855,087	2,129,758	-	9,725,329	82%	10%
Card debtors	5,367,489	-	-	2,277,320	-	-	2,857,239	232,930	-	232,930	-	-	232,930	100%	4%
Other loans and advances	1,771,621,638	-	-	1,527,773,041	-	-	148,916,037	94,932,560	-	94,932,560	26,093,425	1,797,874	67,041,261	73%	5%
Personal unsecured lending	1,127,666,017	-	-	1,040,653,655	-	-	68,280,300	18,732,062	-	18,732,062	17,251,575	1,439,312	41,175	8%	2%
Business lending and other	643,955,621	-	-	487,119,386	-	-	80,635,737	76,200,498	-	76,200,498	8,841,850	358,562	67,000,086	88%	12%
CIB										-				-	-
Corporate	1,725,739,609	579,223,219	-	1,137,191,522	5,330,751	3,994,117	-	-	-	-	(2)	-	2	0%	0%
Sovereign	393,774,954	-	-	393,774,954	-	-	-	-	-	-	(232,930)	-	232,930	-	-
Bank	240,797,041	120,040,240	-	120,646,196	110,605	-	-	-	-	-	-	-	-	-	-
Other service										-	-			-	-
Gross carrying amount	4,611,414,677	699,263,459	-	3,604,739,167	5,441,356	3,994,117	184,310,981	113,665,597	-	113,665,597	31,181,408	1,797,874	80,686,315	73%	2%
Less: Total expected credit losses for loans and advances	(145,706,938)														
Net carrying amount of loans and advances measured at amortised cost	4,465,707,739	699,263,459		3,604,739,167	5,441,356	3,994,117	184,310,981	113,665,597	-	113,665,597	31,181,408	1,797,874	80,686,315	73%	3%
Financial investments at amortised cost															
Sovereign	142,405,687	142,405,687													
Gross carrying amount	142,405,687	142,405,687													
Less: ECL for financial investments measured at amortised cost	(202,232)	(202,232)													
Net carrying amount of financial investments measured at amortised cost	142,203,455	142,203,455													
Debt financial investments at fair value through OCI															
Sovereign	1,084,651,776	1,084,651,776													
Gross carrying amount	1,084,651,776	1,084,651,776													
Add: Fair value reserve ralating to fair value adjustments (before the ECL balance)	(5,861,251)	(5,861,251)													
Total financial investment at fair value through OCI	1,078,790,525	1,078,790,525													
Off-balance sheet exposures															
Letters of credit and banker's acceptances	253,159,330	211,899,435	-	41,259,895	-	-	-	-	-						
Guarantees	1,847,564,487	1,579,960,679	-	246,382,952	21,220,856	-	-	-	-						
Irrevocable unutilised facilities	1,863,438,384	1,863,438,384	-	-	-	-	-	-	-						
Total exposure to off-balance sheet credit risk	3,964,162,201	3,655,298,498	-	287,642,847	21,220,856	-	-	-	-						
Expected credit losses for off-balance sheet exposures	(2,595,111)		-												
Net carrying amount of off-balance sheet exposures	3,961,567,090	3,655,298,498	-	287,642,847	21,220,856										
Total exposure to credit risk on financial assets subject to an expected credit loss	9,648,268,809	5,575,555,937	-	3,892,382,014	26,662,212	3,994,117	184,310,981	113,665,597	-	113,665,597	31,181,408	1,797,874	80,686,315	73%	1%
Add the following other banking activities exposures:															
Cash and balances with the central bank	1,079,035,695	1,079,035,695	-												
Derivative assets	99,208,570	99,208,570	-												
Trading assets	1,778,937,821	1,778,937,821	-												
Other financial assets	71,811,,982	71,811,,982	-												
Total exposure to credit risk	12,677,262,877	8,604,550,005	-	3,892,382,014	26,662,212	3,994,117	184,310,981	113,665,597	-	113,665,597	31,181,408	1,797,874	80,686,315	73%	1%

1 The ECL on unutilised facilities is included in the ECL for loans and advances.
2 Balances with the central bank are classified as FVTPL. These balances are subject to the rigorous regulatory requirements of these transactions and its link to the underlying entity's ability to operate as a bank.
3 Due to the short-term nature of these assets and historical experience, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

		SB 1-12		SB 13 - 20		SB 21- 25		Default							
	Total Gross Carrying Amounts UShs'000	Stage 1 UShs'000	Stage 2 UShs'000	Stage 1 UShs'000	Stage 2 UShs'000	Stage 1 UShs'000	Stage 2 UShs'000	Stage 3 UShs'000	Purchased/ originated credit impaired UShs'000	Total gross carrying amount of default exposures UShs'000	Securities and expected recoveries on default exposures UShs'000	Interest in suspense on default exposures UShs'000	Balance sheet expected credit loss on default exposures UShs'000	Gross default coverage (%)	Non-performing exposures (%)
Loans and advances at amortised cost															
PBB															
Mortgage loans	319,628,688	-	-	287,204,165	-	-	17,157,289	15,267,234	-	15,267,234	10,010,277	(1,793,820)	7,050,777	34%	5%
Vehicle and asset finance	112,367,297	-	-	77,115,343	-	-	29,205,077	6,046,877	-	6,046,877	3,148,206	(238,881)	3,137,552	48%	5%
Card debtors	4,796,328	-	-	3,176,527	-	-	1,233,266	386,535	-	386,535	196,135	-	190,400	49%	8%
Other loans and advances	1,790,273,286	-	-	1,463,385,254	-	-	227,892,029	98,996,003	-	98,996,003	26,520,615	5,851,316	66,624,072	73%	6%
Personal unsecured lending	1,016,558,975	-	-	943,920,545	-	-	56,895,428	15,743,002	-	15,743,002	11,717,558	754,907	3,270,537	26%	2%
Business lending and other	773,714,311	-	-	519,464,709	-	-	170,996,601	83,253,001	-	83,253,001	14,803,057	5,096,409	63,353,535	82%	11%
CIB										-					-
Corporate	1,562,691,499	312,535,337	-	1,250,070,646	85,516	-	-	-	-	-	(2)	-	2	0%	0%
Sovereign	448,897,246	-	-	448,897,246	-	-	-	-	-	-	-	-	-	-	-
Bank	296,078,320	198,926,925	-	97,151,395	-	-	-	-	-	-	-	-	-	-	-
Other service										-	-			-	-
Gross carrying amount	4,534,732,664	511,462,262		3,627,000,576	85,516	-	275,487,661	120,696,649		120,696,649	39,875,231	3,818,615	77,002,803	67%	3%
Less: Total expected credit losses for loans and advances	(153,687,122)														
Net carrying amount of loans and advances measured at amortised cost	4,381,045,542	511,462,262		3,627,000,576	85,516	-	275,487,661	120,696,649	-	120,696,649	39,875,231	3,818,615	77,002,803	67%	3%
Financial investments at amortised cost															
Sovereign	105,703,963	105,703,963													
Gross carrying amount	105,703,963	105,703,963													
Less: ECL for financial investments measured at amortised cost	(42,526)	(42,526)													
Net carrying amount of financial investments measured at amortised cost	105,661,437	105,661,437													
Financial investments at fair value through OCI															
Sovereign	1,159,606,966	1,159,606,966													
Gross carrying amount	1,159,606,966	1,159,606,966													
Add: Fair value reserve ralating to fair value adjustments (before the ECL balance)	(9,744,000)	(9,744,000)													
Total financial investment at fair value through OCI	1,149,862,966	1,149,862,966													
Off-balance sheet exposures															
Letters of credit and banker's acceptances	170,460,826	4,903,327	-	155,916,331	8,525,931	-	1,115,237	-	-						
Guarantees	1,821,833,394	1,172,723,977	-	642,965,138	12,000	-	6,132,279	-	-						
Irrevocable unutilised facilities	1,536,881,106	1,478,229,571	-	58,124,551	-	-	526,984	-	-						
Total exposure to off-balance sheet credit risk	3,529,175,326	2,655,856,875	-	857,006,020	8,537,931	-	7,774,500	-	-						
Expected credit losses for off-balance sheet exposures	(2,606,114)														
Net carrying amount of off-balance sheet exposures	3,526,569,212	2,655,856,875	-	857,006,020	8,537,931	-	7,774,500	-	-						
Total exposure to credit risk on financial assets subject to an expected credit loss	9,163,139,157	4,422,843,540	-	4,484,006,596	8,623,447	-	283,262,161	120,696,649	-	120,696,649	39,875,231	3,818,615	77,002,803	67%	3%
Add the following other banking activities exposures:															
Cash and balances with the central bank	1,085,102,127	1,085,102,127													
Derivative assets	111,325,016	111,325,016													
Trading assets	1,598,475,974	1,598,475,974													
Other financial assets	157,118,226	157,118,226													
Total exposure to credit risk	12,115,160,500	7,374,864,883	-	4,484,006,596	8,623,447	-	283,262,161	120,696,649	-	120,696,649	39,875,231	3,818,615	77,002,803	67%	1%

1 The ECL on unutilised facilities is included in the ECL for loans and advances.
2 Balances with the central bank are classified as FVTPL. These balances are subject to the rigorous regulatory requirements of these transactions and its link to the underlying entity's ability to operate as a bank.
3 Due to the short-term nature of these assets and historical experience, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

Loans and advances to banks

The total gross amount of stage 3 loans and advances to banks as at 31 December 2023 is Nil (2022: nil). No collateral is held by the Group against loans and advances to banks.

Other financial assets

There are no other financial assets in stage 3 (2022: nil). No collateral is held by the Group against other financial assets.

Concentrations of risk of financial assets with credit risk exposure

Concentration risk is the risk of loss arising from an excessive concentration of exposure to a single counterparty, an industry, a product, a geography, maturity, or collateral. The Group's credit risk portfolio is well-diversified. The Group's management approach relies on the reporting of concentration risk along key dimensions, the setting of portfolio limits and stress testing. The group's credit risk portfolio is concentrated within Uganda.

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorized by the industry sectors of our counterparties.

Concentrations of risk of financial assets with credit risk exposure

	Sovereign	Financial institutions UShs' 000	Manufacturing UShs' 000	Agriculture UShs' 000	Transport UShs' 000	Individuals UShs' 000	Others UShs' 000	Total UShs' 000
Government securities - FVOCI (Note 17)	**1,078,790,525**	-	-	-	-	-	-	**1,078,790,525**
Government securities - amortised cost (Note 17)	**142,203,455**	-	-	-	-	-	-	**142,203,455**
Pledged assets	**4,661,138**	-	-	-	-	-	-	**4,661,138**
Loans and advances to banks	-	**240,585,250**	-	-	-	-	-	**240,585,250**
Loans and advances to customers	**390,623,220**	**632,563,601**	**352,788,520**	**432,192,717**	**55,199,780**	**1,080,134,734**	**1,281,619,917**	**4,225,122,489**
Financial assets designated at fair value:								
- Debt securities	**1,778,937,821**	-	-	-	-	-	-	**1,778,937,821**
	3,395,216,159	**873,148,851**	**352,788,520**	**432,192,717**	**55,199,780**	**1,080,134,734**	**1,281,619,917**	**7,470,300,678**
As at 31 December 2022								
Government securities - FVOCI (Note 17)	1,149,862,966	-	-	-	-	-	-	1,149,862,966
Government securities - amortised cost (Note 17)	105,661,437	-	-	-	-	-	-	105,661,437
Pledged assets	5,504,897	-	-	-	-	-	-	5,504,897
Loans and advances to banks	-	296,044,517	-	-	-	-	-	296,044,517
Loans and advances to customers	446,884,798	333,059,695	384,116,936	428,884,121	68,564,405	980,340,314	1,443,150,756	4,085,001,025
Financial assets designated at fair value:								
- Debt securities	1,598,475,974	-	-	-	-	-	-	1,598,475,974
	3,306,390,072	629,104,212	384,116,936	428,884,121	68,564,405	980,340,314	1,443,150,756	7,240,550,816

3(d) Market Risk

The Group's credit concentration

As at 31 December 2023 the Group had one customer with an aggregate amount exceeding twenty five percent of the Group's core capital extended to a single person or group of related persons totalling to UShs 393 775 million on balance sheet exposures (2022: UShs 448 897 million).

Definition

Market risk is the risk of a change in the market value, actual or effective earnings, or future cash flows of a portfolio of financial instruments, including commodities, caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange and interest rates, credit spreads, recovery rates, correlations, and implied volatilities in all these variables.

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency, and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Market risk measurement techniques:

Trading book market risk

Definition

Trading book market risk is represented by financial instruments, including commodities, held in the trading book, arising out of normal global markets' trading activity.

Approach to managing market risk in the trading book.

The Group's policy is that all trading activities are undertaken within the Gorup's global markets' operations. The market risk functions are independent of the Group's trading operations and are accountable to the relevant legal entity Asset-Liability Committees (ALCOs). ALCOs have a reporting line into Group ALCO, a subcommittee of Group Leadership Council. All VaR and SVaR limits require prior approval from the respective entity ALCOs. The market risk functions have the authority to set these limits at a lower level. Market risk teams are responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in the market risk governance standard. Exposures and excesses are monitored and reported daily.

Where breaches in limits and triggers occur, actions are taken by market risk functions to bring exposures back in line with approved market risk appetite, with such breaches being reported to management and entity ALCOs.

As part of the management of market risk, the Group's major measurement techniques used to measure and control market risk is Value at Risk and Pv01 (present value at one). The Group applies 'value at risk' methodology (VaR) to its trading and Grouping portfolio, to estimate the market risk of foreign exchange positions held and the maximum losses expected. Management applies Pv01 methodology to it's trading and non-trading portfolios to estimate the market interest rate risk of positions held and the maximum losses that could arise.

The estimates are based upon a number of assumptions for various changes in market conditions. The assets and liabilities committee (ALCO) sets limits on both the value of risk and Pv01 that may be acceptable for the Group. These are monitored on a daily basis by the Risk Management department.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Group might lose, but only to a lower level of confidence (98%). There is therefore a specified statistical probability (2%) that actual loss could be greater than the VAR estimate. Pv01 is the present value impact of a one basis point move in an interest rate.

The use of these approaches does not prevent losses outside of these limits in the event of more significant market movements. As VaR and Pv01 constitute an integral part of the Group's market risk control regime, limits are established Management annually for all trading and non-trading portfolios. Actual exposure against limits, together with a consolidated Group-wide VaR, is reviewed daily by the Group's Risk unit.

The quality of the VaR model is continuously monitored by back- testing the VaR results for trading books. All back-testing exceptions and any exceptional revenues on the profit side of the VAR distribution are investigated.

Market risk measurement techniques

	12 months to 31 December 2023			
	Average UShs' 000	Maximum UShs' 000	Minimum UShs' 000	31 December 2023 UShs' 000
Interest rate book - Trading	**1,136,096**	**1,486,628**	**900,302**	**1,007,211**
Interest rate book - Available for sale	**1,071,667**	**1,816,282**	**426,083**	**426,083**
Foreign exchange trading book VAR	**791,621**	**1,623,537**	**200,368**	**1,080,250**

	12 months to 31 December 2022			
	Average UShs' 000	Maximum UShs' 000	Minimum UShs' 000	31 December 2023 UShs' 000
Interest rate book - Trading	903,366	1,125,760	471,399	978,600
Interest rate book - Available for sale	1,041,929	1,548,889	560,809	1,528,412
Foreign exchange risk VAR	661,661	1,997,373	165,538	169,363

The Uganda shilling traded relatively stable against the US dollar for the year 2023 compared to most East African currencies. The currency faced depreciation pressures as the year ended closing at 3,750 to 3,790 levels due to higher corporate demand mainly from oil, telecommunication and manufacturing firms coupled with lower US dollar supply as the year ended.

In the interest rate environment, Bank of Uganda (BOU) cut Central Bank Rate (CBR) by 50Bps to 9.5% in August 2023 so as to stimulate economic activity while maintain inflation below the 5% target. Short end rates remained stable with the 182 day and 364-day rate remaining unchanged in December at 12.4% and 12.8% respectively. On the long end the yields in the primary market edged slightly higher, the 3-year and 20-year bonds moved from 13.5% to 14% and 15.51% to 15.99% respectively.

Average normal Value at Risk Utilisation for the year on the Interest Rate Trading desk was UShs 1.1 billion representing an increase over 2022 (UShs 903 million) due to increase in government securities investments. On the Forex Trading book, average normal Value at Risk utilisation was UShs 791 million which was more than UShs 662 million registered in 2021 due to an increase in FX flow trading transactions during the year.

Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Asset and Liability Committee sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The Group has the following significant foreign currency exposure positions (all amounts in millions of Uganda Shillings)

	USD UShs'm	Euro UShs'm	Other UShs'm	Total UShs'm
As at 31 December 2023				
Assets				
Cash and balances with Bank of Uganda	149,384	10,249	5,566	165,199
Loans and advances to banks	33,859	11,725	14,968	60,552
Amounts due from group companies	270,055	94,654	19,661	384,370
Loans and advances to customers	842,261	406,817	-	1,249,078
Other assets	3,983	261	28	4,272
Total Assets	1,299,542	523,706	40,223	1,863,471
Liabilities:				
Customer deposits	2,213,252	187,954	24,360	2,425,566
Amounts due to banks	193,457	13,207	4	206,668
Amounts due to group companies	52,910	147,666	15,869	216,445
Derivative liabilities	57,450	-	-	57,450
Subordinated bonds/debt	77,641	-	-	77,641
Other liabilities	262,453	2,610	3,143	268,206
Total Liabilities	2,857,163	351,437	43,376	3,251,976
Net statement of financial position	(1,557,621)	172,269	(3,153)	(1,388,505)
Net currency forward contracts	512,962	-	-	512,962
Options, swaps/swap options, securitisations, and other derivatives	641,070	-	-	641,070
Commitments to extend credit	1,307,116	-	-	1,307,116
Net mismatch	903,527	172,269	(3,153)	1,072,643

The Group has the following significant foreign currency exposure positions (all amounts in millions of Uganda Shillings)

	USD UShs'm	Euro UShs'm	Other UShs'm	Total UShs'm
As at 31 December 2022				
Assets				
Cash and balances with Bank of Uganda	140,666	15,115	9,434	165,215
Loans and advances to banks	192,725	30,887	19,504	243,116
Amounts due from group companies	310,042	1	5,713	315,756
Loans and advances to customers	1,003,535	513,328	623	1,517,486
Other assets	6,901	290	27	7,218
Total Assets	1,653,869	559,621	35,301	2,248,791
Liabilities:				
Customer deposits	2,259,409	195,424	23,301	2,478,134
Amounts due to banks	233,541	15,760	902	250,203
Amounts due to group companies	14,683	179,046	225	193,954
Derivative liabilities	30,397	-	-	30,397
Subordinated bonds/debt	75,931	-	-	75,931
Other liabilities	207,002	10,117	1,427	218,546
Total Liabilities	2,820,963	400,347	25,855	3,247,165
Net statement of financial position	(1,167,094)	159,274	9,446	(998,374)
Net currency forward contracts	444,381	-	-	444,381
Options, swaps/swap options, securitisations, and other derivatives	219,606	-	-	219,606
Commitments to extend credit	886,186	-	-	886,186
Net mismatch	383,079	159,274	9,446	551,799

Foreign currency risk sensitivity UShs equivalent

		USD		EUR	
		2023	**2022**	**2023**	**2022**
Total net long/(short) position	millions	**903,527**	383,079	**172,269**	159,274
Sensitivity (UShs depreciation)	%	**3**	10	**3**	10
Impact on OCI	millions	**-**	-	**-**	-
Impact on profit or loss	millions	**11,258**	8,625	**1,062**	2,092
Impact on Equity	millions	**7,881**	6,037	**743**	1,465

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies. As at 31 December 2023, the company did not hold any foreign denominated assets and liabilities. (31 December 2022: Nil).

Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks.

Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Asset and Liability Committee (ALCO) sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily.

The table that follows summarises the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Group does not bear interest rate risk on items not on the statement of financial position.

Interest Rate Risk

	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Other assets and liabilities UShs'm	Total UShs'm
At 31 December 2023						
Financial assets:						
Cash and balances with Bank of Uganda	-	-	-	-	1,079,036	1,079,036
Financial investments - FVOCI	198,925	312,623	263,177	304,066	187	1,078,978
Financial investments - amortised cost	-	-	-	-	142,203	142,203
Pledged assets	-	4,661	-	-	-	4,661
Trading assets	53,169	770,765	659,710	295,294	-	1,778,938
Deposits and balances due from other banks	240,585	-	-	-	-	240,585
Amounts due from group companies	330,065	-	-	-	-	330,065
Loans and advances to customers	737,289	706,764	642,121	2,138,948	-	4,225,122
Derivative assets	-	-	-	-	99,209	99,209
Other assets	-	-	-	-	71,812	71,812
Total assets	1,560,033	1,794,813	1,565,008	2,738,308	1,392,447	9,050,609
Financial liabilities						
Customer deposits	5,912,052	372,032	44,115	4,653	-	6,332,852
Deposits due to other banks	96,705	-	-	-	-	96,705
Borrowed funds	13,544	-	1,033	2,050	-	16,627
Amounts due to group companies	243,593	-	-	-	-	243,593
Derivative liabilities		-	-	-	135,160	135,160
Other liabilities	-	-	-	-	419,263	419,263
Subordinated bonds / debts	-	-	-	77,641	-	77,641
Total liabilities	6,265,894	372,032	45,148	84,344	554,423	7,321,841
Shareholders' equity					1,881,403	1,881,403
Total interest repricing gap	(4,705,861)	1,422,781	1,519,860	2,653,964		

Included in other assets and liabilities are non interest bearing assets and liabilities coupled with government securities measured at amortised cost that do not bear interest rate risk.

Interest Rate Risk continued

	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Other assets and liabilities UShs'm	Total UShs'm
At 31 December 2022						
Financial assets						
Cash and balances with Bank of Uganda	-	-	-	-	1,085,102	1,085,102
Financial investments - FVOCI	64,795	190,096	373,994	520,978	177	1,150,040
Financial investments - amortised cost	-	-	-	-	105,661	105,661
Pledged assets	-	5,505	-	-	-	5,505
Trading assets	15,847	712,026	599,106	271,497	-	1,598,476
Deposits and balances due from other banks	296,045	-	-	-	-	296,045
Amounts due from group companies	228,474	-	-	-	-	228,474
Loans and advances to customers	851,529	656,763	558,691	2,018,018	-	4,085,001
Derivative assets	-	-	-	-	111,325	111,325
Other assets	-	-	-	-	157,118	157,118
Total assets	1,456,690	1,564,390	1,531,791	2,810,493	1,459,383	8,822,747
Financial liabilities						
Customer deposits	5,847,483	187,272	72,921	23,580	-	6,131,256
Deposits due to other banks	142,093	-	-	-	-	142,093
Borrowed funds	12,229	12,500	164	12,432	-	37,325
Amounts due to group companies	220,080	-	-	-	-	220,080
Derivative liabilities		-	-	-	149,082	149,082
Other liabilities	-	-	-	-	442,972	442,972
Subordinated bonds / debts	-	-	-	75,931	-	75,931
Total liabilities	6,221,885	199,772	73,085	111,943	592,054	7,198,739
Shareholders' equity					1,782,775	1,782,775
Total interest repricing gap	(4,765,195)	1,364,618	1,458,706	2,698,550		

Included in other assets and liabilities are non interest bearing assets and liabilities coupled with government securities measured at amortised cost that do not bear interest rate risk.

The Group monitors the sensitivity of net interest income to changes in interest rates.

The sensitivity of net interest income to changes in interest rates for LCY (UShs) is as follows:

	31st December 2023			31st December 2022		
	Change in net interest Income UShs'000	% of net interest income	Impact on Equity UShs'000	Change in net interest Income UShs'000	% of net interest income	Impact on Equity UShs'000
100bps Increase in interest rates	**20,618,438**	**3.2%**	**14,432,907**	15,640,284	2.7%	10,948,199
100bps decrease in interest rates	**(24,206,955)**	**-3.8%**	**(16,944,869)**	(17,737,615)	(3.0%)	(12,416,331)

Net Interest Income sensitivity in for FCY(USD) is as follows:

	31st December 2023			31st December 2022		
	Change in net interest Income UShs'000	% of net interest income	Impact on Equity UShs'000	Change in net interest Income UShs'000	% of net interest income	Impact on Equity UShs'000
100bps Increase in interest rates	**4,478,006**	**10.1%**	**3,134,604**	4,595,659	11.9%	3,216,962
100bps decrease in interest rates	**(5,505,228)**	**-12.4%**	**(3,853,660)**	(5,632,187)	-14.6%	(3,942,531)

COMAPNY	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Other assets and liabilities UShs'm	Total UShs'm
At 31 December 2023						
Financial assets						
Financial investments - amortised cost	-	-	20,307	-	-	20,307
Amounts due from group companies	25,357	-	-	-	-	25,357
Other financial assets	-	-	-	-	1	1
Total financial assets	25,357	-	20,307	-	1	45,665
Financial liabilities						
Amounts due to group companies	1,078	-	-	-	-	1,078
Other financial liabilities	-	-	-	-	24,490	24,490
Total financial liabilities	1,078	-	-	-	24,490	25,568
Shareholders' equity					936,167	936,167
Total interest repricing gap	24,279	-	20,307	-		

COMAPNY	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Other assets and liabilities UShs'm	Total UShs'm
At 31 December 2022						
Financial assets						
Financial investments - amortised cost	-	-	10,076	-	-	10,076
Amounts due from group companies	29,624	-	-	-	-	29,624
Other financial assets	-	-		-	3	3
Total financial assets	29,624	-	10,076	-	3	39,703
Financial liabilities						
Amounts due to group companies	576	-	-	-	-	576
Other financial liabilities	-	-	-	-	18,606	18,606
Total financial liabilities	576	-	-	-	18,606	19,182
Shareholders' equity					933,603	933,603
Total interest repricing gap	29,048	-	10,076	-		

3 (e) Liquidity risk

Definition

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are overdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Approach to managing liquidity risk.

The Group is exposed to daily call on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The Asset and Liability Committee sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter- Bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Group's liquidity management process, as carried out within the Group and monitored by the Treasury and Capital Management (TCM) team includes:

- Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers.

- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cashflow.

- Monitoring balance sheet liquidity ratios against internal and regulatory requirements; and managing the concentration and profile of debt maturities.

- Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

- The assets and liability management (ALM) team within TCM also monitors unmatched medium-term assets, the level and type of un- drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

	2023 UShs'000	2022 UShs'000
Liquid assets to deposit ratio		
Total deposits	**6,332,851,589**	6,131,256,477
Total liquid assets	**3,219,408,904**	3,203,409,322
Liquidity ratio	**50.8%**	52.2%
Regulatory requirement	**20.0%**	20.0%

Liquidity coverage ratio (LCR) and NSFR ratio

Liquidity coverage ratio (LCR) and NSFR ratio have been broken down as per the table below.

	2023 %	2022 %
Liquid coverage ratio		
Total currency	**141%**	165%
NSFR ratio		
Total currency	**249%**	253%

3 (e) (i) The table that follows presents the undiscounted cash flows payable by the Group under financial liabilities by remaining contractual maturities at the balance sheet date and from financial assets by expected maturity dates. All figures are in millions of UgandaShillings.

Group	Carrying Amount UShs' m	Gross nominal in/ out flow UShs' m	Up to 1 month UShs' m	2-6 Months UShs' m	7-12 Months UShs' m	1-5 Years UShs' m	Over 5 Years UShs' m
At 31 December 2023							
Financial liabilities							
Deposits from customers	(6,332,852)	(6,368,192)	(5,793,166)	(24)	(687)	(574,315)	-
Deposits from other banks	(96,705)	(96,715)	(96,715)	-	-	-	-
Amounts due to group companies	(243,593)	(244,194)	(67,386)	-	-	(176,808)	-
Derivative liabilities	(135,160)	(135,160)	(344)	(2,445)	(4,726)	(71,858)	(55,787)
Borrowed funds	(16,627)	(17,514)	(1,708)	-	(1,033)	(14,373)	(400)
Subordinated debt	(77,641)	(111,368)	-	(2,325)	(2,325)	(18,602)	(88,116)
Other financial liabilities	(419,263)	(432,548)	(390,056)	(508)	(2,515)	(34,045)	(5,424)
Total financial liabilities (contractual maturity dates)	(7,321,841)	(7,405,691)	(6,349,375)	(5,302)	(11,286)	(890,001)	(149,727)
Financial assets							
Cash and bank balances with Bank of Uganda	1,079,036	1,079,036	1,079,036	-	-	-	-
Financial investments - FVOCI	1,078,791	1,441,067	105,000	352,374	587,967	395,726	-
Other financial investments	187	187	-	-	-	-	187
Financial investments - amortised cost	142,203	209,358	-	-	-	140,364	68,467
Pledged assets	4,661	4,777	-	4,777	-	-	-
Trading assets	1,778,938	2,005,315	52,994	809,505	725,148	354,367	63,301
Loans and advances to banks	240,585	240,637	240,637	-	-	-	-
Amounts due from group companies	330,065	337,795	329,905	3,798	-	-	4,092
Loans and advances to customers	4,225,122	6,659,237	291,724	1,367,672	401,456	3,084,748	1,513,637
Derivative assets	99,209	99,209	343	2,181	3,645	37,464	55,576
Other financial assets	71,812	71,812	71,812	-	-	-	-
Total financial assets (expected maturity dates)	9,050,609	12,148,430	2,171,451	2,540,307	1,718,216	4,013,196	1,705,260
Liquidity gap	1,728,768	4,742,739	(4,177,924)	2,535,005	1,706,930	3,123,195	1,555,533
Cumulative Liquidity Gap	1,728,768	4,742,739	(4,177,924)	(1,642,919)	64,012	3,187,207	4,742,739
Off-Balance Sheet							
Guarantees	(1,847,564)	(1,847,564)	(86,172)	(399,132)	(540,043)	(822,217)	-
LCs	(253,159)	(253,159)	(33,488)	(133,687)	(7,125)	(78,859)	-
Commitments to extend credit	(1,863,438)	(1,863,438)	(1,863,438)	-	-	-	-
Total Off-Balance Sheet	(3,964,161)	(3,964,161)	(1,983,098)	(532,819)	(547,168)	(901,076)	-
Liquidity gap	(2,235,393)	778,578	(6,161,022)	2,002,186	1,159,762	2,222,119	1,555,346
Cumulative Liquidity Gap		778,578	(6,161,022)	(4,158,836)	(2,999,073)	(776,954)	778,578

The table that follows presents the undiscounted cash flows payable by the Group under financial liabilities by remaining contractual maturities at the balance sheet date and from financial assets by expected maturity dates

Group	Carrying Amount UShs' m	Gross nominal in/ out flow UShs' m	Up to 1 month UShs' m	2-6 Months UShs' m	7-12 Months UShs' m	1-5 Years UShs' m	Over 5 Years UShs' m
At 31 December 2022							
Financial liabilities							
Deposits from customers	(6,131,256)	(6,146,238)	(5,858,387)	(182,099)	(75,091)	(30,661)	-
Deposits from other banks	(142,093)	(142,221)	(136,618)	(5,603)	-	-	-
Amounts due to group companies	(220,080)	(257,818)	(41,114)	-	-	-	(216,704)
Derivative liabilities	(149,082)	(149,082)	(341)	(3,945)	(5,175)	(85,574)	(54,047)
Borrowed funds	(37,325)	(38,121)	(12,229)	(12,500)	(164)	(12,009)	(1,219)
Subordinated debt	(75,931)	(134,363)	-	(3,540)	(3,540)	(28,324)	(98,959)
Other financial liabilities	(442,972)	(448,972)	(418,037)	(474)	(1,240)	(22,366)	(6,855)
Total financial liabilities (contractual maturity dates)	(7,198,739)	(7,316,815)	(6,466,726)	(208,161)	(85,210)	(178,934)	(377,784)
Financial assets							
Cash and bank balances with Bank of Uganda	1,085,102	1,085,102	1,085,102	-	-	-	-
Financial investments - FVOCI	1,149,863	1,308,163	65,000	184,030	406,849	583,995	68,466
Other financial investments	177	177	-	-	-	-	177
Financial investments - amortised cost	105,661	146,202	-	14,848	-	62,887	68,467
Pledged assets	5,505	5,580	-	5,580	-	-	-
Trading assets	1,598,476	1,716,509	15,939	720,778	643,688	283,882	52,222
Loans and advances to banks	296,045	296,121	296,121	-	-	-	-
Amounts due from group companies	228,474	228,518	42,558	185,960	-	-	-
Loans and advances to customers	4,085,001	5,736,548	715,877	319,754	319,264	3,337,282	1,044,371
Derivative assets	111,325	111,325	2,012	5,518	7,863	41,885	54,047
Other financial assets	157,118	157,118	157,118	-	-	-	-
Total financial assets (expected maturity dates)	8,822,747	10,791,363	2,379,727	1,436,468	1,377,664	4,309,410	1,287,573
Liquidity gap	1,624,008	3,474,548	(4,086,999)	1,228,307	1,292,454	4,130,476	909,789
Cumulative Liquidity Gap	1,624,008	3,474,548	(4,086,999)	(2,858,692)	(1,566,238)	2,564,238	3,474,027
Off-Balance Sheet							
Guarantees	(1,821,833)	(1,821,833)	(153,212)	(641,051)	(326,419)	(701,151)	-
LCs	(170,461)	(170,461)	(48,239)	(35,921)	(929)	(85,372)	-
Commitments to extend credit	(1,536,881)	(1,536,881)	(1,536,881)	-	-	-	-
Total Off-Balance Sheet	(3,529,175)	(3,529,175)	(1,738,332)	(676,972)	(327,348)	(786,523)	-
Liquidity gap	(1,905,167)	(54,627)	(5,825,331)	551,335	965,106	3,344,474	909,789
Cumulative Liquidity Gap		(54,627)	(5,825,331)	(5,273,996)	(4,308,890)	(964,416)	(54,627)

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, Central Bank balances, items in the course of collection; loans and advances to banks; and loans and advances to customers. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Group would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

The table that follows presents the undiscounted cash flows payable by the Group under financial liabilities by remaining contractual maturities at the balance sheet date and from financial assets by expected maturity dates

Company	Carrying Amount UShs' m	Gross nominal in/ out flow UShs' m	Up to 1 month UShs' m	2-6 Months UShs' m
At 31 December 2023				
Financial liabilities				
Amounts due to group companies	(1,078)	(1,078)	(1,078)	-
Other financial liabilities	(24,490)	(24,490)	(24,490)	-
Total financial liabilities (contractual maturity dates)	(25,568)	(25,568)	(25,568)	-
Financial assets				
Financial investments - amortised cost	20,307	20,307	20,307	-
Amounts due from group companies	25,357	25,357	25,357	-
Other financial assets	1	1	1	-
Total financial assets (expected maturity dates)	45,665	45,665	45,665	-
Liquidity gap	20,097	20,097	20,097	-
Cumulative Liquidity Gap	20,097	20,097	20,097	20,097

Company	Carrying Amount UShs' m	Gross norminal In/ out flow UShs' m	Up to 1 month UShs' m	2-6 Months UShs' m
At 31 December 2022				
Financial liabilities				
Amounts due to group companies	(576)	(576)	(576)	-
Other financial liabilities	(18,606)	(18,606)	(18,606)	-
Total financial liabilities (contractual maturity dates)	(19,182)	(19,182)	(19,182)	-
Financial assets				
Financial investments - amortised cost	10,076	10,076	10,076	-
Amounts due from group companies	29,624	29,624	29,624	-
Other financial assets	3	3	3	-
Total financial assets (expected maturity dates)	39,703	39,703	39,703	-
Liquidity gap	20,521	20,521	20,521	-
Cumulative Liquidity Gap	20,521	20,521	20,521	20,521

3(e) (ii) Maturity analysis

The Group assesses the maturity of assets and liabilities at 31 December each year which provides an indication of the remaining contractual life of these assets at that point in time. For the maturity analysis of financial liabilities on a contractual undiscounted basis, refer to note 3(e) (i) above.

GROUP At 31 December 2023	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1-year UShs'm	Total UShs'm
Asset:					
Cash and balances with Bank of Uganda	1,079,036	-	-	-	1,079,036
Financial investments - FVOCI	198,925	312,623	263,177	304,779	1,078,791
Other financial investments	-	-	-	187	187
Financial investments - amortised cost	-	29,007	-	113,196	142,203
Pledged assets	-	4,661	-	-	4,661
Trading assets	53,169	770,765	659,710	295,294	1,778,938
Deposits and balances due from other banks	240,585	-	-	-	240,585
Amounts due from group companies	330,065	-	-	-	330,065
Loans and advances to customers	737,289	706,764	642,121	2,138,948	4,225,122
Derivative assets	6,289	37,464	55,456	-	99,209
Deferred income tax assets	-	-	-	59,371	59,371
Other assets	2,976	-	86,187	39,611	128,774
Intangible asset	-	-	-	52,775	52,775
Property and equipment	-	-	-	83,683	83,683
Total assets	2,648,334	1,861,284	1,706,650	3,087,131	9,303,399
Liabilities:					
Customer deposits	5,912,052	372,032	44,115	4,653	6,332,852
Deposits due to other banks	96,705		-	-	96,705
Borrowed funds	13,544	-	1,033	2,050	16,627
Amounts due to group companies	243,593	-	-	-	243,593
Derivative liabilities	279	668	6,378	127,835	135,160
Other liabilities	137,641	-	198,049	161,739	497,429
Subordinated bonds / debt	-	-	-	77,641	77,641
Current tax liabilities	21,989	-	-	-	21,989
Total liabilities	6,425,803	372,700	249,575	373,918	7,421,996
Net gap	(3,777,469)	1,488,584	1,457,075	2,713,213	1,881,403
Cumulative gap	(3,777,469)	(2,288,885)	(831,810)	1,881,403	-
Off-Balance Sheet					
Guarantees	86,172	399,132	540,043	822,217	1,847,564
LCs	33,488	133,687	7,125	78,859	253,159
Commitments to extend credit	1,863,438	-	-	-	1,863,438
Total Off-balance sheet	1,983,098	532,819	547,168	901,076	3,964,161
Net Liquidity gap	(5,760,567)	(2,821,704)	(1,378,978)	980,327	(8,980,922)
Net Cumulative gap	(5,760,567)	(8,582,271)	(9,961,249)	(8,980,922)	-

3(e) (ii) Maturity analysis continued

GROUP	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1-year UShs'm	Total UShs'm
At 31 December 2022					
Asset:					
Cash and balances with Bank of Uganda	1,085,102	-	-	-	1,085,102
Financial investments - FVOCI	64,795	190,096	373,994	520,978	1,149,863
Other financial investments	-	-	-	177	177
Financial investments - amortised cost	-	14,848	-	90,813	105,661
Pledged assets	-	5,505	-	-	5,505
Trading assets	15,847	712,026	599,106	271,497	1,598,476
Deposits and balances due from other banks	296,045	-	-	-	296,045
Amounts due from group companies	228,474	-	-	-	228,474
Loans and advances to customers	851,529	656,763	558,691	2,018,018	4,085,001
Derivative assets	15,497	41,782	54,046	-	111,325
Deferred income tax assets	-	-	-	46,097	46,097
Other assets	171,860	-	-	32,388	204,248
Intangible asset	-	-	-	67,429	67,429
Property and equipment	-	-	-	75,544	75,544
Total assets	2,729,149	1,621,020	1,585,837	3,122,941	9,058,947
Liabilities:					
Customer deposits	5,847,483	187,272	72,921	23,580	6,131,256
Deposits due to other banks	142,093		-	-	142,093
Borrowed funds	12,229	12,500	164	12,432	37,325
Amounts due to group companies	220,080	-	-	-	220,080
Derivative liabilities	149,082	-	-	-	149,082
Other liabilities	141,835	-	166,772	200,508	509,115
Subordinated bonds / debt	-	-	-	75,931	75,931
Current Tax Liabilities	11,290	-	-	-	11,290
Total liabilities	6,524,092	199,772	239,857	312,451	7,276,172
Net liquidity gap	(3,794,943)	1,421,248	1,345,980	2,810,490	1,782,775
Cumulative liquidity gap	(3,794,943)	(2,373,696)	(1,027,716)	1,782,774	-
Off-Balance Sheet					
Guarantees	153,212	641,051	326,419	701,151	1,821,833
LCs	48,239	35,921	929	85,372	170,461
Commitments to extend credit	1,536,881	-	-	-	1,536,881
Total Off-balance sheet	1,738,332	676,972	327,348	786,523	3,529,175
Net Liquidity gap	(5,533,275)	(3,050,668)	(1,355,064)	996,251	(8,942,755)
Net Cumulative liquidity gap	(5,533,275)	(8,583,943)	(9,939,006)	(8,942,755)	-

3(e) (ii) Maturity analysis continued

COMPANY	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1-year UShs'm	Total UShs'm
At 31 December 2023					
Asset:					
Financial investments - amortised cost	-	-	20,307	-	20,307
Amounts due from group companies	25,357	-	-	-	25,357
Investment in subsidiaries	-	-	-	903,127	903,127
Other assets	-	-	-	94	94
Current income tax recoverable	-	-	-	5,851	5,851
Deferred tax assets	-	-	-	9,455	9,455
Property and equipment	-	-	-	735	735
Total assets	25,357	-	20,307	919,262	964,926
Liabilities:					
Amounts due to group companies	1,078	-	-	-	1,078
Other liabilities	24,403	-	3,277	-	27,680
Total liabilities	25,481	-	3,277	-	28,758
Net liquidity gap	(124)	-	17,030	919,262	936,168
Cumulative liquidity gap	(124)	(124)	16,906	936,168	-

COMPANY	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1-year UShs'm	Total UShs'm
At 31 December 2022					
Asset:					
Financial investments - amortised cost	-	-	10,076	-	10,076
Amounts due from group companies	29,624	-	-	-	29,624
Investment in subsidiaries	-	-	-	896,504	896,504
Other assets	3	-	-	100	103
Current income tax recoverable	-	-	-	11,595	11,595
Deferred tax assets	-	-	-	6,429	6,429
Property and equipment	-	-	-	1,045	1,045
Total assets	29,627	-	10,076	915,673	955,376
Liabilities:					
Amounts due to group companies	576	-	-	-	576
Other liabilities	18,247	-	2,950	-	21,197
Total liabilities	18,823	-	2,950	-	21,773
Net liquidity gap	10,804	-	7,126	915,673	933,603
Cumulative liquidity gap	10,804	10,804	17,930	933,603	-

3(f) Off balance sheet

(i) Loan commitments

The dates of the contractual amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities **(Note 36)**, are summarised in the table below.

(ii) Other financial facilities

Other financial facilities (Note 36) are also included below based on the earliest contractual maturity date.

GROUP	Not later than 1 year UShs'000	1 to 5 years UShs'000	Above 5 years UShs'000	Total UShs'000
As at 31 December 2023				
Letters of credit	174,300,173	78,859,157	-	253,159,330
Guarantees	1,025,347,435	822,217,052	-	1,847,564,487
Commitments to extend credit	1,863,438,384	-	-	1,863,438,384
	3,063,085,992	901,076,209	-	3,964,162,201
As at 31 December 2022				
Letters of credit	85,088,703	85,372,123	-	170,460,826
Guarantees	1,120,682,012	701,151,382	-	1,821,833,394
Commitments to extend credit	1,536,881,106	-	-	1,536,881,106
	2,742,651,821	786,523,505	-	3,529,175,326

3(g) Fair value of financial assets and liabilities

The table below summarises the carrying amounts and fair values of financial assets and liabilities.

	Carrying Value		Fair Value	
	2023	2022	2023	2022
GROUP	UShs'000	UShs'000	UShs'000	UShs'000
Financial assets				
Cash and Balances with Bank of Uganda	**1,079,035,695**	1,085,102,127	**1,079,035,695**	1,085,102,127
Derivative assets	**99,208,570**	111,325,016	**99,208,570**	111,325,016
Trading assets	**1,778,937,821**	1,598,475,974	**1,778,937,821**	1,598,475,974
Pledged assets	**4,661,138**	5,504,897	**4,661,138**	5,504,897
Financial investments - FVOCI	**1,078,977,578**	1,150,039,513	**1,078,977,578**	1,150,039,513
Financial investments -amortised cost	**142,203,455**	105,661,437	**145,514,819**	109,684,547
Loans and advances to banks	**240,585,250**	296,044,517	**240,585,250**	296,044,517
Amounts due from group companies	**330,064,839**	228,474,116	**330,064,839**	228,474,116
Loans and advances to customers	**4,225,122,489**	4,085,001,025	**4,225,122,489**	4,085,001,025
Other financial assets	**71,811,982**	157,118,226	**71,811,982**	157,118,226
Financial liabilities				
Customer deposits	**6,332,851,589**	6,131,256,477	**6,332,851,589**	6,131,256,477
Amounts due to other banks	**96,704,725**	142,092,860	**96,704,725**	142,092,860
Borrowed funds	**16,627,259**	37,324,647	**16,627,259**	37,324,647
Amounts due to group companies	**243,593,384**	220,079,961	**243,593,384**	220,079,961
Subordinated debt	**77,641,462**	75,931,416	**77,641,462**	75,931,416
Other financial liabilities	**419,263,273**	442,971,714	**419,263,273**	442,971,714

	Carrying Value		Fair Value	
	2023	2022	2023	2022
COMPANY	UShs'000	UShs'000	UShs'000	UShs'000
Financial assets				
Financial investments -amortised cost	**20,306,639**	10,076,259	**20,306,639**	10,076,259
Amounts due from group companies	**25,356,747**	29,624,190	**25,356,747**	29,624,190
Other financial assets	**987**	2,550	**987**	2,550
Financial liabilities				
Amounts due to group companies	**1,078,135**	575,785	**1,078,135**	575,785
Other financial liabilities	**24,489,724**	18,606,419	**24,489,724**	18,606,419

3(h) Fair value hierarchy

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below shows the classification of financial instruments held at fair value into the valuation hierarchy as at 31 December 2023 and 2022.

GROUP 31 December 2023	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Coins and bank notes	**450,022,656**	**-**	**-**	**450,022,656**
Bank of Uganda cash reserving requirement	**629,013,039**	**-**	**-**	**629,013,039**
Derivative assets	**-**	**99,208,570**	**-**	**99,208,570**
Trading assets	**-**	**1,778,937,821**	**-**	**1,778,937,821**
Pledged assets	**-**	**4,661,138**	**-**	**4,661,138**
Financial investments - FVOCI	**-**	**1,078,790,525**	**-**	**1,078,790,525**
Other financial investments	**-**	**-**	**187,053**	**187,053**
Total assets	**1,079,035,695**	**2,961,598,054**	**187,053**	**4,040,820,802**
Financial liabilities				
Derivative liabilities	**-**	**135,159,501**	**-**	**135,159,501**
Total liabilities	**-**	**135,159,501**	**-**	**135,159,501**

GROUP 31 December 2022	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Coins and bank notes	491,982,310	-	-	491,982,310
Bank of Uganda cash reserving requirement	593,119,817	-	-	593,119,817
Derivative assets	-	111,325,016	-	111,325,016
Trading assets	-	1,598,475,974	-	1,598,475,974
Pledged assets	-	5,504,897	-	5,504,897
Financial investments - FVOCI	-	1,149,862,966	-	1,149,862,966
Other financial investments	-	-	176,547	176,547
Total assets	1,085,102,127	2,865,168,853	176,547	3,950,447,527
Financial liabilities				
Derivative liabilities	-	149,082,358	-	149,082,358
Total liabilities	-	149,082,358	-	149,082,358

The balances with the central bank excluding cash reserving requirement were in terms of IFRS 9 classified as amortised cost. Coins and bank notes have been classified at fair value through profit or loss - default as the contractual terms do not give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding as per IFRS9.

Sensitivity and interrelationships of inputs

The behaviour of the unobservable parameters used to fair value level 3 assets and liabilities is not necessarily independent and may often hold a relationship with other observable and unobservable market parameters. Where material and possible, such relationships are captured in the valuation by way of correlation factors, though these factors are, themselves, frequently unobservable. In such instances, the range of possible and reasonable fair value estimates is taken into account when determining appropriate model adjustments.

The table below shows items not measured at fair value for which fair value is disclosed.

31 December 2023 GROUP	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Government securities - amortised cost	-	142,203,455	-	142,203,455
Loans and advances to banks	-	-	240,585,250	240,585,250
Amounts due from group companies	-	-	330,064,839	330,064,839
Loans and advances to customers	-	-	4,225,122,489	4,225,122,489
Other financial assets	-	-	71,811,982	71,811,982
Total assets	-	142,203,455	4,867,584,560	5,009,788,015
Financial liabilities				
Customer deposits	-	6,332,851,589	-	6,332,851,589
Amounts due to other banks	-	-	96,704,725	96,704,725
Borrowed funds	-	-	16,627,259	16,627,259
Subordinated debt	-	-	77,641,462	77,641,462
Amounts due to group companies	-	-	243,593,384	243,593,384
Other financial liabilities	-	-	419,263,273	419,263,273
Total liabilities	-	6,332,851,589	853,830,103	7,186,681,692

31 December 2022 GROUP	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Government securities - amortised cost	-	105,661,437	-	105,661,437
Loans and advances to banks	-	-	296,044,517	296,044,517
Amounts due from group companies	-	-	228,474,116	228,474,116
Loans and advances to customers	-	-	4,085,001,025	4,085,001,025
Other financial assets	-	-	157,118,226	157,118,226
Total assets	-	105,661,437	4,766,637,884	4,872,299,321
Financial liabilities				
Customer deposits	-	6,131,256,477	-	6,131,256,477
Amounts due to other banks	-	-	142,092,860	142,092,860
Borrowed funds	-	-	37,324,647	37,324,647
Subordinated debt	-	-	75,931,416	75,931,416
Amounts due to group companies	-	-	220,079,961	220,079,961
Other financial liabilities	-	-	442,971,714	442,971,714
Total liabilities	-	6,131,256,477	918,400,598	7,049,657,075

The table below shows items not measured at fair value for which fair valuation hierarchy is disclosed

COMPANY 31 December 2023	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Government securities - amortised cost	-	20,306,639	-	20,306,639
Amounts due from group companies	-	-	25,356,747	25,356,747
Other financial assets	-	-	987	987
Total assets	-	20,306,639	25,357,734	45,664,373
Financial liabilities				
Amounts due to group companies	-	-	1,078,135	1,078,135
Other financial liabilities	-	-	24,489,724	24,489,724
Total liabilities	-	-	25,567,859	25,567,859

COMPANY 31 December 2022	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Government securities - amortised cost	-	10,076,259	-	10,076,259
Amounts due from group companies	-	-	29,624,190	29,624,190
Other financial liabilities	-	-	2,550	2,550
Total assets	-	10,076,259	29,626,740	39,702,999
Financial liabilities				
Amounts due to group companies	-	-	575,785	575,785
Other financial liabilities	-	-	18,606,419	18,606,419
Total liabilities	-	-	19,182,204	19,182,204

3(i) Classification of assets and liabilities

Accounting classifications and fair values of assets and liabilities

The table below sets out the Group's classification of assets and liabilities, and their fair values.

GROUP	FVTPL		FVOCI				
	Held-for-trading	Default	Debt instruments	Equity instruments	Amortised cost	Other assets/ liabilities	Total carrying amount
	UShs' m	UShs' m	UShs' m	UShs' m	UShs' m	UShs' m	UShs' m
2023							
Assets							
Cash and balances with central banks	-	1,079,036	-	-	-	-	1,079,036
Derivative assets	99,209	-	-	-	-	-	99,209
Financial investments	-	-	1,078,791	187	142,203	-	1,221,181
Trading assets	1,778,938	-	-	-	-	-	1,778,938
Pledged assets	-	-	4,661	-	-	-	4,661
Loans and advances to banks	-	-	-	-	240,585	-	240,585
Loans and advances to customers	-	-	-	-	4,225,122	-	4,225,122
Amounts due from group companies	-	-	-	-	330,065	-	330,065
Other financial assets	-	-	-	-	71,812	-	71,812
Other non-financial assets	-	-	-	-	-	252,790	252,790
	1,878,147	1,079,036	1,083,452	187	5,009,787	252,790	9,303,399
Liabilities							
Derivative liabilities	135,160	-	-	-	-	-	135,160
Deposits from banks	-	-	-	-	96,705	-	96,705
Deposits from customers	-	-	-	-	6,332,852	-	6,332,852
Subordinated debt	-	-	-	-	77,641	-	77,641
Amounts due to group companies	-	-	-	-	243,593	-	243,593
Borrowed funds	-	-	-	-	16,627	-	16,627
Other financial liabilities	-	-	-	-	419,263	-	419,263
Other non-financial liabilities	-	-	-	-	-	100,155	100,155
	135,160	-	-	7,186,682	7,186,682	100,155	7,421,996
2022							
Assets							
Cash and balances with central banks	-	1,085,102	-	-	-	-	1,085,102
Derivative assets	111,325	-	-	-	-	-	111,325
Financial investments	-	-	1,149,863	177	105,661	-	1,255,701
Trading assets	1,598,476	-	-	-	-	-	1,598,476
Pledged assets	-	-	5,505	-	-	-	5,505
Loans and advances to banks	-	-	-	-	296,045	-	296,045
Loans and advances to customers	-	-	-	-	4,085,001	-	4,085,001
Amounts due from group companies	-	-	-	-	228,474	-	228,474
Other financial assets	-	-	-	-	157,118	-	157,118
Other non-financial assets	-	-	-	-	-	236,200	236,200
	1,709,801	1,085,102	1,155,368	177	4,872,299	236,200	9,058,947
Liabilities							
Derivative liabilities	149,082	-	-	-	-	-	149,082
Deposits from banks	-	-	-	-	142,093	-	142,093
Deposits from customers	-	-	-	-	6,131,256	-	6,131,256
Subordinated debt	-	-	-	-	75,931	-	75,931
Amounts due to group companies	-	-	-	-	220,080	-	220,080
Borrowed funds	-	-	-	-	37,325	-	37,325
Other financial liabilities	-	-	-	-	442,972	-	442,972
Other non-financial liabilities	-	-	-	-	-	77,433	77,433
	149,082	-	-	-	7,049,657	77,433	7,276,172

The table below sets out the Company's classification of financial assets and liabilities, and their fair values:

COMPANY	FVTPL Held-for-trading UShs' m	Default UShs' m	Debt instruments UShs' m	FVOCI Equity instruments UShs' m	Amortised cost UShs' m	Other assets/ liabilities UShs' m	Total carrying amount UShs' m
2023							
Assets							
Financial investments	-	-	-	20,307	-	-	20,307
Amounts due from group companies	-	-	-	-	-	25,357	25,357
Other financial assets	-	-	-	-	1	-	1
Other non-financial assets	-	-	-	-	-	919,261	919,261
	-	-	-	20,307	1	944,618	964,926
Liabilities							
Amounts due to group companies	-	-	-	-	1,078	-	1,078
Other financial liabilities	-	-	-	-	24,490	-	24,490
Other non financial liabilities	-	-	-	-	-	3,190	3,190
	-	-	-	-	25,568	3,190	28,758
2022							
Assets							
Financial investments	-	-	-	10,076	-	-	10,076
Amounts due from group companies	-	-	-	-	-	29,624	29,624
Other financial assets	-	-	-	-	3	-	3
Other non-financial assets	-	-	-	-	-	915,673	915,673
	-	-	-	10,076	3	945,297	955,376
Liabilities							
Amounts due to group companies	-	-	-	-	576	-	576
Other financial liabilities	-	-	-	-	18,606	-	18,606
Other non financial liabilities	-	-	-	-	-	2,591	2,591
	-	-	-	-	19,182	2,591	21,773

4. Segment information

The chief operating decision maker for purposes of segment reporting is the Chief Executive of the Group.

During 2023, the group has made structural changes to better serve its clients. Our operating model is client led and structured around our business units, previously referred to as segments, namely: Personal and Private Banking (PPB), Business and Commercial Banking (BCB), Corporate and Investment Banking (CIB), Treasury and Capital Management (TCM) will remain and house group unallocated capital, liquidity earnings and central costs.

PPB, BCB, CIB and TCM together form Banking. Banking together with other subsidiaries form total SUHL company and group.

Liquidity management of the Group is handled by the Treasury and Capital Management (TCM) unit. Other subsidiaries include Stanbic Flyhub Uganda Limited, Stanbic Properties Uganda Limited, SBG Securities Uganda Limited and Stanbic Business Incubator Limited.

The business units are responsible for designing and executing the client value proposition. Business units own the client relationship and create multi-product client experiences distributed through our client engagement platforms.

Business unit reporting evolves to reflect changes in reporting responsibility for individual cost centres and divisions across the group. This change had no impact on the comparative figures within the primary statements or notes thereto.

Personal and Private Banking (PPB)

The Personal and Private Banking (PPB) business unit offers tailored and comprehensive banking and beyond financial services solutions. We serve individual clients across Uganda ranging from wealth and investment to private and personal banking markets by enabling their daily lives throughout their life journeys.

The PPB business also includes the Insurance and Asset Management (IAM). IAM offers partnerships for the sale of the insurance offerings within the Stanbic banking sales channels. Our clients, who range from individual customers to corporate and institutional clients, can leverage Stanbic's extensive market leading range of propositions and services to help build and protect their wealth and lifestyle.

Business and Commercial Banking (BCB)

The Business and Commercial Banking (BCB) segment provides broad based client solutions for a wide spectrum of small- and medium- sized businesses as well as large commercial enterprises. Our client coverage support extends across a wide range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by our clients to enable their growth.

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Corporate and Investment Banking (CIB)

The Corporate Investment Banking (CIB) client segment serves large companies (multinational, regional and domestic), governments, parastatals, and institutional clients across Africa and internationally. Our clients leverage our in-depth sector and regional expertise, our specialist capabilities, and our access to global capital markets for advisory, transactional, trading and funding support.

Income statement

	Business Consumer Banking UShs' 000	Private and Personal Banking UShs' 000	Corporate and Investment Banking UShs' 000	Treasury and Capital management Shs' 000	Other Subsidiaries Shs' 000	Total UShs' 000
Year ended 31 December 2023						
Net Interest income	220,434,431	247,931,384	285,912,403	45,939,950	2,711,122	802,929,290
Fee and commission income	56,332,539	88,618,747	48,187,833	4,785,513	1,360,418	199,285,050
Net trading income	31,654,769	11,078,268	176,143,014	(42,795,792)	-	176,080,259
Other income	162,084	9,089,556	8	3,928,218	1,273,949	14,453,815
Total operating income	308,583,823	356,717,955	510,243,258	11,857,889	5,345,489	1,192,748,414
Impairment losses	(53,707,674)	(16,893,943)	1,699,885	(551,930)	-	(69,453,662)
Other operating expenses	(195,303,945)	(168,458,117)	(235,865,702)	35,270,690	(17,990,952)	(582,348,026)
Profit before tax	59,572,204	171,365,895	276,077,441	46,576,649	(12,645,463)	540,946,726
Income tax expense	(15,159,452)	(41,154,585)	(64,900,587)	(10,940,887)	2,739,889	(129,415,622)
Profit after tax	44,412,752	130,211,310	211,176,854	35,635,762	(9,905,574)	411,531,104
Year ended 31 December 2022						
Net Interest income	189,231,360	198,285,810	224,678,065	25,747,138	636,041	638,578,414
Fee and commission income	57,996,695	72,981,249	40,693,248	134,366	601,832	172,407,390
Net trading income	45,603,028	17,969,109	148,687,777	-	-	212,259,914
Other income	106,582	10,868,041	2,382	58,826	2,203,307	13,239,138
Total operating income	292,937,665	300,104,209	414,061,472	25,940,330	3,441,180	1,036,484,856
Impairment losses	(54,570,636)	(18,868,789)	13,820,398	46,537	-	(59,572,490)
Other operating expenses	(161,119,568)	(148,090,972)	(161,864,787)	(8,152,641)	(14,670,914)	(493,898,882)
Profit before tax	77,247,461	133,144,448	266,017,083	17,834,226	(11,229,734)	483,013,484
Income tax expense	(19,756,770)	(34,577,326)	(69,229,842)	(4,643,915)	2,575,277	(125,632,576)
Profit after tax	57,490,691	98,567,122	196,787,241	13,190,311	(8,654,457)	357,380,908

Other segment items included in the income statement.

Income statement	Business Consumer Banking UShs' 000	Private and Personal Banking UShs' 000	Corporate and Investment Banking UShs' 000	Treasury & Capital management Shs' 000	Other Subsidiaries Shs' 000	Total UShs' 000
Other segment items included in the income statement						
Depreciation	(1,245,739)	(15,515,925)	(1,061,833)	(14,542,958)	59,811	(32,306,644)
Amortisation of intangible assets	-	(2,295,674)	-	(12,956,358)	-	(15,252,032)
Other segment items included in the income statement.						
Depreciation	(762,879)	(17,827,317)	(1,352,230)	(14,482,245)	208,945	(34,215,726)
Amortisation of intangible assets	-	(2,295,674)	-	(12,866,591)	-	(15,162,265)

Statement of financial position

Statement of financial position	Business Consumer Banking UShs' 000	Private and Personal Banking UShs' 000	Corporate and Investment Banking UShs' 000	Treasury & Capital management UShs' 000	Other Subsidiaries UShs' 000	Total UShs' 000
As at 31 December 2023						
Net Loans and advances to banks	**4,400,124**	**1,992,372**	**441,313,343**	**1,816**	**-**	**447,707,655**
Net loans and advances to customers	**873,263,714**	**1,242,964,198**	**2,108,708,029**	**186,548**	**-**	**4,225,122,489**
Other assets	**245,160,277**	**350,305,042**	**3,359,808,462**	**630,694,730**	**44,599,856**	**4,630,568,367**
Total assets	**1,122,824,115**	**1,595,261,612**	**5,909,829,834**	**630,883,094**	**44,599,856**	**9,303,398,511**
Deposits from banks	**23,936,510**	**-**	**365,081,094**	**-**	**-**	**389,017,604**
Deposits and current accounts from customers	**1,877,162,477**	**1,696,458,535**	**2,554,304,707**	**2,203**	**-**	**6,127,927,922**
Elimination of inter division funding/ lending	**(1,178,948,051)**	**(568,287,043)**	**1,623,907,651**	**123,327,443**	**-**	**-**
Other liabilities	**141,967,271**	**183,220,480**	**567,719,184**	**20,488,021**	**(8,344,965)**	**905,049,991**
Total Liabilities	**864,118,207**	**1,311,391,972**	**5,111,012,636**	**143,817,667**	**(8,344,965)**	**7,421,995,517**
Equity	**258,705,908**	**283,869,640**	**798,817,198**	**487,065,427**	**52,944,821**	**1,881,402,994**
As at 31 December 2022						
Net Loans and advances to banks	2,864,691	-	293,179,826	-	-	296,044,517
Net loans and advances to customers	921,486,177	1,160,367,637	2,003,147,211	-	-	4,085,001,025
Other assets	249,460,979	869,433,578	3,473,074,002	60,306,875	25,626,406	4,677,901,840
Total assets	1,173,811,847	2,029,801,215	5,769,401,039	60,306,875	25,626,406	9,058,947,382
Deposits from banks	49,021,271	-	93,071,589	-	-	142,092,860
Deposits and current accounts from customers	1,796,221,272	1,559,179,002	2,775,856,203	-	-	6,131,256,477
Elimination of inter division funding/ lending	(1,044,322,974)	(479,517,179)	1,480,997,857	42,842,296	-	-
Other liabilities	118,378,866	189,253,256	715,891,851	6,523,002	(27,223,989)	1,002,822,986
Total Liabilities	919,298,435	1,268,915,079	5,065,817,500	49,365,298	(27,223,989)	7,276,172,323
Equity	254,513,412	760,886,136	703,583,539	10,941,577	52,850,395	1,782,775,059

5. Interest income

	GROUP		COMPANY	
	2023 UShs' 000	2022 UShs' 000	2023 UShs' 000	2022 UShs' 000
Financial investments -FVOCI	**146,688,862**	125,603,962	**-**	-
Financial investments -amortised cost	**19,125,808**	3,745,131	**1,782,775**	76,259
Loans and advances to customers-amortised cost	**593,466,644**	489,580,066	**-**	310,962
Loans and advances to banks- amortised cost	**14,511,210**	5,586,144	**-**	-
Placements with group companies- amortised cost	**4,535,775**	4,438,809	**-**	-
Interest income on credit impaired financial assets	**3,598,138**	6,070,706	**-**	-
	781,926,437	635,024,818	**1,782,775**	387,221

All the amounts reported above comprise interest income calculated using the effective interest method. Interest income is recognised over a period of time.

6 Interest expense

	GROUP		COMPANY	
	2023	2022	2023	2022
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Current accounts	**27,234,445**	21,835,896	**-**	-
Savings and deposit accounts	**16,709,758**	9,904,485	**-**	-
Subordinated debt	**7,554,748**	4,954,435	**-**	-
Deposits and borrowings from banks	**3,064,856**	719,664	**-**	-
Amounts due to group companies	**12,155,083**	4,135,169	**-**	-
Interest paid on other money market borrowings	**4,281,246**	1,811,999	**-**	-
Interest expense on lease liabilities	**2,032,897**	2,250,388	**19,780**	40,938
	73,033,033	45,612,036	**19,780**	40,938

All interest expense relates to financial liabilities at amortised cost and calculated using the effective interest method except for interest expense on lease liabilities.

7 Net fee and commission income

Disaggregation of fees and commission income in the following table, fee and commission income from contracts with customers is disaggregated by major type of services.

	2023	2022
	UShs' 000	UShs' 000
Fee and commission income		
Transactional fees and commission income	**214,392,306**	182,793,159
Trade fees and commission income	**3,263,785**	4,082,114
Credit related fees and commission income	**3,510,871**	4,103,886
	221,166,962	190,979,159
Fee and commission expense		
Transactional fees and commission expenses	**(17,116,627)**	(14,104,774)
Net fee and commission income	**204,050,335**	176,874,385

Net fee and commission income above comprises of amounts included in determining the effective interest rate on financial assets measured at amortised cost of UShs 6,219 million (2022: UShs 3,885 million). All net fee and commission income relate to financial assets or liabilities at amortised cost. Fees and commission income is recognized over a period of time.

8. Net trading income

	2023	2022
	UShs' 000	UShs' 000
Foreign exchange trading gains - realized gains	**40,823,518**	12,971,997
Foreign exchange trading gains - unrealized gains	**19,190,772**	39,586,872
Trading gains on financial instruments	**220,750,883**	199,197,116
Unrealised gains/loss on financial instruments	**(8,333,559)**	10,581,725
Trading income - other	**(2,315,469)**	(912,163)
	270,116,145	261,425,547

Included in trading gains on financial instruments are realised gains and losses from buying and selling debt securities coupled with the impact of changes in the fair value of government securities. Included in foreign exchange are realised and unrealised gains and losses from spot and forward contracts and other currency derivatives.

9. Other gains and losses on financial instruments

No other gains and losses on financial instruments recorded for 2022 and 2023 (2021: UShs 3.3 million)

10. Other operating income

(a) Dividend income

	COMPANY	
	2023	2022
	UShs' 000	UShs' 000
Dividend income	**320,000,000**	110,000,000
	320,000,000	110,000,000

(b) Other operating income

Other Operating Income:	GROUP		COMPANY	
	2023	2022	2023	2022
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Gains on disposal of property and equipment	**382,770**	324,179	**-**	-
Other income	**10,701,543**	9,861,980	**-**	92,919
	11,084,313	10,186,159	-	92,919

Other income includes profit share in relation to bancassurance fees of UShs 8.3 billion (2022: UShs 6.1 billion) resulting from a business arrangement with Liberty General Insurance Limited and Liberty Life Insurance Limited.

11. Impairment charge for credit losses

	2023	2022
	UShs' 000	UShs' 000
Net expected credit losses raised and released		
Loans and advances to customers (Note 21)	**(109,861,915)**	(89,482,127)
Loans and advances to banks (Note 20)	**1,836,347**	(114,764)
Financial Investments - FVOCI (Note 17)	**(979,580)**	(99,547)
Financial Investments - amortised cost (Note 17)	**(159,706)**	(42,526)
Off balance sheet (Note 33)	**20,982**	2,102,086
Recoveries on loans and advances previously written off	**35,317,080**	27,384,686
Interest in suspense released on cured loans and advances	**1,739,577**	1,941,847
Modification gains and losses	**2,633,553**	(1,262,145)
	(69,453,662)	(59,572,490)

12. Employee benefits expense

	GROUP		COMPANY	
	2023	2022	2023	2022
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Salaries and wages	**186,337,626**	156,734,323	**6,112,813**	4,888,575
Contributions to statutory and other defined benefit plans	**37,687,078**	32,089,875	**1,026,662**	1,050,875
Other employee benefits	**28,886,860**	23,573,316	**1,428,018**	328,046
	252,911,564	212,397,514	**8,567,493**	6,267,496

13. Other operating expenses

	GROUP		COMPANY	
	2023	2022	2023	2022
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Premises costs	**10,965,851**	10,793,140	**186,951**	233,662
Office expenses	**4,814,574**	4,936,381	**-**	-
Auditors remuneration	**1,093,978**	1,060,966	**49,117**	35,433
Professional fees	**8,588,880**	1,920,302	**(252,896)**	223,719
IT expenses	**64,006,687**	57,735,329	**11,462**	15,313
Travel and entertainment	**13,733,289**	9,743,443	**682,885**	465,156
Marketing and advertising	**16,566,199**	12,207,035	**362,597**	163,998
Insurance	**3,229,250**	3,643,750	**-**	-
Deposit Protection Scheme Contribution	**12,233,706**	11,399,644	**-**	-
Security expenses	**9,099,698**	8,054,284	**9,840**	8,397
Franchise fees	**35,610,605**	30,991,310	**-**	-
Directors fees and expenses	**1,248,719**	1,087,301	**458,160**	314,550
Training costs	**4,672,312**	3,482,848	**155,298**	197,042
Operational losses	**9,779,802**	1,056,519	**529,210**	-
Indirect taxes (VAT)	**31,994,946**	23,122,654	**-**	-
Bank charges	**2,049,027**	2,142,883	**182,668**	159,395
Commission paid	**25,825,618**	27,245,063	**-**	-
Credit bureau expenses	**1,395,785**	1,089,837	**-**	-
Other operating expenses	**26,364,642**	21,802,115	**627,231**	340,309
	283,273,568	233,514,804	**3,002,523**	2,156,974

Other operating expenses (note 13 above) is comprised of the following items:

	2023	2022
	UShs' 000	UShs' 000
Communication expenses	**8,531,981**	6,992,824
Administration and membership fees	**1,218,036**	1,538,192
Donations: non-tax allowable	**2,208,304**	2,252,352
Conference expenses (non-training)	**607,630**	417,233
Refreshments tea and coffee	**1,817,253**	1,381,549
Other operating costs	**11,981,438**	9,219,965
	26,364,642	21,802,115

Included in the IT costs are additional costs relating to Salesforce and FlexiPay (support costs and annual licenses) and other peripheral system that support the day-to-day operations of the Group. The other operating costs include commissions paid to bank agents and provisions for unspecified expected losses of UShs 6 billion netted off by releases during the year (2022: UShs 6.9 billion).

Auditors remuneration includes fees paid for statutory returns review and audit services. The VAT exclusive fees for the 2023 audit services are UShs 1,049 million (2022: UShs 1,012 million) while the VAT exclusive fees for other services provided by the statutory external auditor included in professional fees are UShs 202 million (2022: UShs 268 million).

14. Income tax expense

	GROUP		COMPANY	
	2023	2022	2023	2022
	UShs'000	UShs'000	UShs'000	UShs'000
Current income tax	**141,058,706**	121,964,088	**-**	(49,433)
Deferred income tax (see note 26)	**(11,643,083)**	3,691,078	**(3,026,696)**	(2,655,370)
	129,415,623	125,655,166	**(3,026,696)**	(2,704,803)

The income tax on the company and Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2023 UShs'000	2022 UShs'000	2023 UShs'000	2022 UShs'000
Profit before income tax	**540,946,727**	483,036,074	**309,537,446**	101,402,451
Tax calculated at statutory tax rate of 30% (2022: 30%)	**162,284,018**	144,910,822	**92,861,234**	30,420,735
Tax effects of:				
Income not subject to tax	**-**	-	**(96,000,000)**	(33,000,000)
Income subject to tax at 20%	**(37,845,255)**	(23,419,404)	**-**	-
Income subject to tax at 10%	**(13,661)**	(182,746)	**-**	-
Expenses not deductible for tax purposes	**5,174,052**	4,514,250	**141,125**	36,715
Prior year current income tax under provision	**(183,532)**	(167,756)	**(29,056)**	(162,253)
	129,415,622	125,655,166	**(3,026,697)**	(2,704,803)

The movement in the current income tax liability/ (recoverable) was as follows:

	2023 UShs'000	2022 UShs'000	2023 UShs'000	2022 UShs'000
At start of year	**11,289,587**	3,817,466	**(11,594,808)**	(11,545,375)
Prior year under provisions	**-**	-	**(29,056)**	(162,253)
Charge for the year	**141,058,706**	121,964,088	**29,056**	112,820
Income tax paid	**(130,359,298)**	(114,491,967)	**5,744,292**	-
At end of year	**21,988,995**	11,289,587	**(5,850,516)**	(11,594,808)

15. Earnings per share and dividends per share

	2023 UShs'000	2022 UShs'000	2023 UShs'000	2022 UShs'000
Earnings Per Share				
Profit attributable to ordinary shareholders (UShs'000)	**411,531,104**	357,380,908	**312,564,142**	104,107,254
Weighted average number of ordinary shares in issue (thousands)	**51,188,670**	51,188,670	**51,188,670**	51,188,670
Basic earnings per share (expressed in Shs per share)	**8.04**	6.98	**6.11**	2.03
Dividends per share				
Proposed dividends	**155,000,000**	185,000,000	**155,000,000**	185,000,000
Weighted average number of ordinary shares in issue (thousands)	**51,188,670**	51,188,670	**51,188,670**	51,188,670
Dividends per share	**3.03**	3.61	**3.03**	3.61

There were no potentially dilutive shares as at 31 December 2023 or on 31 December 2022. Therefore, diluted earnings per share are the same as basic earnings per share.

16. Cash and balances with Bank of Uganda

	GROUP		COMPANY	
	2023	2022	2023	2022
	UShs'000	UShs'000	UShs'000	UShs'000
Coins and bank notes	**450,022,656**	491,982,310	**-**	-
Balances with Bank of Uganda	**629,013,039**	593,119,817	**-**	-
	1,079,035,695	1,085,102,127	**-**	-

Banks are required to maintain a prescribed minimum cash balance with Bank of Uganda. The amount is determined by Bank of Uganda on a pre-set formula on a rolling fortnightly basis; 10% in 2023 (2022: 10%). The cash reserve as at 31 December 2023 was UShs 649,430 million (2022: UShs 634,950 millon), partially utilised UShs 20,417 million (2022: UShs 41,830 million) to close at 629,013 million (2022: UShs 593,119 million) as disclosed in Note 37. Included in cash and cash balances are cash reserves relating to Flexipay electronic money of UShs 3.8 billion as at 31 December 2023 in compliance with Section 51 of the NPS Act (2022: 238 million). The cash reserves are available for use in the Bank's Day to day activities and may fall below the requirement up to 50% on a given day.There were no compliance breaches within the year.

17. Financial investments

	GROUP		COMPANY	
	2023	2022	2023	2022
	UShs'000	UShs'000	UShs'000	UShs'000
a) Government securities at FVOCI				
Treasury bills				
At start of the year	**405,782,022**	337,825,838	**-**	-
Additions	**70,832,309**	429,770,856	**-**	-
Disposals	**(54,814,786)**	(357,406,916)	**-**	-
Fair value adjustments	**(2,832,708)**	1,097,141	**-**	-
Transfer (to) and from pledged assets	**(4,661,138)**	(5,504,897)	**-**	-
At end of the year	**414,305,699**	405,782,022	**-**	-
Treasury bonds				
At start of the year	**744,080,944**	506,340,724	**-**	-
Additions	**92,412,715**	489,962,098	**-**	-
Disposals	**(169,294,757)**	(238,852,582)	**-**	-
Fair value adjustments	**(2,714,076)**	(13,369,296)	**-**	-
At end of the year	**664,484,826**	744,080,944	**-**	-
Total at end of year	**1,078,790,525**	1,149,862,966	**-**	-
b) Financial investments-Amortised Cost				
Treasury bills				
At start of the year	**14,847,920**	-	**10,076,259**	-
Additions	**14,633,349**	14,847,920	**10,230,380**	10,076,259
Disposals	**(474,544)**	-	**-**	-
At end of the year	**29,006,725**	14,847,920	**20,306,639**	10,076,259
Treasury bonds				
At start of the year	**90,813,517**	-	**-**	-
Additions	**22,542,919**	90,856,043	**-**	-
ECL for financial investments measured at amortised cost	**(159,706)**	(42,526)	**-**	-
At end of the year	**113,196,730**	90,813,517	**-**	-
Total at end of year	**142,203,455**	105,661,437	**20,306,639**	10,076,259
c) Other equity investments				
S.W.I.F.T. SCRL	**187,053**	176,547	**-**	-
Total other equity investments	**187,053**	176,547	**-**	-
Total financial investments	**1,221,181,033**	1,255,700,950	**20,306,639**	10,076,259

(d) Reconciliation of expected credit losses for debt financial investments measured at FVOCI

Year ended 31 December 2023	At start of Year Shs'000	Income statement movements: ECL on new exposures raised Shs'000	Subsequent changes in ECL Shs'000	Change in ECL due to derecognition Shs'000	Net impairments raised/ (released) Shs'000	At end of Year Shs'000
Stage 1	**(385,129)**	**(610,811)**	**(94,385)**	**(274,384)**	**(979,580)**	**(1,364,709)**
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Total	**(385,129)**	**(610,811)**	**(94,385)**	**(274,384)**	**(979,580)**	**(1,364,709)**

Year ended 31 December 2022	At start of Year Shs'000	Income statement movements: ECL on new exposures raised Shs'000	Subsequent changes in ECL Shs'000	Change in ECL due to derecognition Shs'000	Net impairments raised/ (released) Shs'000	At end of Year Shs'000
Stage 1	(285,582)	(239,544)	29,659	110,338	(99,547)	(385,129)
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Total	(285,582)	(239,544)	29,659	110,338	(99,547)	(385,129)

(e) Reconciliation of expected credit losses for debt financial investments measured at amortised cost.

Year ended 31 December 2023	At start of Year Shs'000	Income statement movements: ECL on new exposures raised Shs'000	Subsequent changes in ECL Shs'000	Net impairments raised/ (released) Shs'000	At end of Year Shs'000
Stage 1	**(42,526)**	**-**	**(159,706)**	**(159,706)**	**(202,232)**
Stage 2	-	-	-	-	-
Stage 3	-	-	-	-	-
Total	**(42,526)**	**-**	**(159,706)**	**(159,706)**	**(202,232)**

Year ended 31 December 2022		ECLonnew-exposures-raised Shs'000	Subsequen-tchangesinECL Shs'000		
Stage 1	-	(42,526)	-	(42,526)	(42,526)
Stage 2	-	-	-	-	-
Stage 3	-	-	-	-	-
Total	-	(42,526)	-	(42,526)	(42,526)

Government securities comprise government treasury bills and bonds. Government treasury bills are debt securities issued by Bank of Uganda for a term of three months, six months or one year. Government treasury bonds are debt instruments issued by Bank of Uganda for a term of either two, three, five or ten years.

Government securities are categorised as fair value through other comprehensive income which are fair valued through reserves, amortised cost and trading assets, which are fair valued through the income statement.

Included in financial investments are placements of Flexipay electronic money in government treasury bills at FVOCI totalling to UShs 3.057 billion (2022: UShs 951 million) representing 80% of the FlexiPay electronic liabilities as at 31 December 2023 in compliance with Section 51 of the NPS Act.

Other equity investments relate to investment in the Society for Worldwide Interbank Financial Telecommunication (SWIFT) shares, an entity that provides a network that enables financial institutions to send and receive information about financial transactions in a secure, standardised and reliable environment. These are measured at fair value through OCI because they are not held for trading.

18. Trading assets

	GROUP		COMPANY	
	2023	2022	2023	2022
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
At start of the year	**463,396,885**	209,034,408	**-**	-
Additions	**1,319,646,071**	3,605,786,951	**-**	-
Disposals	**(815,142,383)**	(3,356,018,346)	**-**	-
Fair value adjustments	**(3,892,967)**	4,593,872	**-**	-
Transfer to pledged assets	**-**	-	**-**	-
At end of the year	**964,007,606**	463,396,885	**-**	-
Treasury bonds				
At start of the year	**1,135,079,089**	848,381,748	**-**	-
Additions	**8,972,209,699**	7,437,924,560	**-**	-
Disposals	**(9,286,169,754)**	(7,155,578,905)	**-**	-
Fair value adjustments	**(6,188,819)**	4,351,686	**-**	-
Transfer to pledged assets	**-**	-	**-**	-
At end of the year	**814,930,215**	1,135,079,089	**-**	-
Total trading assets	**1,778,937,821**	1,598,475,975	**-**	-

19. Pledged assets

The following table presents details of financial assets which have been provided as collateral to the counterparty. To the extent that the counterparty is permitted to sell the financial asset where the Group defaults on the obligation, they are classified in the statement of financial position as pledged assets.

	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets1	Fair value of associated liabilities1	Net fair value1
2023					
Securities pledged under clearing house values	**4,661,138**	**-**	**4,684,082**	**-**	**4,684,082**
Securities pledged under repurchase agreements	**-**	**-**	**-**	**-**	**-**
Pledged assets (as recognised on the statement of financial position)	**4,661,138**	**-**	**4,684,082**	**-**	**4,684,082**
Total assets pledged	**4,661,138**	**-**	**4,684,082**	**-**	**4,684,082**
2022					
Securities pledged under clearing house values	**5,504,897**	**-**	**5,499,089**	**-**	**5,499,089**
Securities pledged under repurchase agreements	**-**	**-**	**-**	**-**	**-**
Pledged assets (as recognised on the statement of financial position)	**5,504,897**	**-**	**5,499,089**	**-**	**5,499,089**
Total assets pledged	**5,504,897**	**-**	**5,499,089**	**-**	**5,499,089**

As at 31 December 2023, the Group had pledged government securities totalling UShs 4.7 billion to Bank of Uganda under the automated clearing house rules (2022: UShs 5.5 billion). These assets are reclassified from financial investments measured at fair value through OCI to pledged assets. Bank of Uganda has the right to transfer or sell these instruments. Accordingly, these have been presented separately on the face of the statement of financial position.

20. Loans and advances to banks

	2023 UShs' 000	2022 UShs' 000
Items in course of collection - foreign banks	**6,394,646**	6,137,711
Placements with local banks	**189,157,599**	67,913,571
Placements with foreign banks	**45,244,796**	222,027,038
Gross loans and advances	**240,797,041**	296,078,320
Less: provision for impairment	**(211,791)**	(33,803)
	240,585,250	296,044,517

The weighted average effective interest rate on loans and advances to Banks was 2.7% (2022: 1.9%)

Reconciliation of expected credit losses for loans and advances to banks measured at amortized cost as at 31 December 2023

		Income statement movements					
Year ended 31 December 2023	Shs'000	ECL on new exposures raised Shs'000	Subsequent changes in ECL Shs'000	Change in ECL due to derecognition Shs'000	Net impairments raised/ (released) Shs'000	Exchange and other movements Shs'000	At end of Year Shs'000
Stage 1	**(9,550)**	-	**1,811,398**	-	**1,811,398**	**(2,013,605)**	**(211,757)**
Stage 2	**(24,253)**	-	**24,949**	-	**24,949**	**(730)**	**(34)**
Stage 3	-	-	-	-	-	-	-
Total	**(33,803)**	-	**1,836,347**	-	**1,836,347**	**(2,014,335)**	**(211,791)**
Year ended 31 December 2022							
Stage 1	(126,771)	(130,926)	-	36,690	(94,236)	211,457	(9,550)
Stage 2	(4,577)	(590)	(19,938)	-	(20,528)	852	(24,253)
Stage 3	-	-	-	-	-	-	-
Total	(131,348)	(131,516)	(19,938)	36,690	(114,764)	212,309	(33,803)

21. Loans and advances to customers

	2023 UShs' 000	2022 UShs' 000
Personal and business banking		
Mortgage lending	**350,034,744**	319,628,688
Vehicle and asset finance	**124,079,202**	136,572,276
Card and payments	**5,367,489**	4,796,328
Personal unsecured lending	**1,127,666,017**	1,016,558,975
Business and other lending	**643,955,621**	773,714,310
Corporate lending	**1,749,220,824**	1,540,954,975
Sovereign lending	**370,293,739**	446,428,792
Gross loans and advances	**4,370,617,636**	4,238,654,344
Less: Expected credit loss for loans and advances measured at amortised cost	**(145,495,147)**	(153,653,319)
	4,225,122,489	4,085,001,025

Included in business and other lending is the day 1 fair value adjustment of loans advanced to staff at off market rates of UShs 39,282 million (2022: UShs 32,017 million).

Reconciliation of expected credit losses for loans and advances to banks measured at amortized cost as at 31 December 2023

Year Ended 31 December 2023	At Start Of Year	Total Transfers Between Stages	Ecl On New Exposures Raised	Subsequent Changes In Ecl	Change In Ecl Due To Derecognition	Net Impairments Raised/ (Released)	Tvm Unwinding And Iis Movement	Impaired Accounts Written-Off	Exchange And Other Movements	At End Of Year
Personal And Business Banking										
Mortgage Lending										
Stage 1	(1,455,039)	(505,641)	(99,338)	(5,872,160)	-	(6,477,139)	-	-	(12,268)	(7,944,446)
Stage 2	(9,955,034)	433,262	(22,136)	6,800,682	-	7,211,808	-	-	(77,767)	(2,820,993)
Stage 3 (including IIS)	(7,050,777)	72,379	-	(5,264,929)	-	(5,192,550)	842,811	7,713,722	-	(3,686,794)
Vehicle And Asset Finance										
Stage 1	(1,245,495)	128,732	(836,566)	630,340	-	(77,494)	-	-	(8,849)	(1,331,838)
Stage 2	(6,753,365)	1,912,157	(253,642)	2,541,717	-	4,200,232	-	-	5,293	(2,547,840)
Stage 3 (including IIS)	(3,204,114)	(2,040,889)	(487,091)	(8,078,409)	-	(10,606,389)	336,449	3,748,725	-	(9,725,329)
Card And Payments										
Stage 1	(71,385)	(30,267)	(11,756)	23,545	-	(18,478)	-	-	-	(89,863)
Stage 2	(446,276)	30,095	(154,291)	(621,554)	-	(745,750)	-	-	-	(1,192,026)
Stage 3 (including IIS)	(190,400)	172	(75,630)	(354,235)	-	(429,693)	-	387,163	-	(232,930)
Other Loans & Advances										
Stage 1	(12,312,479)	(6,773,839)	(5,304,823)	12,275,663	-	197,001	-	-	(15,507)	(12,130,985)
Stage 2	(32,151,083)	9,637,912	(3,859,625)	2,099,507	-	7,877,794	-	-	126,858	(24,146,431)
Stage 3 (including IIS)	(70,376,126)	(2,864,073)	(32,640,762)	(66,120,500)	-	(101,625,335)	8,519,957	94,642,369	-	(68,839,135)
	(145,211,573)	-	(43,745,660)	(61,940,333)	-	(105,685,993)	9,699,217	106,491,979	17,760	(134,688,610)
Corporate and Investment Banking										
Stage 1	(8,305,784)	-	(354,610)	(2,221,519)	(1,692,483)	(4,268,612)	-	-	1,811,597	(10,762,799)
Stage 2	(135,960)	-	-	92,691	-	92,691	-	-	(467)	(43,736)
Stage 3 (including IIS)	(2)	-	-	-	-	-	-	-	-	(2)
	(8,441,746)	-	(354,610)	(2,128,828)	(1,692,483)	(4,175,921)	-	-	1,811,130	(10,806,537)
Total	(153,653,319)	-	(44,100,270)	(64,069,161)	(1,692,483)	(109,861,914)	9,699,217	106,491,979	1,828,890	(145,495,147)

[1] The Group policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore, it may appear that exposures were transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period.

[2] The ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the rows "ECL on new exposures raised" based on the exposures' ECL stage as at the end of the reporting period.

[3] The contractual amounts outstanding on loans and advances for Group that were written off during the reporting period that are still subject to enforcement activities.

[4] Exchange and other movements include the time value of money (TVM) unwind and net interest in suspense (IIS) raised and released during the year.

Reconciliation of expected credit losses for loans and advances to banks measured at amortized cost as at 31 December 2022

Year ended 31 December 2022	At start of Year	Total transfers between stages	ECL on new exposures raised	Subsequent changes in ECL	Change in ECL due to derecognition	Net impairments raised/(released)	TVM Unwinding and IIS movement	Impaired accounts written-off	Exchange and other movements	At end of Year
Personal and business banking										
Mortgage lending										
Stage 1	(4,155,418)	(9,847,483)	(499,216)	13,040,879	-	12,541,663	-	-	6,199	(1,455,039)
Stage 2	(11,451,167)	10,005,197	(126,849)	(8,441,461)	-	(8,568,310)	-	-	59,246	(9,955,034)
Stage 3 (including IIS)	(12,127,203)	(157,714)	(81,294)	1,969,225	-	1,887,931	2,092,493	1,253,716	-	(7,050,777)
Vehicle and asset finance										
Stage 1	(1,587,909)	(1,714,921)	(758,575)	2,813,431	-	2,054,856	-	-	2,479	(1,245,495)
Stage 2	(4,097,405)	2,185,459	(2,861,162)	(1,990,548)	-	(4,851,710)	-	-	10,291	(6,753,365)
Stage 3 (including IIS)	(6,646,008)	(470,538)	(460,516)	(2,787,067)	-	(3,247,583)	48,084	7,111,931	-	(3,204,114)
Card and Payments										
Stage 1	(98,581)	(26,235)	(12,393)	65,824	-	53,431	-	-	-	(71,385)
Stage 2	(1,290,360)	119,338	(91,345)	816,091	-	724,746	-	-	-	(446,276)
Stage 3 (including IIS)	(83,163)	(93,103)	(65,183)	(239,943)	-	(305,126)	-	290,992	-	(190,400)
Other Loans & Advances										
Stage 1	(20,142,531)	(4,227,385)	(5,974,837)	18,019,959	-	12,045,122	-	-	12,315	(12,312,479)
Stage 2	(20,875,110)	2,970,759	(10,784,302)	(3,513,836)	-	(14,298,138)	-	-	51,406	(32,151,083)
Stage 3 (including IIS)	(71,633,623)	1,256,626	(20,186,572)	(78,277,506)	-	(98,464,078)	6,715,999	91,748,950	-	(70,376,126)
	(154,188,478)	-	(41,902,244)	(58,524,952)	-	(100,427,196)	8,856,576	100,405,589	141,936	(145,211,573)
Corporate and investment banking										
Stage 1	(7,561,122)	56,216	(6,536,093)	59,043	5,672,782	(804,268)	-	-	3,390	(8,305,784)
Stage 2	(46,955)	(56,216)	(83,374)	8,719	43,252	(31,403)	-	-	(1,386)	(135,960)
Stage 3 (including IIS)	(12,775,431)	-	-	-	11,780,740	11,780,740	-	994,689	-	(2)
	(20,383,508)	-	(6,619,467)	67,762	17,496,774	10,945,069	-	994,689	2,004	(8,441,746)
Total	(174,571,986)	-	(48,521,711)	(58,457,190)	17,496,774	(89,482,127)	8,856,576	101,400,278	143,940	(153,653,319)

21.2 Changes in gross exposures relating to changes in ECL

The below is an explanation of significant changes in the gross carrying amount on financial instruments used to determine the above changes in ECL:

The ECL on new exposures raised of UShs 1.2 trillion (2022: 1.9 trillion) primarily relates to the drop in the gross carrying amount from new exposures originated of:

- mortgage lending of UShs 31 billion (2022: UShs 82 billion)
- vehicle and asset finance of UShs 58 billion (2022: UShs 48 billion)
- Personal unsecured lending and business and other lending of UShs 598 billion (2022: UShs 656 billion)
- corporate of UShs 547 billion (2022: UShs 1.1 trillion)
- The decrease in ECL is due to recoveries on impaired accounts written off of UShs 35.3 billion (2022: UShs 27.4 billion).

The Bank's policy is to transfer between stages using opening ECL balances based on the exposures' ECL stage at the end of the reporting period.

Therefore, the related gross carrying amount of the significant transfers primarily relate to the continued impact of economic environment together with positive collection trends, and are shown in the table below.

Gross carrying amounts of ECL movements For the year ended 31 December 2023	Gross carrying amounts of transfers between stages Transfer Stage 1 to/(from) UShs'000	Transfer Stage 2 to/(from) UShs'000	Transfer Stage 3 to/(from) UShs'000	Total UShs'000
Stage 1				
Mortgage lending	-	(8,245,449)	(1,150,749)	(9,396,198)
Vehicle and asset finance	-	(4,271,678)	(899,460)	(5,171,138)
Personal unsecured lending	-	(69,411,824)	(13,780,160)	(83,191,984)
Business and other lending	-	(25,965,296)	(3,232,903)	(29,198,199)
	-	(107,894,247)	(19,063,272)	(126,957,519)
Stage 2				
Mortgage lending	8,245,449	-	(1,439,358)	6,806,091
Vehicle and asset finance	4,271,678	-	(10,687,798)	(6,416,120)
Personal unsecured lending	69,411,824	-	(4,719,617)	64,692,207
Business and other lending	25,965,296	-	(21,040,977)	4,924,319
	107,894,247	-	(37,887,750)	70,006,497
Stage 3				
Mortgage lending	1,150,749	1,439,358	-	2,590,107
Vehicle and asset finance	899,460	10,687,798	-	11,587,258
Personal unsecured lending	13,780,160	4,719,617	-	18,499,777
Business and other lending	3,232,903	21,040,977	-	24,273,880
	19,063,272	37,887,750	-	56,951,022
Total	126,957,519	(70,006,497)	(56,951,022)	-
For the year ended 31 December 2022				
Stage 1				
Mortgage lending	-	(82,298,951)	(2,322,238)	(84,621,189)
Vehicle and asset finance	-	(20,973,579)	(660,106)	(21,633,685)
Card and Payments	-	(533,244)	(79,236)	(612,480)
Personal unsecured lending	-	(44,034,832)	(11,763,925)	(55,798,757)
Business and other lending	-	(79,992,791)	(6,855,196)	(86,847,987)
Corporate lending	-	1,824,251	-	1,824,251
Bank lending	-	(15,175,739)	-	(15,175,739)
	-	(241,184,885)	(21,680,701)	(262,865,586)
Stage 2				
Mortgage lending	82,298,951	-	(6,274,861)	76,024,090
Vehicle and asset finance	20,973,579	-	(3,051,449)	17,922,130
Card and Payments	533,244	-	(156,346)	376,898
Personal unsecured lending	44,034,832	-	(4,985,903)	39,048,929
Business and other lending	79,992,791	-	(22,034,183)	57,958,608
Corporate lending	(1,824,251)	-	-	(1,824,251)
Bank lending	15,175,739	-	-	15,175,739
	241,184,885	-	(36,502,742)	204,682,143
Stage 3				
Mortgage lending	2,322,238	6,274,861	-	8,597,099
Vehicle and asset finance	660,106	3,051,449	-	3,711,555
Card and Payments	79,236	156,346	-	235,582
Personal unsecured lending	11,763,925	4,985,903	-	16,749,828
Business and other lending	6,855,196	22,034,183	-	28,889,379
	21,680,701	36,502,742	-	58,183,443
Total	262,865,586	(204,682,143)	(58,183,443)	-

21.3 Modifications on loans and advances measured at amortised cost

	Stage 2		Stage 3		Total	
	Gross amortised cost before modification Shs'000	Net modification gain or loss Shs'000	Gross amortised cost before modification Shs'000	Net modification gain or loss Shs'000	Gross amortised cost before modification Shs'000	Net modification gain or loss Shs'000
2023						
Other loans and advances	**37,474,522**	**(2,913,503)**	**30,284,991**	**5,547,056**	**67,759,513**	**2,633,553**
Total	**37,474,522**	**(2,913,503)**	**30,284,991**	**5,547,056**	**67,759,513**	**2,633,553**
2022						
Other loans and advances	26,440,104	(1,262,145)	-	-	26,440,104	(1,262,145)
Total	26,440,104	(1,262,145)	-	-	26,440,104	(1,262,145)

The gross carrying amount for modifications during the reporting year that resulted net modification gain or loss is UShs 169.6 billion (2022: UShs 57.4 billion).

21.4 The loans and advances to customers include finance lease receivables for both BCC and PPB and CIB as follows:

	2023 UShs' 000	2022 UShs' 000
Gross investment in finance leases		
No later than 1 year	**64,915,746**	111,952,419
Later than 1 year but no later than 5 years	**73,368,602**	18,572,981
Later than 5 years	**12,549,884**	6,046,876
Investment in finance leases	**150,834,232**	136,572,276

22. Deferred tax asset

	GROUP		COMPANY	
	2023 UShs' 000	2022 UShs' 000	2023 UShs' 000	2022 UShs' 000
Balance as at 31 December 2021	**46,097,001**	46,355,807	**6,428,580**	3,773,211
Income statement movement	**11,421,229**	(3,689,076)	**3,026,697**	2,655,369
Prior year tax (over) / under statement	**188,352**	(2,001)	**-**	-
Financial investments (Note 26)	**1,664,035**	3,432,271	**-**	-
As at 31 December	**59,370,617**	46,097,001	**9,455,277**	6,428,580
Deferred income tax assets				
Provisions for loans and advances	**19,806,028**	22,654,303	**-**	-
Financial investments (Note 26)	**(2,512,050)**	(4,178,001)	**-**	-
Other deductible temporary differences	**55,891,469**	44,514,113	**9,455,173**	6,454,025
	73,185,447	62,990,415	**9,455,173**	6,454,025
Deferred income tax liabilities				
Property and equipment	**(13,814,830)**	(16,893,414)	**104**	(25,445)
Net deferred income tax asset	**59,370,617**	46,097,001	**9,455,277**	6,428,580
Income statement movement				
Property and equipment	**3,077,096**	2,941,216	**25,549**	5,298
Provisions for loans and advances	**(2,848,275)**	303,283	**-**	-
Other deductible temporary differences	**11,192,408**	(6,933,575)	**3,001,148**	2,650,071
	11,421,229	(3,689,076)	**3,026,697**	2,655,369

Other deductible temporary differences include deferred tax asset on; deferred income UShs 3.96 billion (2022: UShs 3.8 billion), bonus and other provisions UShs 28.7 billion (2022: UShs 22.7 billion), fair value on derivatives and trading assets UShs 11.9 billion (2022: UShs 9.7 billion) offset by deferred tax liability on leases UShs 1.4 billion (2022: UShs 1.3 billion).

23. Other assets

	GROUP		COMPANY	
	2023	2022	2023	2022
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Clearances in transit	**788,788**	6,747,781	**-**	-
Prepayments	**47,435,578**	38,559,551	**-**	-
Fees receivable	**9,908,382**	12,479,381	**-**	-
Mobile wallet balances	**54,702,685**	75,096,820	**-**	-
Other accounts receivable	**15,938,109**	71,365,552	**93,558**	102,550
	128,773,542	204,249,085	**93,558**	102,550

Due to the short-tern nature of these assets and historical experience, other financial assets are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

The mobile wallet balances comprise of electronic money balances with MTN Uganda Limited and Airtel Uganda Limited to facilitate; wallet to account, bill payments and agent cash-out (agent float liquidations and float purchases) and bulk transactions from clients.

The fees receivable includes custody fees UShs 1.05 billion (2022: UShs 0.62 billion), structured fees UShs 0.01 billion (2022 UShs 4.8 billion).

24 Goodwill and other intangible assets

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment of goodwill identified in 2023 (2022: nil). Intangible assets relate to Finacle-core banking system, New Business Online (Bol) and records management software developed to digitize the customer (KYC) records for the Group.

GROUP	Computer software UShs' 000	Goodwill UShs' 000	Work in progress UShs' 000	Total UShs' 000
Cost				
At 1 January 2023	**149,999,423**	**1,901,592**	**-**	**151,901,015**
Additions	**598,448**	**-**	**-**	**598,448**
At 31 December 2023	**150,597,871**	**1,901,592**	**-**	**152,499,463**
Amortisation				
At 1 January 2023	**84,472,431**	**-**	**-**	**84,472,431**
Charge for the year	**15,252,032**	**-**	**-**	**15,252,032**
At 31 December 2023	**99,724,463**	**-**	**-**	**99,724,463**
Net book value				
At 31 December 2023	**50,873,408**	**1,901,592**	**-**	**52,775,000**
Cost				
At 1 January 2022	149,701,988	1,901,592	-	151,603,580
Additions	297,435	-	-	297,435
At 31 December 2022	149,999,423	1,901,592	-	151,901,015
Amortisation				
At 1 January 2022	69,310,167	-	-	69,310,167
Charge for the year	15,162,264	-	-	15,162,264
At 31 December 2022	84,472,431	-	-	84,472,431
Net book value				
At 31 December 2022	65,526,992	1,901,592	-	67,428,584

25 Property, equipment and right of use assets

	GROUP								
	Property	Equipment				Right of use asset			Total
	Land and buildings USh's' 000	Furniture, fittings and equipment USh's' 000	Computer equipment USh's' 000	Motor vehicles USh's' 000	Work in progress USh's' 000	Building USh's' 000	Branches USh's' 000	ATM Spacing & others USh's' 000	Total USh's' 000
Cost									
At 1 January 2023	**3,402,996**	**85,975,054**	**112,482,212**	**12,472,060**	**354,987**	**44,840,441**	**31,356,555**	**14,770,757**	**305,655,062**
Additions	**-**	**6,847,722**	**10,740,550**	**3,652,695**	**5,216,683**	**6,572,810**	**7,375,743**	**2,659,856**	**43,066,059**
Transfers	**-**	**1,936,435**	**-**	**-**	**(1,936,435)**	**-**	**-**	**-**	**-**
Disposals/termination/modification	**-**	**(3,437,349)**	**(5,179,596)**	**(1,859,112)**	**-**	**(1,391,610)**	**(935,547)**	**(191,228)**	**(12,994,442)**
At 31 December 2023	**3,402,996**	**91,321,862**	**118,043,166**	**14,265,643**	**3,635,235**	**50,021,641**	**37,796,751**	**17,239,385**	**335,726,679**
Depreciation									
At 1 January 2023	**1,424,603**	**74,920,758**	**88,793,760**	**8,100,089**	**-**	**26,526,648**	**19,858,533**	**10,486,581**	**230,110,972**
Charge for the year	**68,965**	**4,974,712**	**11,282,475**	**1,963,229**	**-**	**6,567,038**	**5,041,983**	**2,408,242**	**32,306,644**
On disposals/termination/modification	**-**	**(3,408,602)**	**(5,105,739)**	**(1,859,113)**	**-**	**-**	**-**	**-**	**(10,373,454)**
At 31 December 2023	**1,493,568**	**76,486,868**	**94,970,496**	**8,204,205**	**-**	**33,093,686**	**24,900,516**	**12,894,823**	**252,044,162**
Net book value									
At 31 December 2023	**1,909,428**	**14,834,994**	**23,072,670**	**6,061,438**	**3,635,235**	**16,927,955**	**12,896,235**	**4,344,562**	**83,682,517**

	GROUP								
	Property	Equipment				Right of use asset			Total
	Land and buildings USh's' 000	Furniture, fittings and equipment USh's' 000	Computer equipment USh's' 000	Motor vehi-cles USh's' 000	Work in progress USh's' 000	Building USh's' 000	Branches USh's' 000	ATM Spacing & others USh's' 000	Total USh's' 000
Cost									
At 1 January 2022	3,402,996	83,028,632	106,194,989	10,036,021	129,475	36,101,029	26,180,704	11,850,124	276,923,970
Additions	-	4,404,948	9,391,841	3,224,863	369,100	3,190,394	5,355,417	3,028,075	28,964,638
Transfers	-	143,588	-	-	(143,588)	-	-	-	-
Disposals/termination/modification	-	(1,602,114)	(3,104,618)	(788,824)	-	5,549,018	(179,566)	(107,442)	(233,546)
At 31 December 2022	3,402,996	85,975,054	112,482,212	12,472,060	354,987	44,840,441	31,356,555	14,770,757	305,655,062
Depreciation									
At 1 January 2022	1,355,637	71,453,539	80,510,731	7,263,267	-	17,936,093	14,890,674	7,969,401	201,379,342
Charge for the year	68,966	5,062,751	11,382,770	1,625,646	-	8,590,555	4,967,859	2,517,180	34,215,727
On disposals/termination/modification	-	(1,595,532)	(3,099,741)	(788,824)	-	-	-	-	(5,484,097)
At 31 December 2022	1,424,603	74,920,758	88,793,760	8,100,089	-	26,526,648	19,858,533	10,486,581	230,110,972
Net book value									
At 31 December 2022	1,978,393	11,054,296	23,688,452	4,371,971	354,987	18,313,793	11,498,022	4,284,176	75,544,090

25 Property, equipment and right of use assets continued

	COMPANY								
	Property	Equipment		Property			Right of use asset		Total
	Land and buildings	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Work in progress	Building	Branches	ATM Spacing	Total
	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Cost									
At 1 January 2023	-	893,698	87,192	440,678	-	1,042,981	-	-	2,464,549
Additions	-	2,763	-	222,991	-	119,698	-	-	345,452
At 31 December 2023	-	896,461	87,192	663,669	-	1,162,679	-	-	2,810,001
Depreciation									
At 1 January 2023	-	384,254	37,284	161,582	-	835,964	-	-	1,419,084
Charge for the year	-	181,990	21,527	125,301	-	326,715	-	-	655,533
At 31 December 2023	-	566,244	58,811	286,883	-	1,162,679	-	-	2,074,617
Net book value									
At 31 December 2023	-	330,217	28,381	376,786	-	-	-	-	735,384

	COMPANY								
	Property	Equipment		Property			Right of use asset		Total
	Land and buildings	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Work in progress	Building	Branches	ATM Spacing	Total
	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Cost									
At 1 January 2022	-	745,910	67,518	440,678	109,475	1,042,981	-	-	2,406,562
Additions	-	38,313	19,674	-	-	-	-	-	57,987
Transfers	-	109,475	-	-	(109,475)	-	-	-	-
At 31 December 2022	-	893,698	87,192	440,678	-	1,042,981	-	-	2,464,549
Depreciation									
At 1 January 2022	-	224,409	16,843	73,446	-	492,105	-	-	806,803
Charge for the year	-	159,845	20,441	88,136	-	343,859	-	-	612,281
On disposals/termination/ modification	-	-	-	-	-	-	-	-	-
At 31 December 2022	-	384,254	37,284	161,582	-	835,964	-	-	1,419,084
Net book value									
At 31 December 2022	-	509,444	49,908	279,096	-	207,017	-	-	1,045,465

Right-of-use assets relates to leased branches, ATMs and buildings.

Disposals of right-of-use assets under Group amounted to UShs 227 million (2022: UShs 227 million) while modifications of right- of-use assets totalled UShs 5.1 billion (2022: UShs 5.1 billion).

26. Ordinary share capital

GROUP	Number of ordinary shares (thousands)	Ordinary share capital UShs' 000	Total UShs' 000
Issued and fully paid			
At 1 January 2023	**51,188,670**	**51,188,670**	**51,188,670**
At 31 December 2023	**51,188,670**	**51,188,670**	**51,188,670**
Issued and fully paid			
At 1 January 2022	51,188,670	51,188,670	51,188,670
At 31 December 2022	51,188,670	51,188,670	51,188,670

The par value of ordinary shares is UShs 1 per share. The holders of the ordinary shares are entitled to one vote per share at the annual or special general meeting of the Bank. They are also entitled to dividends when declared.

27. Fair value through other comprehensive income

GROUP	2023 UShs' 000	2022 UShs' 000
Balance as at 1 January	**10,129,128**	18,038,214
Net gains/(losses) from changes in fair value	**(5,546,784)**	(11,440,904)
Deferred tax on fair value change (Note 22)	**1,664,035**	3,432,271
Net change in expected credit losses (Note 17d)	**979,580**	99,547
Net movement for the year	**(2,903,169)**	(7,909,086)
At 31 December	**7,225,959**	10,129,128

28. Statutory credit risk reserve

The statutory credit risk reserve represents amounts by which provisions for impairment of loans and advances, determined in accordance with the Financial Institutions Act 2004, as amended exceed those determined in accordance with International Financial Reporting Standards.

GROUP	2023 UShs' 000	2022 UShs' 000
Specific provisions (Regulatory)	**73,161,140**	72,120,658
General provisions (Regulatory)	**64,437,649**	61,950,720
BOU provisions	**137,598,789**	134,071,378
Less		
Stage 3 (in accordance with IFRS)	**80,686,315**	77,002,803
Stage 1 and stage 2 (in accordance with IFRS)	**67,384,801**	75,856,946
IFRS provisions	**148,071,116**	152,859,749
Statutory credit risk reserves	**(10,472,327)**	(18,788,371)

Where provisions for impairment of loans and advances determined in accordance with the Financial Institutions Act 2004, as amended exceed amounts determined in accordance with International Financial Reporting Standards, the excess is taken to the statutory credit risk reserve as an appropriation of retained earnings, otherwise, no further accounting entries are made. 2023: nil (2022: nil).

29. Derivatives

The Group uses currency forward derivative instruments and interest rate derivatives for trading and economic hedge purposes. Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market foreign exchange rates on hand relative to their terms. The aggregate contractual or notional amount of derivative financial instruments, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time. The notional amount is the sum of the absolute value of all bought and sold contracts for both derivative assets and liabilities.

The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the Group's participation in derivative contracts.

	Fair value of assets		Fair value of liabilities		Notional amount	
	2023	2022	2023	2022	2023	2022
GROUP	USh's' 000	USh's' 000	USh's' 000	USh's' 000	USh's' 000	USh's' 000
Interest rate swaps	**57,457,958**	68,518,217	**(65,363,464)**	(54,079,141)	**916,018,768**	1,282,289,441
Currency options	**29,643,988**	23,775,644	**(30,143,536)**	(24,122,455)	**1,194,067,046**	357,412,363
Currency forwards	**6,391,187**	8,305,729	**(23,716,951)**	(22,299,609)	**155,350,550**	75,289,936
Currency swap	**5,715,437**	10,725,426	**(15,935,550)**	(48,581,153)	**962,531,691**	516,646,977
	99,208,570	111,325,016	**(135,159,501)**	(149,082,358)	**3,227,968,055**	2,231,638,717

The maturity analysis of the fair values of derivative instruments held is set out below.

GROUP	Less than 1 year USh's' 000	1-5 years USh's' 000	Over 5 years USh's' 000	Total USh's' 000
As at 31 December 2023				
Assets				
Interest rate swaps	**-**	**2,001,953**	**55,456,005**	**57,457,958**
Currency options	**3,797,415**	**25,846,573**	**-**	**29,643,988**
Currency forwards	**2,037,971**	**4,353,216**	**-**	**6,391,187**
Currency swap	**453,418**	**5,262,019**	**-**	**5,715,437**
Fair value of assets	**6,288,804**	**37,463,761**	**55,456,005**	**99,208,570**
Liabilities				
Interest rate swaps	**-**	**(1,979,765)**	**(63,383,699)**	**(65,363,464)**
Currency options	**(3,797,417)**	**(26,346,119)**	**-**	**(30,143,536)**
Currency forwards	**(2,145,652)**	**(21,571,299)**	**-**	**(23,716,951)**
Currency swap	**(1,382,322)**	**(14,553,228)**	**-**	**(15,935,550)**
Fair value of liabilities	**(7,325,391)**	**(64,450,411)**	**(63,383,699)**	**(135,159,501)**
Net fair value	**(1,036,587)**	**(26,986,650)**	**(7,927,694)**	**(35,950,931)**
As at 31 December 2022				
Assets				
Interest rate swaps	75,495	14,396,228	54,046,494	68,518,217
Currency options	3,113,849	20,661,795	-	23,775,644
Currency forwards	4,610,664	3,695,065	-	8,305,729
Currency swap	7,696,778	3,028,648	-	10,725,426
Fair value of assets	15,496,786	41,781,736	54,046,494	111,325,016
Liabilities				
Interest rate swaps	-	(32,647)	(54,046,494)	(54,079,141)
Currency options	(3,113,927)	(21,008,528)	-	(24,122,455)
Currency forwards	(4,797,305)	(17,502,304)	-	(22,299,609)
Currency swap	(1,654,430)	(46,926,723)	-	(48,581,153)
Fair value of liabilities	(9,565,662)	(85,470,202)	(54,046,494)	(149,082,358)
Net fair value	5,931,124	(43,688,466)	-	(37,757,342)

The weighted average effective interest rate on customer deposits was 0.63% (2022: 0.63%)

29.1 Derivatives and other financial instruments held-for-hedging

Where all relevant criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instruments (hedged item). All qualifying hedging relationships are designated as either fair value or cash flow hedges for recognised assets or liabilities and highly probable forecast transactions. The Bank applies hedge accounting in respect of foreign currency risk, equity price risk and interest rate risk. Refer to Note 2.1 (iii) detailed accounting policies for more information on these hedging strategies.

29.2 Derivatives designated as Hedging Instruments in Fair Value Hedging Relationships (2022: NIL)

For the year ended 31 December 2023	Fair value of assets UShs'000	Fair value of liabilities UShs'000	Fair value UShs'000	Less than one year UShs'000	Between one to five years UShs'000	Over five years UShs'000	Contract/ notional amount UShs'000	Fair value gain/ (loss) UShs'000
Interest rate risk fair value hedging relationships	-	(207,500)	(207,500)	-	(207,500)	-	37,840,290	(207,500)
Cross currency interest rate swaps	-	(207,500)	(207,500)	-	(207,500)	-	37,840,290	(207,500)
Total	-	(207,500)	(207,500)	-	(207,500)	-	37,840,290	(207,500)

29.3 Hedged items classified as fair value hedges (2022: NIL)

For the period ended 31 December 2023	Fair value of assets UShs'000	Fair value of liabilities UShs'000	Accumulated fair value hedge adjustments UShs'000	Fair value gain/(loss) used to test hedge ineffectiveness UShs'000	Fair value gain/(loss) UShs'000
Interest rate risk fair value hedging relationships	28,899,963	-	273,181	273,181	273,181
Loans and advances to customers	28,899,963	-	273,181	273,181	273,181
Total items classified as fair value hedges	28,899,963	-	273,181	273,181	273,181

29.4 Hedge ineffectiveness recognised in profit or loss (2022: NIL)

For the period ended 31 December 2023	Other operating expenses gain/(loss) UShs'000	Trading revenue gain/(loss) UShs'000	Net interest income gain/(loss) UShs'000	Total UShs'000
Fair value hedges	-	-	65,681	65,681
Interest rate risk fair value hedging relationships	-	-	65,681	65,681
Total hedge ineffectiveness recognised in profit or loss	-	-	65,681	65,681

The hedge Ineffectiveness test assesses the interest rate risk hedge transaction completed on a loan offered to a client to a tune of USD 10 million.

The arrangement is that the financial asset is booked at a fixed rate in exchange for a floating rate. The interest rate risk on the transaction has been hedged by entering an interest rate swap paying fixed and receiving floating. A regression model incorporating both changes in the loan and cumulative changes in the fair value of the interest rate swap was run to determine whether there is a statistical relationship in place for the purpose of hedge effectiveness testing. The hedge ineffectiveness recognised in profit or loss is due to differences in the timing of the cash flows of the hedged item and the hedging instrument, and the differences in the underlying curves used in the valuation.

There was no material ineffectiveness in relation to interest rate risk hedging relationships during the financial year ended 31 December 2023 (2022: NIL)

30. Deposits from customers

GROUP	2023 UShs' 000	2022 UShs' 000
Current and demand deposits	**5,008,387,381**	4,967,871,754
Savings accounts	**761,197,267**	658,047,491
Fixed and call deposit accounts	**559,445,262**	504,148,059
FlexiPay wallet deposit	**3,821,679**	1,189,173
	6,332,851,589	6,131,256,477

The weighted average effective interest rate on customer deposits was 0.74% (2022: 0.75%). Included in customer deposits are electronic wallet deposits relating to Flexipay customers amounting to UShs 3.8 billion (2022: UShs 1.2 billion) and MTN and Airtel escrow balances of UShs 89.9 billion (2022: UShs 137 billion).

31. Deposits from banks

GROUP	2023 UShs' 000	2022 UShs' 000
Balances due to other banks - local currency	**37,480,380**	131,997,221
Balances due to other banks - foreign currency	**59,224,345**	10,095,639
	96,704,725	142,092,860

Trading Liabilities

	2023 UShs' 000	2022 UShs' 000
Due to banks	-	100,112,002
Due to individuals and companies	**243,789,130**	357,750,250
	243,789,130	457,862,252

32. Borrowed funds

GROUP	2023 UShs' 000	2022 UShs' 000
Bank of Uganda: Agricultural Credit Facility	**4,791,018**	30,958,328
Other borrowed funds	**11,836,241**	6,366,319
	16,627,259	37,324,647
Movement Analysis		
As at 1 January	**37,324,647**	175,196,485
New disbursements (BOU)	**985,650**	1,500,000
New disbursements (others)	**10,391,194**	308,411
Payments to BOU	**(27,152,960)**	(25,452,493)
Payments to others	**(4,921,272)**	(114,227,756)
Net movement	**(20,697,388)**	(137,871,838)
As at 31 December	**16,627,259**	37,324,647

The Government of Uganda, through Bank of Uganda (BOU), set up an Agricultural Credit Facility scheme for the purpose of supporting agricultural expansion and modernization in partnership with commercial banks. All eligible Stanbic Bank Uganda Limited customers receive 50% financing from the Government of Uganda through the Bank of Uganda administered credit facility while the remaining 50% is provided by the Bank. The outstanding balance as at 31 December 2023 was UShs 4,791 million (2022: UShs 30,958 million). The Bank does not pay any interest to the Government of Uganda. Refunds to the government are made half yearly and as at 31 December 2023; the last payable instalment is due on 18 November 2029. The Bank complied with all the terms and conditions of the agreements during the year.

As at 31 December 2022, as part of the Bank's foreign currency funding plan, the Bank had borrowed Euro 25 million from Standard Chartered London to support its foreign currency assets. The loan was priced against Euribor with a tenor of 1 year." This was fully paid as at 31 December 2023.

As part of the efforts to support the recovery of the economy following the effects of COVID19, Stanbic Bank partnered with several entities that include ABI Finance Limited to support the lower echelons of the economy which has Village Savings and Lending Associations (VSLA), Savings and Credit Cooperative Organisations (SACCO), Cooperatives and Microfinance institutions. In 2021, SBU and ABI signed an agreement for a concessional funding of UShs 20billion to support on lending to the listed entities operating in the agricultural sector. As at 31 December 2023 the outstanding balance was UShs 11,836 million (2022: UShs 6,366 million).

33. Provisions and other liabilities

	GROUP		COMPANY	
	2023	2022	2023	2022
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Uganda Revenue Authority - tax revenue collections	**13,783,191**	11,578,774	**101,330**	106,724
Bills payable	**152,599,483**	140,853,230	**62,665**	508,648
Unclaimed balances	**62,952,156**	61,894,122	**-**	-
Sundry creditors	**60,749,553**	66,853,679	**73,941**	55,937
Unearned fees and commission income	**1,593,744**	2,581,651	**-**	-
Dividends payable	**24,329,144**	17,691,474	**24,329,144**	17,691,474
Expected credit loss for off-balance sheet exposures	**2,595,111**	2,606,114	**-**	-
Lease liabilities	**33,732,915**	36,008,135	**-**	310,360
Accepted letters of credit	**72,520,860**	107,342,389	**-**	-
Staff provisions	**52,698,339**	46,289,797	**2,108,470**	2,059,790
Litigation provisions	**13,997,881**	11,452,929	**-**	-
Other liabilities	**5,876,225**	3,962,723	**1,004,670**	464,510
	497,428,602	509,115,017	**27,680,220**	21,197,443

Included in bills payable is country driven change the Bank projects of UShs 38.7 billion (2022: UShs 38.4 billion), UShs 2.6 billion digital financial inclusion contribution (2022: UShs 5.7 billion).

aBi 2020 limited also extended a grant of UShs 1.2 billon towards digitisation of SACCOs, VSLAs, Cooperatives and Microfinance institutions to drive financial inclusion and efficiencies to run their businesses. As at 31 December 2023, the balance outstanding was UShs 35 million (2022: UShs 1,219 million).

During the year ended 31 December 2023, the group received a grant from Opportunity International (OI) of UShs 50 million to support with capacity building for EERF staff. As at 31 December 2023, balance outstanding was UShs 36 million.

33.1 Reconciliation of expected credit losses for off-balance sheet exposure

31 December 2023	At start of Year	Total transfers between stages	Income statement movements			Net impairments raised/ (released)[1]	Exchange and other movements	At end of Year
			ECL on new exposures raised	Subsequent changes in ECL	Change in ECL due to derecognition			
Letters of credit and bank acceptances								
Stage 1	**(527,209)**	**-**	**(12,729)**	**(256,931)**	**22,466**	**(247,194)**	**527,125**	**(247,278)**
Stage 2	**(7,104)**	**-**	**-**	**537,204**	**-**	**537,204**	**(530,100)**	**-**
Stage 3	**46,211**	**-**	**-**	**-**	**-**	**-**	**(46,211)**	**-**
Guarantees								
Stage 1	**(1,976,869)**	**-**	**(38,048)**	**(1,102,241)**	**58,478**	**(1,081,811)**	**900,116**	**(2,158,564)**
Stage 2	**(94,932)**	**-**	**(2)**	**812,784**	**-**	**812,782**	**(907,119)**	**(189,269)**
Stage 3	**(46,211)**	**-**	**-**	**-**	**-**	**-**	**46,211**	**-**
Total	**(2,606,114)**	**-**	**(50,779)**	**(9,184)**	**80,944**	**20,981**	**(9,978)**	**(2,595,111)**

31 December 2022	At start of Year	Total transfers between stages	Income statement movements			Net impairments raised/ (released)[1]	Exchange and other movements	At end of Year
			ECL on new exposures raised	Subsequent changes in ECL	Change in ECL due to derecognition			
Letters of credit and bank acceptances								
Stage 1	(155,725)	(25,414)	(2,928)	(345,825)	2,683	(346,070)	-	(527,209)
Stage 2	(25,414)	(84,571)	-	102,881	-	102,881	-	(7,104)
Stage 3	(109,985)	109,985	-	(1)	46,212	46,211	-	46,211
Guarantees								
Stage 1	(2,883,767)	-	(102,554)	944,639	40,568	882,653	24,245	(1,976,869)
Stage 2	(590)	(1,511,919)	(9)	1,414,579	590	1,415,160	2,417	(94,932)
Stage 3	(1,558,130)	1,511,919	-	-	1,251	1,251	(1,251)	(46,211)
Total	(4,733,611)	-	(105,491)	2,116,273	91,304	2,102,086	25,411	(2,606,114)

33.2 Changes in gross exposures relating to changes in ECL for off balance sheet exposures.

The below is a reconciliation of changes in the gross carrying amount on financial instruments used to determine the above changes in ECL:

Reconciliation of gross carrying amounts for off-balance sheet exposures

For the year ended 31 December 2023	Total transfers between stages	Movement in gross carrying amounts			Net movement in gross carrying amounts
		Gross amounts on new exposures	Subsequent changes in Gross amounts	Change in Gross amounts due to derecognition	
Letters of credit and bank acceptances					
Stage 1	**-**	**32,785,453**	**77,620,369**	**(26,584,224)**	**83,821,598**
Stage 2	**-**	**-**	**(1,123,094)**	**-**	**(1,123,094)**
Stage 3	**-**	**-**	**-**	**-**	**-**
Guarantees					
Stage 1	**-**	**116,495,458**	**6,651,756**	**(91,232,075)**	**31,915,139**
Stage 2	**-**	**3,438**	**(6,187,484)**	**-**	**(6,184,046)**
Stage 3	**-**	**-**	**-**	**-**	**-**
	-	**149,284,349**	**76,961,547**	**(117,816,299)**	**108,429,597**
For the year ended 31 December 2022					
Letters of credit and bank acceptances					
Stage 1	(286,023)	6,000,970	5,424,465	(6,174,830)	5,250,605
Stage 2	(783,181)	-	(58,493,419)	-	(58,493,419)
Stage 3	1,069,204	-	-	-	-
Guarantees					
Stage 1	-	168,152,869	(16,286,465)	(6,267,045)	145,599,359
Stage 2	(5,618,751)	12,000	(19,905,679)	(92,653)	(19,986,332)
Stage 3	5,618,751	-	-	(11,914)	(11,914)
Total	-	174,165,839	(89,261,098)	(12,546,442)	72,358,299

33.3 Reconciliation of lease liabilities

GROUP	Balance at 01 Jan 2023 UShs'000	Additions/ modification UShs'000	Terminations/ modifications and or Cancellations UShs'000	Interest Expense UShs'000	Payments UShs'000	Balance at 31 Dec 2023 UShs'000
Buildings	**(18,851,715)**	**(6,494,441)**	**1,391,610**	**(1,055,890)**	**7,564,452**	**(17,445,984)**
Branches	**(12,829,867)**	**(7,375,743)**	**935,546**	**(651,393)**	**7,351,164**	**(12,570,293)**
ATM Spaces & others	**(4,326,553)**	**(2,659,856)**	**191,228**	**(325,612)**	**3,404,155**	**(3,716,638)**
Total	**(36,008,135)**	**(16,530,040)**	**2,518,384**	**(2,032,895)**	**18,319,771**	**(33,732,915)**
GROUP	**Balance at 01 Jan 2022 UShs'000**	**Additions/ modification UShs'000**	**Terminations/ modifications and or Cancellations UShs'000**	**Interest Expense UShs'000**	**Payments UShs'000**	**Balance at 31 Dec 2022 UShs'000**
Buildings	(16,150,348)	(2,313,863)	(5,549,018)	(1,158,353)	6,319,867	(18,851,715)
Branches	(13,470,019)	(5,355,420)	179,569	(707,999)	6,524,002	(12,829,867)
ATM Spaces & others	(4,335,392)	(3,028,285)	107,653	(384,037)	3,313,508	(4,326,553)
Total	(33,955,759)	(10,697,568)	(5,261,796)	(2,250,389)	16,157,377	(36,008,135)

The Group leases various offices, branch spaces and ATM spaces. Rental contracts are typically made for fixed average periods of between three to ten years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

COMPANY	Balance at 01 Jan 2023 UShs'000	Additions/ modification UShs'000	Interest Expense UShs'000	Payments UShs'000	Balance at 31 Dec 2023 UShs'000
Buildings	**(310,360)**	**(41,329)**	**(19,780)**	**371,469**	**-**
Total	**(310,360)**	**(41,329)**	**(19,780)**	**371,469**	**-**
COMPANY	**Balance at 01 Jan 2022 UShs'000**	**Additions/ modification UShs'000**	**Interest Expense UShs'000**	**Payments UShs'000**	**Balance at 31 Dec 2022 UShs'000**
Buildings	(600,473)	-	(40,938)	331,051	(310,360)
Total	(600,473)	-	(40,938)	331,051	(310,360)

33.4 Maturity of undiscounted contractual cash flows

GROUP

For the year ended 31 December 2023	Within 1 year UShs'000	From 1 to 5 years UShs'000	More than 5 years UShs'000	Total UShs'000
Buildings	2,603,142	16,510,946	1,887,822	21,001,910
Branches	2,771,197	12,066,555	3,445,069	18,282,821
ATM Spaces & others	2,175,160	5,467,497	91,300	7,733,957
Total	7,549,499	34,044,998	5,424,191	47,018,688

For the year ended 31 December 20222	Within 1 year UShs'000	From 1 to 5 years UShs'000	More than 5 years UShs'000	Total UShs'000
Buildings	763,363	8,204,171	1,258,772	10,226,306
Branches	1,017,089	8,448,649	5,503,468	14,969,206
ATM Spaces & others	206,540	5,713,475	92,500	6,012,515
Total	1,986,992	22,366,295	6,854,740	31,208,027

COMPANY

For the year ended 31 December 2023	Within 1 year UShs'000	From 1 to 5 years UShs'000	More than 5 years UShs'000	Total UShs'000
Buildings	-	-	-	-
Total	-	-	-	-

For the year ended 31 December 2022	Within 1 year UShs'000	From 1 to 5 years UShs'000	More than 5 years UShs'000	Total UShs'000
Buildings	239,306	-	-	239,306
	239,306	-	-	239,306

33.5 Reconciliation of staff cost provision.

	GROUP 2023 UShs' 000	GROUP 2022 UShs' 000	COMPANY 2023 UShs' 000	COMPANY 2022 UShs' 000
Opening balance 1 January	46,289,797	36,209,839	2,059,790	2,011,110
Less: provisions utilisation	(45,665,112)	(37,376,768)	(1,015,171)	(1,015,171)
Add: New provisions made in the year	52,073,654	47,456,726	1,063,851	1,063,851
Closing Balance 31 December	52,698,339	46,289,797	2,108,470	2,059,790

33.6 Reconciliation of litigation provision

GROUP	2023 UShs' 000	2022 UShs' 000
Opening balance 1 January	11,452,929	15,449,423
Add: New provisions made in the year	2,846,574	83,681
Less: Cases settled	(3,040,085)	(36,830)
Less: Adjustments in provisions	2,738,463	(4,043,345)
Closing Balance 31 December	13,997,881	11,452,929

34. Subordinated debt

GROUP As at 31 December 2023	Date of issue	Carrying value UShs' 000	Notional value UShs' 000
Subordinated loan facility - Standard Bank South Africa	1 April 2021	**77,641,462**	**77,641,462**
		77,641,462	**77,641,462**

As at 31 December 2022	Date of issue	UShs' 000	UShs' 000
Subordinated loan facility - Standard Bank South Africa	1 April 2021	75,931,416	75,931,416
		75,931,416	75,931,416

Movement Analysis	2023	2022
As at 1 January	**75,931,416**	71,753,914
Interest expense	**7,554,748**	4,954,435
Interest paid	**(7,176,158)**	(4,259,699)
Exchange rate movement	**1,331,456**	3,482,766
Net movement	**1,710,046**	4,177,502
As at 31 December	**77,641,462**	75,931,416

In 2021, the Group paid off the outstanding subordinated debt and simultaneously signed an unsecured 10-year term subordinated loan facility agreement with Standard Bank of South Africa (SBSA) as the lender which commenced on 1 April 2021. The subordinated loan was sourced to supplement the Group's capital and diversify funding sources and amounted to USD 20 million at a SOFR rate plus 4.77% as at 31st December 2023.

35. Dividends

GROUP and COMPANY	2023 UShs '000	2022 UShs '000
(i) Dividends paid		
Final dividend for the year ended 31 December 2022 and 31 December 2021	**185,000,000**	50,000,000
Interim dividend for the year ended 31 December 2023 and 31 December 2022	**125,000,000**	50,000,000
	310,000,000	100,000,000
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of UShs 155 billion per fully paid ordinary share (2022: UShs 185 billion).	**155,000,000**	185,000,000

The Directors recommend payment of dividends per share of UShs 3.03 per share totalling UShs 155 billion for the year ended 31 December 2023. (2022: UShs 185 billion). In the 2022 annual general meeting held in June 2023 dividends of UShs 3.61per share totalling UShs 185 billion were declared and subsequently paid.

In addition, during the year ended 31 December 2023, the Directors declared interim dividends of UShs 2.44 per share totalling UShs 125 billion which were paid in the year. (2022: UShs 50 billion).

Payment of the dividend is subject to withholding tax as per the provisions of the Uganda Income Tax Act depending on the residence of the shareholders.

36. Off-balance sheet financial instruments, contingent liabilities, and commitments

In common with other banks, the Group's banking subsidiary, Stanbic Bank Uganda Limited conducts business involving acceptances, letters of credit, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. In addition, there are other off-balance sheet financial instruments including forward contracts for the purchase and sale of foreign currencies, the nominal amounts for which are not reflected in the statement of financial position.

GROUP	2023 UShs' 000	2022 UShs' 000
Contingent liabilities		
Acceptances and letters of credit	**253,159,330**	170,460,826
Guarantees and performance bonds	**1,847,564,487**	1,821,833,394
	2,100,723,817	1,992,294,220
Commitments		
Commitments to extend credit	**1,863,438,384**	1,536,881,106
Currency forwards, options and swaps	**1,154,032,198**	444,380,538
	3,017,470,582	1,981,261,644
	5,118,194,399	3,973,555,864

Nature of contingent liabilities

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group's banking subsidiary, Stanbic Bank Uganda Limited expects most acceptances to be presented, and reimbursement by the customer is normally immediate. Letters of credit commit the Group to make payments to third parties, on production of documents, which are subsequently reimbursed by customers. Guarantees are generally written by a Bank to support performance by a customer to third parties. The Group will only be required to meet these obligations in the event of the customer defaults. Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The Group may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer.

Pending litigation

The Group is a litigant in several other cases which arise in the normal course of business. The directors and management believe the Group has strong grounds for success in majority of the cases and are confident that they should get a ruling in their favour and none of the cases individually or in aggregate would have a significant impact on the Group's operations.

The directors have carried out an assessment of all the cases outstanding as at 31 December 2023 and where considered necessary based on the merits of each case, a provision has been raised. In aggregate the total provisions raised amount to UShs 14.0 billion (2022: UShs 11.5 billion) which are reported under other liabilities **(Note 33).**

Other matters

Following the 2016 amendment to the Stamp duty Act, the Uganda Revenue Authority (URA) sought to levy stamp duty of 1% of the value of the performance bonds and guarantees instead of the fixed rate of UShs 10,000. Through the Uganda Bankers Association (UBA), an appeal was made to the Tax Appeals Tribunal (TAT) to interpret the question of the tax applicable.

The TAT declined to entertain the appeal on the grounds that it was filed after the statutory 6 months within which a decision of the URA must be appealed against. The UBA challenged this position in High court on the grounds that URA and UBA continued to discuss the matter and appealed to TAT only after negotiations failed.

URA on 25 March 2019, prior to the High Court hearing, issued a demand letter for UShs 9.95 billion in connection with the above treatment. UBA and SBU immediately sought, an interim order of injunction from High Court restraining URA's enforcement of the tax liability. The main application was heard In High Court, on 30th May and an order dated 27 June 2019, staying the execution was granted on condition that the applicants deposit 30% of UShs 9.95 billion with the court.

URA sent its objection decision on 13 June 2019 reconfirming its earlier decision. SBU made its appeal to the TAT on 24 June 2019 and paid the mandatory 30% of the original assessment, amounting to UShs 2.9 billion and filed its defence in TAT on 24 June 2019.

On 21 March 2022, TAT ruled that Performance Bonds, Advance Payment Bonds, and Guarantees are "Indemnity Bonds" but Bid Bonds are not "Indemnity Bonds". The Bank has therefore been held liable for stamp duty tax of UShs 6,364,195,812.

The Bank appealed the ruling and applied to the High Court for a stay of execution on the 31 March 2022 and the High Court of Uganda granted an order staying or restraining URA from executing/ enforcing the orders of the Tax Appeals Tribunal in TAT Application 56 of 2019 including collection of the tax of UShs 6,364,195,812 until the hearing of the appeal.

The hearing was scheduled for 9 March,2023 and ruling expected on 19 June,2023 but none came through.

In the event of an unsuccessful appeal process, a review of the stamp duty returns for the period 1 January 2017 to 1 October 2018 shows additional stamp duty payable of UShs 12,523,697,907. The Bank continues to await the ruling from the High Court.

37. Analysis of cash and cash equivalents as shown in the cash flow statement

	GROUP		COMPANY	
	2023 UShs' 000	2022 UShs' 000	2023 UShs' 000	2022 UShs' 000
Cash and balances with Bank of Uganda	**1,079,035,695**	1,085,102,127	**-**	-
Cash reserve requirement	**(649,430,000)**	(634,950,000)	**-**	-
Government securities maturing within 90 days	**585,754,111**	109,732,640	**-**	-
Placements with other banks	**240,797,041**	296,078,320	**-**	-
Amounts due from group companies	**330,064,839**	228,474,114	**25,356,747**	29,624,190
	1,586,221,686	1,084,437,201	**25,356,747**	29,624,190

For the purposes of the statement of cash flow, cash and cash equivalents comprise balances maturing in 90 days or less from the date of acquisition including: cash and balances with central banks, treasury bills and other eligible bills, and amounts due from other banks. Cash and cash equivalents exclude the cash reserve requirement held with the Bank of Uganda. **(See Note 16).**

38. Related party transactions

Stanbic Uganda Holdings Limited (the Group) is 80% owned by Stanbic Africa Holdings Limited incorporated in United Kingdom. The ultimate parent and controlling party of the Group is Standard Bank Group Ltd, incorporated in South Africa. There are other companies which are related to Stanbic Uganda Holdings Limited through common shareholdings or common directorships. These include Standard Bank Isle of Man Limited, Standard Bank of South Africa, CfC Stanbic Bank Kenya Limited, Stanbic Bank Tanzania Limited, Stanbic Bank Botswana, Stanbic International Uganda Limited, Stanbic International Insurance Limited, Liberty Life Assurance Uganda Limited and Liberty General Insurance Uganda Limited. In the normal course of business, current accounts are operated, and placings of foreign currencies are made with the parent company and other group companies at interest rates in line with the market.

Key management personnel have been defined as Stanbic Uganda Holdings Limited's board of directors and prescribed officers in the Group effective for 2022 and 2021. Non-executive directors are included in the definition of key management personnel as required by IFRS. The definition of key management includes the close family members of key management personnel and any entity over which key management exercises control or joint control. Close family members are those family members who may be expected to influence, or be influenced by, that person in their dealings with Stanbic Uganda Holdings Limited.

Related party transactions further breakdown

	GROUP						COMPANY	
	2023 USHs' 000			2022 USHs' 000			2023 USHs' 000	2023 USHs' 000
	Parent	Other	Total	Parent	Other	Total		
Amounts due from group companies								
Placements and borrowings	**12,675,470**	**294,773,835**	**307,449,305**	3,051,631	223,689,074	226,740,705	**23,928,038**	27,973,547
Other assets	**21,242,124**	**1,373,410**	**22,615,534**	1,268,575	464,836	1,733,411	**1,428,709**	1,650,643
	33,917,594	**296,147,245**	**330,064,839**	4,320,206	224,153,910	228,474,116	**25,356,747**	29,624,190
Amounts due to group companies								
Deposits and current accounts	**5,145,604**	**209,855,396**	**215,001,000**	12,312,904	187,164,086	199,476,990	**-**	-
Dividends Payable	**-**	**-**	**-**	-	-	-	**-**	-
Other liabilities	**27,755,245**	**837,139**	**28,592,384**	20,572,607	30,364	20,602,971	**1,078,135**	575,785
	32,900,849	**210,692,535**	**243,593,384**	32,885,511	187,194,450	220,079,961	**1,078,135**	575,785
Subordinated debt due to group companies								
Subordinated loans (see note 32)	**77,641,462**	**-**	**77,641,462**	75,931,416	-	75,931,416	**-**	-
Derivatives due from group companies (note 27)	**73,347,060**	**-**	**73,347,060**	107,525,948	-	107,525,948	**-**	-
Derivatives due to group companies (note 27)	**47,727,733**	**1,141**	**47,728,874**	54,781,598	243	54,781,841	**-**	-
Income and expenses								
Interest income earned	**395,579**	**4,140,196**	**4,535,775**	389,319	4,049,490	4,438,809	**-**	-
Interest expense paid	**7,785,814**	**11,924,016**	**19,709,830**	4,954,435	4,135,169	9,089,604	**-**	-
Trading Revenue	**31,378,697**	**5,955,814**	**37,334,511**	83,707,585	45	83,707,630	**-**	-
Commission	**9,928,552**	**8,335,089**	**18,263,641**	-	6,992,923	6,992,923	**-**	-
Operating expenses incurred	**63,897,194**	**2,072,838**	**65,970,032**	61,950,181	280,322	62,230,503	**-**	-

Stanbic Bank Uganda Limited has an agreement with Liberty Life Assurance Uganda Limited, Stanlib Uganda Limited and Liberty General Insurance Uganda Limited for which it receives a share of the profits derived from the bancassurance business. The Group also acts as an agent and receives commission.
Included in other assets is commission earned but not yet received from the bancassurance business and a profit share of UShs 8.3 billion (2022: UShs 6.9 billion).

Nature of the transactions with related parties

In the normal course of business, the Group performs the following transactions with its related parties:

- Current accounts operation and placement of foreign currencies
- IT services including procurement and maintenance of various banking systems like; Business Online (BOL)
- Payment of franchise and management fees to the parent company
- Money market borrowing and lending.
- Economic hedge transactions like interest rate swaps with various clients
- Loans or borrowings

Loans to key management and related parties for the year ended 31 December 2023 and 31 December 2022

Names of Insider borrowers including related interests	2023 Aggregate amount outstanding'000	Interest Rate	Status Performing or Non-performing	Facility
Directors	**2,202,923**	**7.5%-38%**	**Performing**	**Loans and advances**
Non-Executive Officers	**3,374,185**	**7.5%-38%**	**Performing**	**Loans and advances**
Executive Officers	**1,417,454**	**7.5%-38%**	**Performing**	**Loans and advances**
Credit extensions to individual affiliates	**78,263**	**18%-19.5%**	**Performing**	**Loans and advances**
Total	**7,072,826**			

Names of Insider borrowers including related interests	2022 Aggregate amount outstanding'000	Interest Rate	Status Performing or Non-performing	Facility
Directors	2,376,950	7.5%-38%	Performing	Loans and advances
Non-Executive Officers	2,450,596	7.5%-38%	Performing	Loans and advances
Executive Officers	1,313,165	7.5%-38%	Performing	Loans and advances
Credit extensions to individual affiliates	58,046	18%-19.5%	Performing	Loans and advances
Total	6,198,757			

No specific impairment has been recognised in respect of loans advanced to related parties (2022: nil).

Deposits with key management and related parties for the year ended 31 December 2023 and 31 December 2022

Names of related Party	2023 Aggregate amount outstanding'000	Interest Rate	Facility
Directors	**1,481,972**		Deposit
Executive Officers	**657,078**		Deposit
	2,139,050		

Deposits with Key Management and related parties

Names of related Party	2022 Aggregate amount outstanding'000	Interest Rate	Facility
Directors	3,234,473		Deposit
Executive Officers	13,988,915		Deposit
Credit extensions to related companies			
Uganda Breweries Ltd	20,312,882		Deposit
	37,536,270		

Companies affiliated to directors and key management are Uganda Breweries Ltd (2022; Uganda Breweries Ltd)

Loans granted to non-executive directors and their affiliates are granted at commercial rates while those granted to executive directors and executives are Mortgage – 50% of prime rate, staff miscellaneous and car loans – 75% of prime rate, study loans – 0%

Interest Income	2023 UShs' 000	2022 UShs' 000
Interest income from key management loans	**622,345**	599,371
	622,345	599,371
Key management compensation		
Salaries and other shortterm employment benefits post-employment benefits	**24,928,143**	15,119,249
Post employment benefits	**2,753,091**	1,989,829
	27,681,234	17,109,078
Directors'remuneration		
Directors' fees	**1,085,715**	847,187
Other emoluments included in management compensation	**11,951,078**	9,578,488
	13,036,793	10,425,675

39. Equity linked transactions

Standard Bank Group (SBG) has two equity-settled schemes, namely the Group Share Incentive Scheme and the Equity Growth Scheme. The Group Share Incentive Scheme confers rights to employees to acquire ordinary shares at the value of the SBG share price at the date the option is granted. The Equity Growth Scheme was implemented in 2005 and represents appreciation rights allocated to employees. The eventual value of the right is effectively settled by the issue of shares equivalent in value to the value of the rights. The two schemes have five different sub-types of vesting categories as illustrated by the table below.

The two schemes have five different sub-types of vesting categories as illustrated by the table below:

	Year	% vesting	Expiry
Type A	3, 4, 5	50, 75, 100	10 Years
Type B	5, 6, 7	50, 75, 100	10 Years
Type C	2, 3, 4	50, 75, 100	10 Years
Type D	2, 3, 4	33, 67, 100	10 Years
Type E	3, 4, 5	33, 67, 100	10 Years

A Share options and appreciation rights:

There were no share options exercised in 2023 and 2022, (2021: ZAR 131.30)

Options granted to employees that had not been exercised as at 31 December 2023

There were no options granted to employees as at 31 December 2023 and 2022 (2021: ZAR 44,501)

Shares Appreciation Right Scheme (SARP)

The SARP is a long-term incentive which was introduced during 2021 and represents appreciation rights allocated to employees. The converted value of the rights is effectively settled by issue of shares equivalent to the value of the rights. Vesting and expiry of the rights are indicated below:

	Year	% vesting	Expiry
SARP	**2,3,4**	**33,67,100**	4,5,6

Awards are issued to individuals in employment of a group entity domiciled in South Africa are classified as equity-settled and awards made to individuals of a group entity outside of South Africa are classified as cash-settled.

A reconciliation of the movement of share options is detailed below:

	Average price range (rand) Number of rights 2023	2022
SARP		
Units outstanding at beginning of the year	**22,509**	41,790
Transfers	**-**	(19,281)
Granted	**191,702**	-
Exercised	**(634)**	-
Forfeited	**(175,546)**	-
Rights outstanding at the end of the year	**38,031**	**22,509**

During the year no Standard Bank Group shares (SBG) were issued to settle the appreciated rights value.
At the end of the year the Group would need to issue SBG shares to settle the outstanding appreciated rights value.

The following rights granted to employees, including executive directors, had not been exercised as at 31 December 2023.

Number of rights	Option price range (rand)	Weighted average price (rand)	Option expiry period
22,509	182.43 - 220.97	186.96	Year to 31 December 2023
22,509			

The following rights granted to employees, including executive directors, had not been exercised as at 31 December 2022.

Number of rights	Option price range (rand)	Weighted average price (rand)	Option expiry period
22,509	182.43 - 220.97	186.96	Year to 31 December 2023
22,509			

The share appreciation rights granted are valued using a Black-Scholes option pricing model. Each grant is valued separately. There was no weighted fair value of the options granted per vesting and the assumptions utilized for 2023.

Cash settled deferred bonus scheme (CSDBS)

All employees granted an annual performance award over a threshold and who are in employment in a group entity outside of South Africa have part of their award deferred. In addition, the group makes special awards to qualifying employees in employment of a group entity. The awards are classified as cash-settled awards.

The award units are denominated in employee's host countries' local currency, the value of which moves parallel to the changes in the price of the SBG shares listed on the JSE and accrue notional dividends over the vesting period which are payable on vesting.

Awards vest in three equal tranches at 18 months, 30 months and 42 months from the date of award. The final pay-out is determined with reference to the SBG share price on the vesting date.

The following table shows cash settled deferred bonus scheme as at 31 December 2023.

	2023							
Currency	Weighted average fair value at grant date	Expected life at grant date (years)	Opening balance	Granted	Exercised	Transferred between group companies	Forfeited	Outstanding
GHS	GHS152.64	2.51	-	-	-	-	-	-
GBP	GBP152.64	2.51	208	128	(104)	-	(232)	-
KES	Kes152.64	2.51	15,720	-	-	-	(15,720)	-
NAD	NAD152.64	2.51	1,247	-	(1,247)	-	-	-
UShs	USh152.64	2.51	21,103,019	28,832,275	(11,134,858)	-	(14,856,692)	23,943,744
NGN	152.64	2.51	284,660	209,238	(135,877)	-	-	358,021
ZAR	ZAR152.64	2.51	23,670	46,079	(19,438)	-	(27,224)	23,087

The following table shows cash settled deferred bonus scheme as at 31 December 2022

	2022							
Currency	Weighted average fair value at grant date	Expected life at grant date (years)	Opening balance	Granted	Exercised	Transferred between group companies	Forfeited	Outstanding
GHS	GHS152.64	2.51	-	-	-	-	-	-
GBP	GBP152.64	2.51	-	427	(219)	-		208
KES	Kes152.64	2.51	(22,390)	18,069	(3,339)	23,380		15,720
NAD	NAD152.64	2.51	(580)	-	(1,879)	3,706		1,247
UShs	USh152.64	2.51	(10,956,712)	13,133,673	(7,070,278)	25,909,622	86,715	21,103,019
NGN	152.64	2.51	175,018	160,168	(101,684)	51,158		284,660
ZAR	ZAR152.64	2.51	16,112	8,362	(244)	(15,396)	14,836	23,670

Deferred bonus scheme (DBS)

In 2012, changes were made to the existing DBS to provide for a single global incentive deferral scheme across the regions. The purpose of the Deferred Bonus Scheme 2012 is to encourage a longer-term outlook in business decision-making and closer alignment of performance with long-term value creation.

All employees granted an annual performance award over a threshold have part of their award deferred. The award is indexed to the group's share price and accrues notional dividends during the vesting period, which are payable on vesting. The awards vest in three equal amounts at 18 months, 30 months and 42 months from the date of award. The final pay-out is determined with reference to the group's share price on vesting date.

The provision in respect of liabilities under the scheme amounts to UShs 4.62 billion (2022: UShs 3.69 billion) and the amount charged for the period was UShs 206.6 million (2022: UShs 617.9 million).

	Units	
	31 December 2023	**31 December 2022**
Reconciliation		
Units outstanding at beginning of the year	**2,939**	7,368
Granted	**5,134**	-
Exercised	**(2,387)**	1,299
Forfeited	**(4,145)**	-
Transfers	**-**	(5,728)
Units outstanding at end of the year	**1,541**	**2,939**
Weighted average fair value at grant date (R)	**-**	**-**
Expected life (years)	**-**	**-**

Performance reward plan (PRP)

A new long-term performance driven share plan commenced in March 2014 which rewards value delivered against specific targets. The PRP incentivises a group of senior executives to meet the strategic long-term objectives that deliver value to shareholders, to align the interests of those executives with those of shareholders and to act as an attraction and retention mechanism in a highly competitive marketplace for skills. The PRP operates alongside the existing conditional, equity-settled long-term plans, namely the EGS, the group share incentive scheme (GSIS) and DBS post 2011.

The PRP is settled in shares to the employee on the applicable vesting dates together with notional dividends that are settled in cash. The shares that vest (if any) and that are delivered to the employee are conditional on the pre-specified performance metrics.

	Units	
	Dec-23	**Dec-22**
Units outstanding at beginning of the year	**46,557**	62,820
Granted	**108,824**	12,500
Condition Bonus	**11,080**	-
Exercised	**(2,401)**	-
Transfers	**-**	(38,921)
Units outstanding at end of the year	**79,200**	**46,557**
Weighted average fair value at grant date (R)	**-**	**-**

40. Investment in subsidiary

COMPANY	Beneficial owner ship	Country of Incorporation	2023 UShs' 000	2022 UShs' 000
Stanbic Bank Uganda Limited	100%	Uganda	**881,068,551**	881,068,551
FLYHUB Uganda Limited	100%	Uganda	**10,000,000**	10,000,000
Stanbic Properties Limited	100%	Uganda	**8,958,938**	2,335,938
Stanbic Business Incubator Limited	100%	Uganda	**100,000**	100,000
SBG Securities Uganda Limited	100%	Uganda	**3,000,000**	3,000,000
			903,127,489	896,504,489

FLYHUB Uganda Limited

FLYHUB Uganda Limited ("FLYHUB") was incorporated on 8th October 2020. FLYHUB is a Fintech company that provides financial technology and innovative services as part of the group's digital transformation journey. The principal place of business for FLYHUB is Plot 5, Lower Kololo Terrace, Kampala, Uganda P. O. Box 7131.

Stanbic Business Incubator Limited

Stanbic Business Incubator Limited ("SBIL") is a company limited by guarantee, incorporated on 18th May 2020 and commenced its activities as a separate entity on 1st June 2020. SBIL was set up as part of the reorganisation process to continue training SME's in Uganda by equipping them with best business practices in management, record keeping, marketing, finance to address the challenges of short lifespan of SME's in the economy. Stanbic Bank Uganda Limited started this initiative in 2018 before the reorganisation with the Business incubator operating as a unit under Business Banking. The principal place of business for SBIL is Plot 5, Lower Kololo Terrace, Kampala, Uganda P. O. Box 7395.

Stanbic Bank Uganda Limited

Stanbic Bank Uganda Limited (SBU) is a licensed financial institution under the Financial Institutions Act and is a member of the Uganda Bankers Association. The Group is engaged in the business of commercial banking and the provision of related banking services. The principal place of business for SBU is Plot 17 Hannington Road, Short Tower - Crested Towers, Kampala, Uganda P. O. Box 7131.

Stanbic Properties Limited

Stanbic Properties Limited ("SPL") was incorporated on 5th February 2020 and started business operations on 1st May 2020. SPL holds and manages the real estate portfolio of the Group. Other services offered to clients include valuation services, site acquisition, property consultancy and execution of real estate projects. The principal place of business for SPL is Plot 17 Hannington Road, Tall Tower – Crested Towers, Mezzanine Floor, Kampala, Uganda P. O. Box 7395.

SBG Securities Uganda Limited

SBG Securities Uganda Limited was incorporated and registered by the registrar of Companies in Uganda as a private limited liability company on 6 November 2020. SBG Securities Uganda Limited was established to acquire the business of SBG Securities Limited (Uganda Branch) and carry out other securities business in Uganda.

41. Interest rate benchmarks and reference interest rate reform

The Group has one LIBOR linked contract that was outstanding as at 31 December 2023 with a maturity date of 8 January 2024. The Group ceased booking new LIBOR linked exposures from 1 October 2021, apart from very limited circumstances to align with industry guidance and best practice. The new exposures are booked using the ARRs being SOFR, SONIA, and ESTR. In certain instances, other suitable rates may be used, such as Central Bank Policy Rates.

The table below shows the outstanding exposures that have not yet transitioned from LIBOR interest rate benchmarks:

	GBP LIBOR	USD LIBOR	EUR IBOR	Other IBORs	Not subject to IBOR reform	Total
	2023	2023	2023	2023	2023	2023
	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000
Loans and Advances	-	**54,518,164**	-	-	**4,645,136,200**	**4,699,654,364**
Total assets recognized on the balance sheet subject to IBOR reform	-	**54,518,164**	-	-	**4,645,136,200**	**4,699,654,364**
These balances represent the notional amount directly impacted by the IBOR reform.						

	GBP LIBOR	USD LIBOR	EUR IBOR	Other IBORs	Not subject to IBOR reform	Total
	2022	2022	2022	2022	2022	2022
	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000
Derivative Assets	-	54,049,007	-	-	57,276,010	111,325,017
Loans and Advances	-	224,564,738	-	-	4,310,167,926	4,534,732,664
Total assets recognized on the balance sheet subject to IBOR reform	-	278,613,745	-	-	4,367,443,936	4,646,057,681
Derivative Liabilities	-	(54,049,007)	-	-	(95,033,351)	(149,082,358)
Deposits and debt funding	-	-	-	-	(6,273,349,337)	(6,273,349,337)
Subordinated debt	-	(75,931,416)	-	-	-	(75,931,416)
Total liabilities recognized on the balance sheet subject to IBOR reform	-	(129,980,423)	-	-	(6,368,382,688)	(6,498,363,111)
Off balance sheet items	-	2,586,021,706	-	-	6,429,592,881	9,015,614,587
Total off balance sheet exposures subject to IBOR reform	-	2,586,021,706	-	-	6,429,592,881	9,015,614,587

42. Notes to the cash flow statement

	Group		Company	
	2023 UShs' 000	2022 UShs' 000	2023 UShs' 000	2022 UShs' 000
Reconciliation of net income before taxation to cash flows from operating activities				
Net income before taxation	**540,946,727**	483,036,074	**309,537,446**	101,402,451
Adjusted for:				
- Depreciation - property and equipment	**32,306,644**	34,215,727	**655,533**	612,281
- Amortisation of intangible assets	**15,252,032**	15,162,264	**-**	-
- Loss on disposal of fixed assets	**(382,770)**	(324,179)	**-**	-
- Fair value adjustment in trading assets	**10,081,788**	-	**-**	-
- Loan impairment charges	**109,143,872**	87,636,878	**-**	-
- Interest in suspense released on cured loans and advances	**(1,739,577)**	(1,941,847)	**-**	-
- Modification gains and losses	**(2,633,553)**	1,262,145	**-**	-
- Changes in provisions and accruals	**(15,395,837)**	53,729,405	**(544,651)**	175,016
Cash flows from operating activities	**687,579,326**	672,776,467	**309,648,328**	102,189,748
Income tax (paid)/refund	**(130,359,298)**	(114,491,967)	**5,744,292**	-
(Increase)/decrease in operating assets				
Increase in derivative assets	**12,116,446**	17,839,025	**-**	-
(Increase)/decrease in financial investments	**492,479,618**	(375,206,699)	**(10,014,744)**	(10,000,000)
Decrease/(increase) in trading assets	**(189,699,876)**	(542,724,401)	**-**	-
Increase in cash reserve requirement	**(14,480,000)**	(117,610,000)	**-**	-
Increase in loans and advances to customers	**(242,358,649)**	(497,848,955)	**-**	-
Increase in other assets	**78,046,542**	56,868,039	**8,992**	403,640
	136,104,081	(1,458,682,991)	**(10,005,752)**	(9,596,360)
(Increase)/decrease in operating liabilities				
Increase in customer deposits	**207,513,391**	393,772,650	**-**	-
(Decrease)/Increase in deposits and balances due to other banks	**(45,239,781)**	(12,982,254)	**-**	-
(Decrease)/Increase in deposits from group companies	**23,513,423**	(40,312,745)	**502,350**	13,673
Increase in derivative liabilities	**(13,922,857)**	(55,979,146)	**-**	-
Increase in other liabilities	**8,062,562**	(83,985,333)	**7,083,342**	1,317,385
	179,926,738	200,513,172	**7,585,692**	1,331,058
Net cash from operating activities	**873,250,847**	(699,885,319)	**312,972,560**	93,924,446
Cash flows from investing activities				
Purchase of property and equipment	**(26,457,650)**	(17,390,752)	**(225,754)**	(57,988)
Purchase of computer software	**(598,448)**	(297,435)	**-**	-
Proceeds from sale of property and equipment	**485,373**	335,638	**-**	-
Net cash used in investing activities	**(26,570,725)**	(17,352,549)	**(225,754)**	(57,988)
Cash flows from financing activities				
Principal lease payments	**(16,286,876)**	(11,573,882)	**(391,249)**	-
Dividends paid to shareholders	**(310,000,000)**	(100,000,000)	**(310,000,000)**	(100,000,000)
Investment in Subsidiary	**-**	-	**(6,623,000)**	-
(Decrease)/increase in borrowed funds	**(20,697,388)**	(127,871,838)	**-**	-
Increase/(decrease) in subordinated debt	**2,088,627**	4,177,502	**-**	-
Net cash used financing activities	**(344,895,637)**	(235,268,218)	**(317,014,249)**	(100,000,000)

43 Retained earnings.

This comprises prior period retained profits, plus profit for the year (less)/plus appropriation of statutory risk reserve less proposed dividends.

44 Subsequent events

There were no significant subsequent events to report.

SUPPLEMENTARY INFORMATION

This section provides information on our shareholding structure and shareholder relevant documents such as the AGM Notice, the Proxy Form and the company contact information.

SHAREHOLDER ANALYSIS

Top ten shareholders as at 31 December 2023

Rank	Name	Number of Shares	% Shareholding
1	Stanbic Africa Holdings Limited	40 950 935 760	**80.00%**
2	National Social Security Funds	2 103 236 446	**4.11%**
3	Duet Africa Opportunities Master Fund IC Duet Africa Opportunities Master Fund Ic	557 768 915	**1.09%**
4	Bnymsanv Re Bnymsanvfft Re Oddo Bhf Asset Management Gmbh Wegen Kilimanjaro Frontier Africa Fund	478 560 038	**0.93%**
5	Kimberlite Frontier Africa Master Fund,L.p.-Rckm Kimberlite Frontier Africa Master Fund,L.p.-Rckm	444 965 082	**0.87%**
6	BNYM Re Frontaura Global Frontier Fund Llc	362 700 000	**0.71%**
7	Sudhir Ruparelia	330 723 247	**0.65%**
8	SSBT-Change Global Frontier Markets, Lp-Cgpa	288 630 604	**0.56%**
9	Ibulaimu Kironde Kabanda	212 610 920	**0.42%**
10	Bank Of Uganda Defined Benefits Scheme- Geneafrica	194 745 894	**0.38%**

Key Shareholder Information

Stanbic Uganda is majority- owned by Stanbic Africa Holdings Limited (SAHL), which is a private limited liability company incorporated in the United Kingdom. SAHL is, in turn, wholly owned by Standard Bank Group and is the vehicle through which Standard Bank Group hold its interests in several banks in African countries. Standard Bank Group is a limited liability Company incorporated in South Africa and is listed on the Johannesburg Stock Exchange (JSE), Standard Bank Group as at 31st December 2023 had total assets of ZAR 3.1 trillion the market capitalisation of ZAR 349 billion (USD19 billion) and employees more than >54000 people worldwide. Standard Bank Group, whose year of funding traces back to 1862 in South Africa, trades started as Standard Bank in South Africa, Namibia, Mauritius, Mozambique and Swaziland and as Stanbic Bank throughout the remainder of the African continent. It has a wide representation, which spans 20 African Countries and owns a controlling stake in South African listed insurance company: Liberty Holdings Limited. While its principal activities are banking and related financial services, Standard Bank Group has delivered its operators to meet the demands of the fast changing and demanding business world, with investments in insurance, wealth management and investment. It provides a wide range of banking and related financial services.

Analysis by Size of Holding

Volume	No. Of Shares	%	Holders
1 - 1,000	184 002	0.00%	379
1,001 - 5,000	2 542 901	0.00%	868
5,001- 10,000	40 138 330	0.08%	4 117
10,001 - 100,000	610 396 209	1.19%	11 640
100,001 - 500,000	988 385 705	1.93%	3 919
500,001 - 1,000,000	587 905 258	1.15%	720
1,000,001 - 5,000,000	941 759 585	1.84%	589
> 5,000,001	48 017 357 710	93.80%	96
Register Totals	**51 188 669 700**	**100.00%**	**22 328**

Stanbic Uganda Holdings Limited

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING** (AGM) of Stanbic Uganda Holdings Limited ("the Company") for the year ended December 31st, 2023, will be held as a hybrid meeting (comprising of a physical meeting at the Katonga hall of Kampala Serena Hotel and via electronic means) on **Friday**, **May 31st, 2024** at **11:00 am** to conduct the following business:

Agenda

Ordinary Business

1. To consider and, if deemed fit, pass an ordinary resolution to receive and adopt the annual audited financial statements for the year ended December 31st, 2023, including the reports of the Directors and External Auditors.

2. To consider and, if deemed fit, pass an ordinary resolution to receive and adopt the recommendation of the Directors on the declaration of a final dividend of UShs 3.03 per share for the year 2023.

3. To note that Mr Robert Jack Busuulwa, who is retiring from the Board by rotation in accordance with the provisions of the Company articles of association and although eligible, does not offer himself for re-election.

4. To consider and, if deemed fit, pass an ordinary resolution to confirm the appointment of directors in accordance with the provisions of the Company articles of association as follows:

    a. Mr Yinka Sanni as a Non-Executive director

    b. Mrs. Mona Muguma Ssebuliba as an Independent Non-Executive director

5. To consider and, if deemed fit, pass an ordinary resolution to approve the appointment of Ernst and Young Uganda (EY) as the External Auditors of the Company for the period until the conclusion of the next AGM and authorise the Directors to negotiate and fix their remuneration.

6. To consider and, if deemed fit, pass an ordinary resolution to receive and approve the fees payable to the Non-Executive Directors for the year 2024.

Dated: May 7th, 2024

By Order of the Board

Rita Kabatunzi

COMPANY SECRETARY

Notes:

AGM registration

1. Shareholders can participate in the AGM either physically or electronically. Physical attendance will be on a first-come, first-in basis.

2. Registration for both physical and electronic attendance shall only be done electronically from Tuesday, **May 7th, 2024**, at 8:00 a.m. and will close on Thursday, **May 30th, 2024,** at 5:00 p.m.

3. To facilitate verification and registration, shareholders will be required to submit a valid national identification card or SCD account number and, in the case of non-Ugandans, a valid passport.

4. Shareholders unable to attend the AGM are encouraged to fill in and return a proxy form nominating a person of their choosing to attend and vote on their behalf. The proxy form can be found in the Annual Report or downloaded from the Company website www.stanbic.co.ug

5. Shareholders are advised to use any of the options below to register for the AGM:

    i. Dial ***284*57#** (Uganda mobile networks) or ***483*805#** (Kenya mobile networks) and follow the prompts or

    ii. Send an email request to be registered to suhlagm@image.co.ke or,

    iii. The registration link circulated to shareholders whose valid email addresses we possess.

6. Shareholders and proxies who have successfully registered to attend the AGM will be able to follow the AGM proceedings, participate and ask questions in person or using the live stream platform.

7. Registered shareholders and proxies will receive reminders and a link to attend the AGM through SMS/ USSD prompts on their registered mobile numbers 24 hours and 1 hour before the AGM.

8. By registering to attend the AGM, shareholders consent to receive all messages about the AGM.

9. For support during registration, please call 0762 260 804 (MTN) or 0758336660 (Airtel) or email **suhlagm@image.co.ke.**

10. Shareholders are encouraged to update their contact details on the register by contacting the share registrar, Custody & Registrars Services Uganda, at **shareholder@candrgroup.**co.ug or call **+256 757 072 773 / +256 760 451 945 / +256 414 237 504.**

Proxies

11. To ensure that all votes on the proposed resolutions are considered, shareholders who cannot attend the AGM are encouraged to fill out and return a proxy form.

12. Duly completed proxy forms should be delivered to the Company Secretary at the address below or emailed to suhlagm@image.co.ke at least 48 hours before the scheduled time for the meeting. In default of this, it shall be treated as invalid.

Voting

13. During the meeting, shareholders will receive an SMS prompt with instructions on their registered mobile phone number, alerting them to propose and second the resolutions in the Notice.

14. Voting by physical and electronic attendees shall be done electronically using the VOTE tab on the live stream link and via USSD on a shareholder's registered mobile number. All registered shareholders and proxies may vote (when prompted) using the live stream link or the USSD prompts.

Shareholders' right to ask questions

15. Shareholders interested in asking questions or seeking clarifications regarding the AGM may do so by:

    i. Sending their written questions by email to **suhlagm@image.co.ke or shareholder@candrgroup.co.ug**

    ii. Via SMS by dialling the USSD code ***284*57#** (Uganda network) or ***483*805#** (Kenya Network) and selecting the option (Ask Question) on the prompts or,

    iii. Via the Question Tab or dial-in options on the live stream link during the AGM or,

    iv. To the extent possible by physically delivering their written questions with a physical return address or email address.

16. Although a few questions will be answered during the AGM, all will be responded to. Following the conclusion of the AGM, a complete list of all questions received with responses will be published on the Company's website.

AGM Information

17. The Notice of the AGM, annual report, audited financial statements, and proxy form will be uploaded onto the Company website, www.stanbic.co.ug. The reports will also be accessible via the live stream link or the USSD codes in clause 5 (i) under the Reports option.

Dividends

18. In July 2023, shareholders were paid an interim dividend worth UShs 125Bn for the year 2023. The Board recommends, for Shareholders' approval, a final dividend of UShs 3.03 per ordinary share (UShs 155Bn) be paid for the year ended December 31st, 2023, subject to withholding tax deductions where applicable.

19. The dividend, if approved at the AGM, will be paid on or about **June 28th, 2024**, to shareholders whose names appear on the share register at the close of business on **June 7th, 2024.**

20. To update payment details to receive dividends through mobile money, Flexipay, or Bank accounts, shareholders are encouraged to visit the Company's Share Registrar, Custody & Registrars Services Uganda Ltd, on 4th Floor, Rm 403, Diamond Trust Building, Kampala Road or contact them through email **shareholder@candrgroup.co.ug** or call +256 757 072 773 / +256 760 451 945 / +256 414 237504.

21. Shareholders who have yet to receive past declared dividends are also requested to contact the share registrar per the address and contacts above for assistance.

Immobilisation

22. Shareholders are encouraged to immobilise their shares as directed by the Uganda Securities Exchange. Immobilisation allows shareholders to transition their physical certificates into Digital form to ease trading in shares. To do so, please contact any registered Securities Central Depository Agents listed on the USE website at https://www.use.or.ug to open an SCD account.

Proxy Form

STANBIC UGANDA HOLDINGS LIMITED
(Registration number **80020001344445**) ("the Company")

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.

I/We...

(Name in block letters)

of ....

(Address in block letters), being a shareholder(s) and the holder(s) of .... ordinary shares of UShs. 1 each and entitled to vote, hereby appoint:

1...

or, failing him/her

2. ....

or, failing him/her the Chairman of the Annual General Meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday May 31st 2024 at 11:00am, and at any adjournment thereof as follows;

AGENDA Ordinary resolution to:	For	Against	Abstain
Receive and adopt the annual audited financial statements for the year ended December 31st, 2023, including the reports of the Directors and External Auditors			
Receive and adopt the recommendation of the Directors on the declaration of a final dividend of 3.03 per share for the year ended December 31st, 2023 which will be paid to shareholders on the register at the close of business June 7th 2024.			
Note that Mr Robert Jack Busuulwa, who is retiring by rotation in accordance with the provisions of the Company articles of association and although eligible, does not offer himself for re-election.			
Confirm the appointment of the following directors in accordance with the Company Articles and Memorandum of Association: a. Mr Yinka Sanni as a Non-Executive director b. Mrs. Mona Muguma Ssebuliba as an Independent Non-Executive director			
Appoint Ernst and Young Uganda (EY) as the External Auditors of the Company for the year 2024 and authorise the directors to negotiate and fix their remuneration.			
Receive and approve the fees payable to the Non-Executive Directors for the year 2024			

Please indicate a cross or tick for each resolution above how you wish your votes to be cast. The 'abstain' option above is provided to enable you to withhold your vote on any resolution. However, it should be noted that a vote abstained is not a vote and will not be counted in the calculation of the proportion of the votes 'for' and 'against' a resolution. If no options are marked, the proxy can vote as he/she deems fit

Signature; .... Dated this .... day of ...., 2024

Notes:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space provided. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. To be effective, completed proxy forms must be lodged with the registered office at Crested Towers, Short Tower 17 Hannington Road, or emailed to **suhlagm@image.co.ke** at least 48 hours before the scheduled time for the meeting.
3. The Chairman of the Annual General Meeting may accept or reject any proxy form which is completed or received other than in compliance with these notes.
4. The signatories must initial any alteration to this proxy form, other than the deletion of alternatives.

OUR PRODUCTS AND SERVICES

CORPORATE AND INVESTMENT BANKING

GLOBAL MARKETS

FOREX
- Callable FX Forwards
- FX FWD and swaps
- FX Options (Vanilla and Combo)

MONEY MARKETS /FI AND CREDIT TRADING
- Callable notice deposit /Loan (clients)
- Corporate bonds (Trading and banking book)
- Fixed /floating rate for loans & deposits (Interbank)
- Fixed Income Forward
- GM wholesale term deposits (+3 months)
- Government bonds / Eurobond
- LCY buy-sellback /sell-buyback
- T-bills

STRUCTURED DERIVATIVES
- Vanilla FX Options
- Interest rate swap
- Cross currency swap
- Vanilla interest rate options
- Dual currency deposits
- Pass through credit linked deposit
- Structured deposit

INVESTMENT BANKING

CORPORATE FINANCE
- Advisory
- Equity Capital Markets
- Equity Finance & Investments
- Structuring

DEBT CAPITAL MARKETS
- Debt Capital Markets
- Loan Syndication
- Agency & Distribution
- Securitisation

DEBT SOLUTIONS
- Corporate Financing solutions
- Energy & Infrastructure Finance
- Real Estate Finance

TRANSACTIONAL PRODUCTS AND SERVICES

CASH & LIQUIDITY MANAGEMENT
- Direct debits
- Cheque collections
- Trust accounts
- Biller payments
- Payroll processing
- Statutory payments
- Sweeps

TRADE
- Bonds / Guarantees
- Receivables Discounting
- Invoice Financing
- Import Finance
- Supplier Chain Financing

INVESTOR SERVICES
- Custody Services
- Issuer services

PRIVATE AND PERSONAL BANKING

TRANSACTIONAL ACCOUNTS
- Personal current Account
- Karibu Account
- Smart account
- Everyday banking
- Gold account
- Private banking account
- Wealth & Investment

STUDENT ACCOUNT PERSONAL LENDING
- Unsecured personal loans
- Overdrafts
- Home loan
- Building loan
- Equity Release Loan
- Vehicle and asset Finance
- Credit Card

SAVINGS & INVESTMENTS
- PureSave (local and foreign currency)
- Fixed deposit Account

BUSINESS AND COMMERCIAL BANKING

CURRENT ACCOUNTS
- Business current account (overdraft) commercial
- Business current account overdraft (SME)
- SME Trader account
- NGO account
- SACCO account

SAVINGS AND INVESTMENT
- Call account
- Fixed deposit account

Short term financing <12months

- Overdraft
- Business working capital
- Flexi loans

TERM FINANCING
- Medium term loans
- Vehicle & Asset Finance
- Commercial Property loans

TRADE FINANCE
- Guarantees (Bid performing, Performance, Advance payment , Suppliers)
- Letters of credit
- Documentary collection

PAYMENTS
- Flexipay
- Enterprise online (EOL)
- Business Online (BOL)
- Agency Banking

COLLECTIONS
- Flexipay
- Point of sale (POS)
- eCommerce
- School pay
- Cash Deposit machines
- ATM recyclers
- Agency Banking

ALTERNATE CHANNELS

- Internet Banking
- Mobile banking
- Business online
- Point of sale
- Automated Teller Machines
- Debit and Credit cards (VISA enabled)
- Payplus
- Payment Services Solution (water, electricity, pay TV, pension)
- Agent Banking
- Flexipay
- School Pay
- Bill payments

STANBIC PROPERTIES LIMITED

CURRENT PROPERTIES: 29 PROPERTIES ACROSS THE COUNTRY

- 26 Branches
- 2 Residencies
- 1 Warehouse
- And 13,312 Sqm of lettable space

SERVICES

- Properties and Project Management
- Design and Scope
- Project Management
- Project Monitoring and Evaluation
- Collateral Monitoring

FACILITIES MANAGEMENT

- Letting and Leasing
- Premises Maintenance
- HSE monitoring

RESEARCH AND ADVISORY SERVICES

- Property Due Diligence
- Transaction Advisory
- Market Research
- Feasibility Studies
- Market Studies
- Market Reports

SBG SECURITIES UGANDA LIMITED

SBG SECURITIES

- Asset management Services:
- Collective Investment schemes (Unit Trusts)
- Independently managed portfolios (Fund Management)

STOCK BROKERAGE SERVICES:

- Securities Trading (Equities and Corporate bonds)
- Share account opening at the Uganda Securities Exchange depository.
- Shares settlement
- Share certificate immobilisation
- Private transfer of listed shares (subject to approval by USE, CMA and Securities Depository)

INVESTMENT ADVISORY:

- Transaction advisory

FLYHUB UGANDA LIMITED

CUSTOM SOFTWARE APPLICATION DEVELOPMENT:

- Designing, testing, and deploying software applications for specific business needs of Clients of the franchise.

CLOUD SUPPORT SERVICES:

- Providing a reliable, secure, and scalable cloud-based environment for applications to be hosted, automated, and connected to key services via APIs.

IT SUPPORT SERVICES

- Providing IT coverage for internal business units with the Stanbic Franchise including API development, integration support, and security assessments

STANBIC BUSINESS INCUBATOR LIMITED

BUSINESS OPERATIONAL SKILLS

- Capacity building-Specialized trainings
- Mentorship & Coaching
- Business Advisory service
-

ACCESS TO MARKET OPPORTUNITIES.

ACCESS TO FINANCE

- Contract financing
- SACCO Loans
- Stanbic4Her Loans
- Equity financing.

COHORT-BASED TRAINING

CUSTOMISED INCUBATOR PROGRAM

MASTERCLASSES

EXPOSURE VISITS

STANBIC BUSINESS INCUBATOR LIMITED

PROPERTIES AND PREMISES

- **Project Management**
- Design and Scoping services.
- Project Supervision services.
- Collateral Monitoring services
- Project Delivery Advisory services.

FACILITIES MANAGEMENT

- Property Management
- Leasing and Letting
- Health Safety and Environment HSE Monitoring services

BUSINESS DEVELOPMENT

- Real Estate Advisory Services
- Brokerage / Agency
- Research Services
  - Market Reports and Studies
  - Feasibility Reports

INSURANCE AND ASSET MANAGEMENT

INDIVIDUAL INSURANCE

- Stanbic MediProtect
- Personal Accident
- Stanbic FlexiProtect
- Individual life / endowment plans
- Motor Comprehensive insurance
- Householders / Houseowners
- Travel insurance
- Credit Life insurance

BUSINESS INSURANCE

EMPLOYEE BENEFITS

- Workman's Compensation
- Group Personal Accident
- Group Life Assurance
- Medical insurance
- Travel insurance

PROPERTY

- Motor comprehensive insurance
- Fire & Allied Perils
- Burglary
- Money insurance
- Electronic Equipment

LIABILITY

- Fidelity Guarantee
- Public Liability
- Product Liability
- Carrier's Liability
- Employer's Liability
- Professional Indemnity

ENGINEERING

- Machinery Insurance
- Boiler and pressure vessels
- Contractors All Risks
- Erection All Risks
- Contractors Plant and Machinery

SPECIALISED COVERS

- Agricultural insurance
- Commercial crime / Bankers Blanket Bond
- Cyber insurance
- Marine insurance
- Bonds
- Directors & Officers Liability
- Aviation
- Comprehensive General Liability / Broad Form Liability
- Stanbic MediProtect
- Personal Accident
- Stanbic FlexiProtect
- Individual life / endowment plans
- Motor Comprehensive insurance
- Householders / Houseowners
- Travel insurance
- Credit Life insurance

OUR BRANCH LOCATIONS

BRANCH	PLOT DETAILS	
EASTERN		
Busia Branch	Plot 1, Tororo Road, Busia Town	Tororo Road
Iganga Branch	Plot 1 & 3, Magumba Road, Iganga Town	Magumba Road
Jinja Branch	Plot 2, Martin Rd.Jinja Town	Martin Road
Kamuli Branch	Plot 2, Gabula Rd.	Gabula Road
Kapchorwa Branch	Plot 20, Kitale Road, Kapchorwa	Kitale Road
Kotido Branch	Plot 3A, Moroto Road Kotido	Moroto Road
Lugazi Branch	Plot 108 Kampala-Lugazi Highway	Kampala-Lugazi Highway
Mbale Branch	Plot 50/52, Republic Av. Mbale Town	Republic Avenue
Moroto Branch	Plot 27, Lia Road Moroto"	Lia Road
Soroti Branch	Plot 42,Gweri Rd. Soroti Town	Gweri Road
Tororo Branch	Plot 1, Block 5 Uhuru Drive, Tororo Town	Nagogera Road
Aponye Mall Branch	Plot 8, Burton street	Burton street
Kawempe Branch	Plot 165 Kyadondo Road	Kyadondo Road
Kiboga Branch	Plot 100, Block 634Kilulumba Mubende Kiboga Town	Hoima Road
GREATER KAMPALA		
Kireka	Plot 107 Block 232 Kyadondo	Jinja Road
Kyambogo Branch	Kyambogo University Campus	Kyambogo University Campus
Luwero Branch	Plot 440, Block 652 Luwero Town	Kampala/Gulu High Way
Mityana Branch	Plot 54, Block 425, Mityana Road, Mityana	
Township"	Mityana Road	
Mpigi Branch	Plot 130 Block 92 Mawokoota, Mpigi	
Mukono Branch	Plot 37/39, Kampala Road, Mukono Town	Kampala/Jinja Road
Mulago Branch	Mulago Hospital Floor No.2	Mulago Hospital
Nakivubo Branch	Plot 58, William street	William Street
Nateete Branch	Plot 643, Block 18 Mengo Kibuga, Natete	Masaka Road
Wandegeya Branch	Plot 220, Kagugube Rd. Wandegeya	Kagugube Road
William Street Branch	Plot 6, William Street, Kampala	William Street
METRO		
Acacia Branch	Kisementi, Plot 8A-12A Cooper Road	Kololo, Kampala
Aponye Branch	Plot 8 Burton street	Burton Street
Bugolobi Branch	Plot 47A Spring Road, 9 Luthuli Av.and 9 Bandari Rise	47A Spring Road, 9 Luthuli Av.and 9 Bandari Rise
Entebbe Main Branch	Plot 15,Kla.Rd. Entebbe Town	Entebbe/Kampala Road
Forest Mall Branch	Plot 3A2 & 3A3 Sports Lane, Lugogo By -Pass, Kampala	Sports Lane, Lugogo By -Pass Road
Freedom City Branch	Freedom City Mall, Plot 4010 Entebbe Road, Namasuba.	Entebbe Road
Garden City Branch	Plot 64-86 Kitante Road, Kampala	Kitante Road
Kabalagala Branch	Embassy Plaza, plot 1188,1189,1190	Kibuga, Nsambya
Kampala Branch (Corporate)	Plot 18, Hannington Road	Hannington Road
Lugogo Branch	Plot 2-8 Lugogo By-Pass Rd.Lugogo Kampala. Shop No.5"	Lugogo By-Pass Road
Makerere Branch	Senate Building Makerere University Campus	Senate Building
Metro Branch	Plot 4, Jinja Rd. Social Security House	Jinja Road
Nakasero Branch	Umoja Building, Plot 20 Nakasero Road, Opposite World Vision	Nakasero Road
Nakawa Branch	Plot M193/194 Nakawa, Industrial Area	Nakawa Industrial Area Road
Ntinda Branch	Plot 3798, Block 216 Kyadondo, Ntinda Trading Centre	

NORTHERN

Adjumani Branch	Plot 2, Plot 9, Mangi Road Adjumani	Mangi Road
Apac Branch	Plot 18, Akokoro Rd.Apac Town	Akokoro Road
Arua Branch	Plot 25,Avenue Rd.Arua Town	Avenue Road
Gulu Branch	Plot 2 & 4,Acholi Rd.Gulu Town	Acholi Road
Kigumba Branch	Plot 18, Kampala Gulu High Way	Kampala Gulu High Way
Kitgum branch	Plot 4/6, Philip Adonga Rd,	Philip Adonga Road Kitgum
Lira Branch	Plot 2,Soroti Rd. Lira	Soroti Road
Moyo Branch	Plot 1,Kerere Crescent Rd. Moyo	Kerere Crescent Road
Nebbi Branch	Nebbi Trading Centre Volume 1274 Folio 22"	Arua Road

WESTERN

Buliisa Branch	Buliisa - Paara Road, Buliisa Town	Paara Road
Bundibugyo Branch	Plot 4 Block A, Bundibugyo T/ship	Bundibugyo Road
Bwamiramira Branch	Plot 18,Karuguza T/Centre,Kibale Dist.	Karuguza Road
FortPortal Branch	Plot 20,Lugard Rd.F/Portal Town	Lugard Road
Hoima Branch	Plot 32 Main Street	Main Street
Ibanda Branch	Plot 10 - 12 Kamwege Road Ibanda	Kamwege Road
Ishaka Branch	Plot 44 Rukungiri Road, Ishaka Town	Rukungiri Road
Kabale Branch	Plots 150/152,Kabale Rd. Kabale Town	Kabale Road
Kabwohe Branch	Plot 6 Block A, Kabwohe Trading Centre	Kabwohe Road
Kalangala Branch	Kalangala Main Rd.Kalangala Town	Kalangala Main Road
Kasese Branch	Plot 27/31 Stanley Street,Kasese	Stanley Street
Kihihi Branch	Plot 63 Block 74 Kinkizi	
Kisoro Branch	Plot M5, Block 29 Kisoro/Kabale Rd. Kisolo Town	Kisoro/Kabale Road
Kyotera Branch	Plot 32, Masaka Rd.Kyotera Town	Masaka Road
Lyantonde Branch	Plot 200,Block 76 Lyantonde Town	Kampala/Mbarara Raod
Masaka Branch	Plot 4 ,Birch Av. Masaka Town	Birch Avenue
Masindi Branch	Plot29/33,Tongue Street Masindi	Tongue Street
Mbarara Branch	Plot 1/3 Ntare Rd.Mbarara Town	Ntare Road
Mubende Branch	Plot 2, Block 13 Main street Mubende	Main street
Ntungamo Branch	Plot 33, Ntungamo Township	Mbarara Kabale Road
Rukungiri Branch	Plot 123,Block 5 Kagunga	Rukungiri Town

CUSTOMER SERVICE POINTS	PLOT DETAIL	STREET/ROAD
Bwera CSP	Saad Village, Mpondwe- Lubiriha, Bwera Town	Mpondwe-Lubiriha Road
Jinja CSP	Plot 3, Lady Alice Mukoli Road	,Lady Alice Mukoli Road
Kaabong CSP	Plot 20 Kaabong Central West, Kaabong Trading Centre	Kaabong Central West Road
Kayunga CSP	Plot 472 Block 123, Kayunga Trading Centre	Kayunga Road
Kagadi CSP	Kagadi Street, Kagadi on Mugenyi street	Kagadi/Mugenyi Street
Kumi CSP	Plot 2 Ngora Road , Kumi	Ngora Road
Pakwach CSP	Plot 94 Pakwach , Arua road	Arua Road
Kakira CSP	Kakira South Estate FRV 10 Folio 23, Kakira	Kakira South Estate Road
Kinyara CSP	Kinyara Estate	Kinyara Estate
Mayuge CSP	Owere Shoppers Akedi, Mayuge Town	Bukoba Road
Wobulenzi CSP	Plot 123 Block 159 Bulemezi, Wobulenzi Trading Centre	Kampala Gulu High Way

Company Information

Registered office

Crested Towers, short Tower
17 Hannington Road
Kampala Uganda
P.O BOX 7395 & 7131 Kampala, Uganda
Fax; +256414230608

Company Secretary

Ritah Kabatunzi
11th Floor Crested Towers, Short Tower
17 Hannington Road Kampala Uganda
P.O BOX 7395 &7131 Kampala, Uganda
Tel: +256312224338

Share Registrars

Custody and Registrar Services (Uganda) Limited
4th Floor Diamond Trust Centre
17/19 Kampala Road, Kampala Uganda

Auditors

Ernst & Young
Certified Public Accountants
EY House
Plot 18, Clement Hill Road
Shimoni Office Village
P.O. Box 7215, Kampala, Uganda

Contact Details

Chief Financial Officer

Ronald Makata
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Company Secretary

Ritah Kabatunzi
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Investor Relations

Sophie Achak
Tel: +256 417 154 310

Share Registrars

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4th Floor Diamond Trust Centre
17/19 Kampala Road, Kampala Uganda
Telephone: +256 414 237504

Other Customer Care Centre

Tel: 0800 250250
Email cccug@stanbic.com
For copies of our Annual reports, please refer to:
www.stanbic.co.ug/Uganda/About-Us/Investor--Relations

Stanbic Bank Uganda Limited

CRESTED TOWERS (Short Tower)
Plot 17 Hannington Road
P.O BOX 7131 Kampala

SBG Securities

Plot 17 Hannington Road
P.O BOX 7395 Kampala

Stanbic Business Incubator

Plot 5 Lower Kololo Terrace
P.O BOX 7395 Kampala

Stanbic Properties Limited

1st Floor Crested Towers (Tall Tower)
Plot 17 Hannington Road
P.O BOX 7395 Kampala

FLYHUB Uganda Limited

Plot 5 Lower Kololo Terrace
P.O BOX 7395 Kampala

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